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**PERSEVERANCE**

## Analyst Meet Presentation

Standalone Financial Results  
Quarter Ended 31 Dec 2011



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Business  
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Projects Update



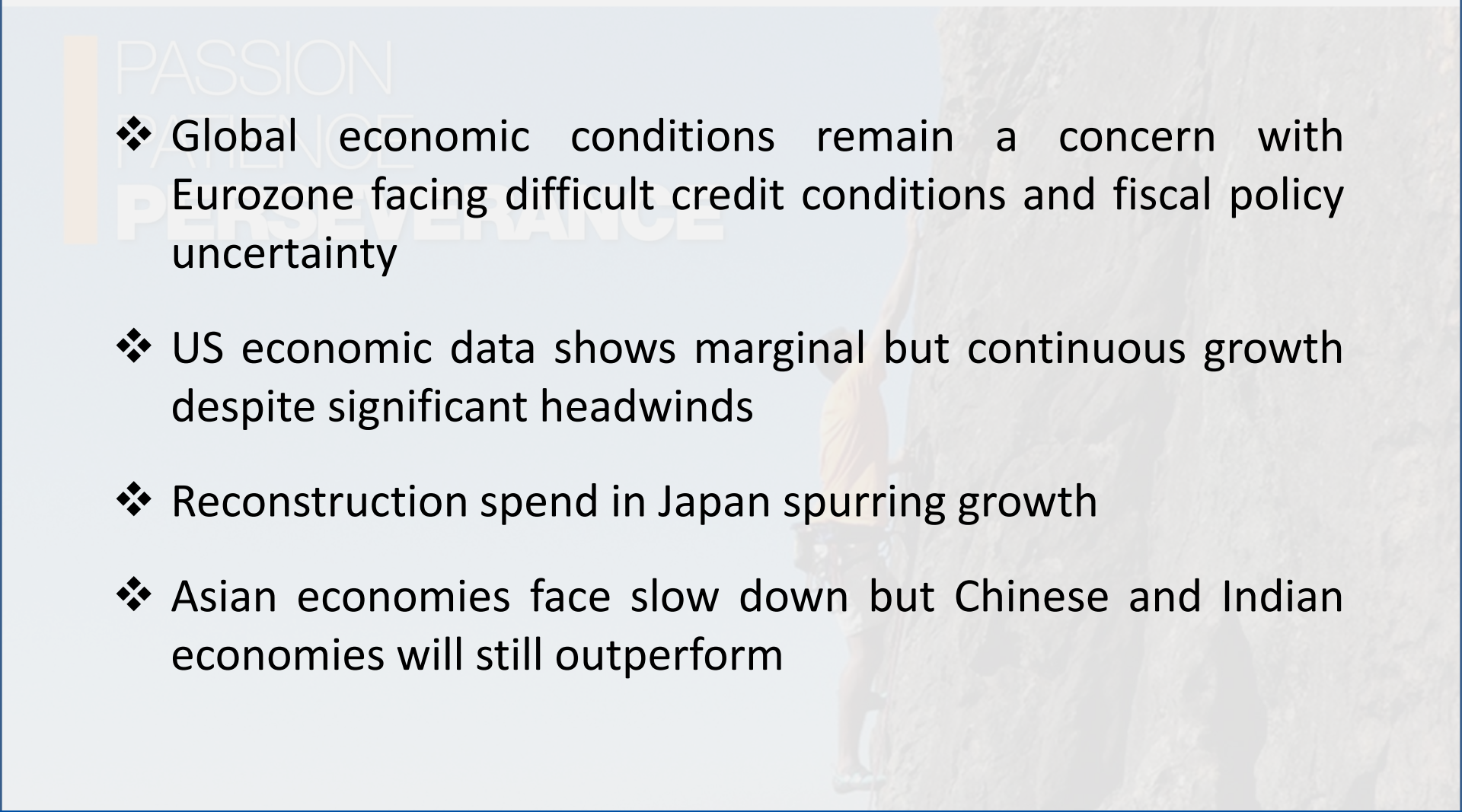
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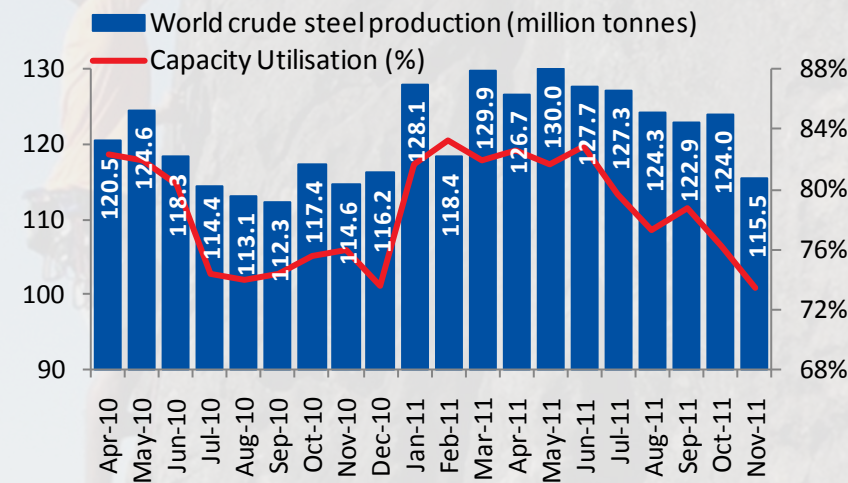
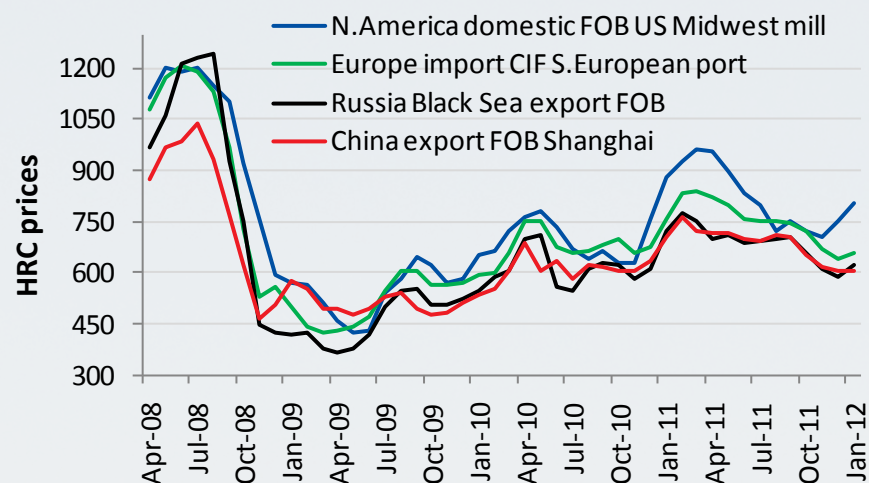
- 
- The background of the slide is a light blue-grey gradient. On the left side, there is a vertical orange bar. In the center, there is a faint, semi-transparent image of a person rock climbing. The words 'PASSION', 'PERFORMANCE', and 'PERSEVERANCE' are written in a light, semi-transparent font across the middle of the slide, behind the list items.
- ❖ Global economic conditions remain a concern with Eurozone facing difficult credit conditions and fiscal policy uncertainty
  - ❖ US economic data shows marginal but continuous growth despite significant headwinds
  - ❖ Reconstruction spend in Japan spurring growth
  - ❖ Asian economies face slow down but Chinese and Indian economies will still outperform

**Global economic growth in 2012 will be moderate compared to 2011.**

# Global steel scenario



- ❖ Apparent steel demand growth in 2HCY11 has been lower compared to 1HCY11
- ❖ Prices corrected in Oct-Dec 2011 driven by gradual de-stocking
- ❖ Capacity utilization has fallen below 75% pointing to supply side correction
- ❖ Crude steel production is down ~150 Mn tonnes on an annualized basis in Nov 2011 from its peak in June 2011



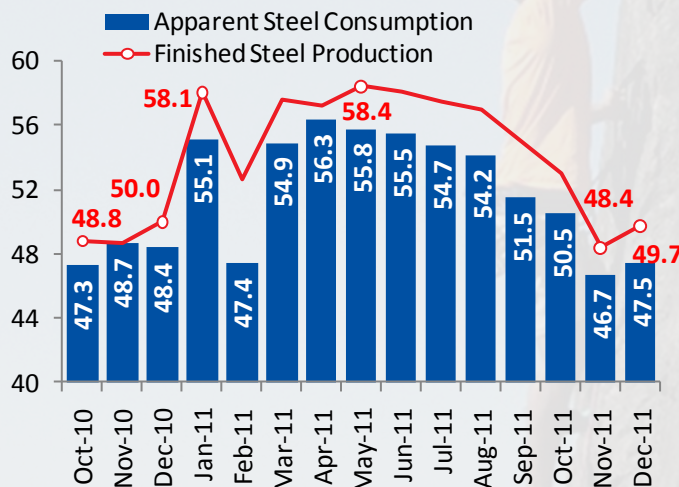
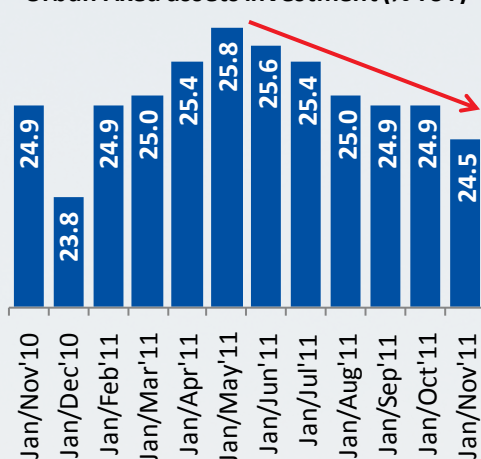
**Global steel prices are showing improvement.**



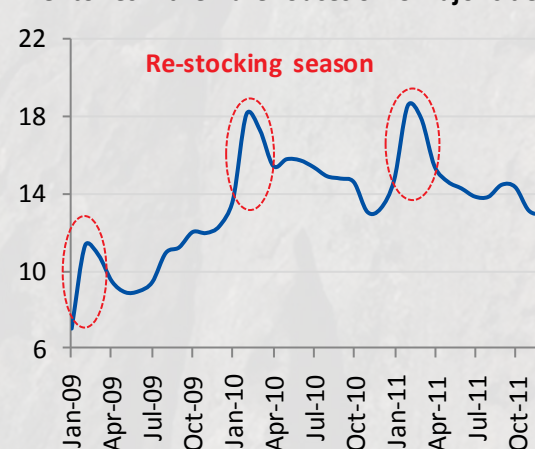
# China: moderate growth, seasonal re-stocking

- ❖ Cumulative FAI growth has been below 25% but still remains significant
- ❖ Steel production in Dec 2011 has fallen below Dec 2010 levels indicating exit of high cost capacities and lower apparent steel demand
- ❖ Gradual monetary policy loosening will ensure moderate growth in 2012

Urban Fixed assets investment (% YoY)

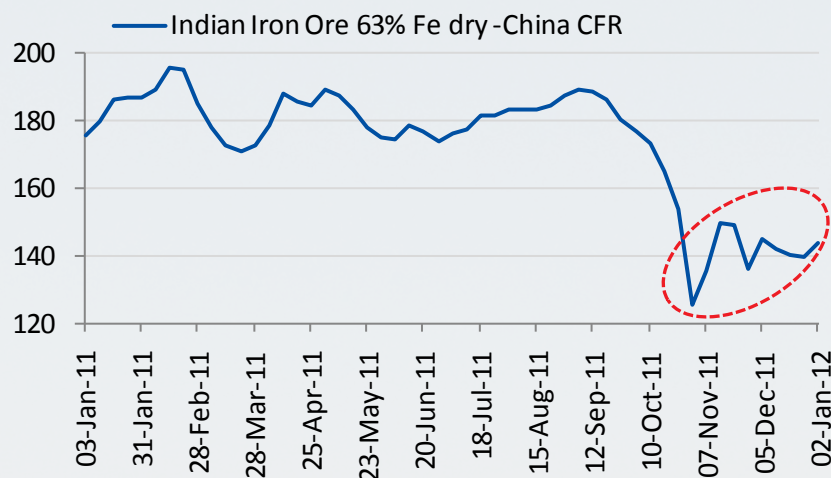
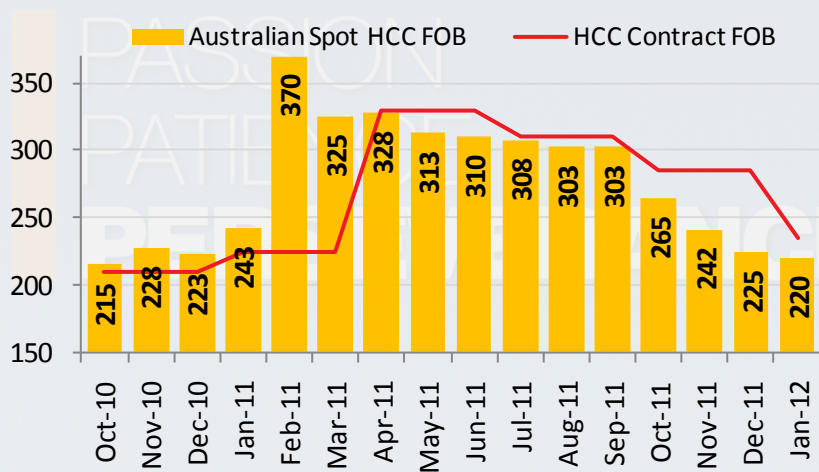


Inventories in the warehouses of 25 major cities



**Seasonal re-stocking should result in improved demand in 4QFY12.**

# Downward pressure on coking coal prices, volatility in iron ore prices



- ❖ HCC prices dropped to \$280-285/t for 3QFY12 contracts but 3QFY12 steel margins would be softer due to lag effect of raw material prices.
- ❖ However HCC prices have come down to ~\$230-235/t for 4QFY12 contracts and spot prices have corrected sharply to ~\$220/t in Jan2012
- ❖ Iron ore spot prices, after falling to \$126/t level in Oct 2011 end, are currently hovering around \$145/t
- ❖ Iron ore prices have improved due to marginal re-stocking by Chinese players but upside is capped with reduced steel capacity utilization

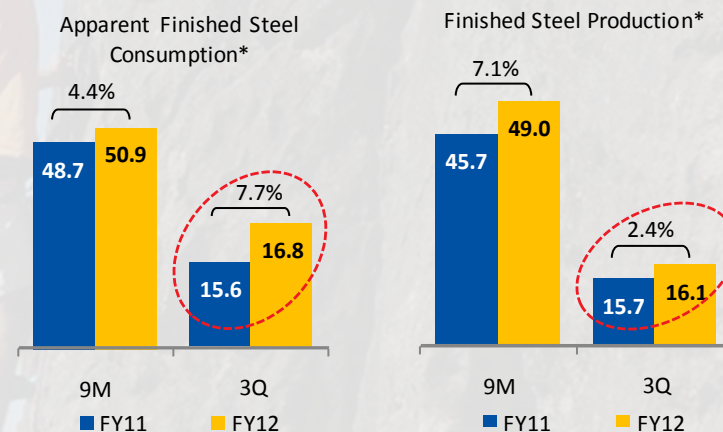
**Margins to improve in 4QFY12**



# India: steel consumption rebounds in 3QFY12



- ❖ Current account deficit has widened to 3.7% in 2QFY12 and fiscal deficit is expected to rise to ~5-5.5% for FY12
- ❖ High inflation coupled with higher interest rates and policy reforms delay has affected growth
- ❖ However HSBC India composite output PMI data suggests that activities in both the manufacturing and services sectors rebounded in Dec 2011
- ❖ Apparent finished steel consumption\* growth was low in 1HFY12, however it **rebound in 3QFY12 and grew by 7.7%**
- ❖ Finished steel production\* growth corrected in 3QFY12 and increased by only 2.4%
- ❖ Steel prices remained flat in 3QFY12 vs. 2QFY12, and have increased in Jan 2012
- ❖ Domestic steel prices are at import parity



**Steel demand growth is expected to be around 5% in FY12.**

\*Netted off for double counting effect



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## Production /sales

- ❖ Highest ever crude steel production in a quarter 1.94 Mn tonnes
- ❖ Highest ever sales volume in a quarter 1.91 Mn tonnes

## New product approvals

- ❖ Steel for Ball Bearing for FAG Schaeffler India
- ❖ Steel for transmission component for Heavy Commercial Vehicles for Tata Motors

## Iron ore update

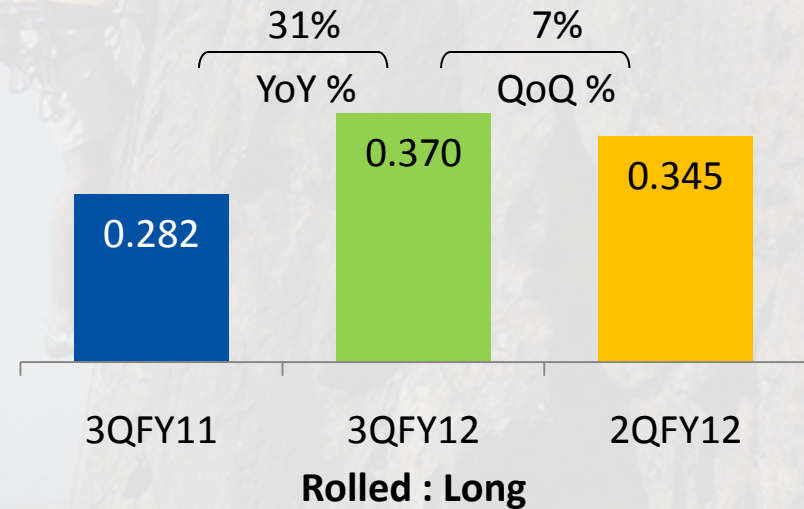
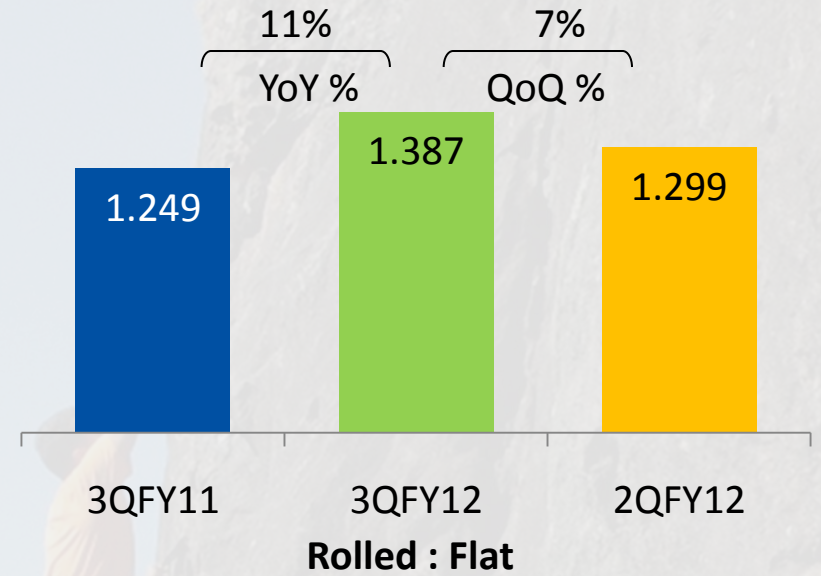
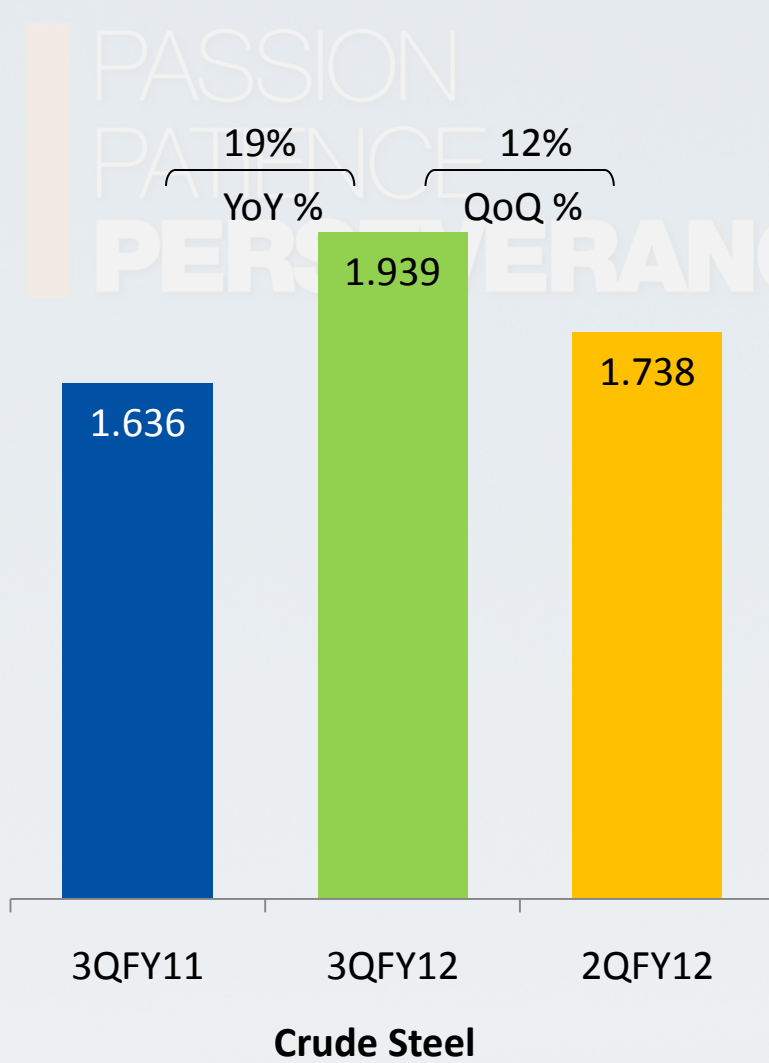
- ❖ Total 11.4Mn tonnes of iron ore was sold out of 16.8Mn tonnes of iron ore offered for bidding in e-auctions till Dec 2011 end
- ❖ The company purchased 7.1Mn tonnes of iron ore in e-auctions and received 52% of it till Dec 2011 end



# Production – 3QFY12



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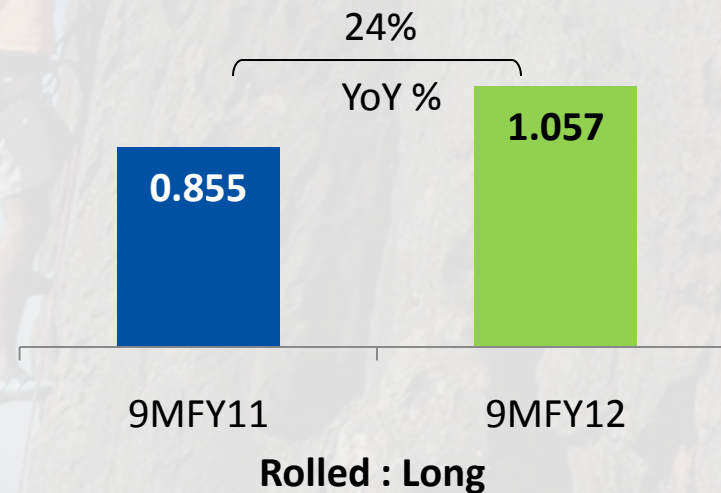
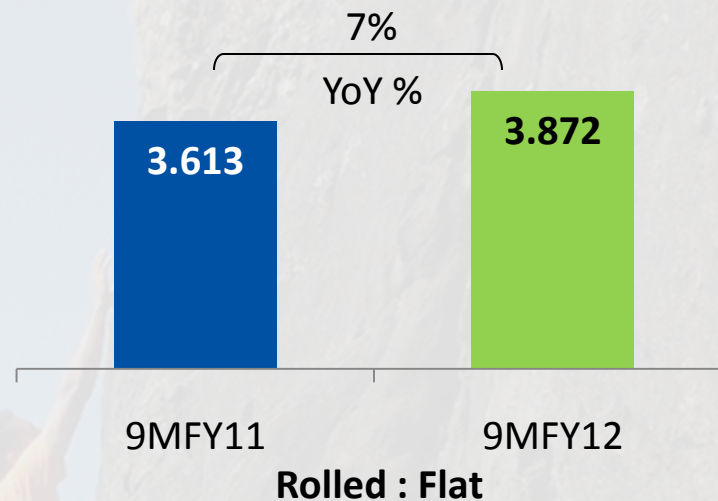
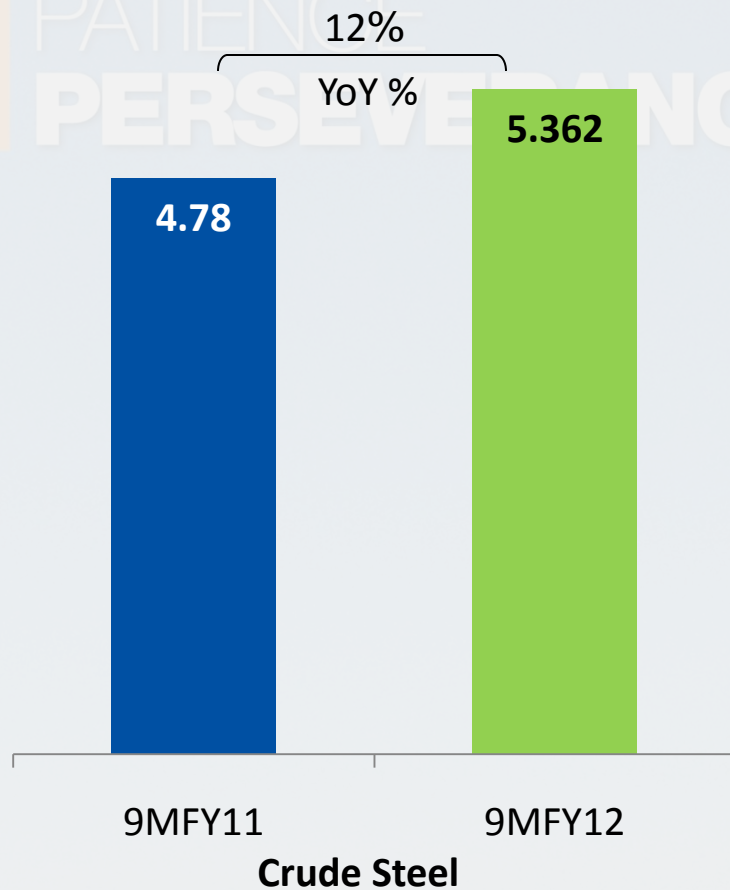


All figures are in Mn tonnes

# Production – 9MFY12



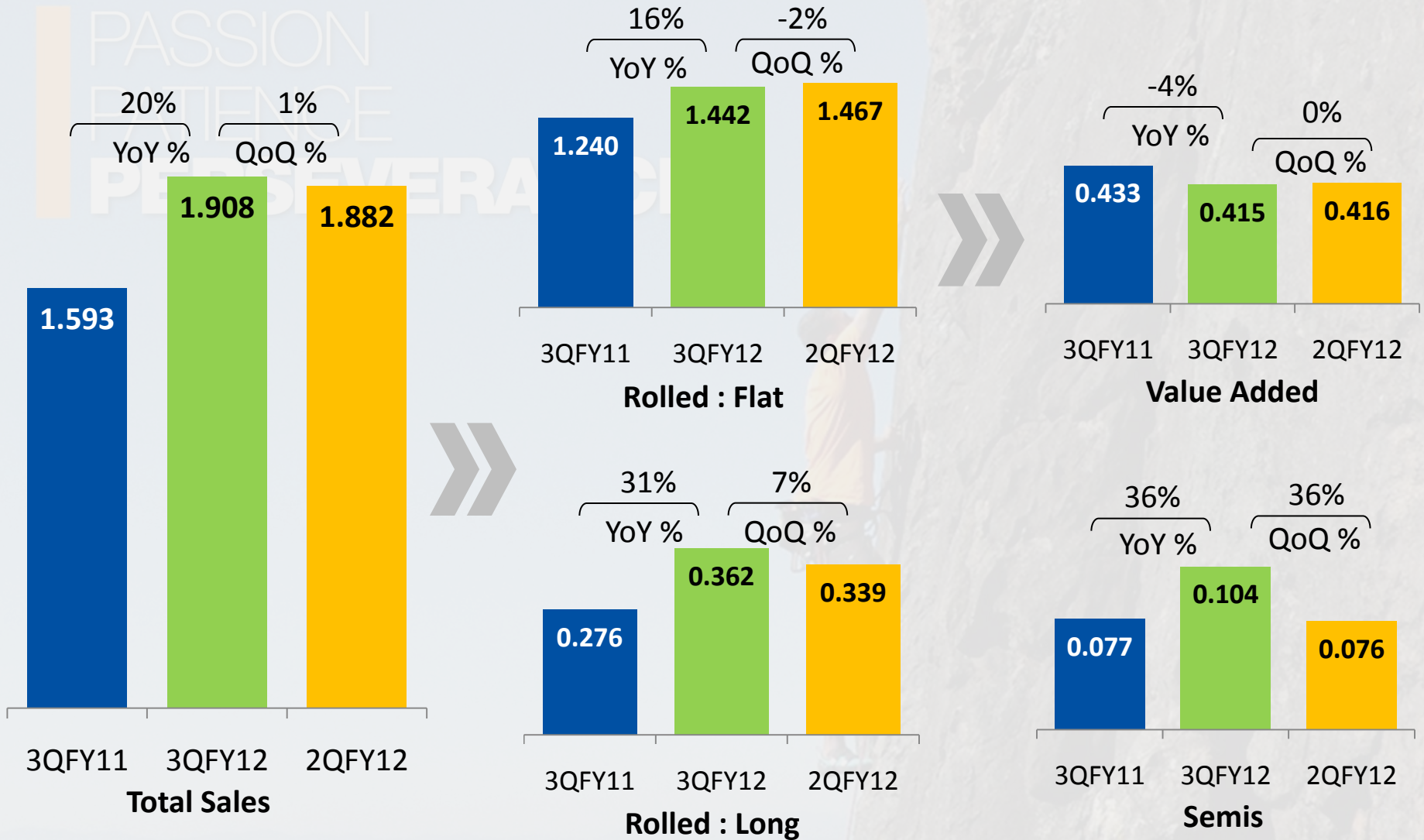
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All figures are in Mn tonnes

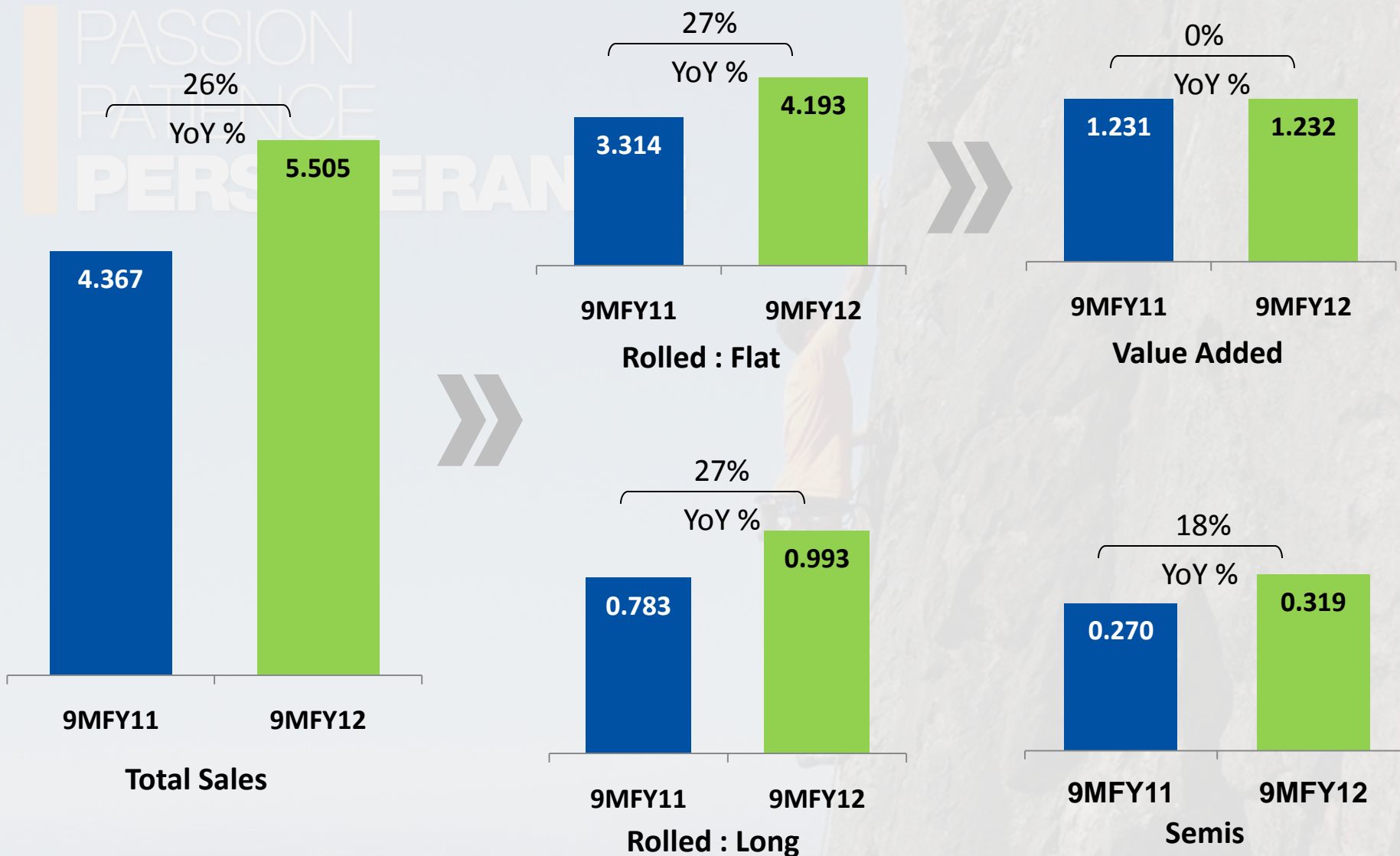


# Saleable steel sales – 3QFY12



All figures are in Mn tonnes

# Saleable Steel Sales – 9MFY12

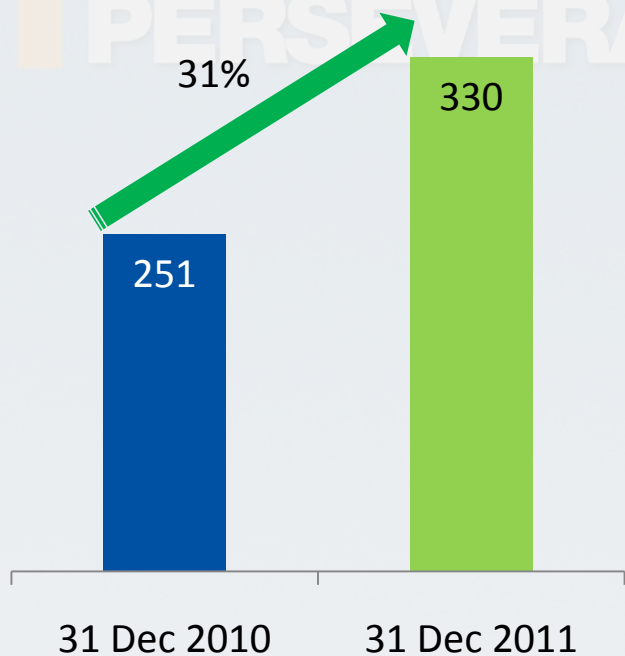


All figures are in Mn tonnes

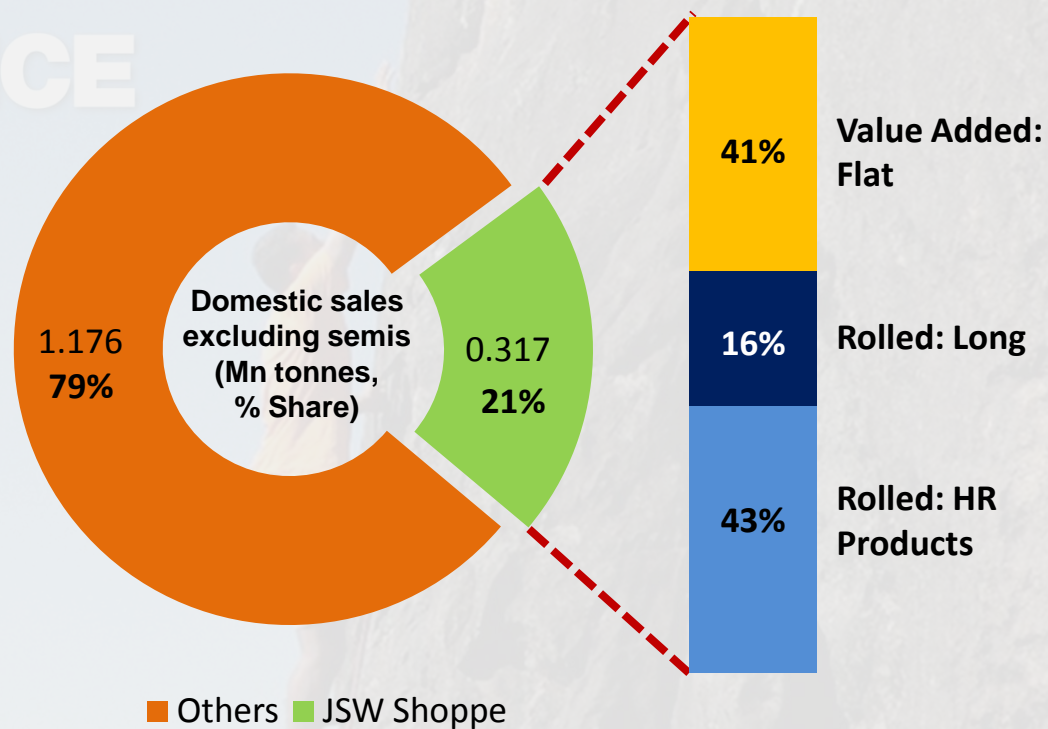


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No. of JSW Shoppe



% Share through JSW Shoppe – 3QFY12



**JSW Shoppe initiative awarded\* for transforming unorganized commodity selling to organized branded retailing**

\*Runner up in the SPJIMR Marketing Impact Award 2012

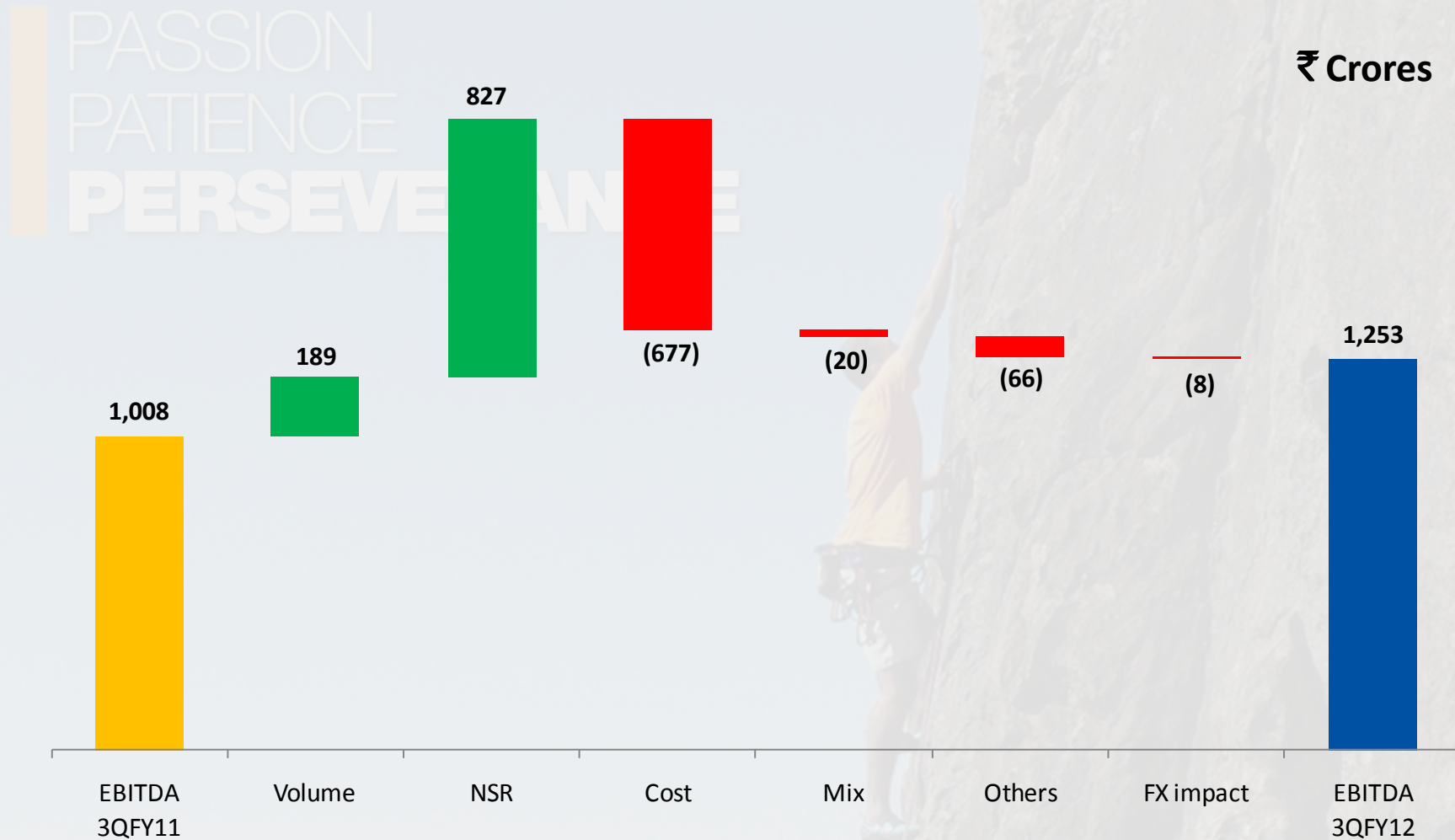
# Financials (standalone)



₹ Crores

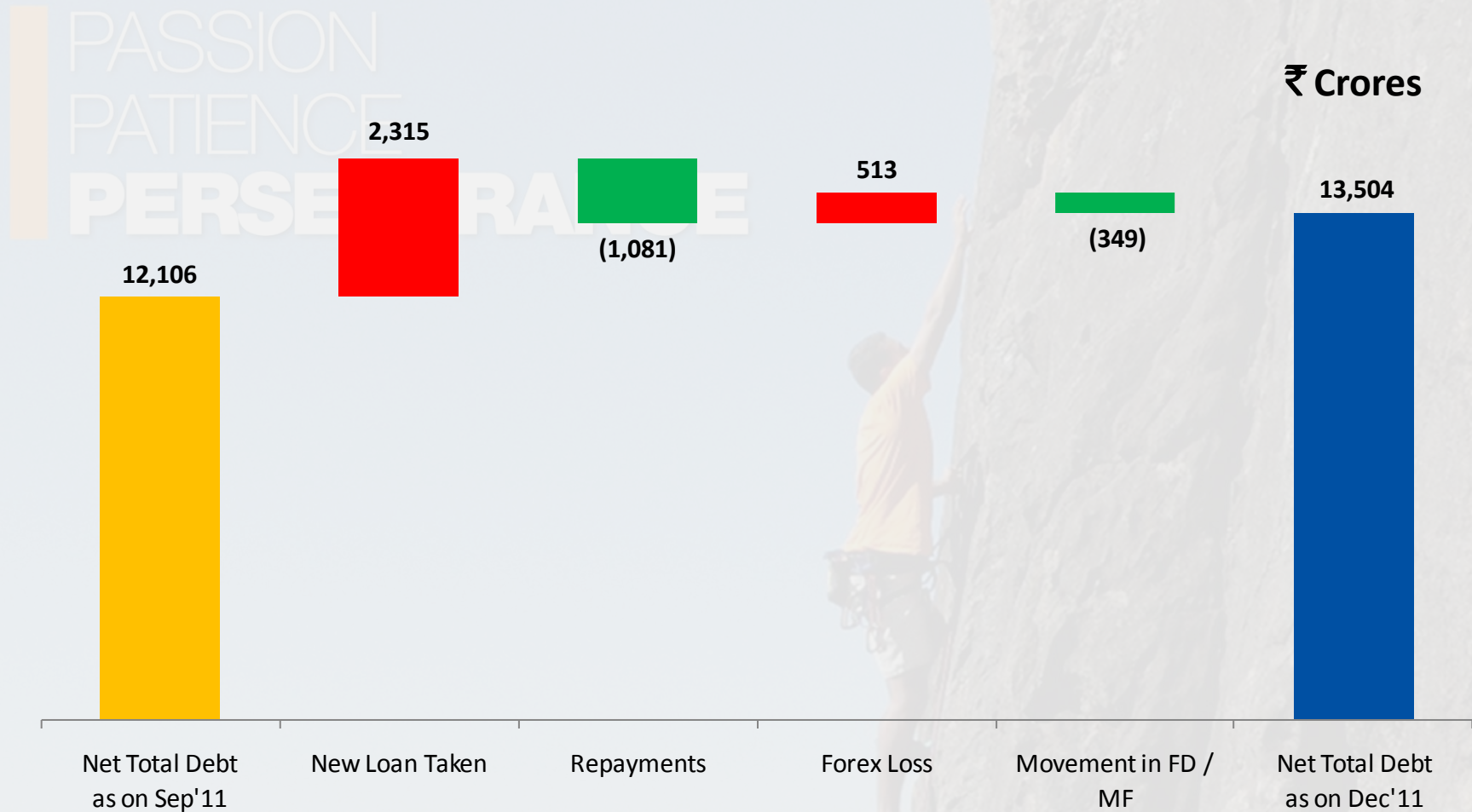
Particulars	3QFY12	3QFY11	Growth	9MFY12	9MFY11	Growth
Gross Sales	8,498	6,286	35%	24,367	17,516	39%
Net Sales	7,860	5,771	36%	22,549	16,131	40%
EBITDA	1,253	1,008	24%	3,969	3,198	24%
<i>EBITDA (₹ per tonne)</i>	<i>6,568</i>	<i>6,328</i>		<i>7,210</i>	<i>7,324</i>	
Net Finance Charges	282	132	114%	713	542	31%
Depreciation	444	346	28%	1,236	996	24%
Exceptional Items	500	NIL		985	NIL	
Profit Before Tax	27	530	-95%	1,035	1,660	-38%
Tax	(141)	147		161	482	-67%
Profit after Tax	168	382	-56%	874	1,178	-26%

# EBITDA movement – standalone





# Net debt movement – standalone



Cash & cash equivalent – ₹ 2,201 Crores

# Financial ratios – standalone



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Particulars	3QFY12	3QFY11
EBITDA Margin	15.9%	17.4%
PAT Margin	2.1%	6.6%
Diluted EPS (₹)	7.18*	16.97*
ROCE	8.8%	9.2%

\* Not Annualized

Particulars	31.12.2011	30.09.2011
Net Total Debt/Equity (x)	0.75	0.68
Net Total Debt/EBITDA (x)	2.41	2.25

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**Projects  
commissioned  
during 3QFY12**

- ❖ **Alamatti Project :**
  - 171 km water pipe line from Alamatti Dam to Vijayanagar works
  - Commissioned in Nov 2011
- ❖ **Slurry Pipe Line Project:**
  - A part of Beneficiation-2 Project
  - Commissioned in Dec 2011

**Projects under  
implementation**

Particulars	Expected Completion
CPP – IV (300MWcaptive thermal power plant)	FY12 end
HSM – 2 phase II	Sep 2012
Beneficiation plant– II (3modules out of 7 already commissioned)	Sep 2012
Cold Rolling Mill – 2	FY14 end
10 MTPA to 12 MTPA expansion	FY14 end

# Projects Update



**Alamatti Dam<sup>^</sup>**



**Slurry Pipeline<sup>^</sup>**



**CPP -IV (300 MW)\***



**Cold Rolling Mill -2 (Phase 1)\***



<sup>^</sup> Commissioned

\* Work under progress

# New projects



- ❖ Setting up cost reduction and integration projects for JSW Ispat in a SPV named Amba River Coke Limited (a wholly owned subsidiary of JSW Steel)
- ❖ Total cost of projects: ₹ 2,140 Crores

Project	Coke Oven Plant	Pellet Plant	CRM Mill
Capacity	1 MTPA	4 MTPA	0.8 MTPA
Project Cost	₹ 975 Crores	₹ 835 Crores	₹ 330 Crores
Environmental Clearances	In Place	In process	In process
Implementation period	Dec 2013	21 months from zero date	18 months from zero date
Benefit to JSW Ispat	<ul style="list-style-type: none"> <li>Assured availability of good quality coke</li> <li>Improved productivity</li> </ul>	<ul style="list-style-type: none"> <li>Assured supplies of pellets</li> </ul>	<ul style="list-style-type: none"> <li>Reduce dependence on a few large customers</li> </ul>
Benefit to JSW Steel	<ul style="list-style-type: none"> <li>25% return on investment</li> </ul>	<ul style="list-style-type: none"> <li>25% return on investment</li> </ul>	<ul style="list-style-type: none"> <li>Larger share of value-added downstream market</li> </ul>



# Forward looking and cautionary statement



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*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.*

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**Thank you**

