

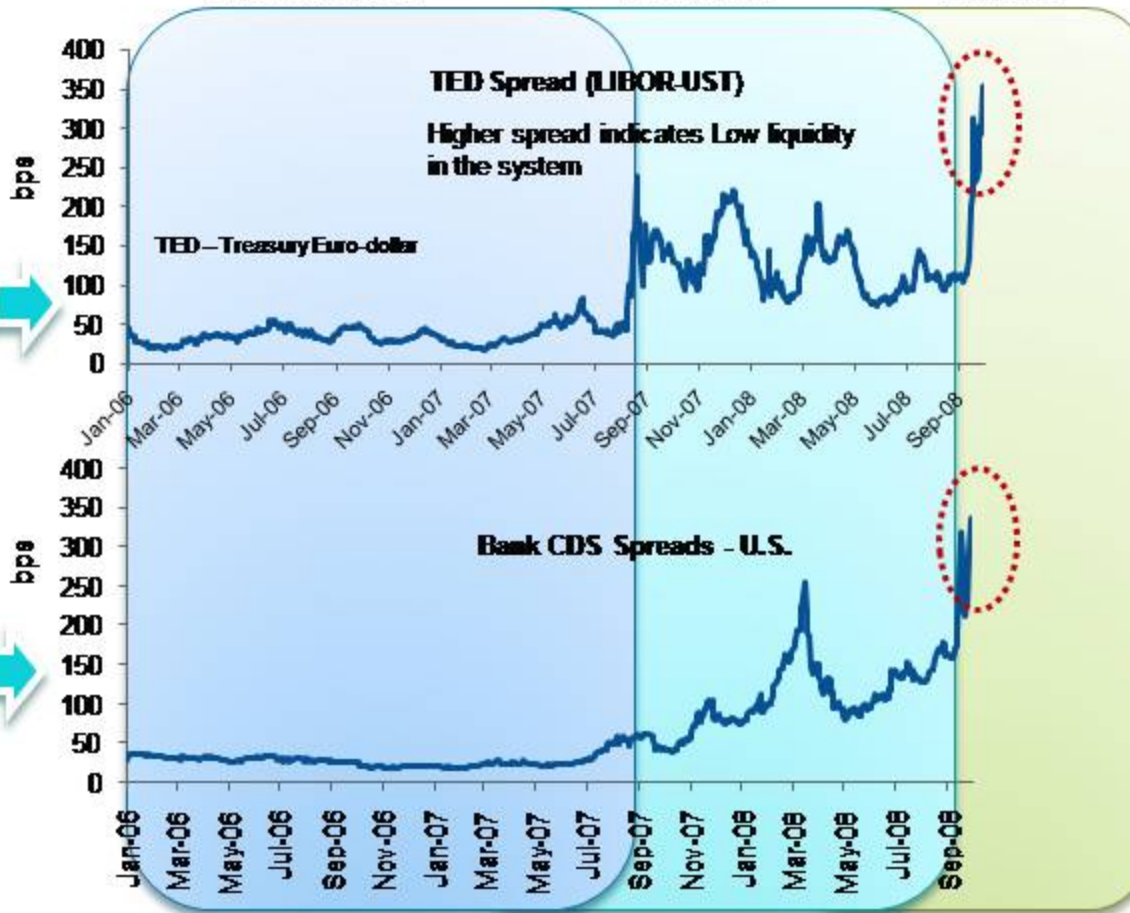
Delivering Growth in Challenging Times

Agenda

- **Global Economy**
- **Steel Scenario**
- **JSW Steel**
- **Performance highlights**
- **Project Status**
- **Way Forward**

Global Economy

Pre subprime Subprime Current



Excess Liquidity



Liquidity Crunch



Credit Risk Appetite high



Risk Aversion



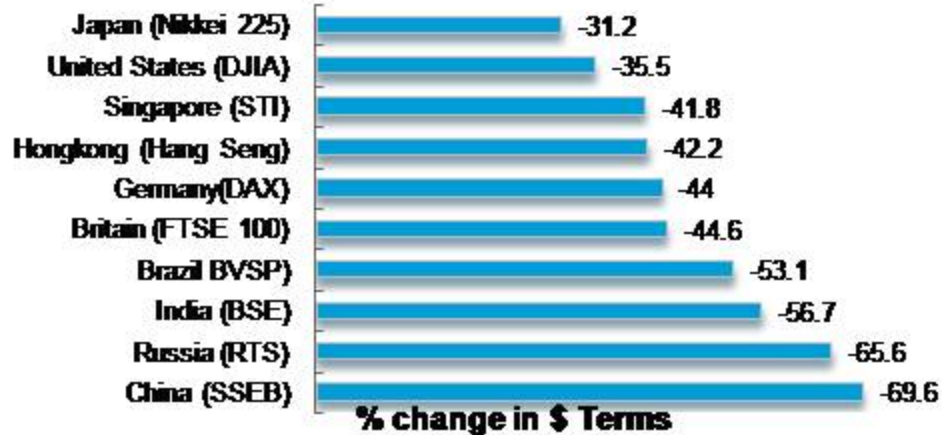
TED spread is the difference between the interest rates on interbank loans and short term U.S. government debt ("T-bills").

CDS: Credit Default swap



Freeze on Credit

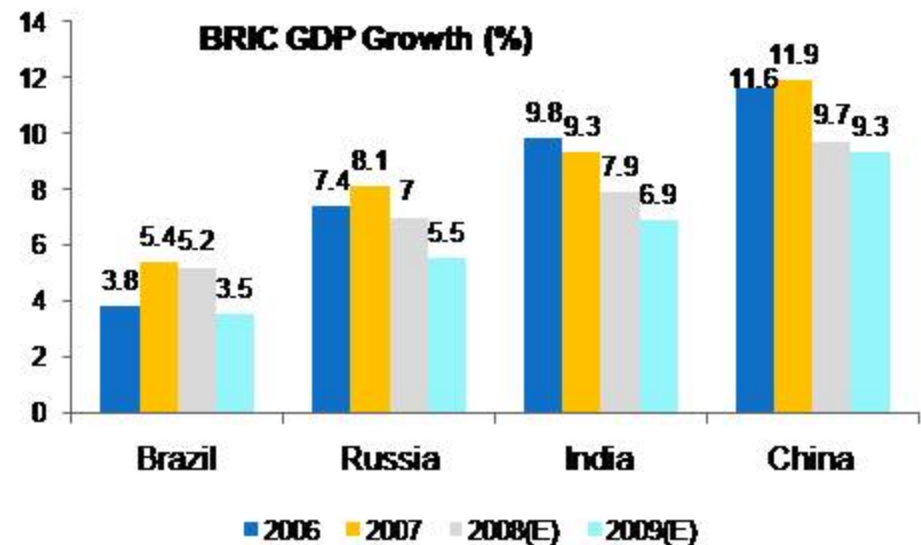
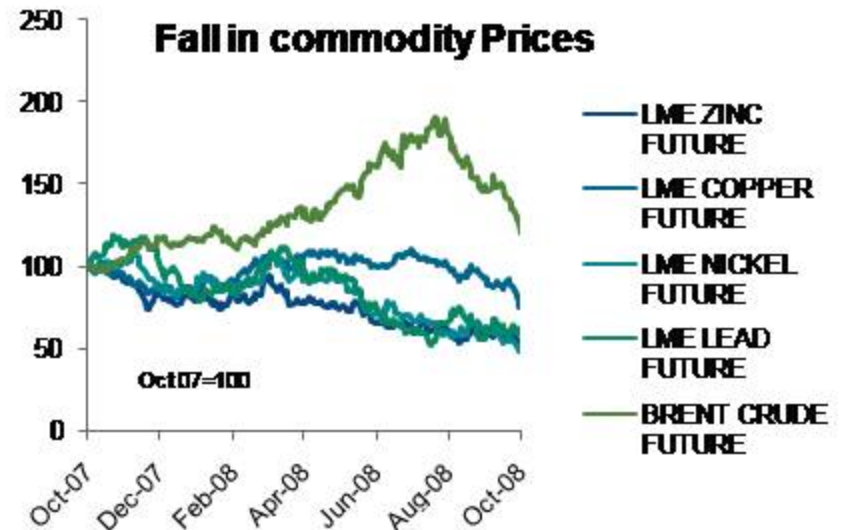
Global Stock Indices fall



Global Stock Indices witness still fall from Jan 08 to 17th Oct, 08

Notwithstanding cooling of their momentum, emerging economies are expected to provide the source of resilience through productivity growth and policy framework-IMF

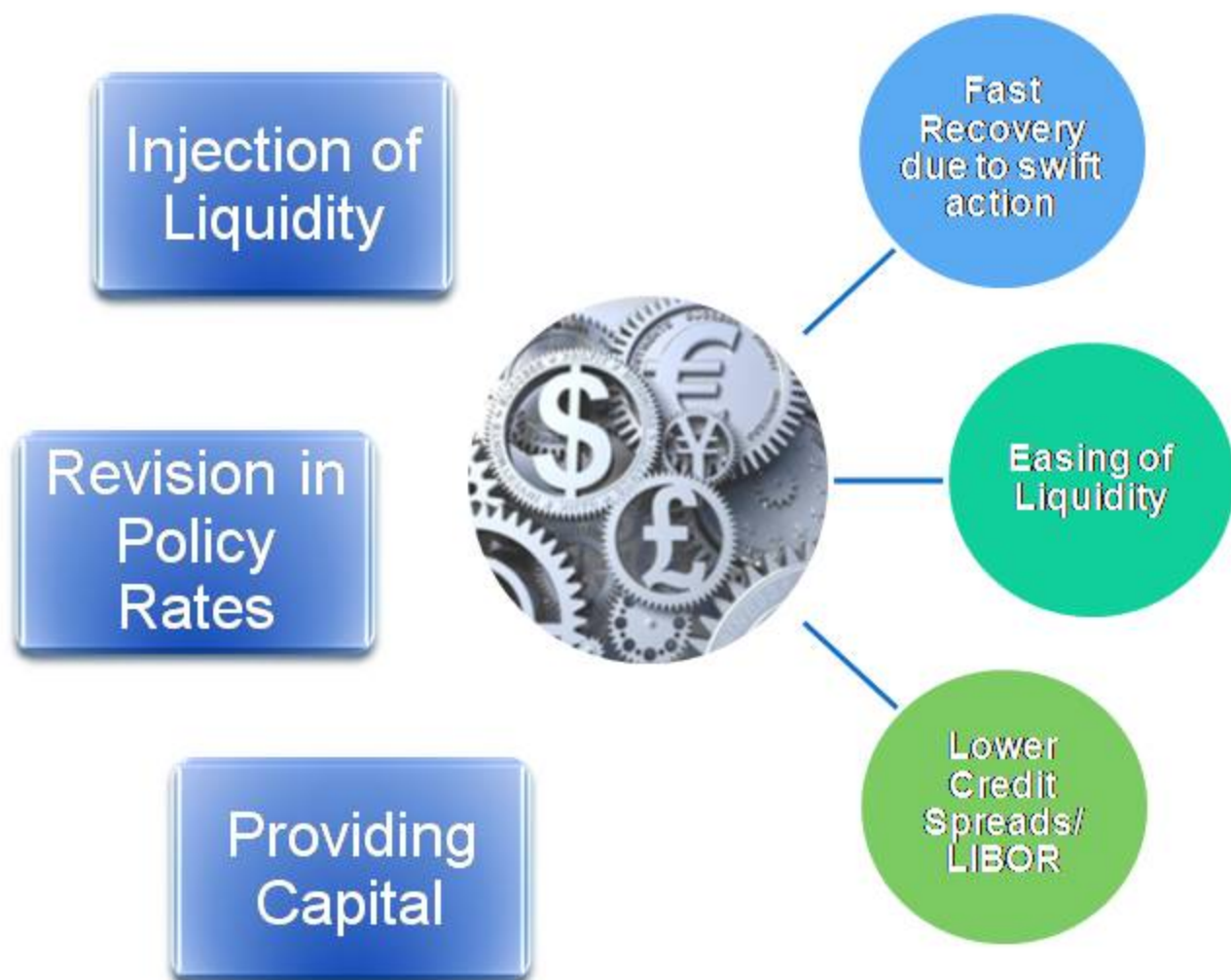
Fall in commodity Prices



Sources: IMF, Bloomberg

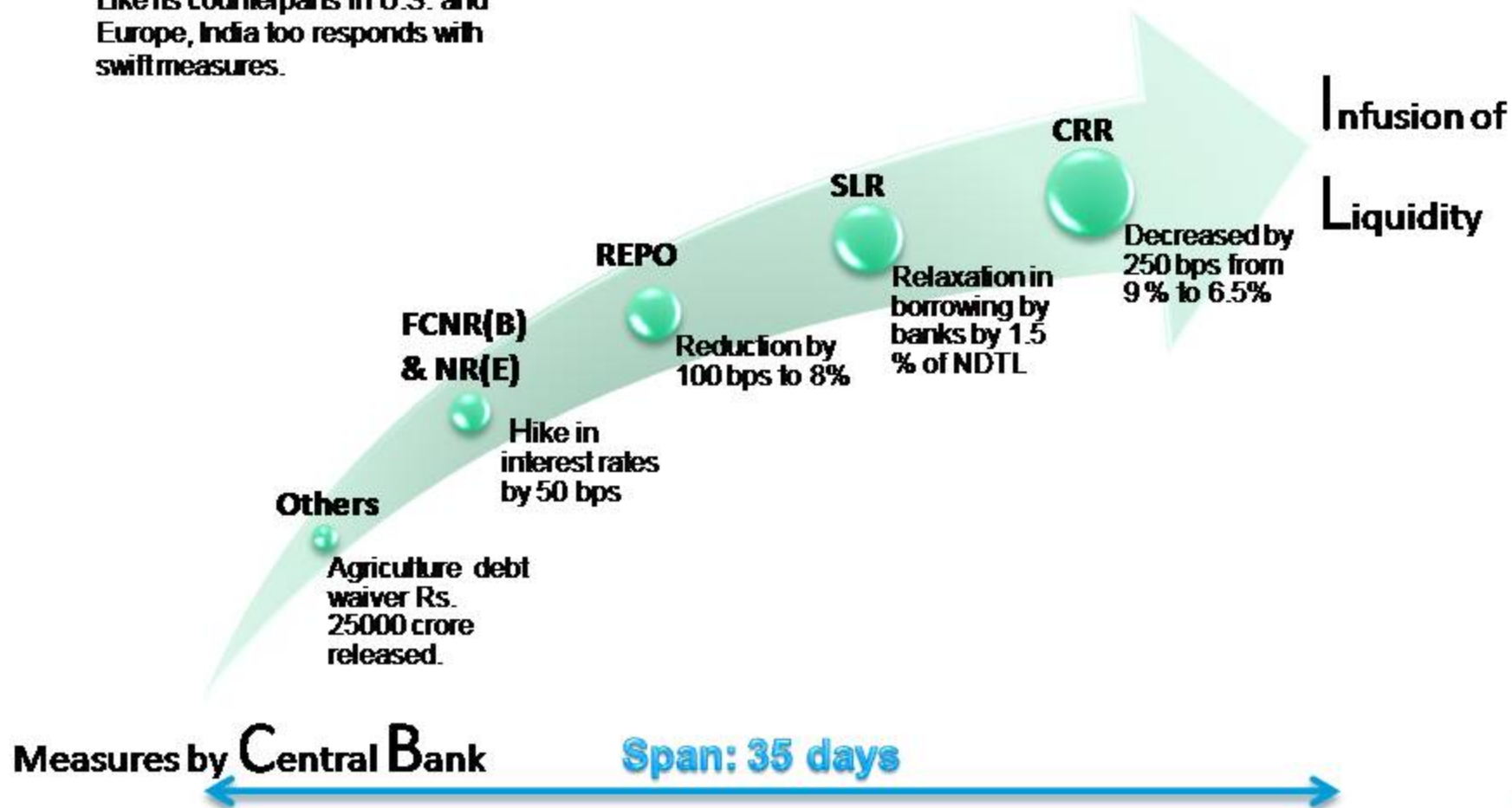
BRIC remains a source of growth

Swift Co-ordinated Intervention by Central Banks.



India – Govt. /RBI Measures to Combat Financial Crisis

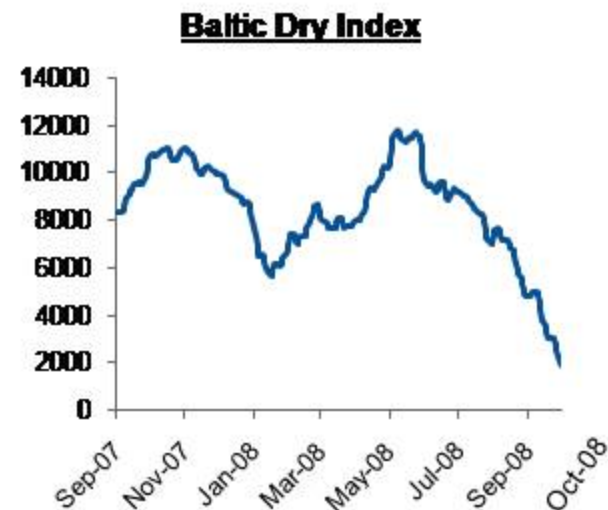
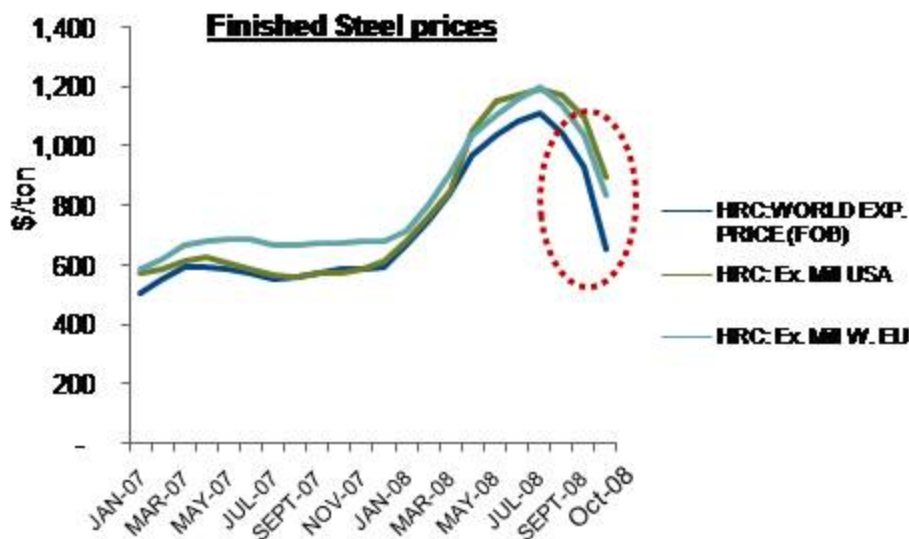
Like its counterparts in U.S. and Europe, India too responds with swift measures.



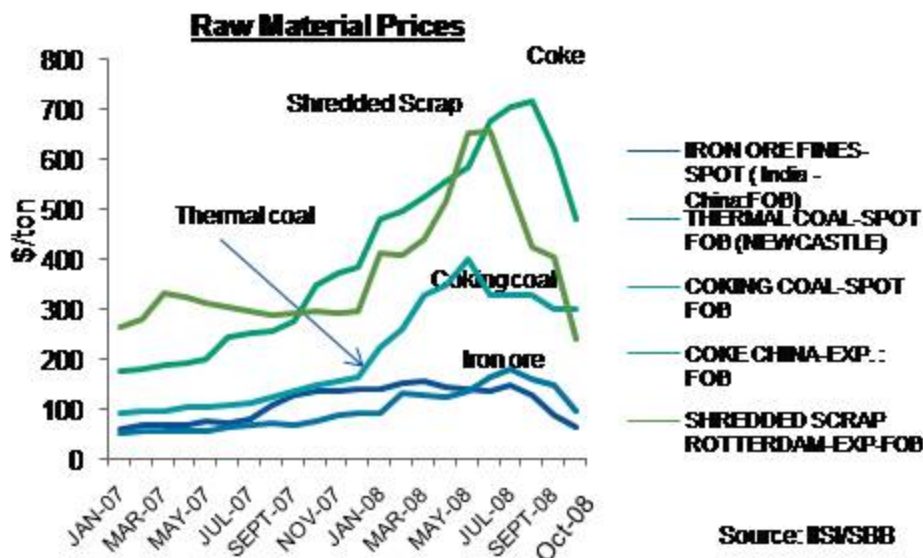
Sources: RBI

(From Sep 16, 08 to Oct 20, 08)

Steel Prices fall .. and so do Raw material prices..



Impact of falling Steel prices partially mitigated by falling Raw Material prices.

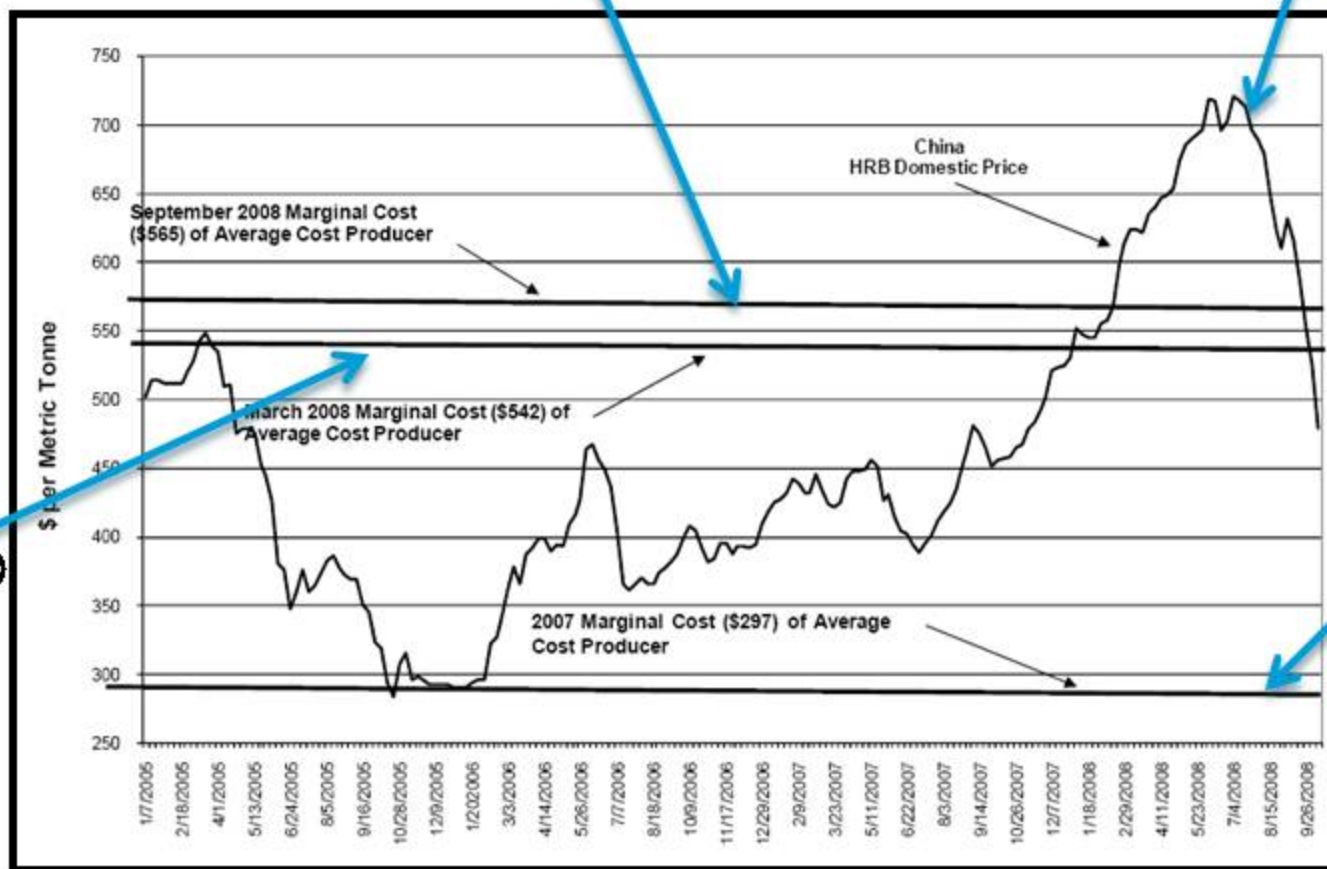


Source: IISMSBB

Price fall unlikely to Continue

September 2008
Marginal cost (\$565)

Chinese-HRC
domestic prices

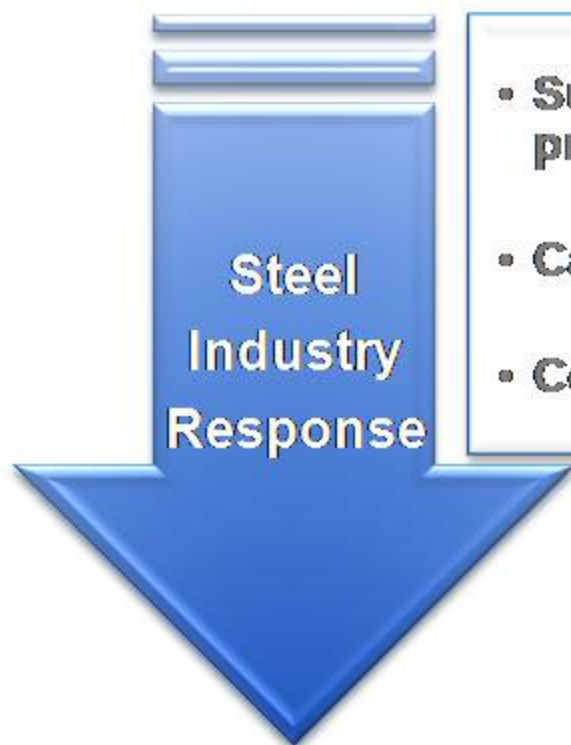


March 2008
Marginal cost (\$542)

2007
Marginal cost (\$297)

Chinese HRB domestic prices are trading below the marginal cost (\$565) of average cost producers

Steel Industry Response

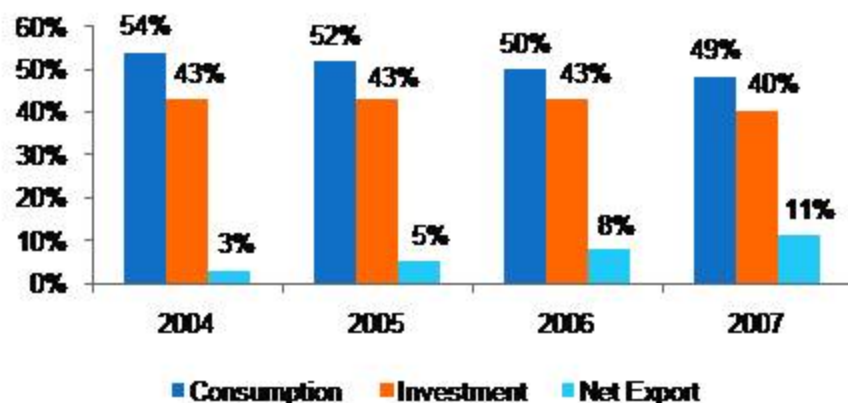


- **Supply side Discipline -Annualized production cut of 77 MnT announced**
- **Capacity shut down by high cost producers**
- **Cost optimization**

Balance in Demand/Supply resulting in stable price scenario

China ...increasing focus on domestic consumption

Contribution to GDP

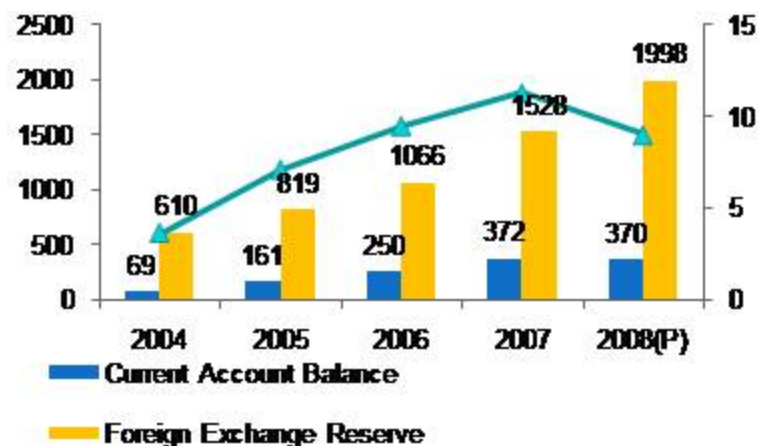


As Chinese GDP remains Consumption and Investment driven, incremental steel demand of 40-50mtpa will cap Chinese net exports to ~7% of global (ex-China) steel consumption.

Foreign reserves accumulation breaks new records

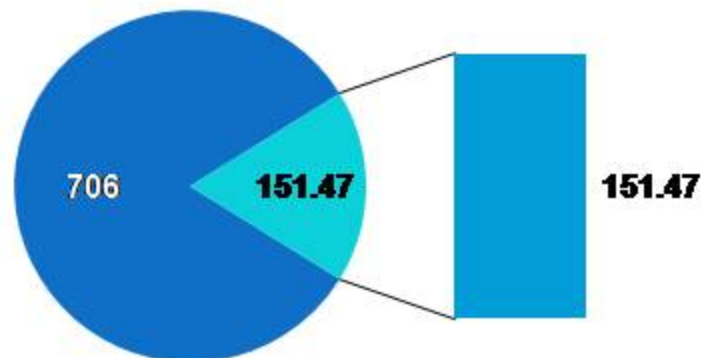
**No pressure to Increase Export.
Huge opportunity for higher Investment.**

Current A/c balance and Forex Reserves (USD bn)



China ...increasing focus on domestic consumption

Chinese Infrastructural spending plans (XI FYP)

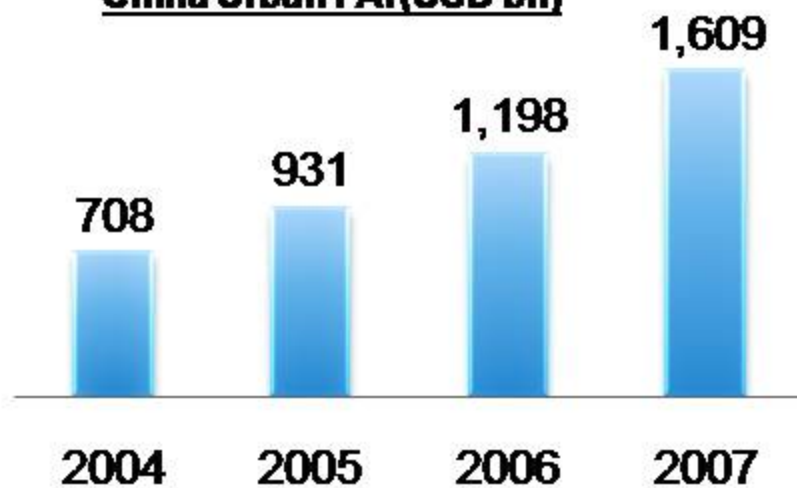


- Total Spending on Infrastructure (USD bn)
- Implied Steel Consumption in MnT

**With growing urbanisation...
Steel consumption to remain strong.**

XI Five year Plan on Infrastructural spending to bring Incremental consumption of 31 MnT/annum

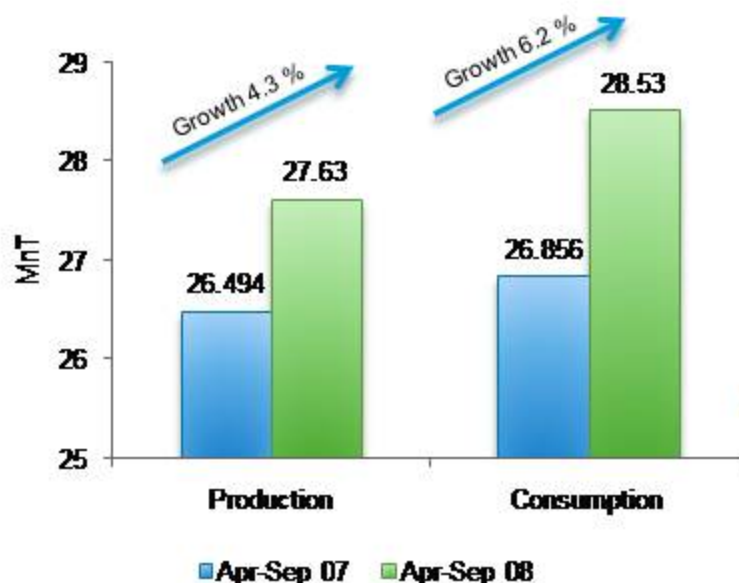
China Urban FAI (USD bn)



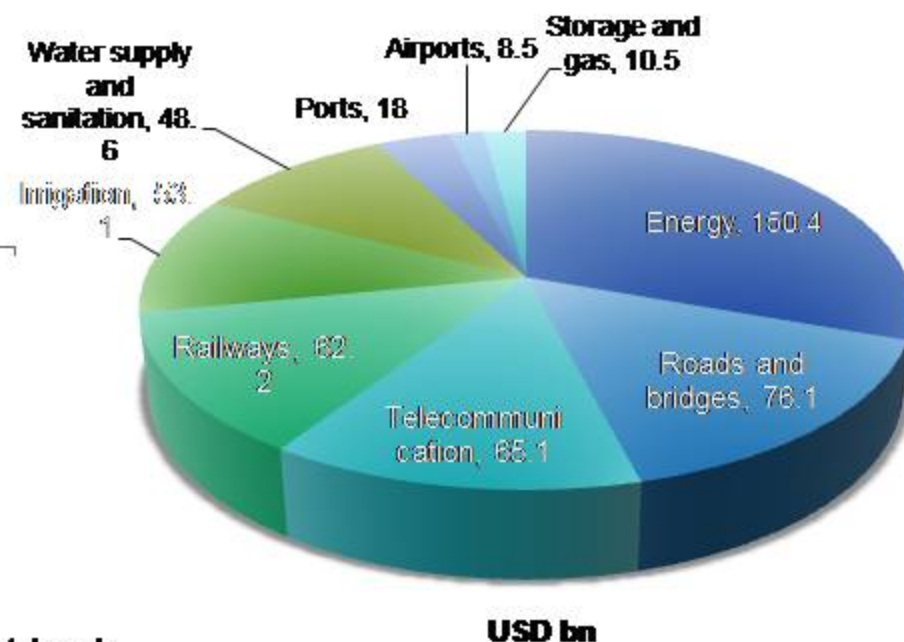
With the growing urbanisation... Steel demand continue to be robust.

Indian Steel Demand to sustain

Production Vs. Consumption



India Infrastructure Investment (FY07-12)



Total Investment in 11th plan = US\$ 492Bn.
Annual investment: US\$ 100Bn

Government targets US\$1.5 Trillion Infra spend over the next decade

Slower GDP growth of 6 to 8 % translates to 8 to 10 % growth in Steel Consumption

JSW Steel : Competitive Advantages



Flexible product mix



Low conversion cost



Location advantage



Low specific Investment cost



Customer loyalty



Diversified market presence

Cost v/s. Margin

Falling Margins

Price Fall

Rs. 10,600/ton

Cost Reduction Initiatives

Lower Raw Material Prices

- **Iron Ore**
- **Ferro Alloys**

Optimization of Input Blend

- **Change in Corex coal blend**
- **Hard Coking to Soft Coking/Anthracite**
- **Higher Scrap usage**

Efficiency

- **Yields**
- **Power**
- **Ferro Alloys**
- **Administration overhead**
- **Stores & Spares**
- **Others**

Plan to Remain Profitable

Performance Highlights....

Highlights YoY

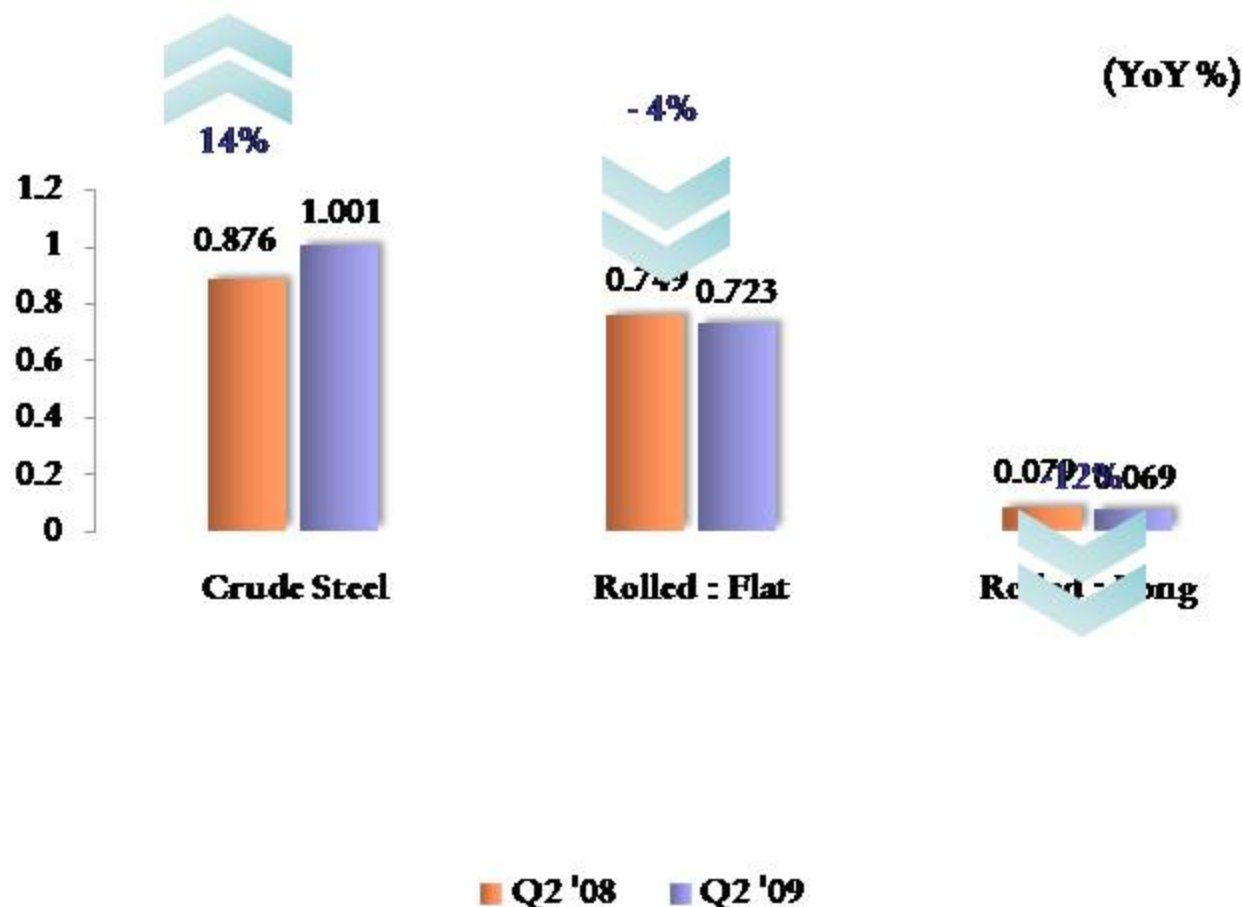


<u>Particular</u>	Q2 FY09
Volume : Crude Steel Production	14 % ↑
: Saleable Steel	4 % ↑
Net Sales	58 % ↑
Blended : Sales Realisation	58 % ↑
: Cost of Production	86 % ↑
Adj. EBITDA Margin	21.3 %
EBITDA	Rs. 1133 Cr.
Net Profit	Rs. 317 Cr.

Weighted Average Cost of Borrowings 8.35 %

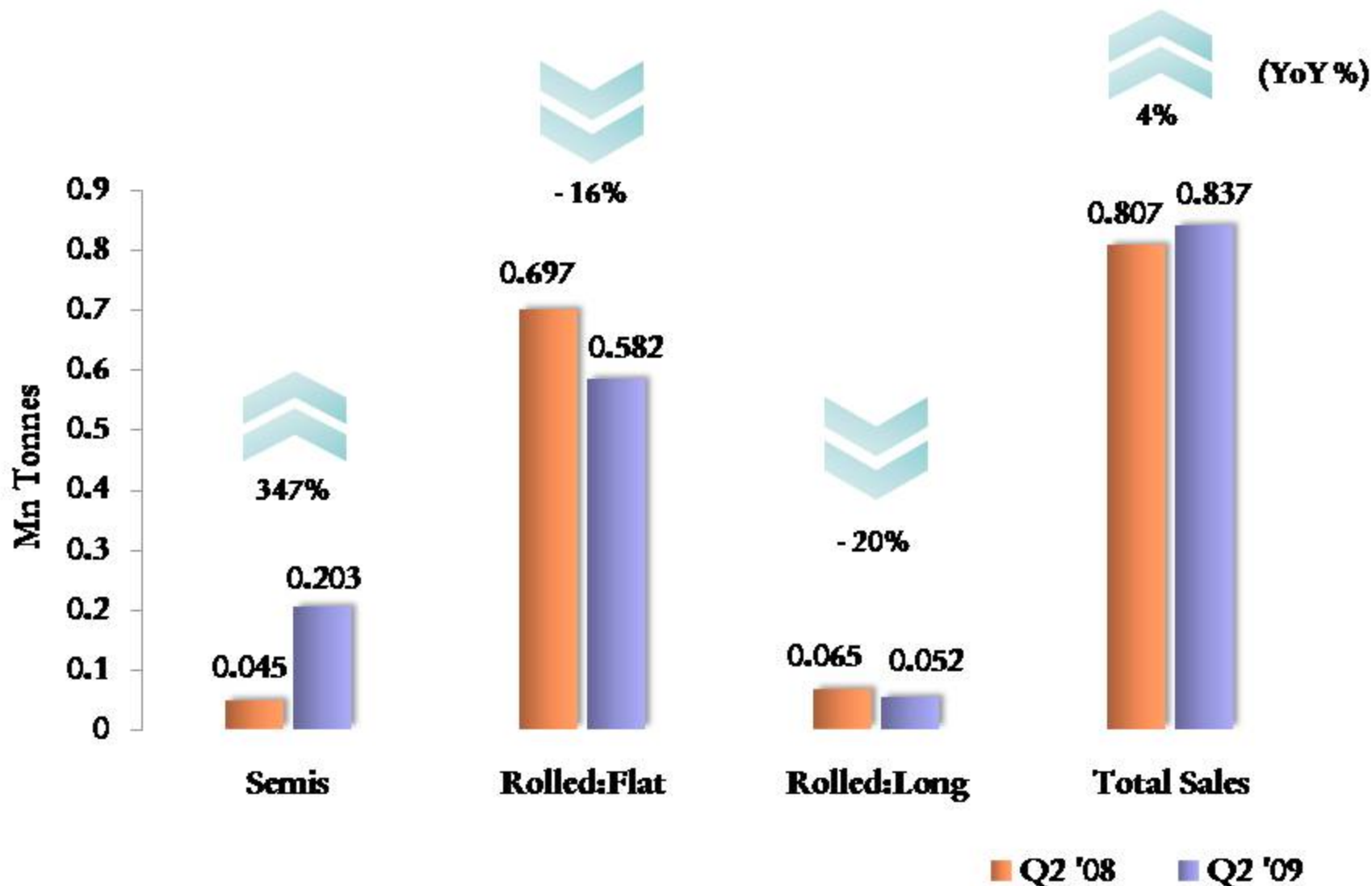
Production – Q2 FY09

Mn Tonnes



- A) Shutdown of long products mill for 17 days in July 08 for automation to achieve better productivity and quality
- B) Stabilization of Hot Strip mill at Vijayanagar works subsequent to modernization and capacity enhancement

Saleable Steel Sales – Q2 FY09

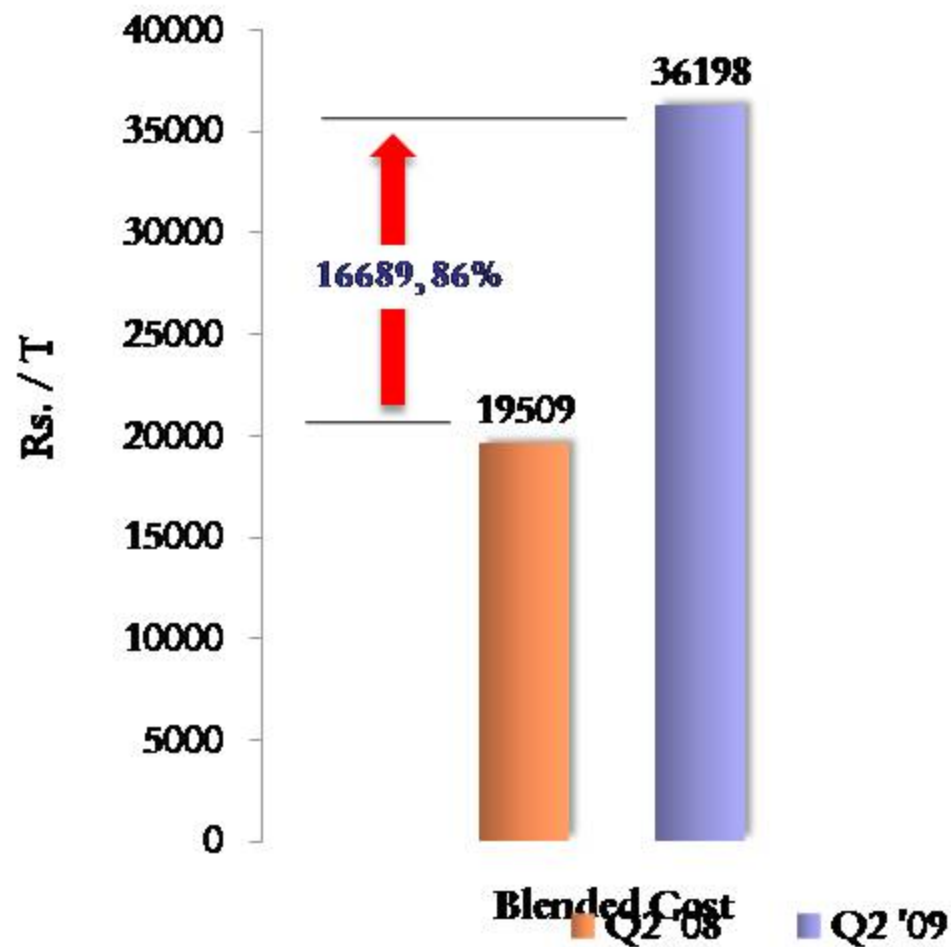
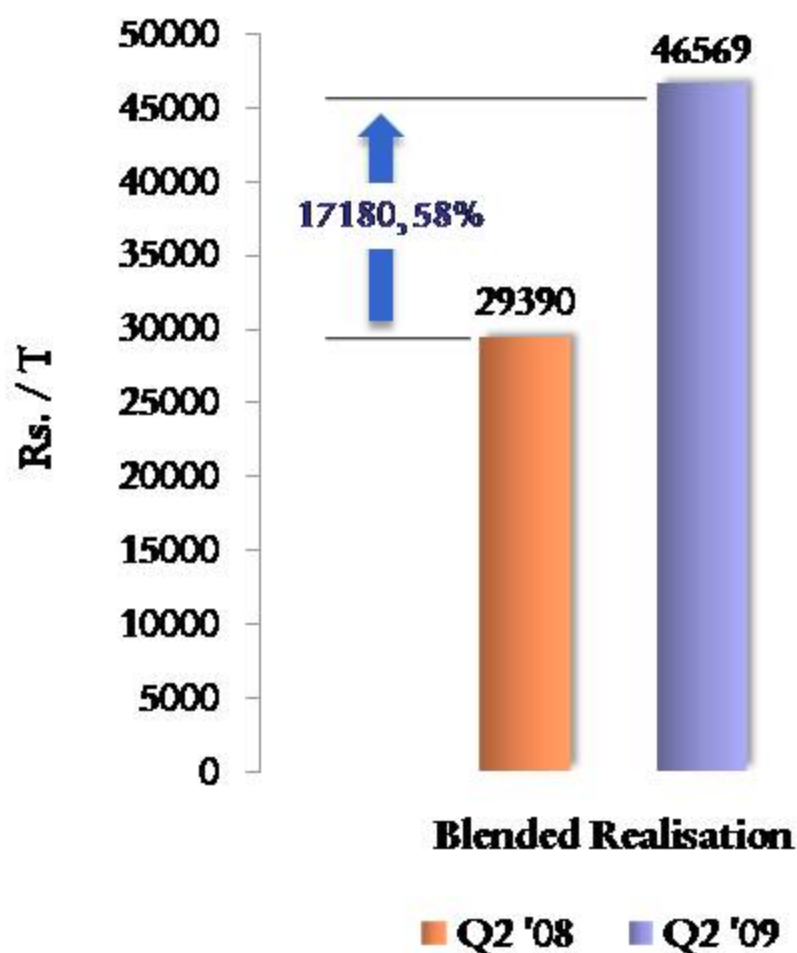


Excess Semis available for sale due to lower Rolled products production

Sales Realisation Vs Cost of Production – Q2 FY09



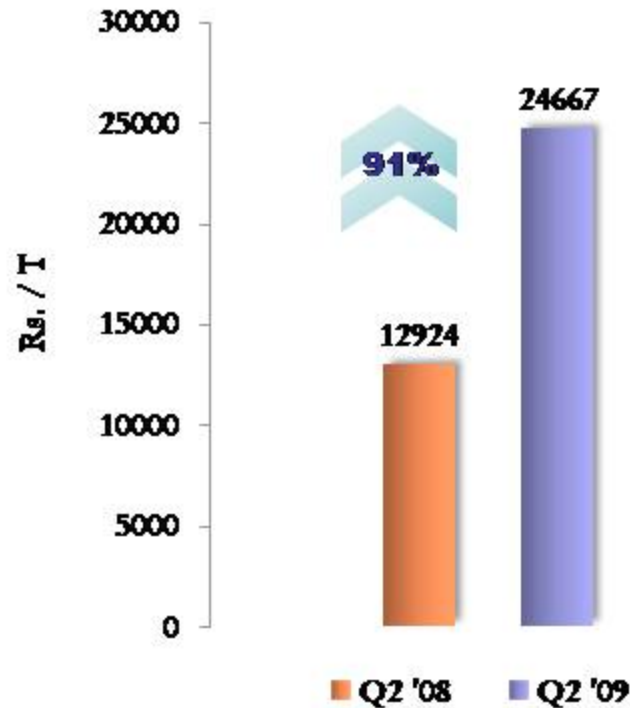
(YoY %)



Raw Material Price Movements



Coke Purchased



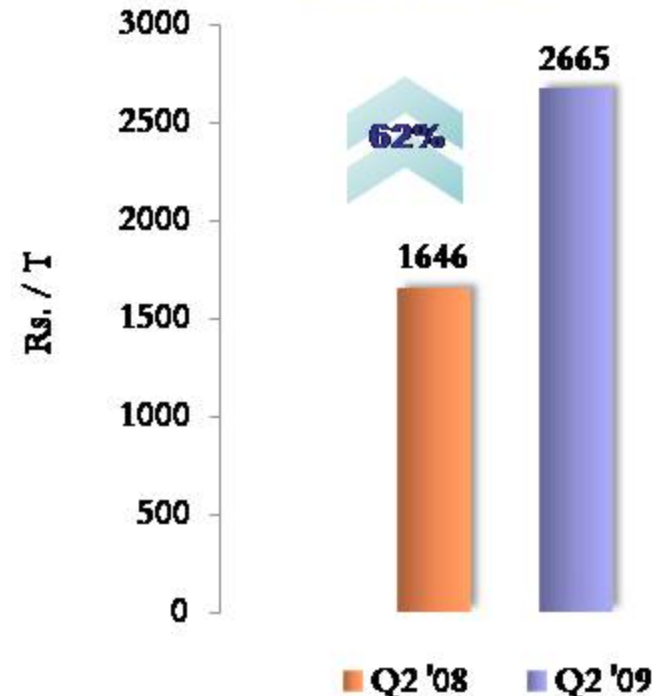
Impact on Cost : Rs. 2,236 / t CS
: Rs. 224 Cr.

- ve

China FOB (\$)

	FY08	FY09	% CH
Q2	262	708	170%

Iron Ore Fines



Impact on Cost : Rs. 1,593 / t CS
: Rs. 159 Cr.

- ve

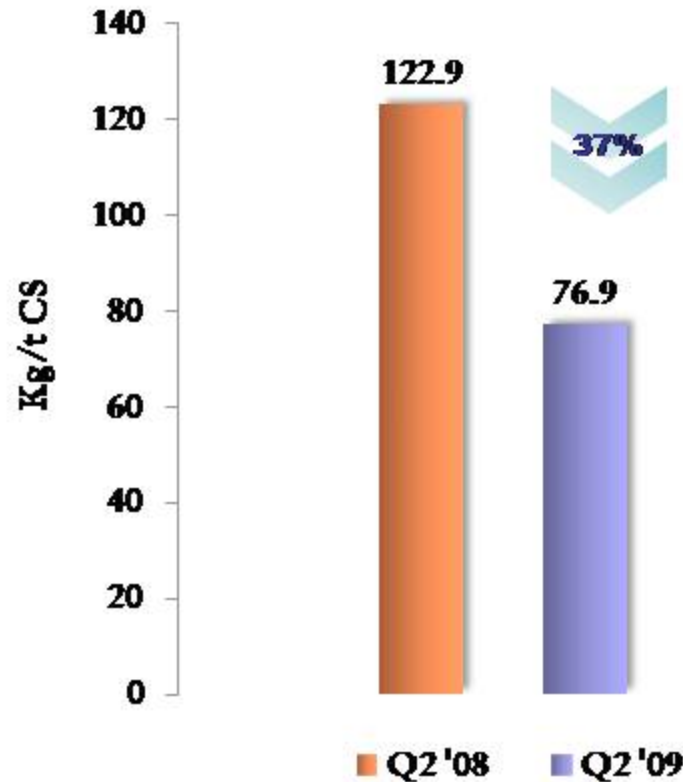
China CFR (\$)

	FY08	FY09	% CH
Q2	137	159	16%

Operating Parameters



Fluxes Consumption – BF (Vijayanagar Works)

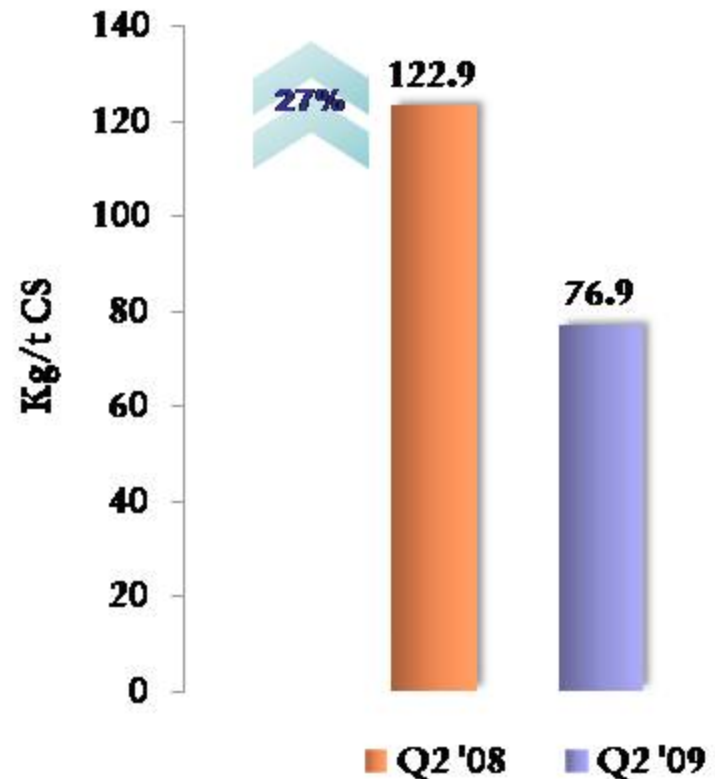


Impact on Cost : Rs. 14 / t CS

: Rs. 1.2 Cr.

+ ve

LD Gas Recovery (Vijayanagar Works)



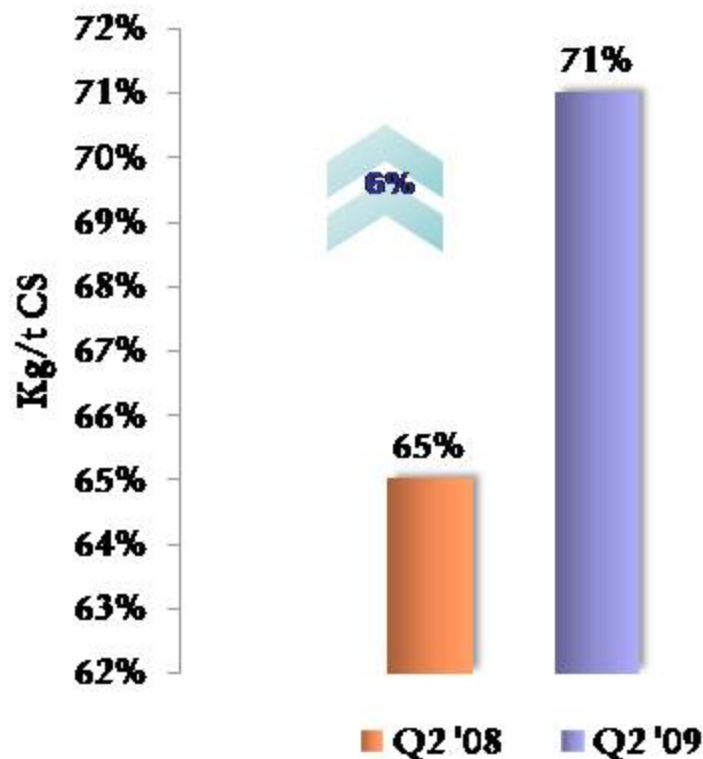
Impact on Cost : Rs. 18 / t CS

: Rs. 1.5 Cr.

+ ve

Operating Parameters

Captive Power Consumption (Vijayanagar Works)



Impact on Cost	: Rs. 67 / t CS
	: Rs. 5.6 Cr.

+ ve

Summary Standalone

	Rs. Cr.	
	Q2 FY 09	Q2 FY 08
Turnover	4,620.33	2,980.38
EBITDA before exceptional items	1132.92	929.30
Operating EBITDA	917.26	802.97
Profit Before Tax	471.09	767.85
Net Profit	317.45	534.19
EPS: Diluted	16.52	28.54

Operating EBITDA Analysis



	Q2 FY 08	Q2 FY 09
EBITDA (Rs. Cr.)	929.30	1132.92
Forex Gain	35.68	
Forex Loss		(215.66)
One time income	(162.01)	
Op. EBITDA (Rs. Cr.)	802.97	917.26
Op. EBITDA (%)	31.0%	21.3%

Operational Performance - USA

	PRODUCTION (NT)			SALES (NT)		
	Q1 FY09	Q2 FY09	TOTAL	Q1 FY09	Q2 FY09	TOTAL
PLATE MILL	143,077	109,066	252,143	75,762	59,629	135,391
PIPE MILL	66,431	34,931	101,362	65,026	35,927	100,953

Financial Performance – USA

	Q2 FY 09	Q1 FY 09
	\$ mio	\$ mio
a) Turnover	165.18	217.50
b) EBITDA + Other Income	29.70 17.98%	44.92 20.65%
c) Profit Before Tax	11.38	25.82
d) Profit After Tax	9.63	17.69

Financial Summary Q2 FY 08-09 (Consolidated)

Particulars	Rs. Cr.	
	Q2 FY 08	Q2 FY 09
Total Income	2779.88	4,684.10
EBITDA	923.82	1,202.20
PBT	760.82	422.17
PAT	516.20	252.44

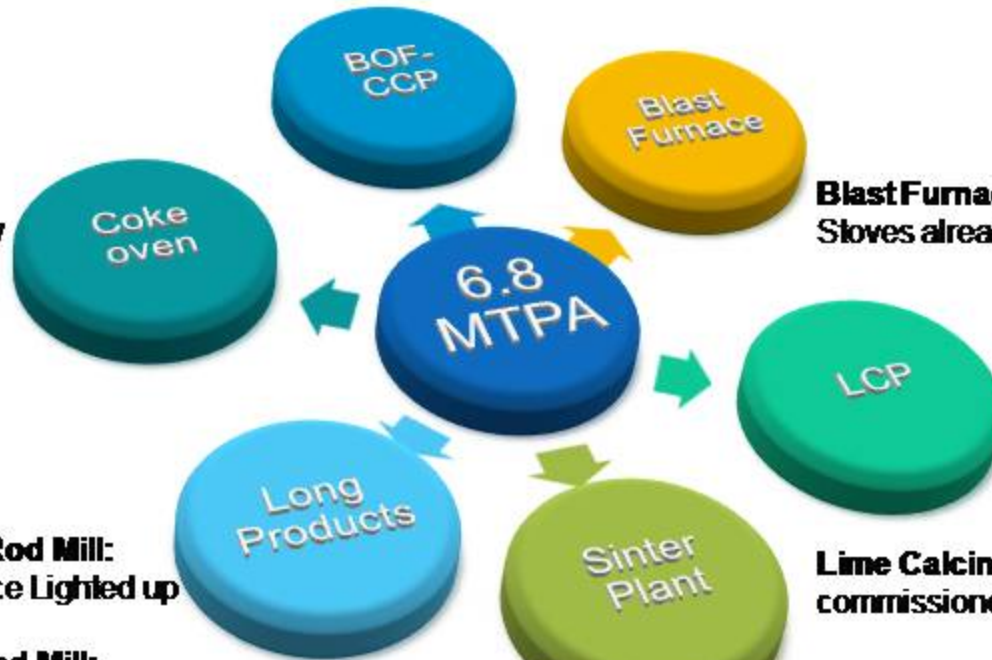
Unrealised contribution on incremental inventory: Rs. 110 Cr. for Q2 09 and nil in Q2 08

3.8 to 6.8 MT Project Progress

Project Cheetah: Project Status

BOF-CCP
Integrated trials in the pipeline

Coke Oven
2 Batteries successfully
commissioned



Blast Furnace
Stoves already lighted up

Wire Rod Mill:
Furnace Lighted up

Bar Rod Mill:
Equipment Erection under progress

Lime Calcinations Plant
commissioned, under stabilization

Sinter Plant
Commissioned in Aug. 08
Ready to feed Blast Furnace



Recovery Coke Oven



Blast Furnace # 3



Sinter Plant # 2



SMS #2



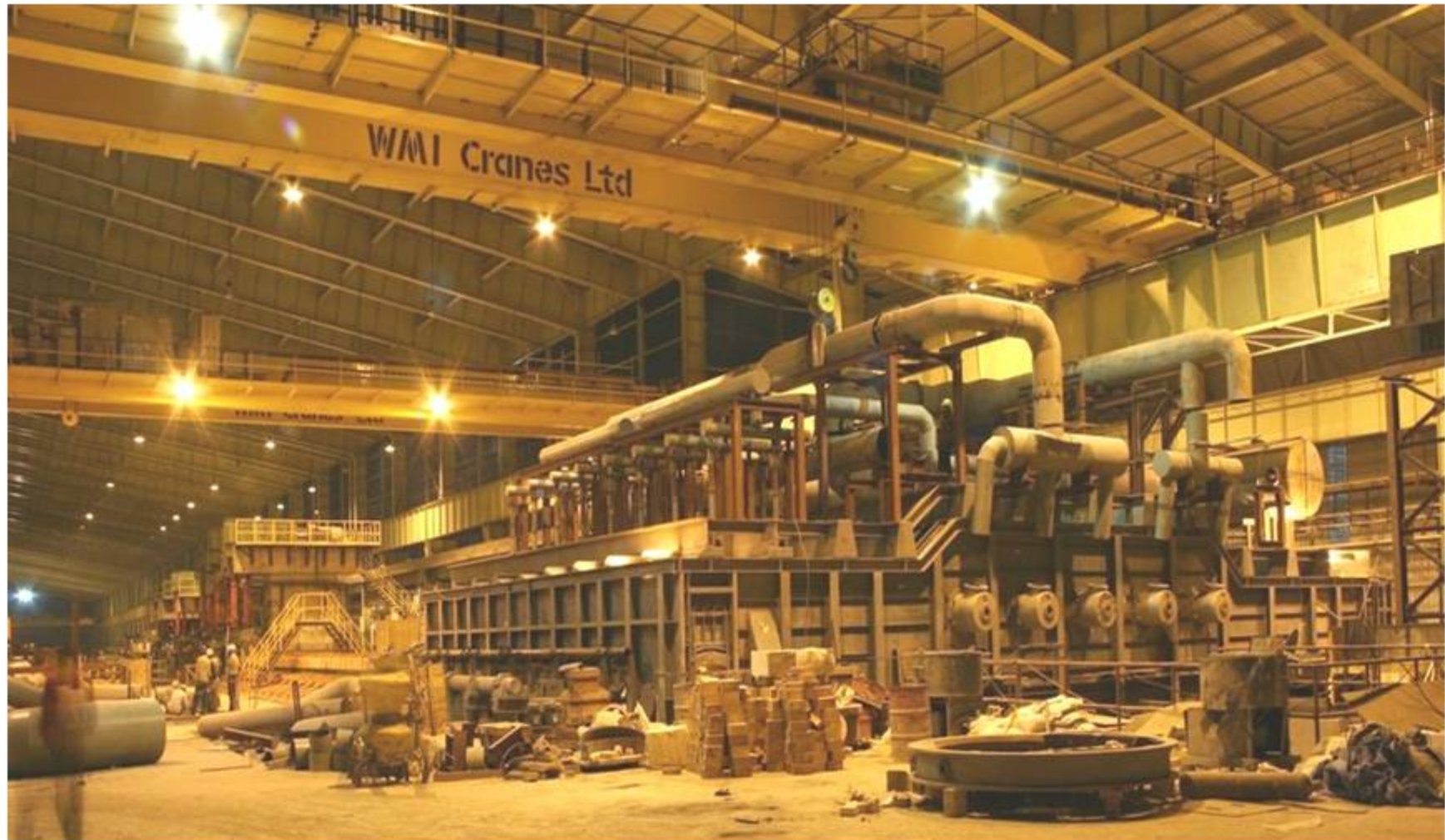
SMS #2



SMS #2 (Control Room)



Bar Mill



Bar Mill (Contd.)



Wire Rod Mill



Wire Rod Mill



Project Progress : Downstream

❑ **CSD Galvalume Conversion – (Completed)**

CSD shut down for Galvalume modification completed. Line commissioned on 21st August 08.

❑ **New Color Coating Line (Completed)**

The new color coating line is commissioned on 15th August 08 against target of end September 08.

❑ **30 MW Power Plant**

Project progressing briskly. Commissioning exp. by end Dec-08

❑ **Railway siding at Vasind**

Project is scheduled to be completed by end Dec-09

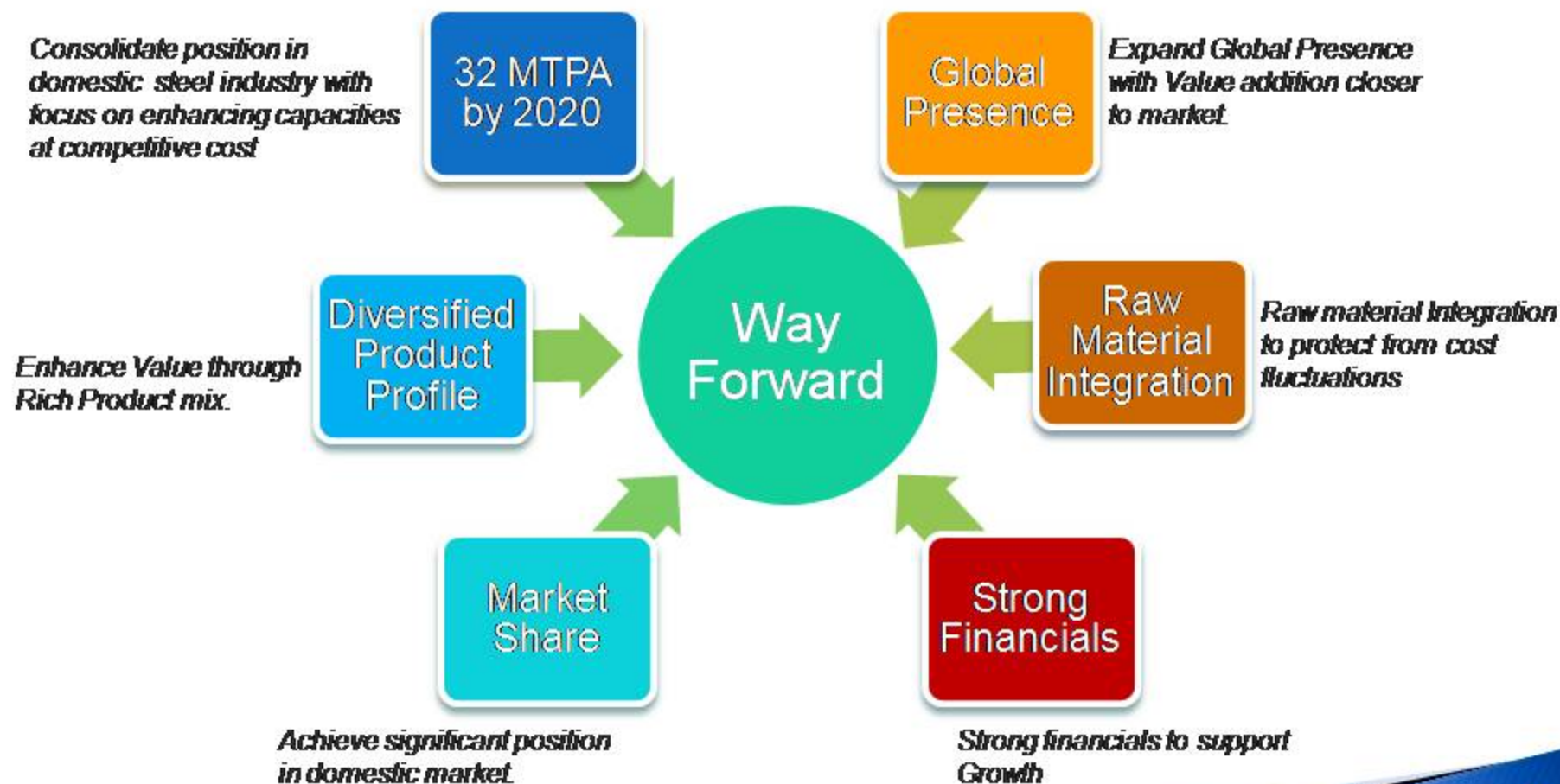
Awards & Recognitions

- **CII National Energy Management Award 2008:**
Excellent Energy Efficient Unit by CII (Aug 2008).

- **Greentech Environment Excellence Award 2008:**
Gold award in metal and mining sector for outstanding achievement in Environment Management (6th Sep 2008, Goa).

Way Forward...

Sustainable GROWTH...
...Creating VALUE



Q & A Session...



Forward Looking and Cautionary Statement

Certain statements in this report 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 risk 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 the Company has made strategic investments, withdrawal of fiscal/governmental incentives, impact of regulatory measures, 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. The company does not undertake to update any forward looking statements that may be made from time to time by or on behalf of the company.