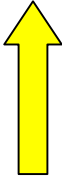

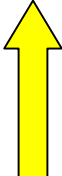



JINDAL VIJAYANAGAR STEEL LIMITED

Press Release – 18.04.2005

JVSL Posts Highest Net Profit – Rs.870 Crores

JVSL posted exemplary performance for the financial year ended 2004-05 with a net profit of Rs.870.11 Crores showing an increase of 64% over previous year. The improved performance is mainly attributable to volume growth, cost reduction and efficiency in operations.

Particulars	Growth over corresponding Quarter of previous year (%)		Growth over previous year	
Volume Growth				
Pellets		26		11
Crude Steel		34		17
HR Coil		30		13
GP GC		17		24
Financial Performance				
Net sales		126		104
EBIDTA		150		118
Cash Profit		155		180
PBT (Before exceptional items)		220		393
Net Profit		57		65

Operational Performance

The commissioning of capacity expansion in Pellet Plant in May 2004, Blast Furnace in August 2004, Second Re-heating Furnace in September 2004 aided the company to push up the volumes in the 2nd half of the financial year showing an impressive growth in overall volumes during the F.Y.2004-05. The company has also expanded Downstream capacities by commissioning a Flux line (35,000 MT capacity per annum) in 2005 and additional Cold Rolling line (1 Lac MT capacity per annum) in March 2005.

Production

(Million Tonnes)

	Q 4 (2004-05)	Q 4 (2003-04)	F.Y. (2004-05)	F.Y. (2003-04)
Pellets	0.990	0.786	3.615	3.254
Crude Steel	0.560	0.419	1.880	1.610
HR Coil	0.540	0.414	1.783	1.573
Galvanised Steel	0.184	0.157	0.688	0.557

Financial Performance

Notwithstanding steep increases in input costs, the company's EBIDTA margin improved from 33.09% in 2003-04 to 35.42% in 2004-05. The benefits of commissioning of Coke Oven Battery by Euro Coke & Energy Pvt. Ltd. and 100 MW Power plant by JSW Power Limited have not only neutralized the impact of hikes in the input cost, but also improved the EBIDTA margin by 2.32%.

The Company has reduced its debt to Rs.3714 Crores as on 31.3.2005 with net reduction of Rs.1012 Crores, thus reducing the gearing to 1.33. The weighted average cost of debt has come down to 8.27% as on 31.3.2005. The profit after tax of Rs.870.11 Crores reported in the F.Y. 2004-05 is without any exceptional profits relative to that of Rs.528.68 Crores in F.Y.2003-04, which includes an exceptional income of Rs.390.76 Crores. This demonstrates the improved quality of earnings during F.Y. 2004-05. The earnings per share on diluted basis without exceptional items have jumped to Rs. 59.78 during the current financial year as against Rs.21.46 in the previous year.

Marketing

The Company continued its thrust on its export to reduce its dependence on any one segment of market and to avoid geographical concentration risk. The Company has doubled its exports during the F.Y. 2004-05 compared to exports for the merged company for the year 2003-04.

Future Projects

The expansion project to increase the capacity of the Steel plant from 2.5 MTPA to 3.8 MTPA is progressing satisfactorily and is expected to be commissioned by March 2006. The expansion of Pellet plant capacity to 5 MTPA from 4.2 MTPA is also under way. The Company proposes to take up implementation of one million tonne CR Mill complex at Toranagallu to be implemented in 24 months primarily to meet the growing demand of Automobile, Auto component sectors in South India. The cost of this project is estimated at Rs.900 Crores to be financed by internal accruals of Rs.400 Crores and debt of Rs.500 Crores.

Dividend Declaration

Considering the improved performance during the year 2004-05 the Board of Directors recommended a final dividend of Rs.5/- per share (50%) for fiscal 2005 amounting to Rs.64.52 Crores in addition to the interim dividend of Rs.3 per share (30%) amounting to Rs. 38.71 Crores. The total dividend recommended for the year is Rs.8/- per share (80%), amounting to Rs.103.23 Crores.

Capital Structure

Even though the company is planning to finance its expansion out of cash accruals and additional debt, it is proposed to obtain the approvals to raise up to US\$ 500 million by way of ADR / GDR / FCCB / other instruments with or without conversion with a view to strengthen the capital structure of the Company further and also to finance future expansion. This is only an enabling resolution and the terms of the issue, the Board of Directors taking into account the market dynamics will decide timing.

Consolidation through Merger

The Board of Directors approved the appointment of RSM & Co. and ICICI Securities Limited as Consultants, ICICI Securities Ltd and Deloitte Haskins & Sells as Valuer's to evaluate the feasibility of merging Euro Ikon Iron & Steel P. Ltd. (Blast Furnace Co.), Euro Coke & Energy P. Ltd. (Coke Oven Battery Co.) and JSW Power Limited (Power company) with JVSL and make the recommendation to the Board. As the operations of these companies are core to the integrated operations of JVSL, it is proposed to examine this proposal.

Outlook

The growing Indian Steel demand due to Government thrust to create world class infrastructure facilities and shortage of Steel in certain markets internationally are expected to maintain the buoyancy in the Steel market, however with corrections in prices due to temporary demand and supply mismatches. JVSL is well poised to take this opportunity to improve upon its performance. The company expects for the year 2005-06 a volume growth as under:

Item	Production	Growth
Pellets	4.2 MTPA	16.5%
Crude Steel	2.4 MTPA	29.8%
HR Coils	2.02 MTPA	13.1%
CRCA / CR	0.85 MTPA	18.5%
Galvanized Coils	0.75 MTPA	9%
Colour coated	0.037 MTPA	fresh capacity

The volume growth coupled with cost reductions is expected to show a growth in EBIDTA. The effective tax rate including deferred tax liability for the year 2005-06 will be around 35%.

Forward looking and Cautionary Statements

Certain statements in this release concerning our future growth prospects are forward looking statements, which involve a number of risks, and uncertainties that could cause actual results to differ materially from those in such forward looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, intense competition within Steel Industry including those factors which may affect our cost advantage, wage increases in India, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time frame contracts, client concentration, restrictions on immigration, our ability to manage our internal operations, reduced demand for steel, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, the success of the companies in which – has made strategic investments, withdrawal of fiscal governmental incentives, political instability, legal restrictions on raising capital or acquiring companies outside India, unauthorized use of our intellectual property and general economic conditions affecting our industry