

# KALYANI STEELS

## **KALYANI STEELS ENTERS INTO A JOINT VENTURE AGREEMENT WITH GERDAU S.A., BRAZIL**

***Both Gerdau and KSL to hold an equity of 45% each, in SJK Steel Plant Ltd...***

- **Kalyani Steels and Gerdau S.A. enter into a Joint Venture Agreement.**
- **Both companies to have an equity partnership of 45% each in SJK Steel Plant Ltd.**
- **SJK Steel Plant Ltd, which was recently acquired by Kalyani Steels is an integrated Alloy Steel Plant with an annual capacity of 275,000 TPA, spread over an area of 900 acres.**
- **The Kalyani Gerdau JV plans to enhance its capacity to 1.6 million TPA of finished steel, in the next few years.**

**Pune, 22<sup>nd</sup> June 2007...**Kalyani Steels Ltd (KSL), a Kalyani Group company and one of the leading manufacturers of special carbon and alloy steel, today signed a Joint Venture Agreement with Gerdau S.A., Brazil.

The Joint Venture agreement was signed by Mr André Gerdau Johannpeter, CEO, Gerdau S.A., Brazil and Mr B N Kalyani, Chairman, Kalyani Steels Ltd., on 22<sup>nd</sup> June 2007. As per this agreement, both companies will have an equity partnership of 45% each in SJK Steel Plant Ltd and the remaining 10% will be owned by other investors.

SJK Steel which has been recently acquired by Kalyani Steels, is an integrated alloy steel plant located at Tadipatri in Andhra Pradesh, with an installed capacity of 275,000 tons per annum. The plant started its production of pig iron in April 2005 and is today running at full plant capacity. The Kalyani Gerdau JV plans to enhance its capacity to 1.6 million TPA of finished steel in the next few years.

"This is Gerdau Group's first step into Asia and reinforces our strategy of being one of the agents in the consolidation process of the world steel business. Our partnership with the Kalyani Group is essential for the success of our business because it brings

new knowledge about the local market and culture”, affirms the company's CEO, Mr André Gerdau Johannpeter.

Commenting on the joint venture, Mr B N Kalyani, Chairman, Kalyani Steels Ltd., said that “We are very happy to be associated with the Gerdau Group and partner them in their first steel venture in Asia”. Together, Kalyani Steels and Gerdau will forge a powerful partnership to grow their individual companies which will capitalize on the strengths of the two organizations in steel business, he added.

One of the highlights of this investment program is the installation of rolling mills, which will allow the production of steel with higher added-value and supply to both, the automotive and civil construction industry, covering a broad range of special bar quality (SBQ) and construction products.

The Gerdau Group is a Brazilian steel company that is currently the 15<sup>th</sup> largest international steel producer. In 2006 it reported production of 15.6 million metric tons and gross revenue of R\$ 27.5 billion. It has 32,000 employees and is present in twelve countries: Argentina, Brazil, Canada, Chile, Colombia, the United States, Spain, Mexico, Peru, Dominican Republic, Uruguay and Venezuela.

### **About Kalyani Steels**

Kalyani Steels Limited (KSL) was incorporated in 1973. Promoted by the Kalyani Group, the Pune-based company is one of the leading manufacturers of special carbon and alloy steels, engineering and alloy steel ingots, blooms and billets conforming to international standards.

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