



**PIECING
TOGETHER,
VALUE
AND
GROWTH.**



**Analyst Meet Presentation
Q4 FY11**



Key Highlights

Steel Scenario

Performance Review

Projects Update

Guidance



Key Highlights





JSW JFE strategic partnership

- ❖ Equity infusion by JFE of ₹ 5,410 Crores (~\$1.2 bn) for 14.99% equity stake, one of the largest FDI in the Indian Metals and Mining space
- ❖ Deleveraged Balance Sheet to support next phase of growth
- ❖ Access to cutting edge technologies and fast growing automotive steel market
- ❖ Operational excellence to result in cost reduction

Ispat Acquisition

- ❖ Acquired 49.3% stake for ₹ 2,357 Crores (\$528 mn) including open offer
- ❖ Access to 3.3 mtpa state of the art HRC facilities in Western region - India's fastest growing steel market
- ❖ Production in Mar 2011 quarter was near rated capacity, generated positive PAT for the quarter
- ❖ Plant integration and cost efficiency program are underway



Best ever performance...



Key performance highlights

- ❖ Highest ever crude steel production: Q4FY11 – 1.65* million tonnes, FY11 – 6.43* million tonnes
- ❖ Highest ever sales volume: Q4FY11 – 1.73 million tonnes, FY11 – 6.10 million tonnes
- ❖ Highest ever gross turnover: Q4FY11 – ₹ 7,615 Crores, FY11 – ₹ 25,131 Crores
- ❖ Highest ever EBITDA: Q4FY11 – ₹ 1,658 Crores, FY11 – ₹ 4,856 Crores
- ❖ Highest ever Net Profit Q4 FY11 - ₹ 833 Crores

** Excludes 0.079 million tonnes produced from trial run of Casters of 3.2 million tonnes expansion project*

Improved financials

- ❖ Strengthened Balance sheet – consolidated net debt to equity ratio improved to 0.84 at FY11 end from 1.65 at FY10 end
- ❖ Consolidated weighted average debt cost has come down to 6.56% in FY11 from 6.77% in FY10



- ❖ JSW, with Ispat acquisition, is poised to be the largest steel producer in India by crude steel capacity
- ❖ Chile Iron ore mine: Commenced mining operations in Nov 2010 and shipped 1st consignment in Apr 2011.
- ❖ Blooming mill: Commissioned Phase I in Jul 2010 and Phase II (4 stands out of 8) in Mar 2011 at Salem. Entry to high-end auto forging steel, have bagged order from Honda for crank shafts.
- ❖ Beneficiation Plant – 2: Commissioned Phase I (1,500 TPH). It will enable the plant to use low grade iron ore thus reducing iron ore cost and also lead to increase in productivity.
- ❖ CPP – 3: Commissioned 300 MW power plant. Now, all steel production/facilities of JSW source 100% of their power requirement from captive power plants.



Steel Scenario

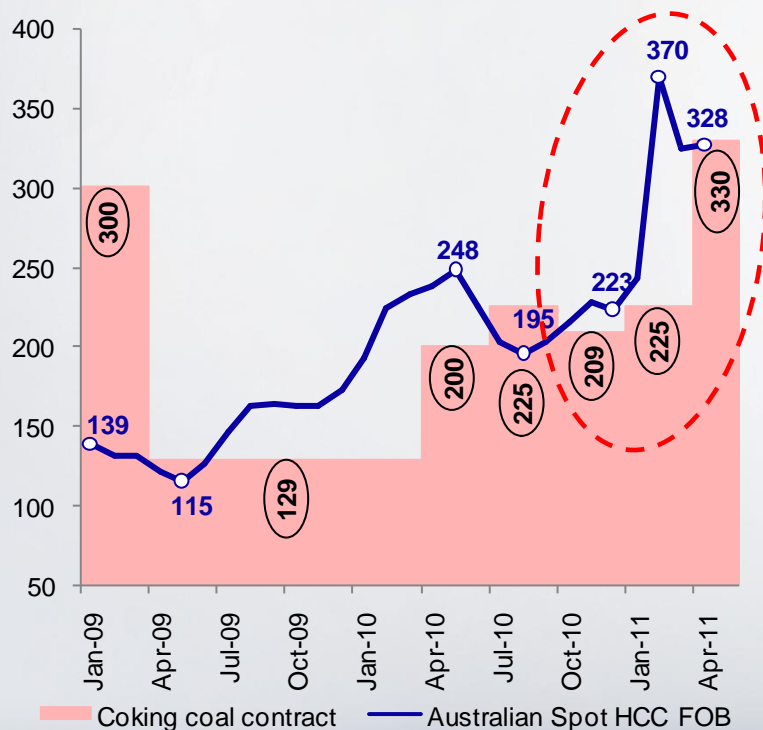




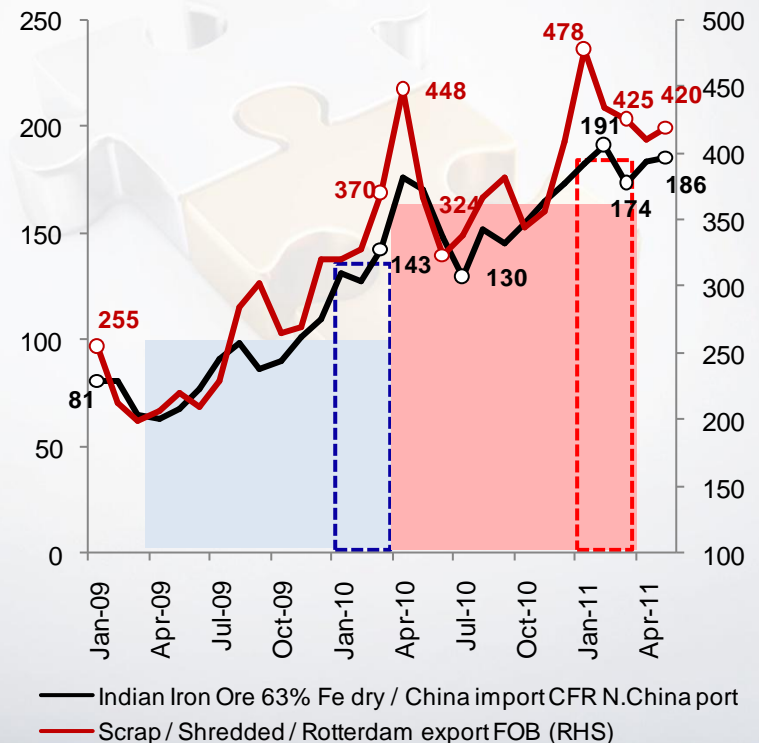
Raw Material prices have risen sharply....



- ❖ Q4FY11 coking coal spot prices averaged \$313/t vs. \$216/t in Q4FY10 (up by ~45% YoY)
- ❖ FY11 prices averaged \$243/t vs. \$165/t in FY10 (up by ~47% YoY)
- ❖ Coking coal spot prices surged to \$370/t in Feb 2011, leading Q1FY12 contract prices to \$330/t (up by ~47% QoQ)



- ❖ Q4FY11 Iron ore spot prices averaged \$183/t vs. \$134/t in Q4FY10 (up by ~37% YoY)
- ❖ FY11 Iron ore prices averaged \$164/t vs. \$99/t in FY10 (up by ~65% YoY)
- ❖ Iron ore price surged to \$191/t in Feb 2011 whereas scrap prices averaged \$478/t in Jan 2011





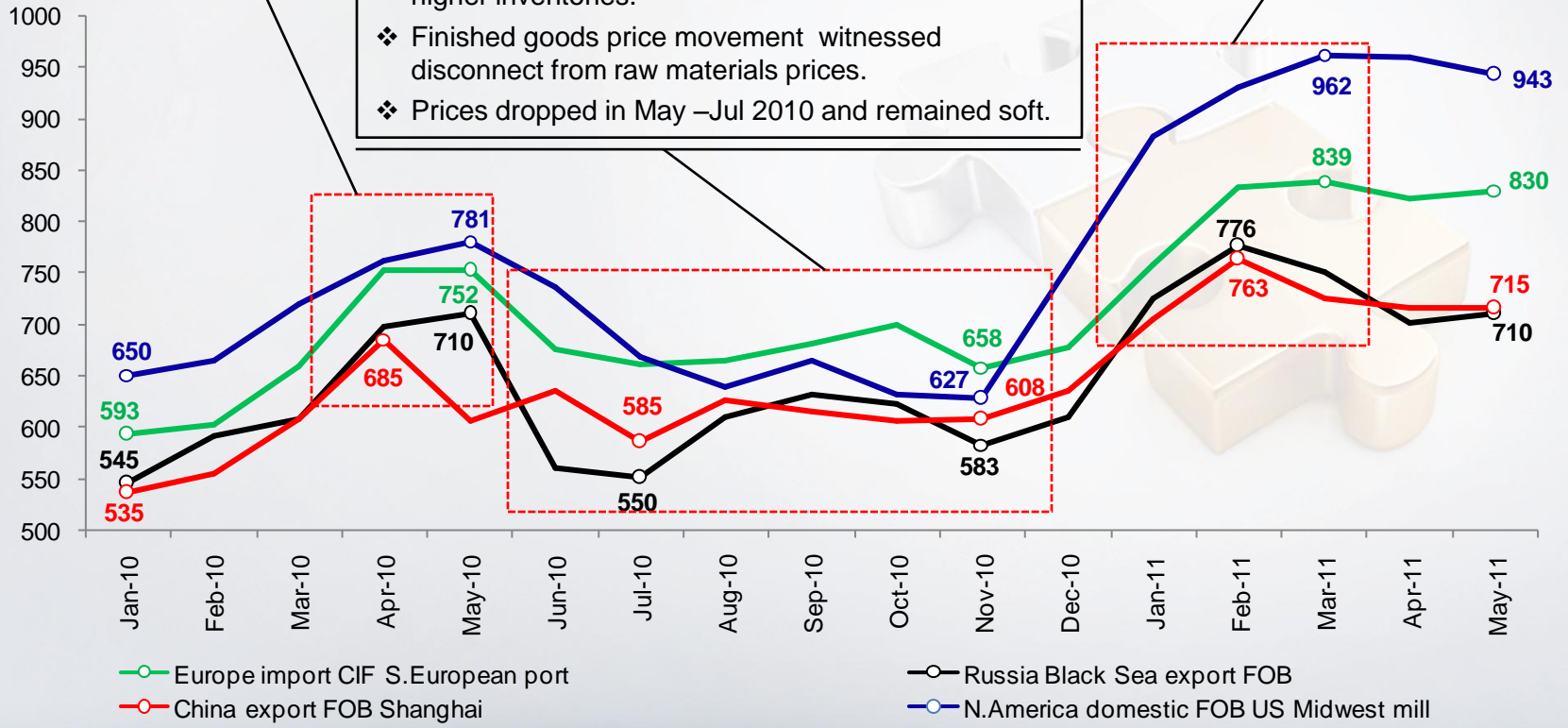
.... Leading to increase in Steel prices



HRC prices rose as raw material prices for Q1FY11 went up.

- ❖ HRC prices went up in Feb and Mar 2011 reflecting imminent cost push from higher raw material prices.
- ❖ The prices softened from mid Mar 2011 to Apr 2011 but have stabilized now.

- ❖ Global steel production jumped above ~1460 million tonnes (annualized) in Apr –May 2010, resulting in higher inventories.
- ❖ Finished goods price movement witnessed disconnect from raw materials prices.
- ❖ Prices dropped in May –Jul 2010 and remained soft.





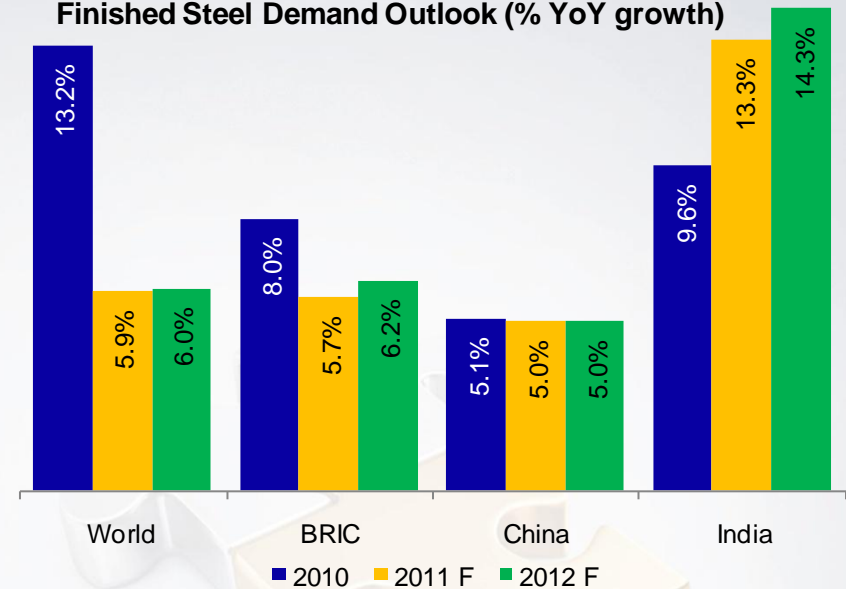
Global Steel Trends



- ❖ Production reached 1540 million tonnes in Feb 2011, reflecting significant improvement in steel prices.
- ❖ However Mar 2011 witnessed small supply side correction.



Finished Steel Demand Outlook (% YoY growth)



Global Finished Steel Demand				
Year	World	BRIC	China	India
2009	1134	647	548	55
2010	1284	699	576	61
2011 F	1359	739	605	69
2012 F	1441	785	635	79

- ❖ Global steel demand growth was strong in 2010 on the back of low base.
- ❖ Going forward demand outlook remains favourable, Indian steel industry is projected to capture double digit growth.

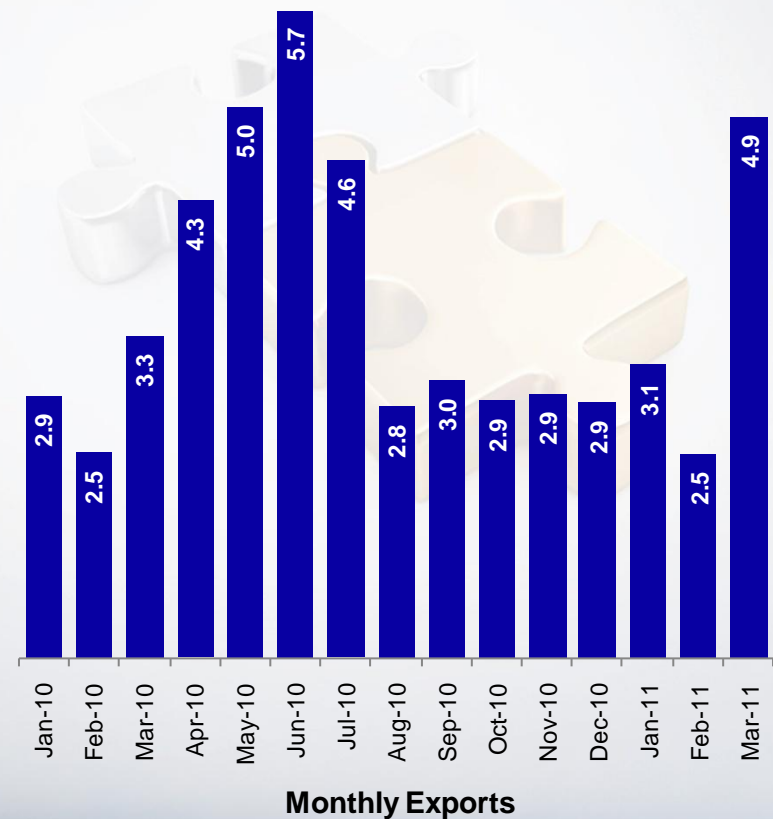
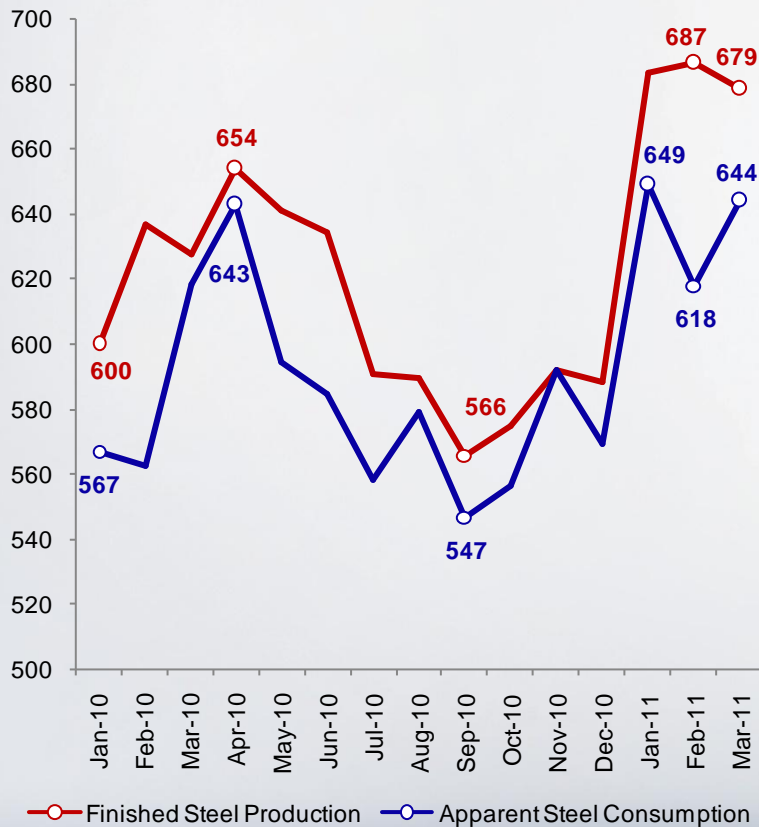
Source: World Steel (All figures are in million tonnes)



China Steel Market

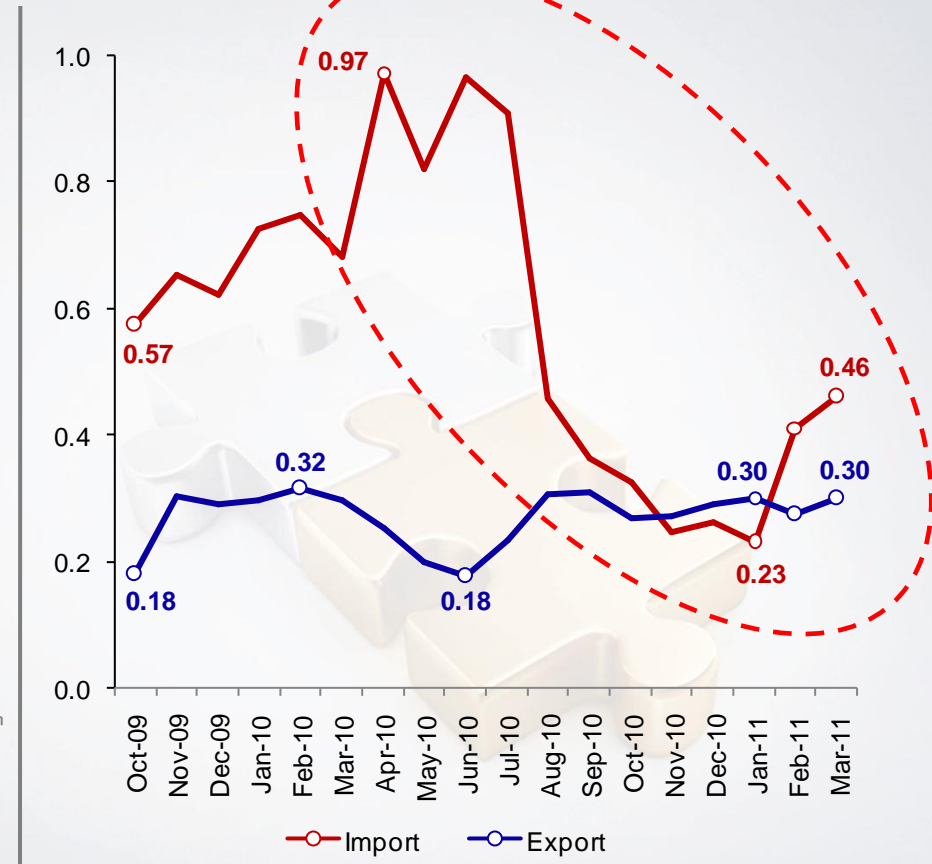
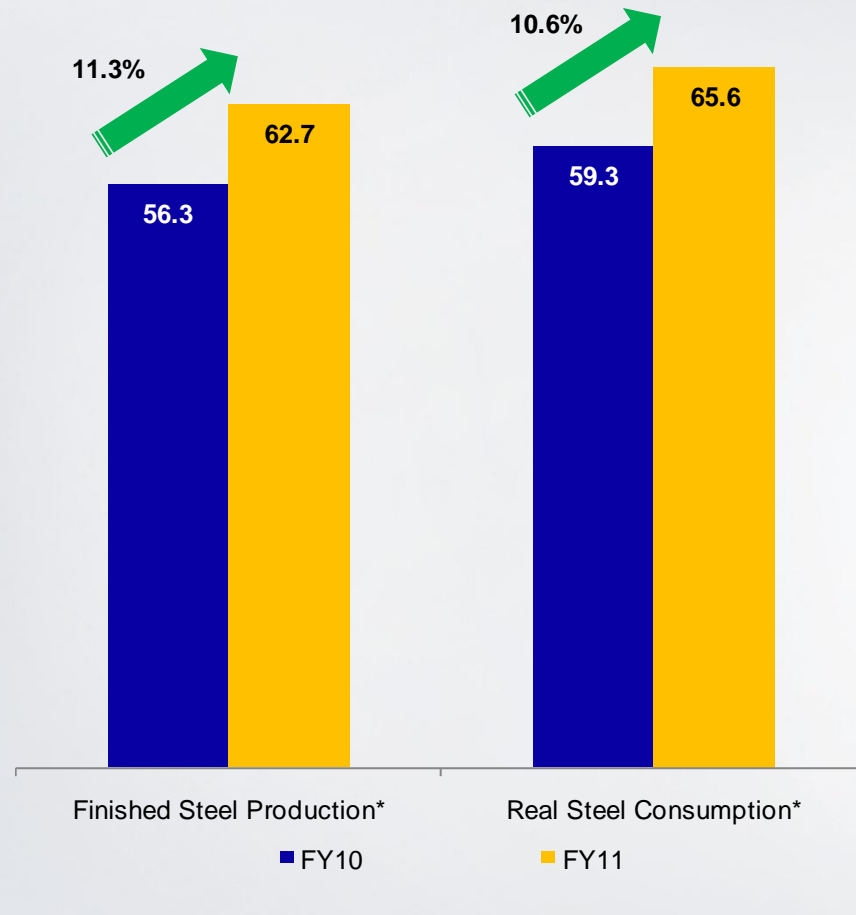


- ❖ China steel market registered negative demand growth in Q2 FY11, demand remained low in Q3 FY11 due to increased interest rates and slowing real estate growth
- ❖ Production growth was low in Q3 FY11, reflecting reduced competitiveness due to removal of export rebate, increased iron ore prices and currency appreciation.
- ❖ Production peaked in Feb 2011 with rising steel prices but lower exports led to increase in inventories.





Indian Steel Market



- ❖ Finished steel production in FY11 increased by 11.3% YoY.
- ❖ Real steel consumption in FY11 grew by 10.6% YoY.
- ❖ Imports in FY11 declined by 7.9% YoY to 6.8 million tonnes.

Source: JPC (All figures are in million tonnes)

* Production and consumption data has been netted off for double counting effect.

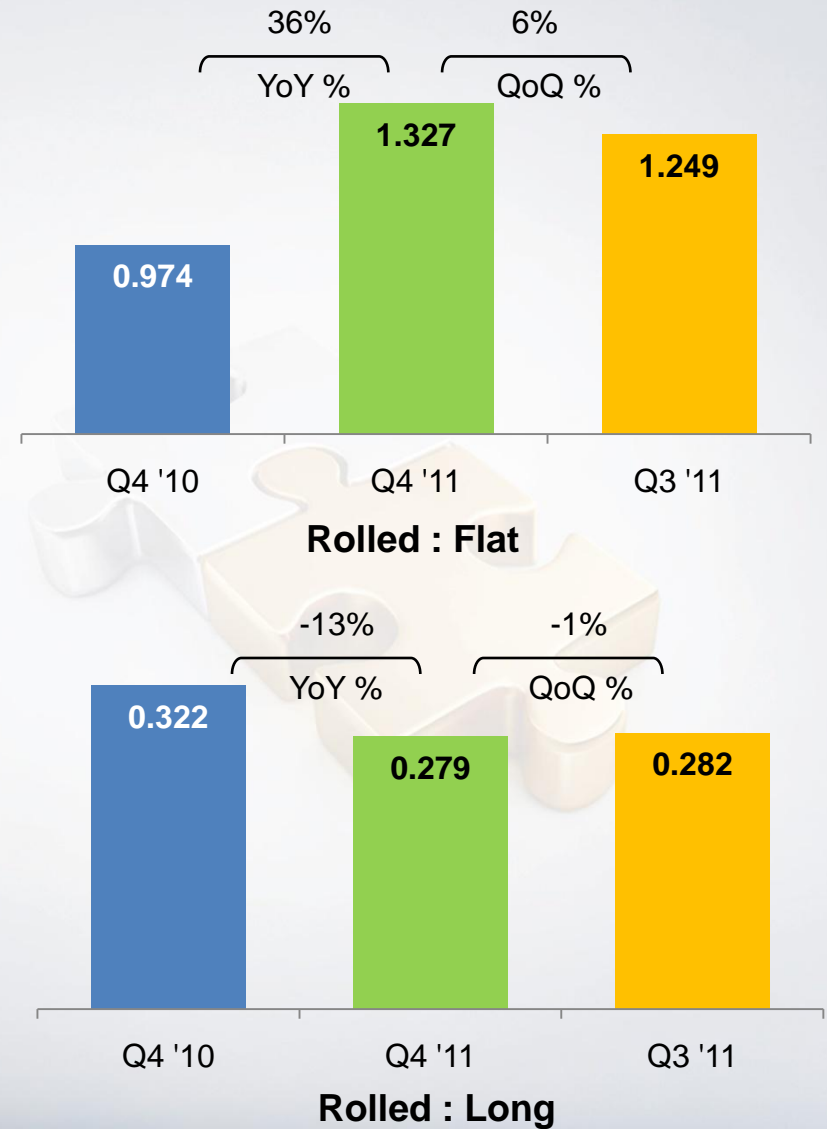
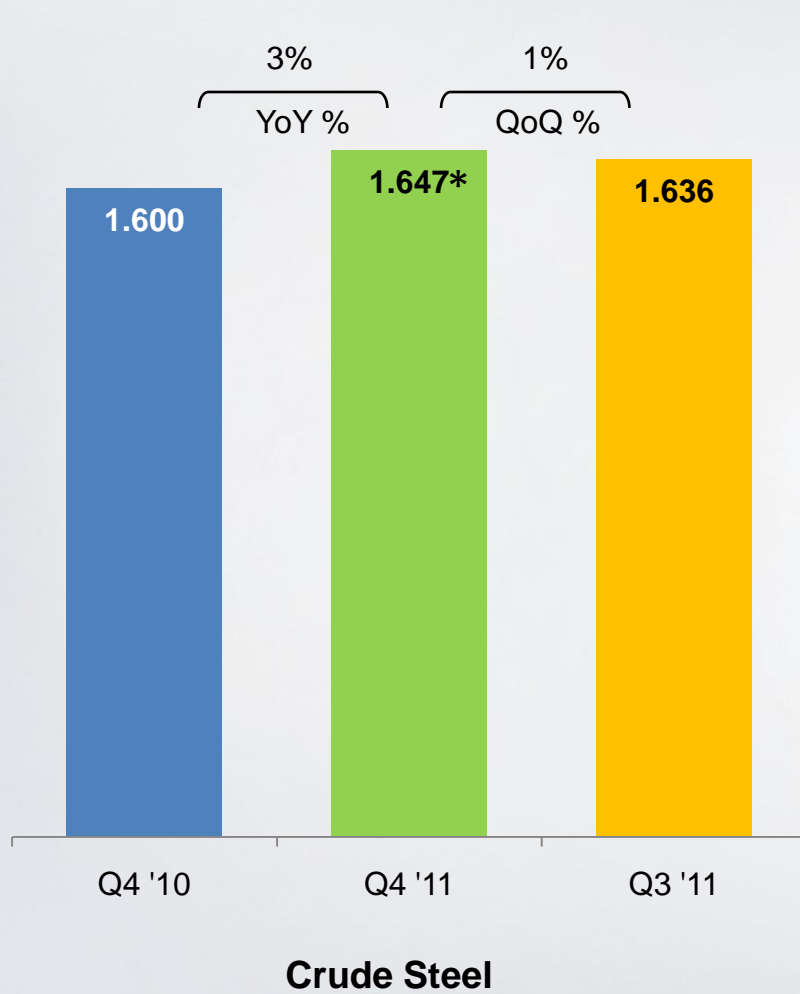


Performance Review





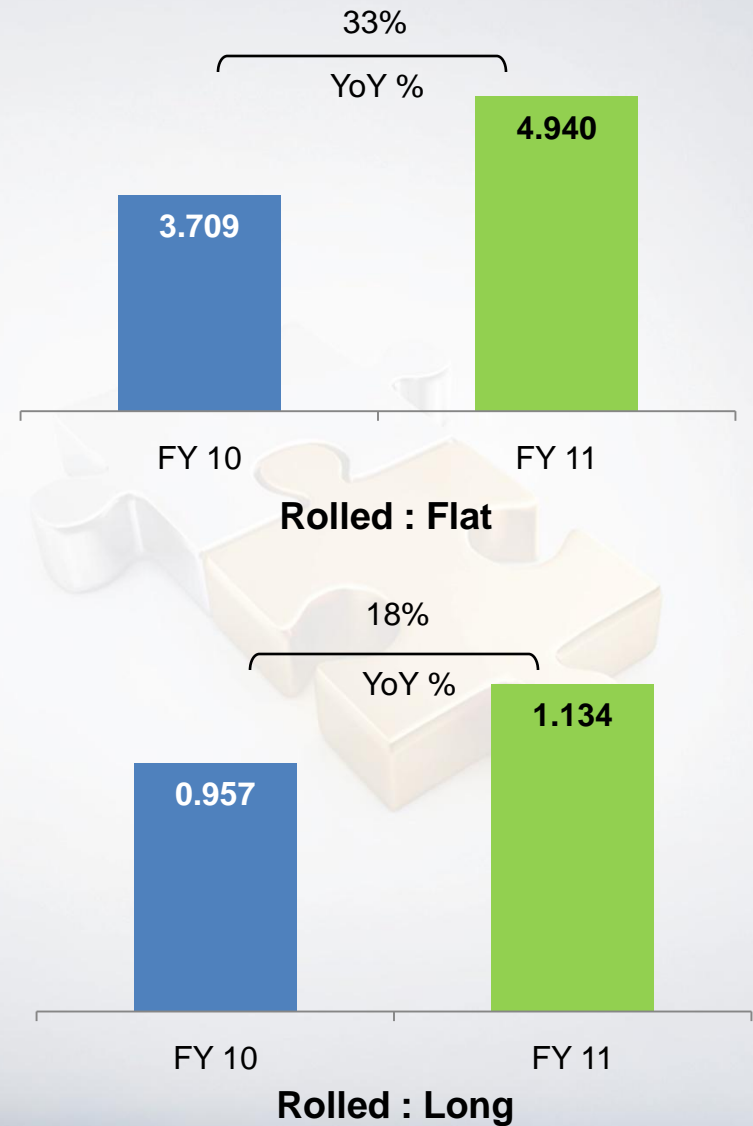
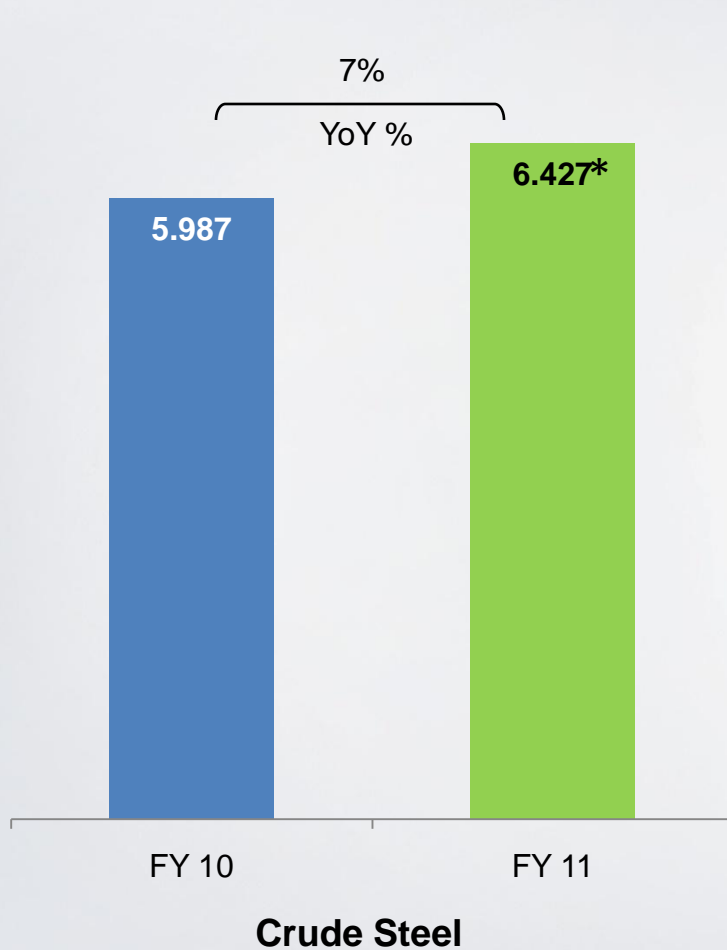
Production – Q4 FY 11



* Excludes 0.079 million tonnes produced from trial run of Casters of 3.2 million tonnes expansion project
All figures are in million tonnes



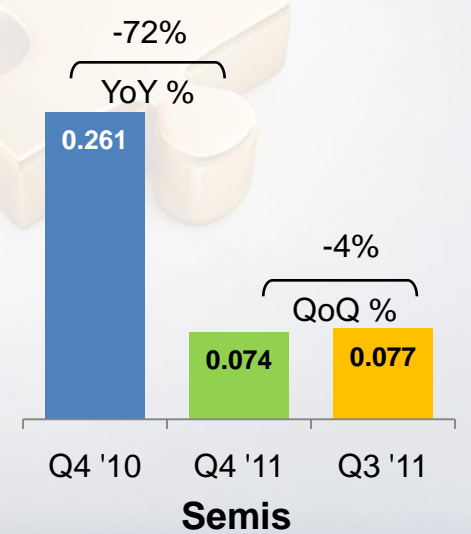
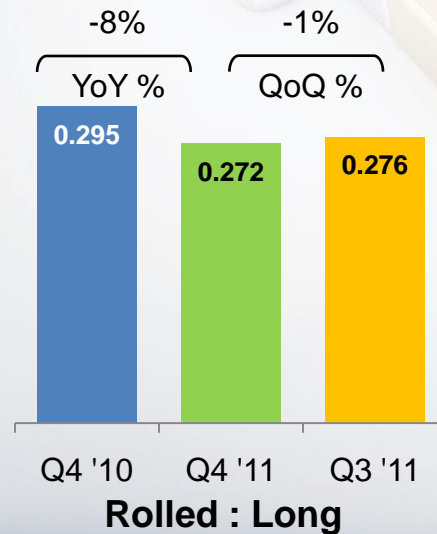
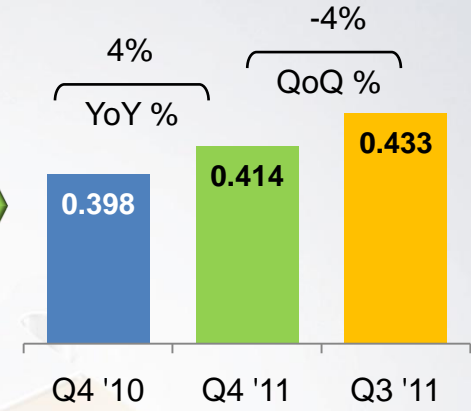
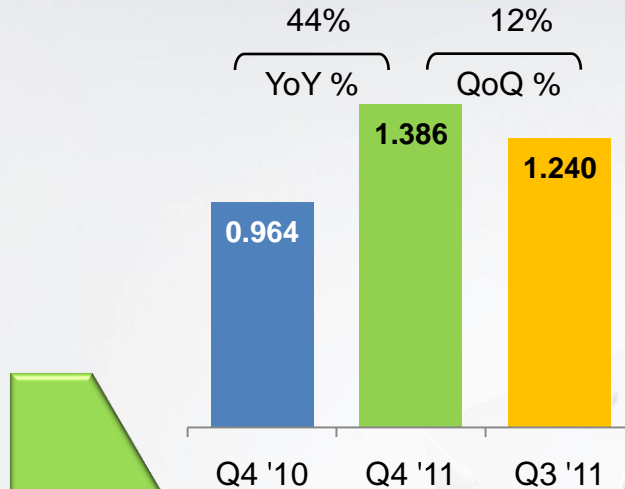
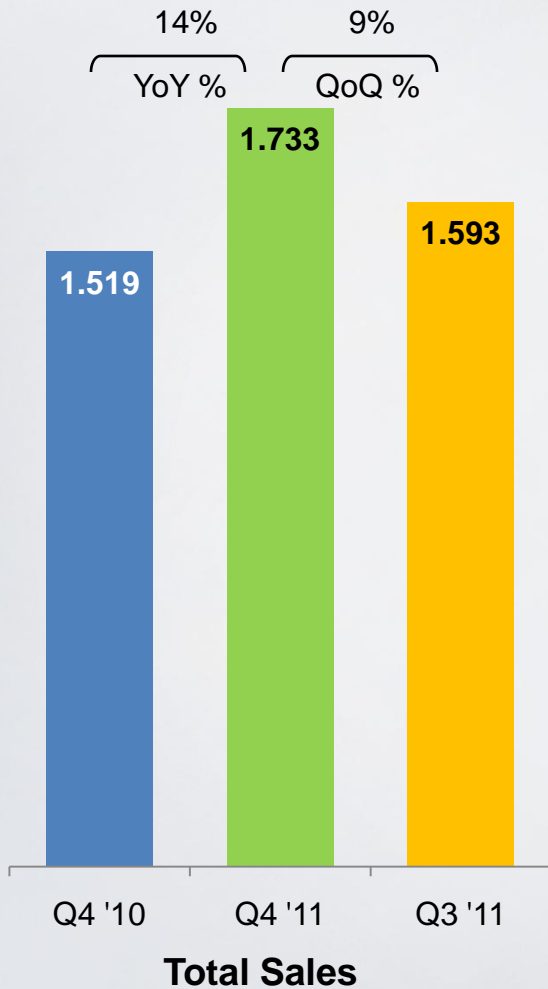
Production – FY 11



* Excludes 0.079 million tonnes produced from trial run of Casters of 3.2 million tonnes expansion project
All figures are in million tonnes

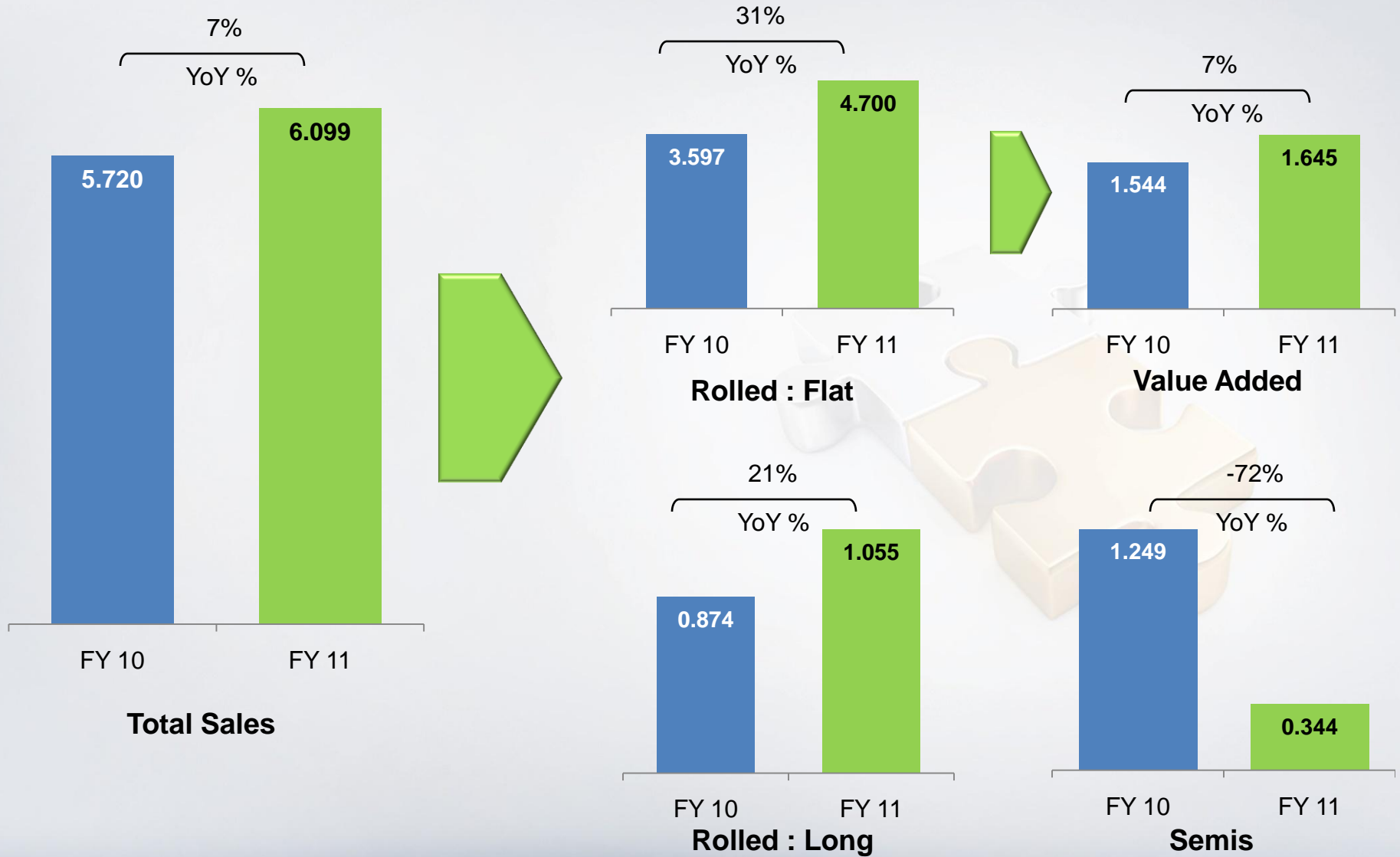


Saleable Steel Sales – Q4 FY11



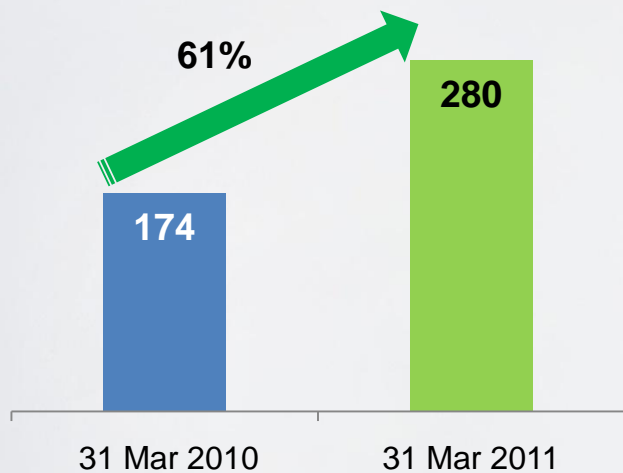


Saleable Steel Sales – FY11

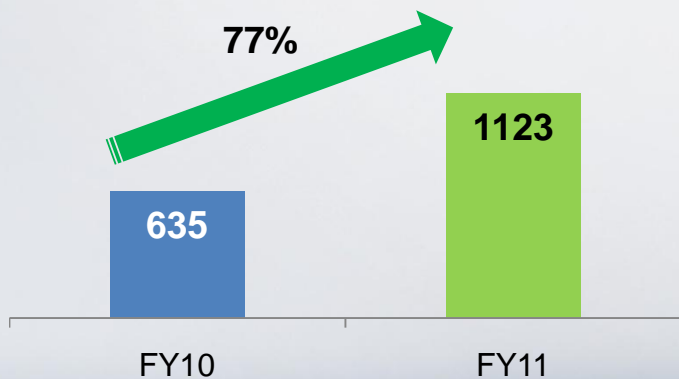




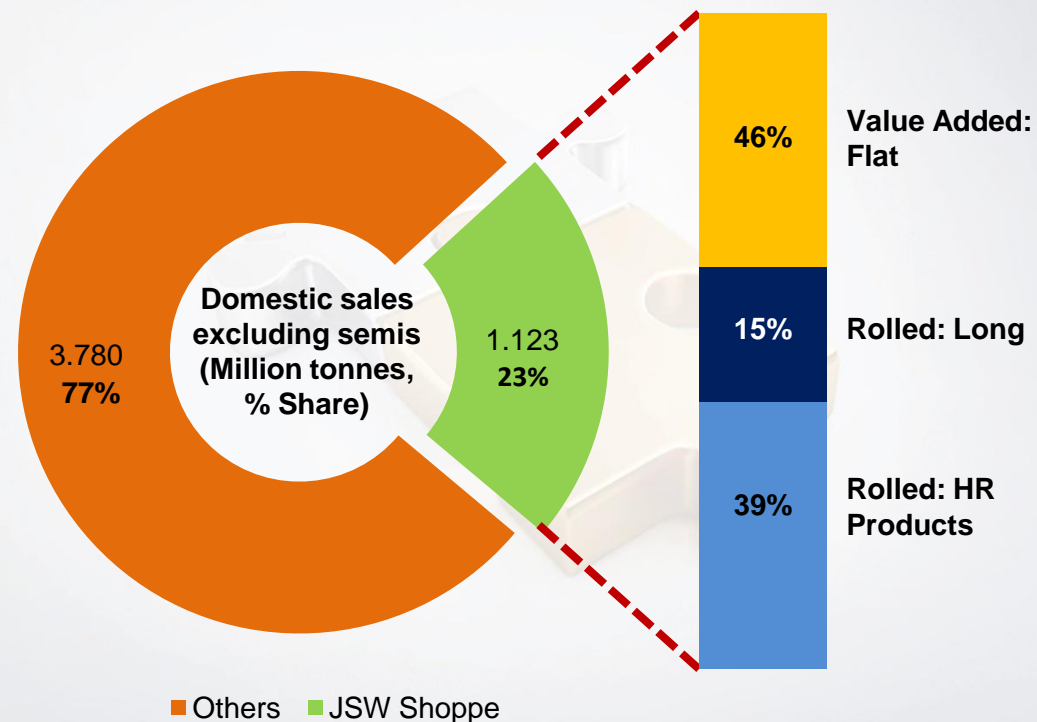
No. of JSW Shoppe



Sales through JSW Shoppe (In '000 tonnes)



% Share through JSW Shoppe –FY11





Financials – standalone



₹ Cr.

Particulars	Q4 FY 11	Q4 FY 10	Growth (%)	FY 11	FY 10	Growth (%)
Net Sales	7,032	5,167	36%	23,163	18,202	27%
EBITDA	1,658	1,427	16%	4,856	4,802	1%
<i>EBITDA Margin</i>	<i>23.3%</i>	<i>27.4%</i>		<i>20.8%</i>	<i>26.2%</i>	
Net Finance Charges	153	194	-21%	695	859	-19%
Depreciation	383	285	34%	1,379	1,123	23%
Profit Before Tax	1,123	948	18%	2,782	2,820	-1%
Profit after Tax	833	717	16%	2,011	2,023	-1%
Diluted EPS	36.67*	37.75*	-3%	96.33	105.94	-9%

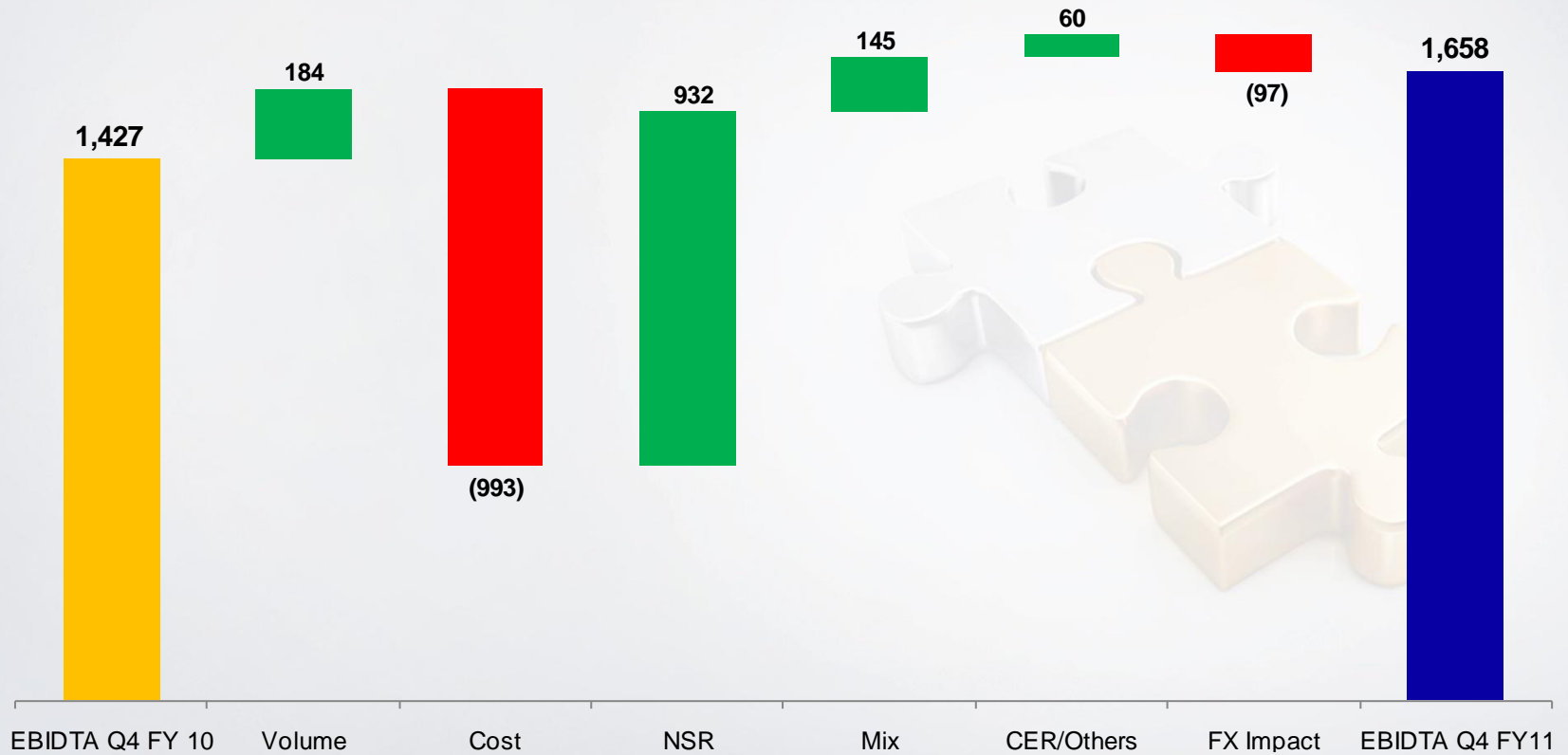
* Not Annualized



EBITDA MOVEMENT – Q4 FY 11 (Standalone)

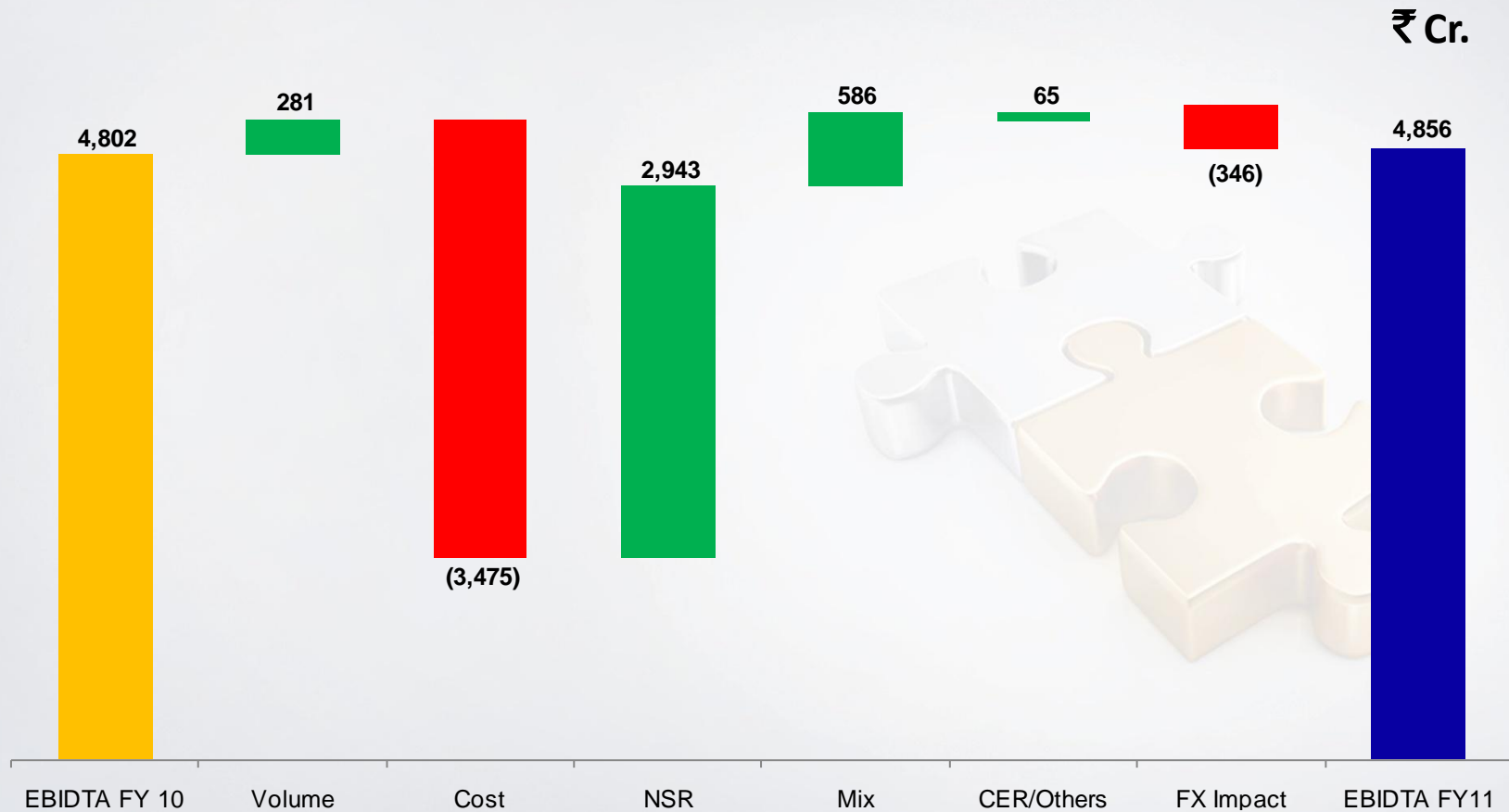


₹ Cr.





EBITDA MOVEMENT – FY 11 (Standalone)





Production (NT)	Q4 FY 11	Q4 FY 10	FY 11	FY 10
Plate Mill	12,197	69,444	119,887	195,275
Pipe Mill	4,776	23,788	42,148	73,969

Sales (NT)	Q4 FY 11	Q4 FY 10	FY 11	FY 10
Plate Mill	27,627	42,297	106,936	119,614
Pipe Mill	4,875	25,917	45,217	72,508

USD mn

Particulars	Q4 FY 11	Q4 FY 10	FY 11	FY 10
Turnover	27.75	56.83	141.33	159.87
EBITDA + Other Income	4.57*	2.25	14.69*	(40.92)
Profit After Tax	(16.25)	(12.90)	(50.00)	(70.03)

* Excluding one time inventory write-down of USD 7.21 mn



Production (million tonnes)	Jan - Mar`11	Oct - Dec`10	Growth (%)
HR Coils	0.729	0.262	179%
Capacity Utilization	88%	32%	

Sales (million tonnes)	Jan - Mar`11	Oct - Dec`10	Growth (%)
HR Coil	0.672	0.229	194%
Value Added Products	0.040	0.047	-15%

₹ Cr.

Particulars	Jan - Mar`11	Oct - Dec`10	Growth (%)
Net Sales	2647	961	175%
EBITDA	407	(157)	-ve to +ve
<i>EBITDA Margin</i>	14.9%	-16.1%	
Net Finance Charges	188	287	-34%
Depreciation	148	146	1%
Profit before Tax	70	(590)	-ve to +ve
Profit after Tax	70	(409)	-ve to +ve



Financials – consolidated

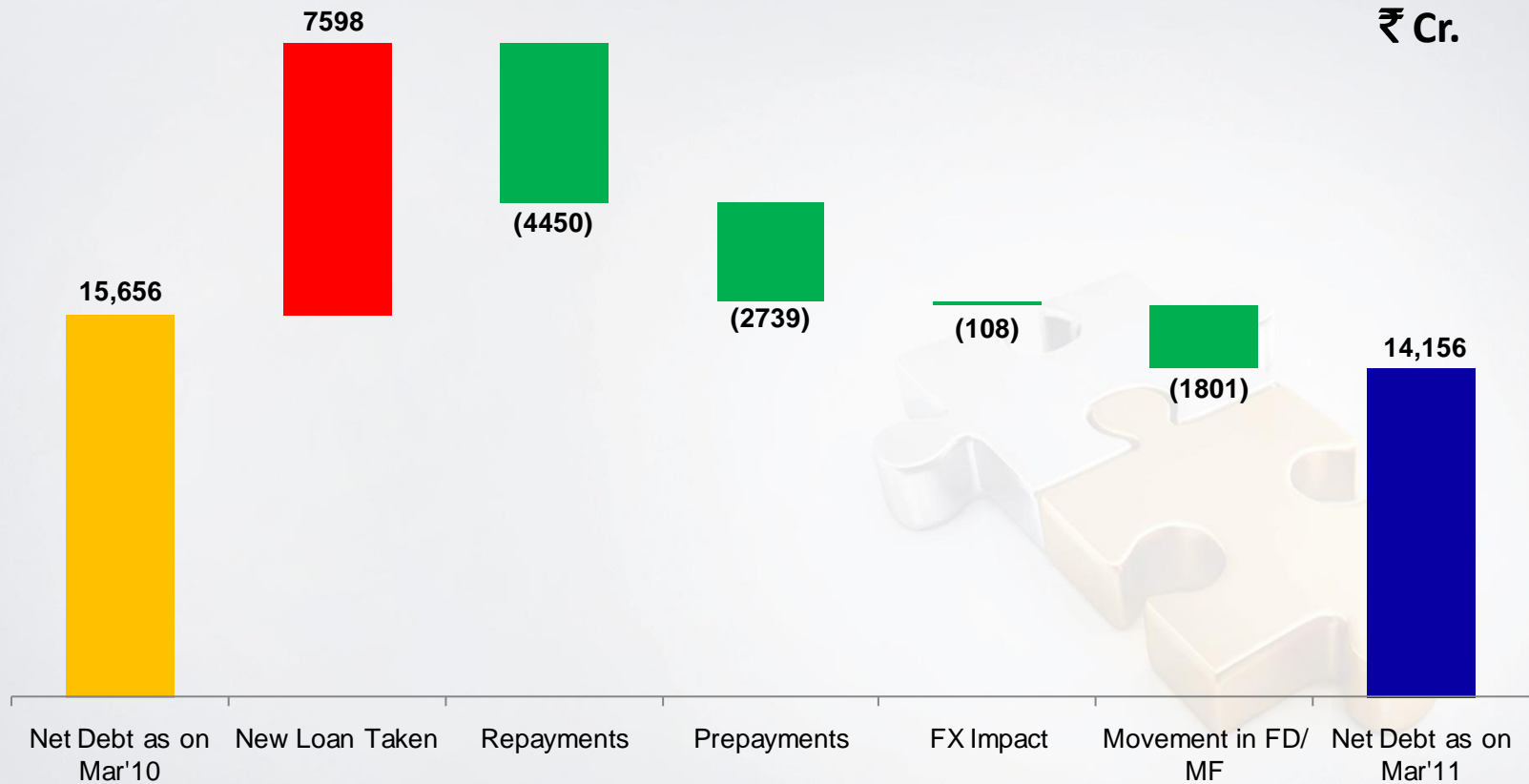


₹ Cr.

Particulars	Q4 FY 11	Q4 FY 10	Growth (%)	FY 11	FY 10	Growth (%)
Gross Sales	7,792	5,844	33%	25,868	20,211	28%
EBITDA	1662	1,419	17%	4,947	4,603	7%
Net Finance Charges	217	249	-13%	945	1,104	-14%
Depreciation	429	327	31%	1,560	1,299	20%
Profit Before Tax	1016	844	20 %	2,442	2,200	11%
Profit After Tax	794	611	30 %	1,754	1,598	10%



Net Debt Movement – consolidated



Cash and Cash equivalent - ₹ 2,318 Crores



Financial Ratios



Particulars	FY11	Q4FY 11	Q3FY 11
EBITDA Margin	20.8%	23.3%	17.4%
PAT Margin	8.6%	11.7%	6.6%
Diluted EPS (₹)	96.33	36.67*	16.97*
ROCE	12.6%	17.0%	9.2%

* Not Annualized

Particulars	31.03.2011	31.12.2010
Net Total Debt/Equity (x)	0.57	0.47
Net Total Debt/EBITDA (x)	2.05	1.77
Net Total Debt/Equity-Consolidated (x)	0.84	0.74
Net Total Debt/EBITDA-Consolidated (x)	2.90	2.68



Projects update





10 MTPA to 12 MTPA expansion at Vijaynagar



- ❖ Debottlenecking of existing furnaces to augment Hot Metal capacity.
- ❖ Set up new melt shop (SMS-3) comprising of Electric Arc Furnace and slab caster to produce special grade thin slabs.
- ❖ Total project cost – ₹ 2,695 Crores, Debt to Equity ratio – 2:1.
- ❖ Expected completion by Jun 2013.



West Bengal project



- ❖ Construction of boundary wall is almost completed.
- ❖ Commenced work on water pipeline and township
- ❖ Development of coking coal and thermal coal mines is in full swing
- ❖ Awarded contract to Hatch-CISDI International to provide consultancy services for preparation basic design of the Integrated Steel Plant
- ❖ Negotiations for Major equipment packages are in progress

Completed boundary wall



Township work in progress





3.2 MTPA expansion project

- ❖ **Coke Oven – 4:** commissioned 2 batteries (total batteries - 4 and capacity - 1.92 MTPA). Coke Oven – IV will ensure 100% captive coke generation.
- ❖ **Sinter Plant – 3:** commissioned 5.75 MTPA capacity in Mar 2011. Plant – 4 of 2.4 MTPA capacity will be commissioned in Q1 FY12. It will help to: increase productivity, substitute lump consumption, and reduce fuel rate.
- ❖ **Steel Melting Shop:** casters and converters have been commissioned.
- ❖ **Blast furnace – 4 (3.2 MTPA):** will be commissioned in Q1 FY12.

Cold Rolling Mill - 2

- ❖ Have ordered major equipments like Pickling cum coupled tandem cold rolling mill, Continuous Annealing line, Continuous Galvanizing Line and Acid Re-generation Plant.
- ❖ Have completed 15% excavation and finalized Civil works orders.

Other projects

- ❖ Beneficiation Plant – 2 phase II (1,500 TPH), Pellet Plant – 2, CPP – 4 (300 MW captive thermal power plant), and HSM –2 phase II will be commissioned in FY12.



3.2 MTPA expansion project progress

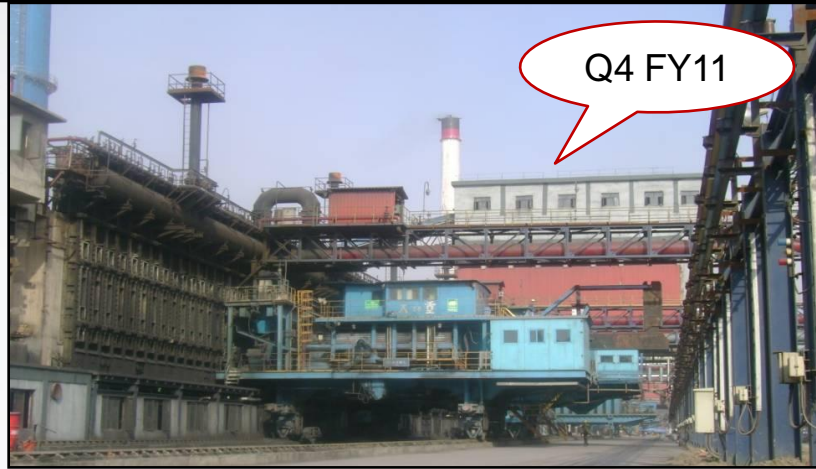


Coke Oven – 4: 2 out of 4 batteries (total capacity of 4 batteries- 1.92 MTPA) have been commissioned.

Q3 FY11



Q4 FY11



Sinter plant: Plant 3 of 5.75 MTPA capacity have been commissioned in Mar 2011. Plant IV of 2.4 MTPA capacity will be commissioned in Q1 FY12.

Q3 FY11



Q4 FY11





3.2 MTPA expansion project progress



Steel Melting Shop: Casters, converters and LHF's have been commissioned.



Blast furnace – 4: will be commissioned by Q1 FY12 end.





Other projects' progress



Blooming Mill: Phase II (4 stands out of 8): commissioned in Mar 2011.

Q3 FY11



Q4 FY11



Beneficiation Plant – 2: Phase I (1,500 TPH) has been commissioned, Phase II (1,500 TPH) will be commissioned in FY12.

Q3 FY11



Q4 FY11



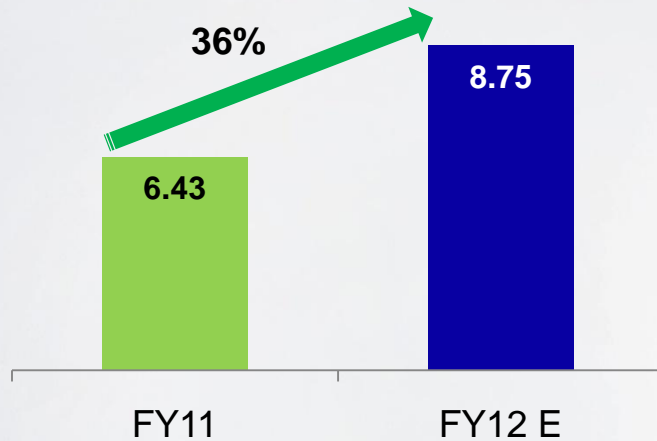


Guidance

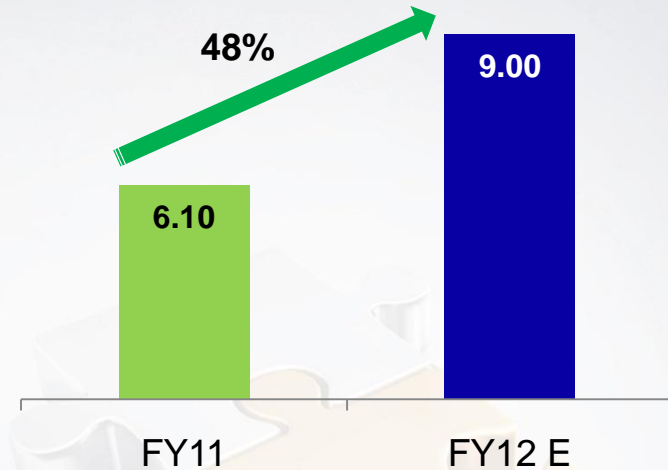




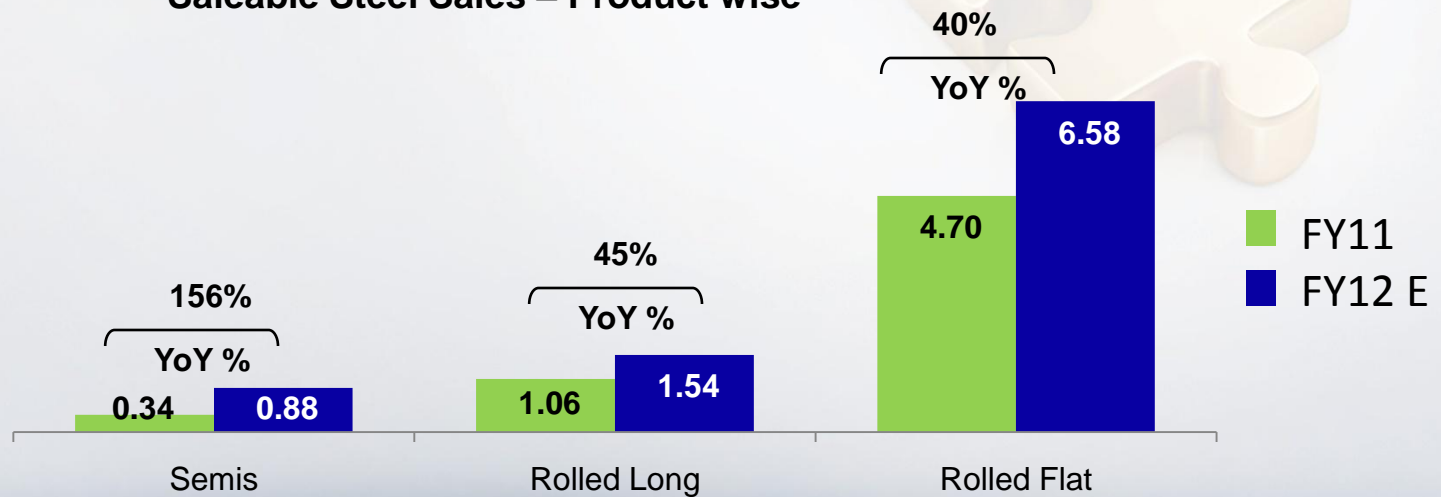
Crude Steel Production



Saleable Steel Sales



Saleable Steel Sales – Product wise





Q & A Session





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, our ability to commission mines within contemplated time and costs, our ability to raise the finance within time and cost 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.



Thank you

