



Analyst Meet Presentation

Standalone Financial Results, Quarter Ended 30 Sep 2011

The Power of **Vision.**
The Spirit of **Resilience.**



Agenda



Business Environment

Key Developments

Performance Overview

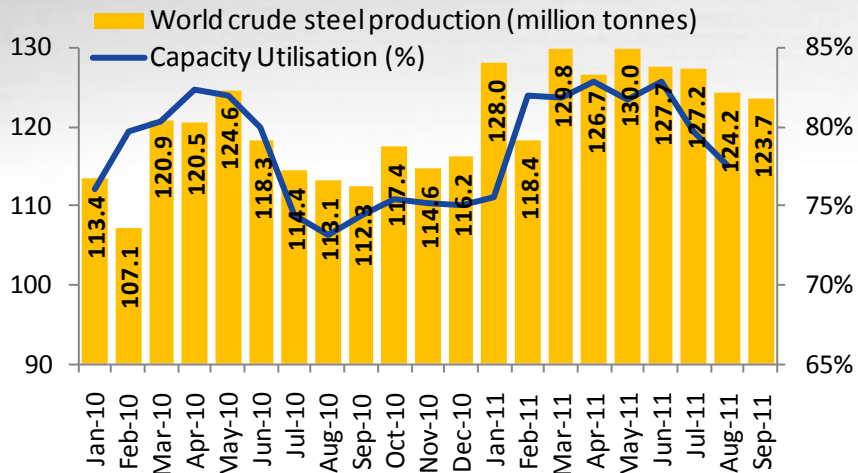
Projects Update

Guidance Update

- ❖ Recovery in advanced economies has been slower than expected
- ❖ Tighter bank lending, increased fiscal and financial uncertainty and moderation in demand is affecting the recovery
- ❖ Concerns remains over Euro area sovereign debt problems, lowering risk appetite
- ❖ However Euro Area industrial production growth was at 5.3% YoY in Aug 2011 compared to 4.4% in July 2011.

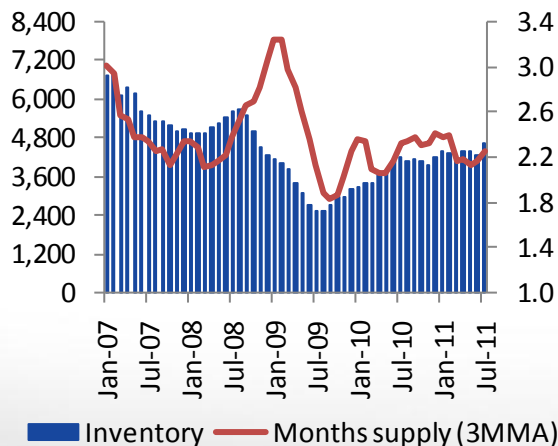
Global economy is expected to grow by ~4% in 2011

Global steel scenario

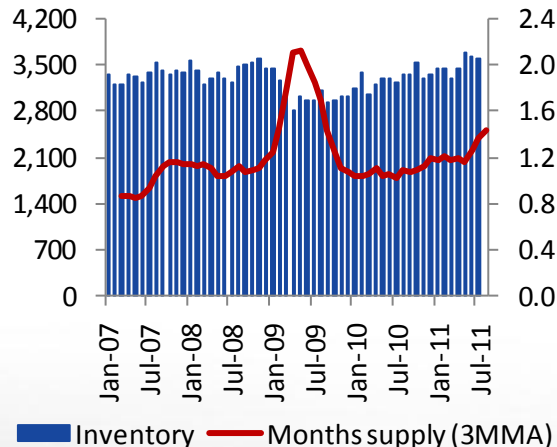


- ❖ World crude steel production was ~759 Mn tonnes, up by 8% YoY, during Apr –Sep 2011
- ❖ Supply has corrected by ~50 Mn tonnes on an annualized basis in Sep 2011 from its peak
- ❖ Capacity utilization has fallen below 80%
- ❖ European and US steel producers have announced moderation/shutdowns in the light of weaker demand

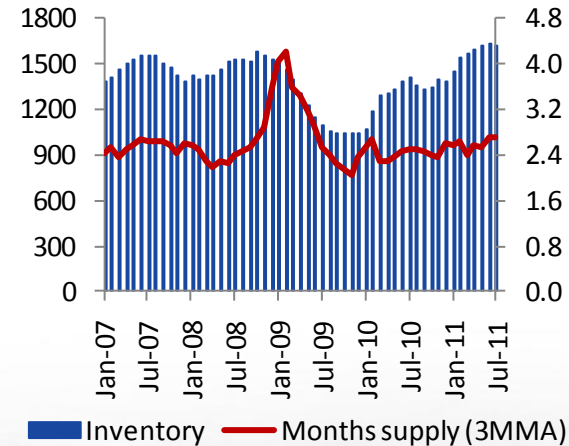
US service centers inventories ('000 tonnes)



Japan sheet mills inventories ('000 tonnes)



Germany stockists inventories ('000 tonnes)

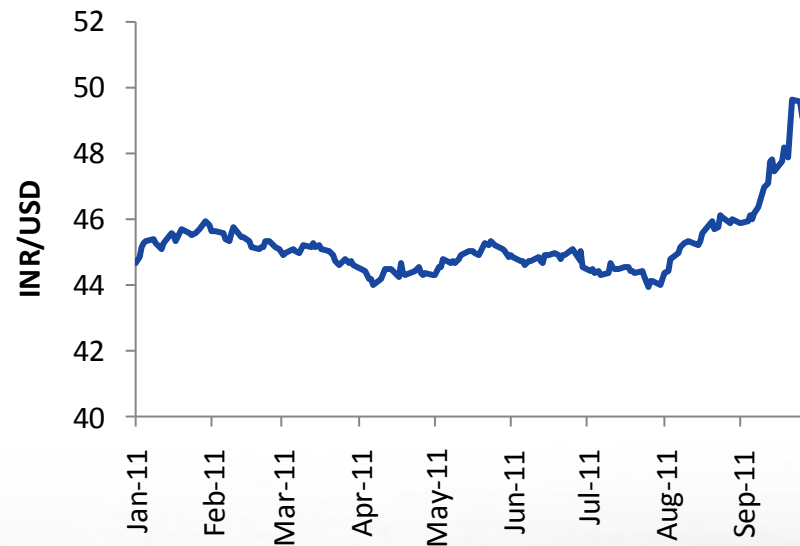
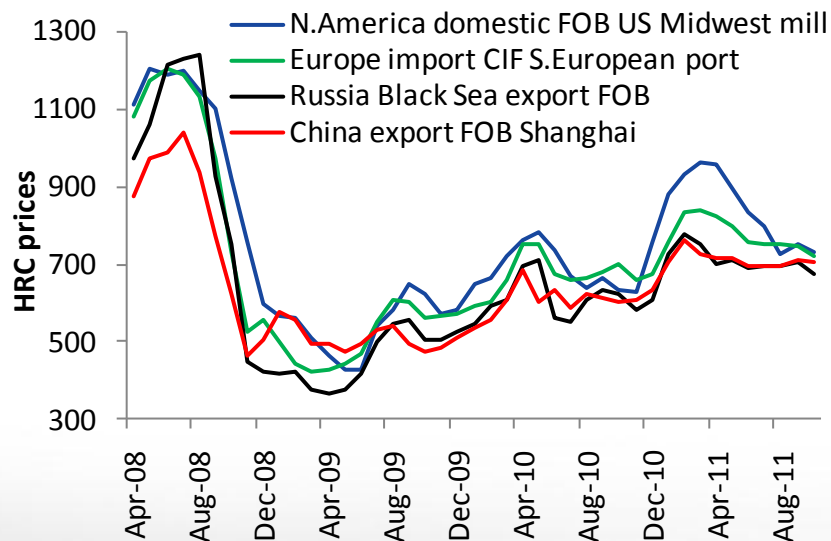


Moderation in production and relatively low inventories

Steel prices



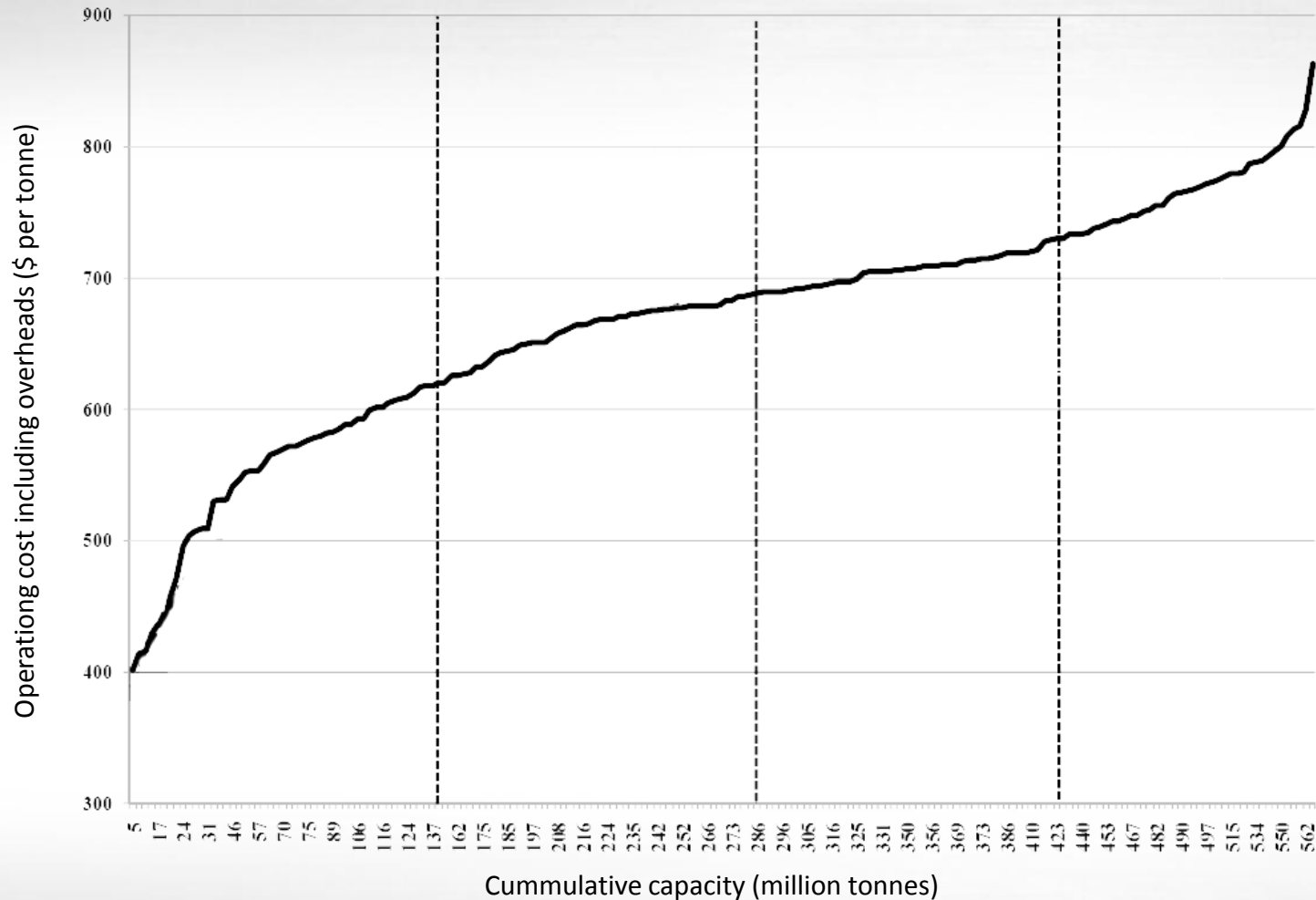
- ❖ HRC price spread of US domestic and Europe import vs. Asian export has narrowed
- ❖ Steel prices in Asia were stable during 2QFY12
- ❖ However long steel prices were resilient
- ❖ INR vs USD has depreciated by 9.4% in 2QFY12



INR depreciation is cushioning the drop in realisation in INR term

Source: SBB, JSW Steel
(All figures are in USD/tonne)

World HRB cost curve



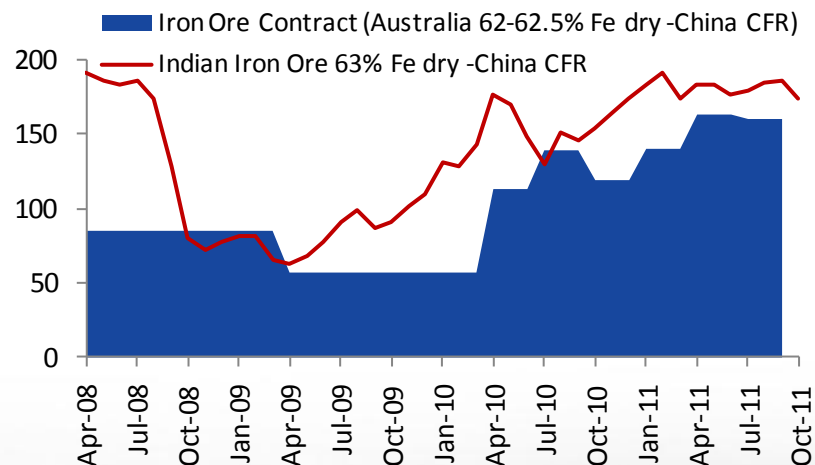
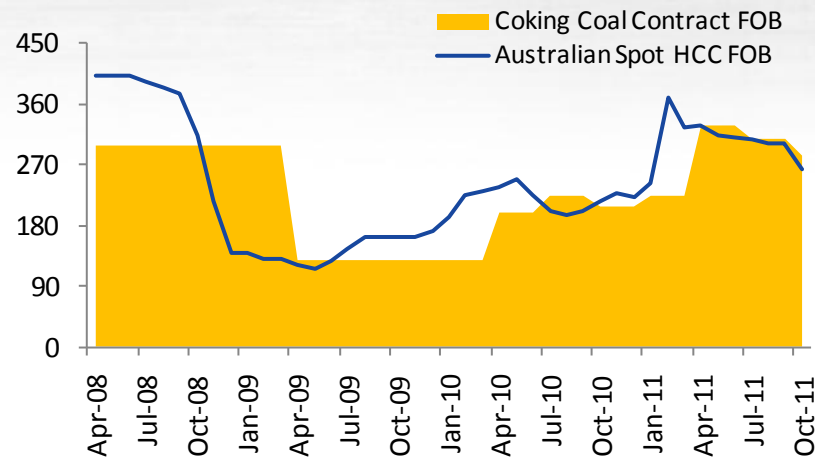
Sep 2011 cost curve indicates limited downside to steel prices

Source: World Steel Dynamics, JSW Steel

Raw material prices are softening



- ❖ Coking coal prices declined in 2QFY12 compared to 1QFY12
- ❖ Coking coal pricing mechanism shifted from annual to quarterly basis in FY10 but since beginning of 2011 many coal contracts are being entered into on a quarterly and monthly basis
- ❖ HCC spot prices have come down to ~\$250/t, SHCC prices have softened faster
- ❖ Coking coal prices are showing further downward bias
- ❖ Iron ore spot prices averaged at ~\$184/t in 2QFY12 (1QFY12: \$181/t, 2QFY11: \$143/t)
- ❖ Iron ore spot price have softened to ~\$160/t in Oct 2011

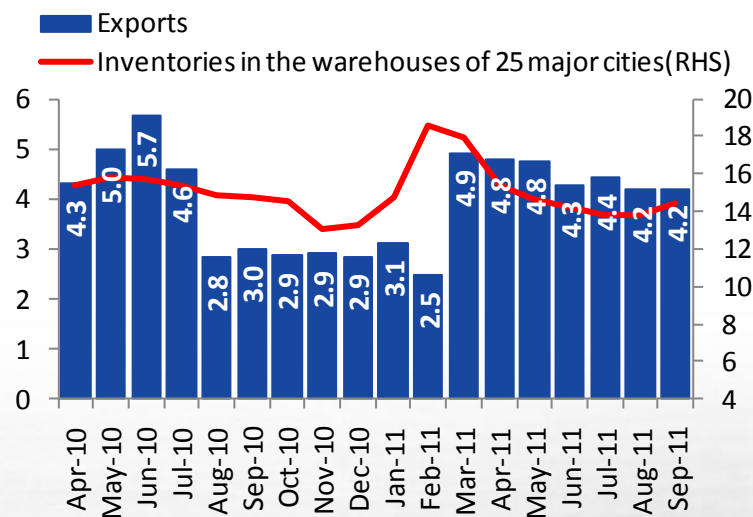
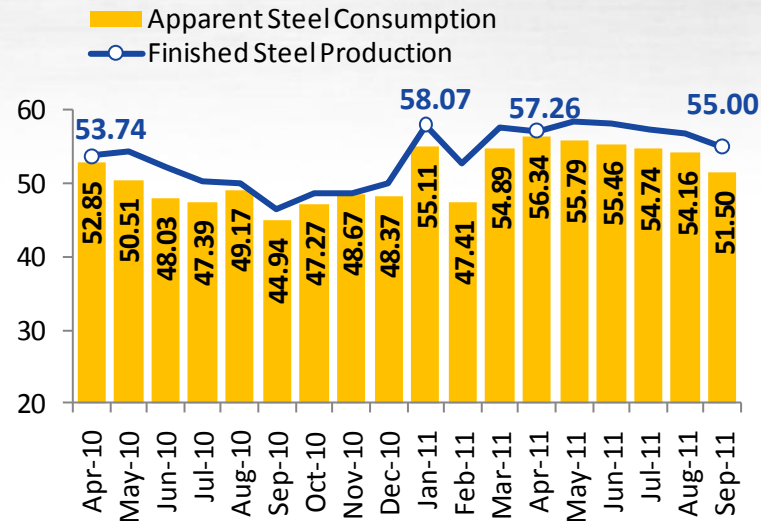


Falling raw material prices and INR depreciation keep the margins stable

China: remains stable



- ❖ Steel consuming sectors like auto, shipbuilding and consumer goods growth has slowed down in CY2011
- ❖ In spite of this apparent steel consumption has grown by ~6 Mn tonnes per month during Apr –Sep 2011
- ❖ However Chinese steel market is still stable compared to World -ex China as -
 - Fixed assets investment in the urban areas grew by 24.9% during Jan -Sep 2011
 - Investment in real estate development in urban areas grew by 32% during Jan -Sep 2011
- ❖ Steel demand in this decade will be driven by urbanization process in western and central china



Source: Mysteel, World Steel Association, JSW Steel
 (All figures are in Mn tonnes)

India: lag in demand, import replacement



- ❖ Crude steel production was 35.11 Mn tonnes in 1HFY12 vs. 34.43 Mn tonnes in 1HFY11 (+2% YoY) whereas finished steel production* was 32.75 Mn tonnes in 1HFY12 vs. 30.04 Mn tonnes in 1HFY11 (+9% YoY)
- ❖ Apparent finished steel consumption* was 33.70 Mn tonnes in 1HFY12 vs. 33.10 Mn tonnes (+ 1.8% YoY)
- ❖ However steel prices have remained stable
- ❖ During 1HFY12, steel imports fell to 2.86 Mn tonnes (-1.63 Mn tonnes YoY) whereas exports grew to 2.15 Mn tonnes (+0.68 Mn tonnes YoY)
- ❖ Indian steel demand impacted less by global cycle but more by temporary domestic issues
- ❖ Lower Industrial output (Aug 2011: 4.1%), falling purchasing managers' index (Sep 2011: 50.4) indicates easing growth momentum, higher interest rates affecting the economy, Headline inflation remains high (Sep 2011: 9.72%)
- ❖ IMF has lowered CY11 GDP growth forecast by 0.4% to 7.8%

**Netted off for double counting effect*

Key Developments

Iron Ore update



- ❖ The Honourable Supreme Court has suspended iron ore mining and transportation in Karnataka with a view to stop illegal mining and consequent environmental degradation
- ❖ However in order to provide relief to the domestic steel industry the Court:
 - Permitted auction of 1.5 Mn tonnes per month (out of 25 Mn tonnes stockpiles)
 - Directed NMDC to mine 1 Mn tonne per month
 - Banned sale of iron ore for exports and trading purposes
- ❖ Total 4.59 Mn tonnes of iron ore put for bidding in 6 e-auctions
- ❖ Total 3.41 Mn tonnes of iron ore sold in the auctions (74% of the material put for bidding), 1.19 Mn tonnes of iron ore was unsold inspite of acute shortage
- ❖ The company secured 2.08 Mn tonnes in e- auctions
- ❖ Issues relating to iron ore auction that need to be addressed include:
 - Pricing
 - Logistics and procedural delays

Key developments



New Blast furnace

- ❖ Commissioned the new blast furnace in July 20, 2011
- ❖ Quickly ramped the blast furnace, achieved ~80% utilization level in just 2 months

New product approvals

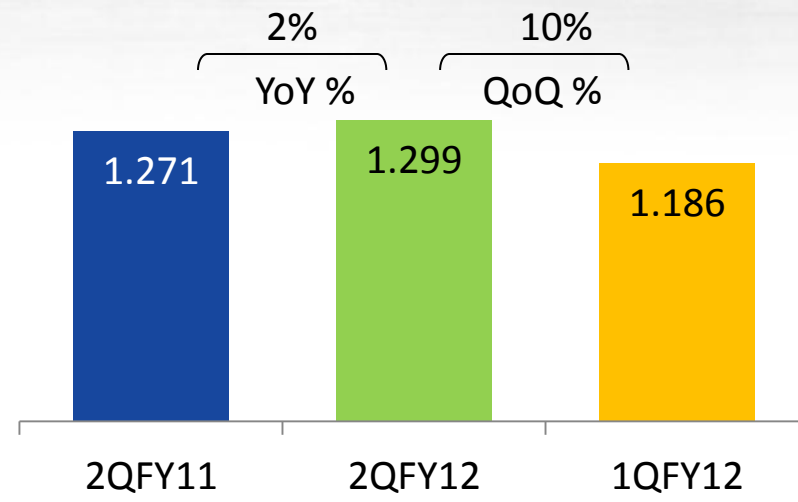
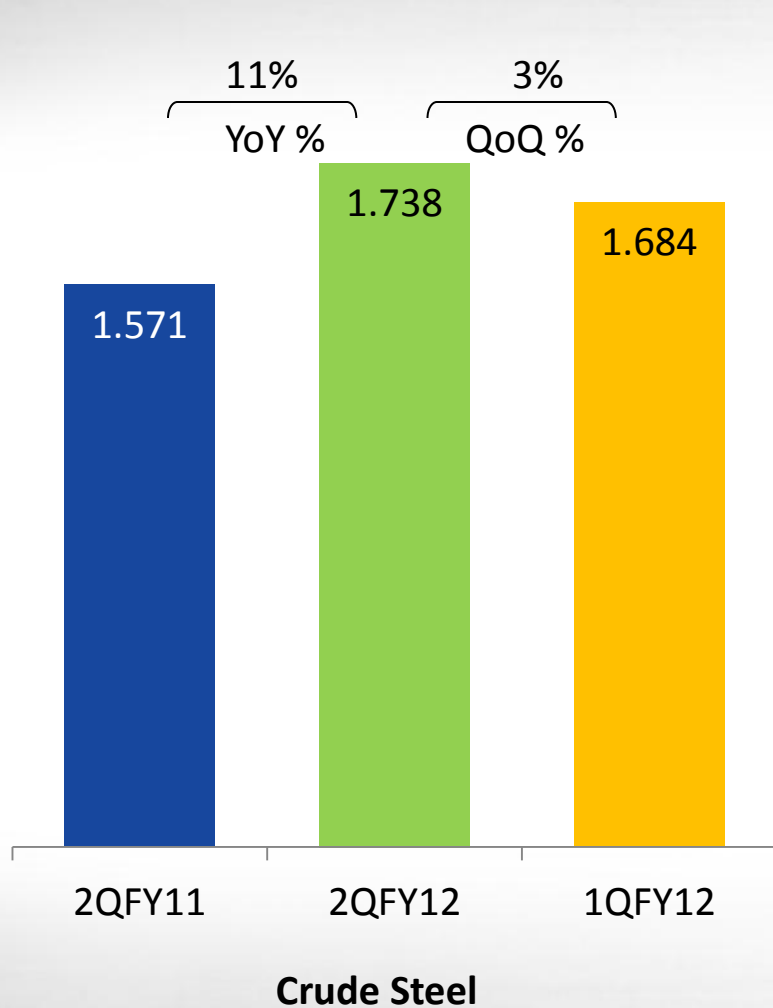
- ❖ 160mm dia Bar for Tata Motors
- ❖ Steel for Front Axle Beam for Volvo- Eicher Motors
- ❖ Steel for Bull Gears for Mahindra & Mahindra Tractors

JV with Marubeni-Itochu

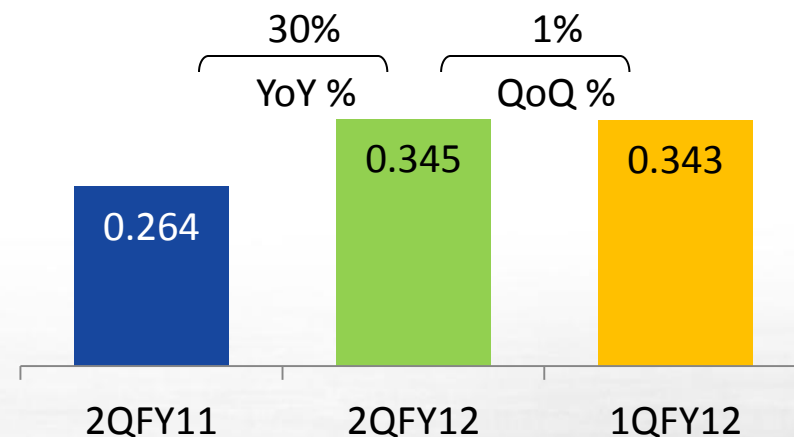
- ❖ 50:50 Joint venture agreements to set-up a state-of-the-art steel processing center in North India
- ❖ Total capital cost will be ₹122 Crores
- ❖ First phase to come on stream by March 2013 with an installed capacity of 180,000 tonnes per annum

Performance Review

Production – 2QFY12



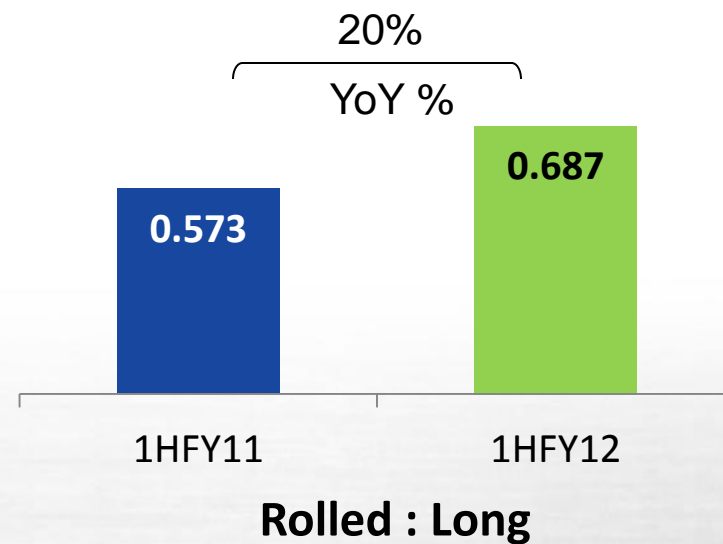
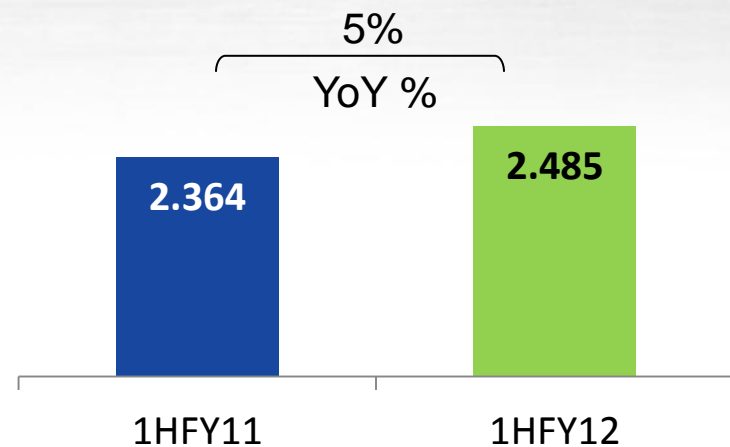
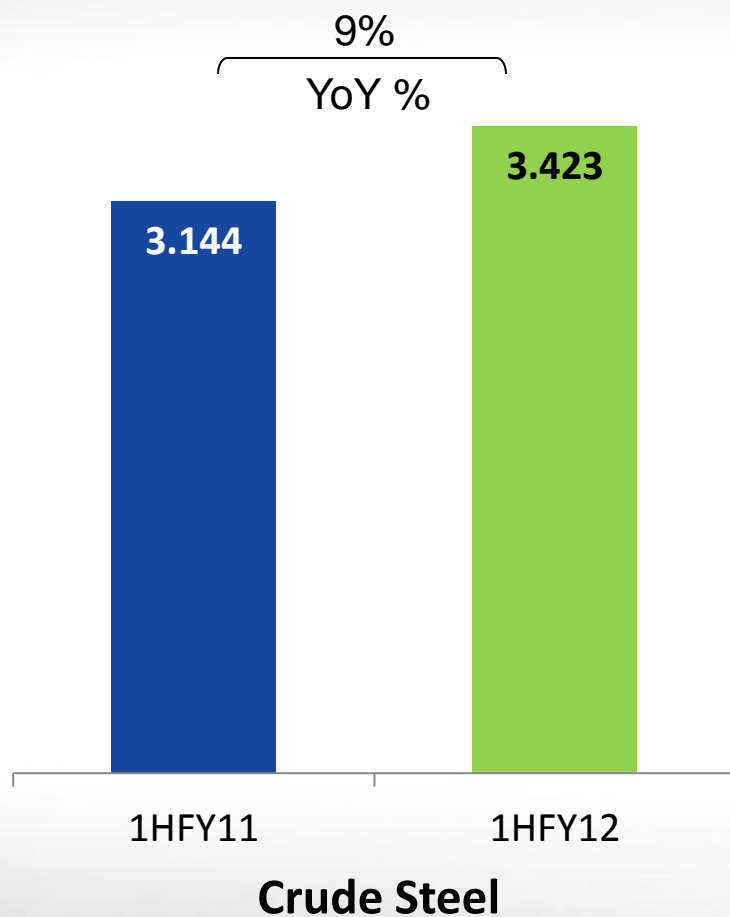
Rolled : Flat



Rolled : Long

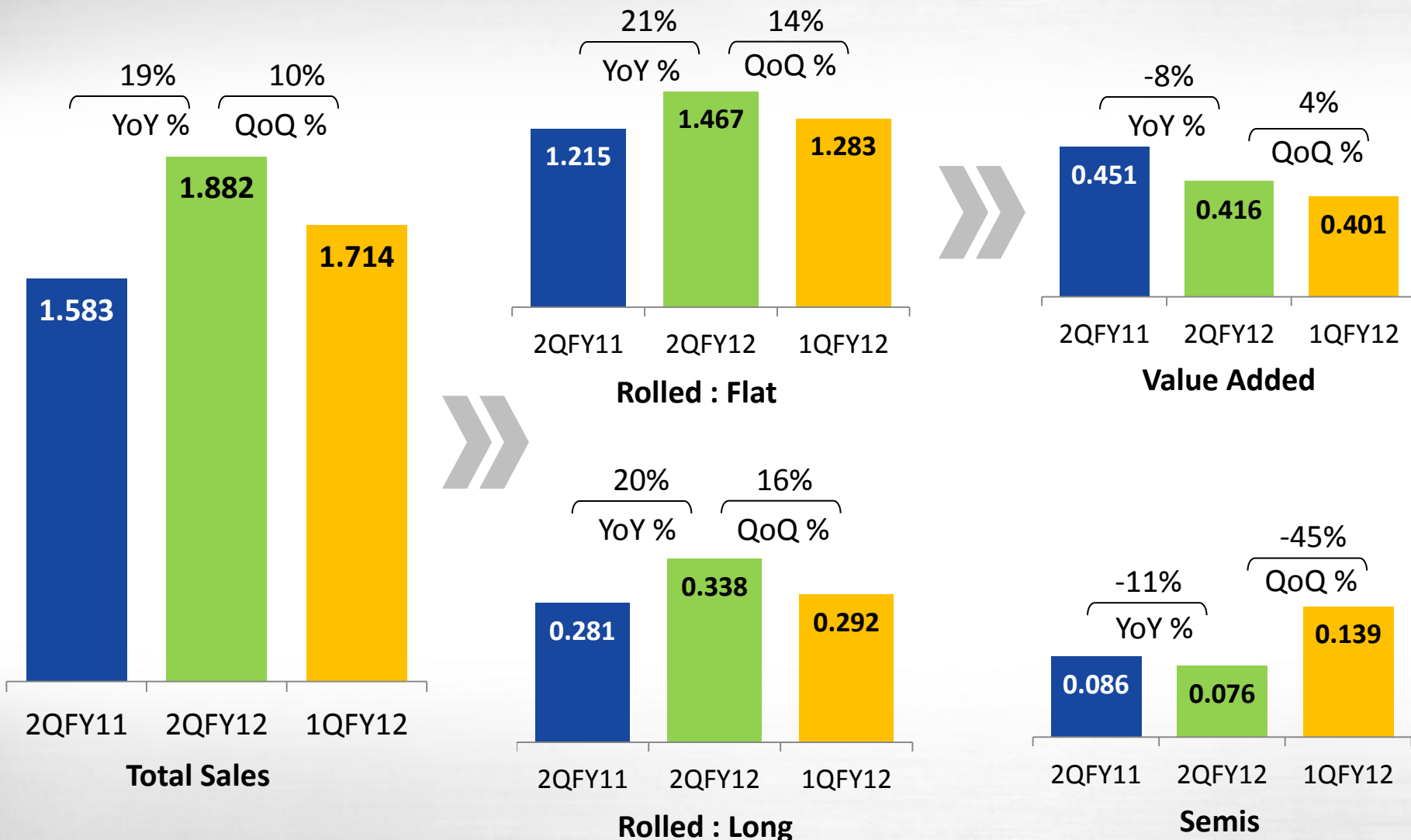
All figures are in Mn tonnes

Production – 1HFY12



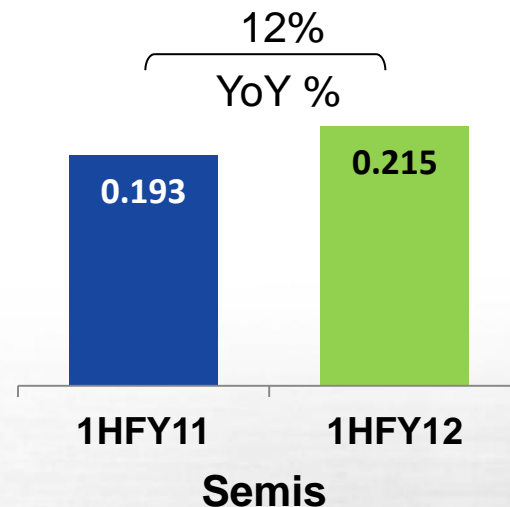
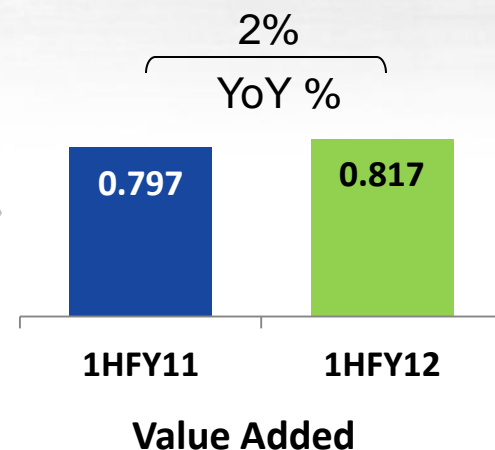
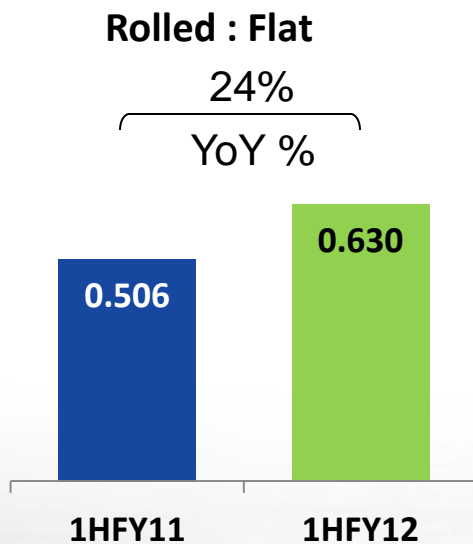
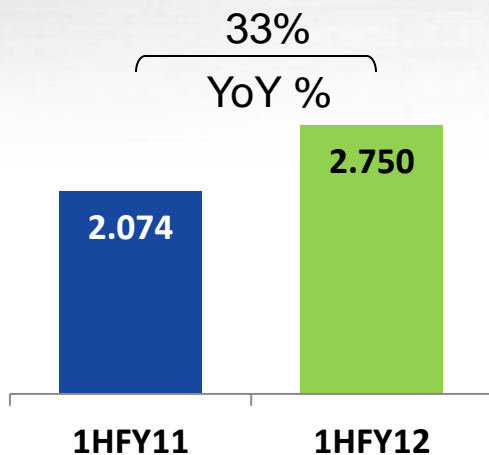
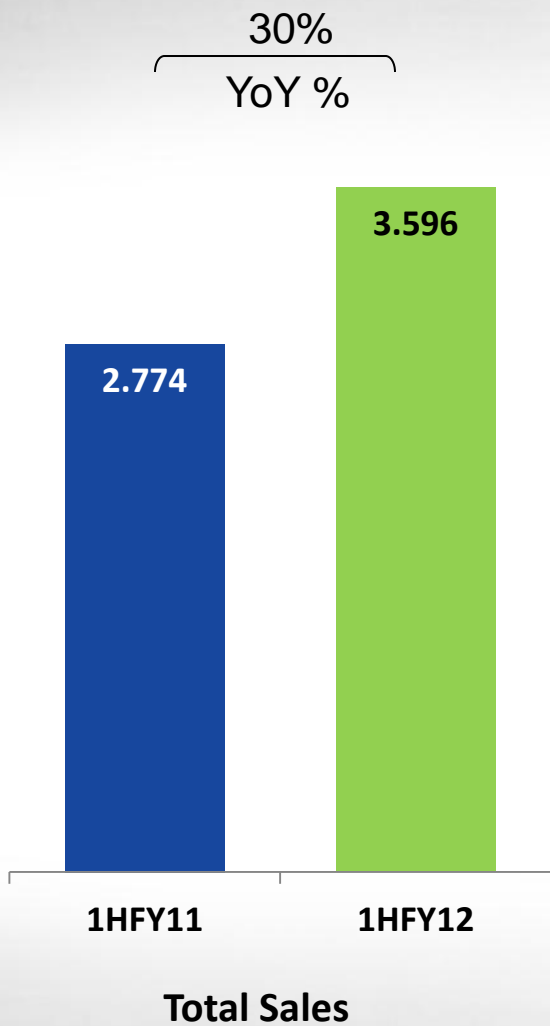
All figures are in Mn tonnes

Saleable steel sales – 2QFY12



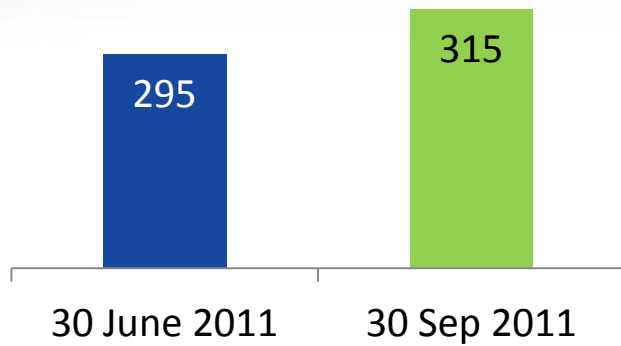
All figures are in Mn tonnes

Saleable Steel Sales – 1HFY12

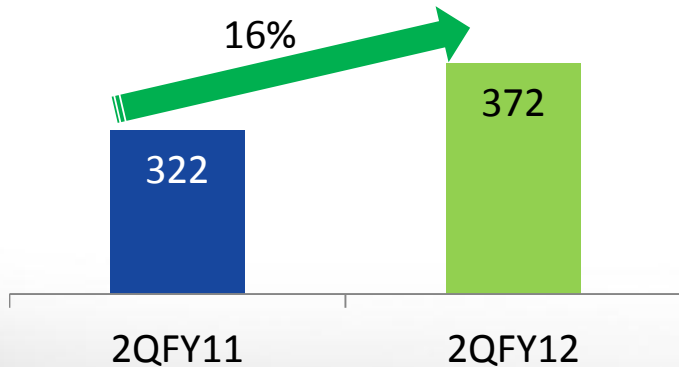


All figures are in Mn tonnes

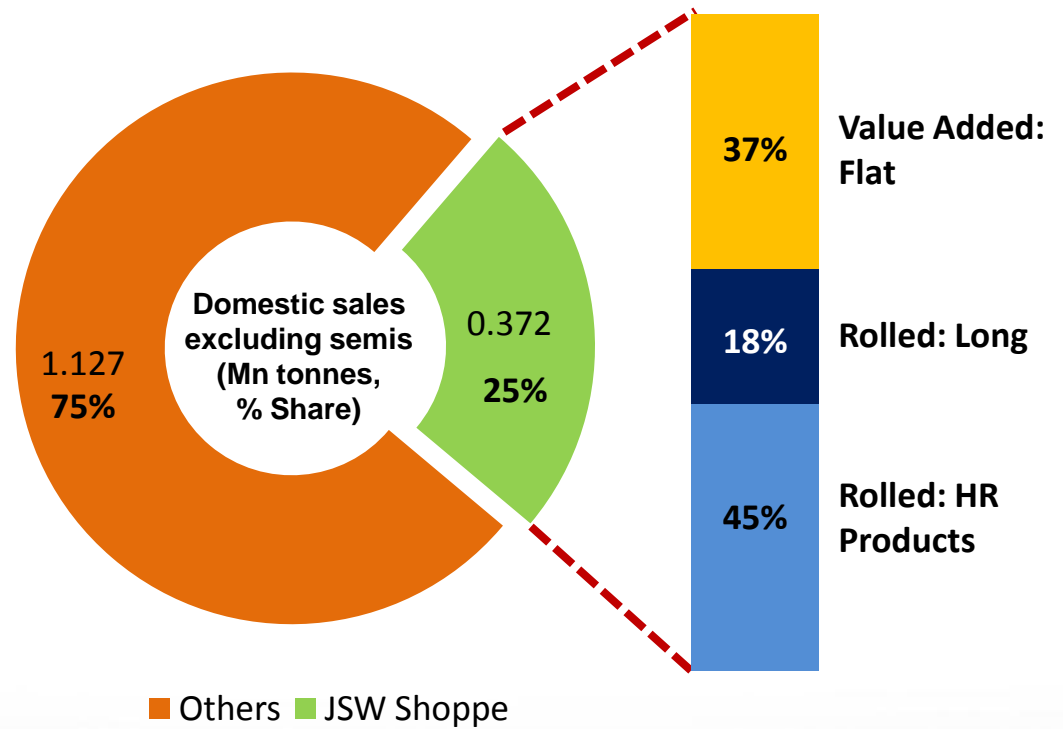
No. of JSW Shoppe



Sales through JSW Shoppe (In '000 tonnes)



% Share through JSW Shoppe – 2QFY12



The company has expanded its retail footprint to 150 districts

Financials – 2QFY12 (standalone)



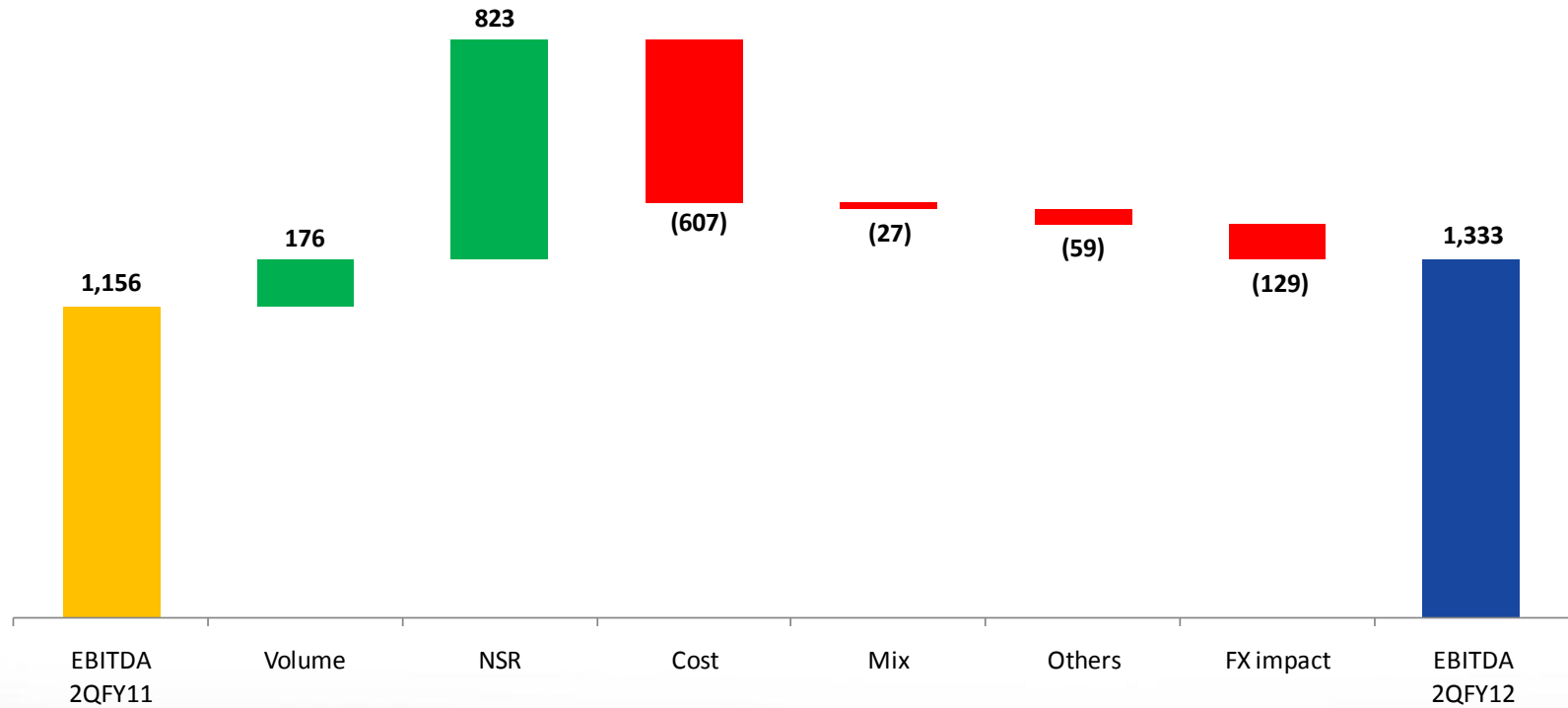
₹ Crores

Particulars	2QFY12	2QFY11	Growth	1HFY12	1HFY11	Growth
Gross Sales	8,243	6,184	33%	15,869	11,229	41%
Net Sales	7,625	5,713	33%	14,690	10,360	42%
EBITDA	1,333	1,156	15%	2,744	2,190	25%
EBITDA Margin	17.5%	20.0%		18.7%	20.9%	
Net Finance Charges	234	199	18%	431	410	5%
Depreciation	404	332	21%	792	650	22%
Exceptional Items	513	-		513	-	
Profit Before Tax	182	624	-71%	1,008	1,130	-11%
Profit after Tax	127	445	-71%	705	796	-11%

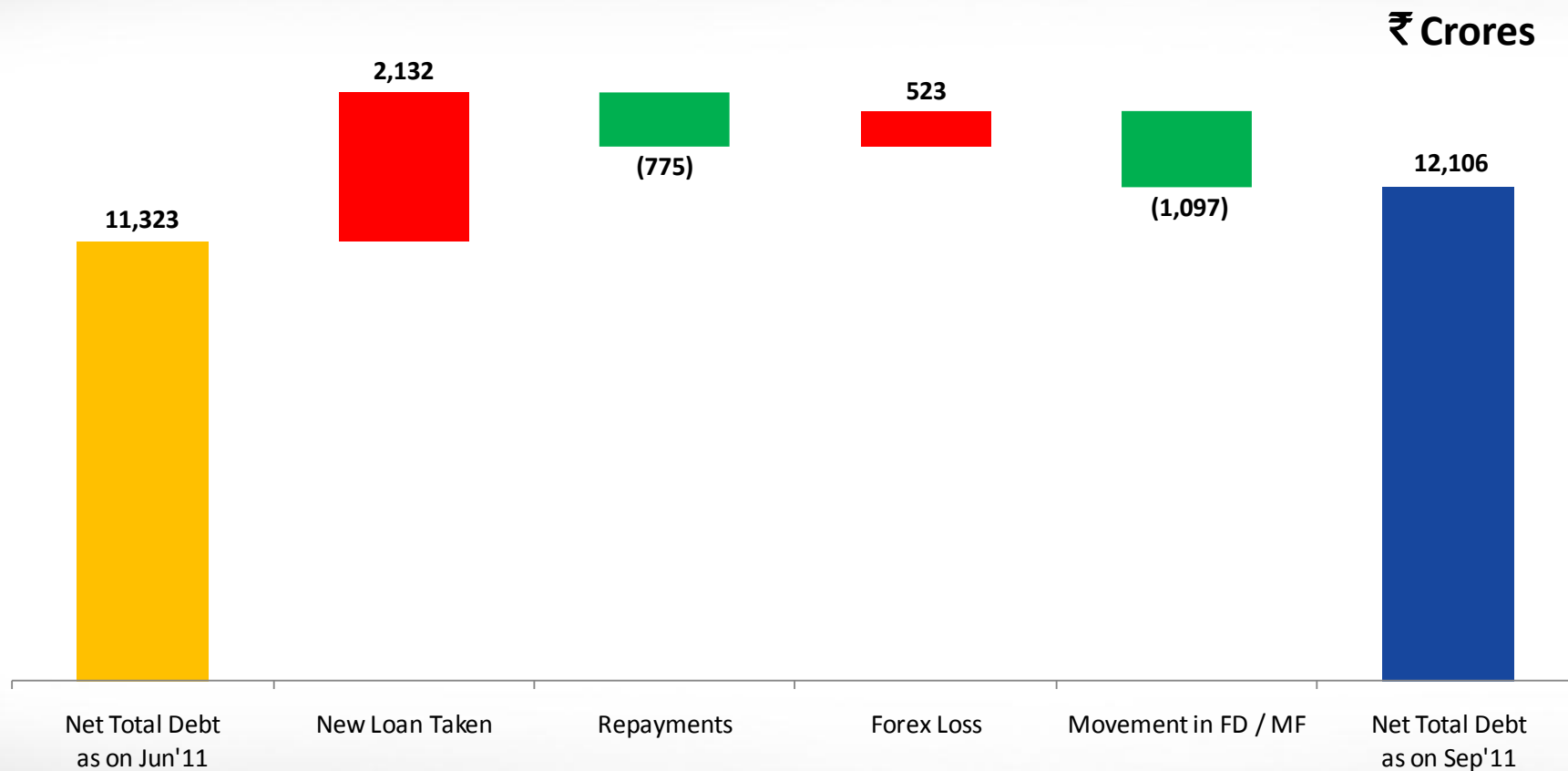
EBITDA movement – standalone



₹ Crores



Net debt movement – standalone



Cash & cash equivalent – ₹ 1,852 Crores

Financial ratios – standalone



Particulars	2QFY12	2QFY11
EBITDA Margin	17.5%	20.0%
PAT Margin	1.7%	7.7%
Diluted EPS (₹)	5.33*	23.13*
ROCE	11.1%	12.1%

* Not Annualized

Particulars	30.09.2011	30.06.2011
Net Total Debt/Equity (x)	0.68	0.64
Net Total Debt/EBITDA (x)	2.24	2.20

Projects Update



LCP[^]



Beneficiation Plant (Phase 2)*



Coal Briquetting*



Cold Rolling Mill -2 (Phase 1)*



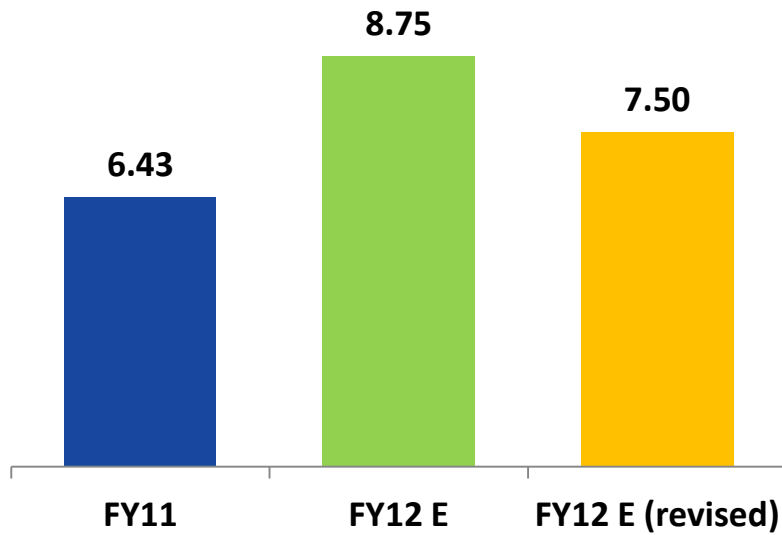
[^] Commissioned in Oct 2011

* Work under progress

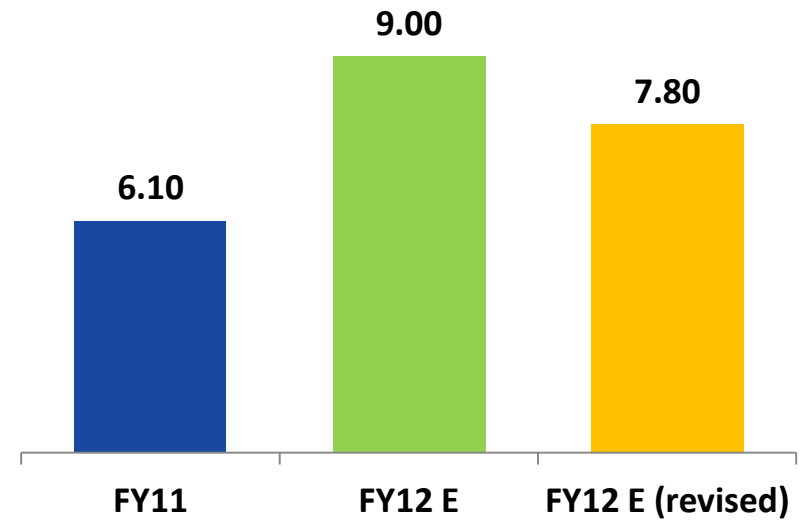
Guidance update



Crude Steel Production



Saleable Steel Sales



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, 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