



**JSW Steel**  
*Bringing alive a billion dreams*



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**Analyst Meet Presentation**  
Quarter Ended June 30, 2012

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Environment

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Projects Update

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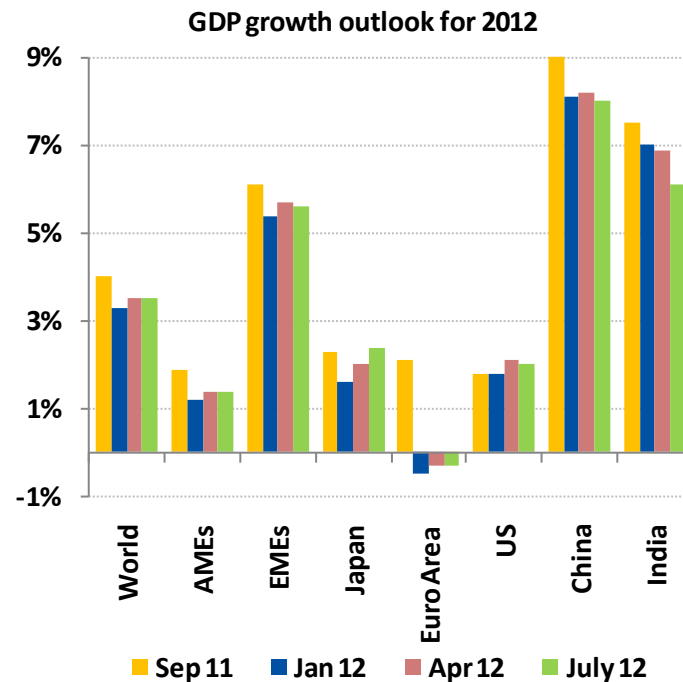
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# Global economy: slower growth



- Euro area sovereign debt crisis remains a concern
- United States – recent data indicates growth continues but less robust than expected
- Emerging economies – growth momentum has slowed down reflecting weaker external demand
- China – GDP growth slowed down to 7.6% YoY in Apr-Jun 2012
- Lower growth outlook has been reaffirmed with revised GDP outlook for most of the economies
- However policy easing lower energy prices and recent EU Summit agreement should support growth in 2HCY12

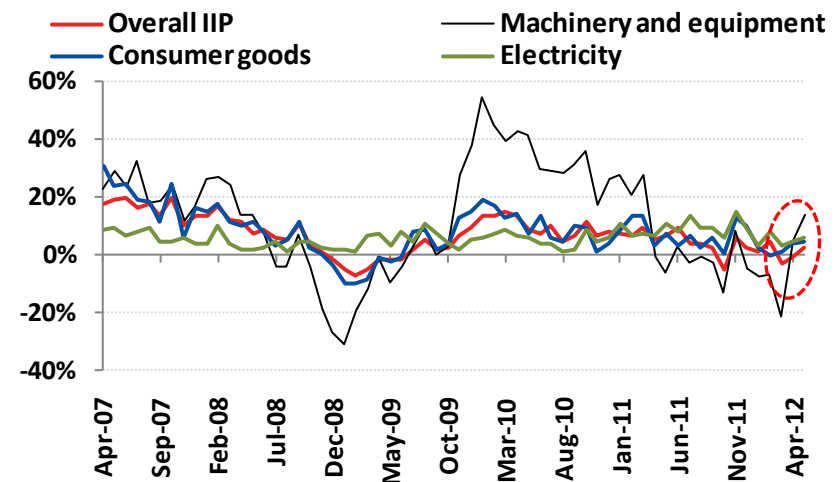
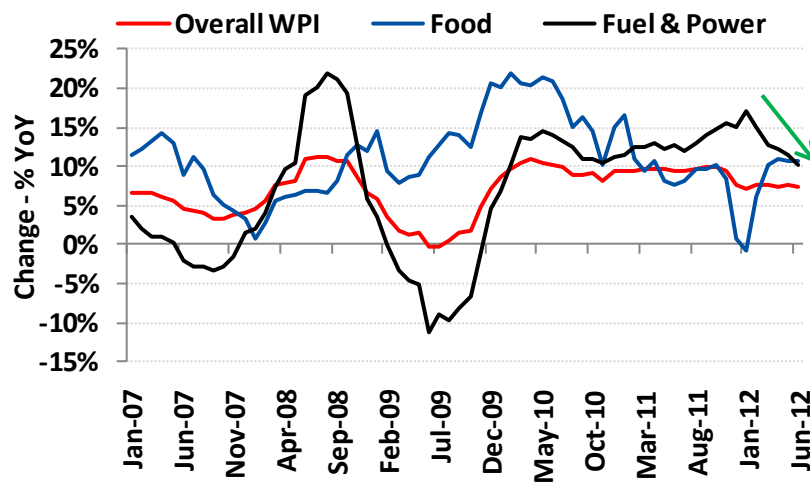


**2012 remains challenging**

# Indian economy: moderated momentum



- GDP growth was 5.3% during Jan –Mar 2012
- Inflation has come down but remains at 7%+
- May 2012 IIP has shown uptick in some sectors however Industrial activities have remained sluggish in recent months,
- Growth inducing steps expected from RBI/Government



**India's medium- and long-term growth story remains intact**

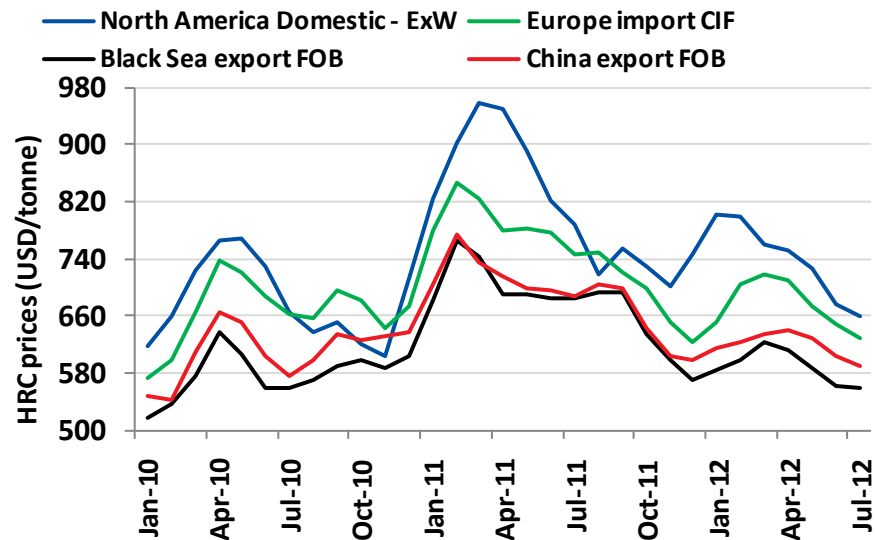
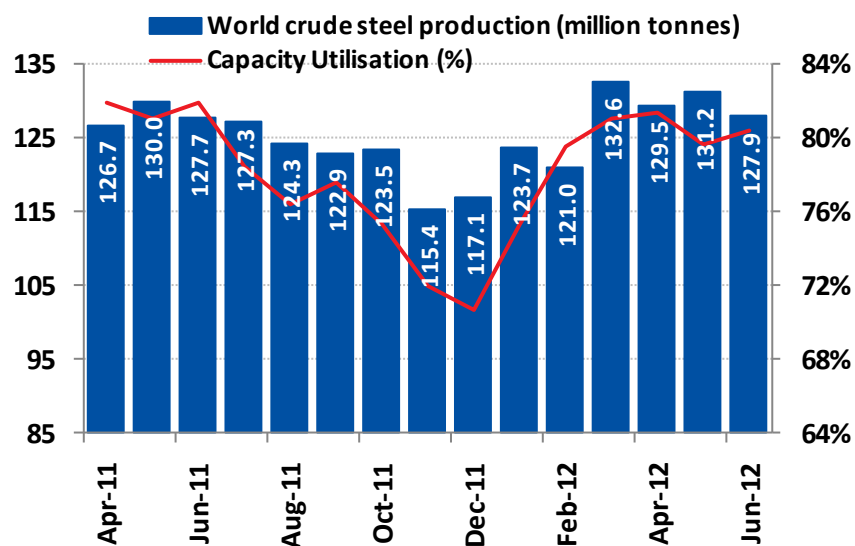
Source: Central Statistical Organisation, Reuters

\*Netted off for double counting effect

# Global steel scenario



- World crude steel production grew by just ~1% in Jan-Jun 2012 compared with demand growth outlook\* of 3.3% in CY12
- Steel prices corrected post Apr 2012 but are now range bound
- Capacity utilization is around 80%



**Pace of growth has slowed down but base demand remains intact**

Source: World Steel Association, Steel Business Briefing

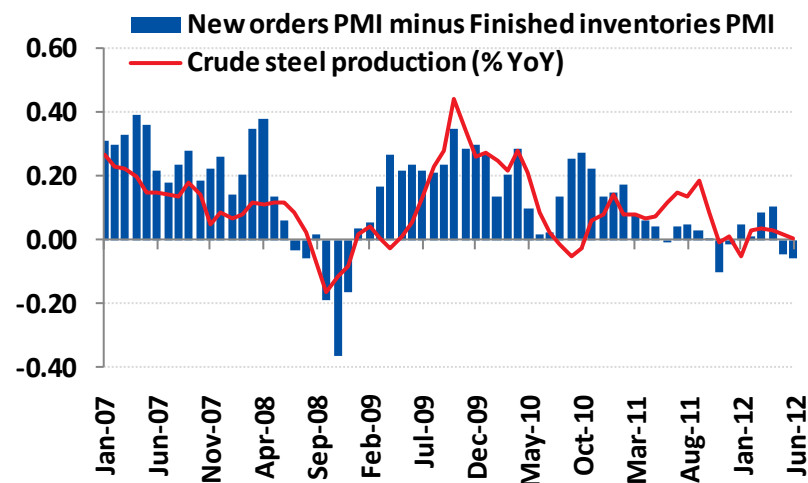
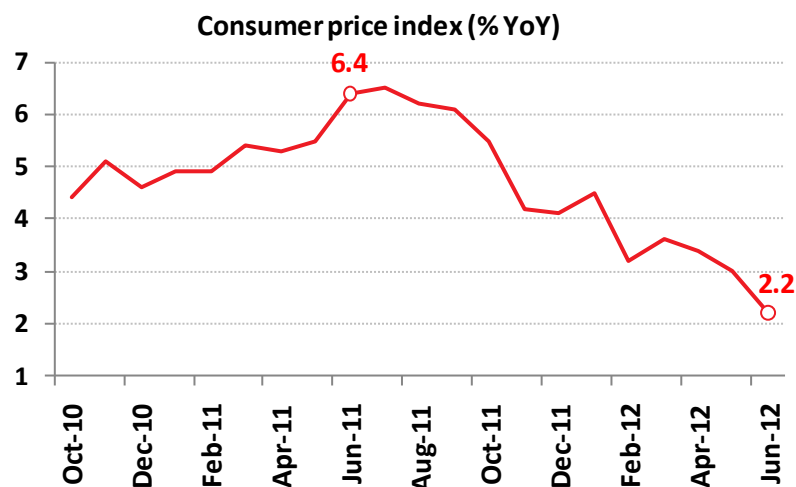
\* Demand growth outlook by World Steel Association



# China: macro-economic data signals demand stabilization

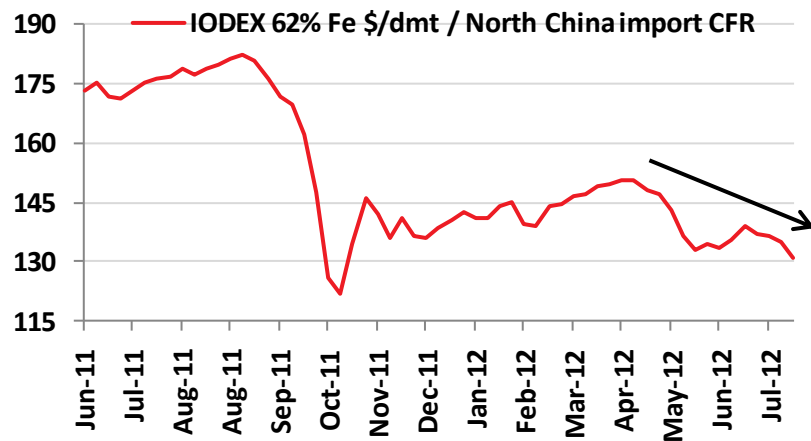
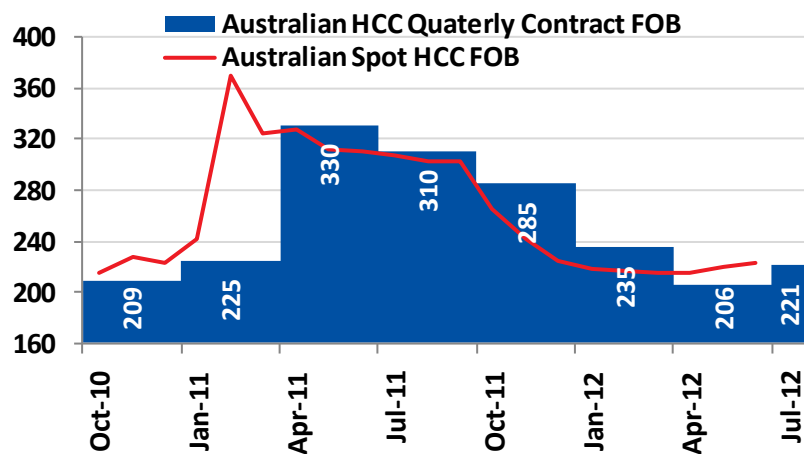


- GDP slowed down to 7.6% YoY in Apr-Jun 2012 but still close to official target of 7.5% for CY12
- Jun 2012 macro-economic data signals demand stabilization
- Inflation has come down to 2.2% in Jun 2012 providing room for further policy easing
- Crude Steel production grew by just 1% in 1HCY12, warehouse inventories have fallen in last 5 months



**Fiscal and Monetary easing should ensure economic growth at 7-8% in 2012**

# Raw materials prices



- ❖ HCC quarterly contract prices were settled at ~\$220-225/t for 2QFY12
- ❖ HCC spot prices rose to ~\$225/t by Jun 2012 due to supply side constraints with BMA's Force Majeure
- ❖ HCC spot prices have come down to \$210/t in Jul 2012 with BMA lifting Force Majeure and lower demand from China
- ❖ Iron ore prices also have come down below \$130/t after reaching ~\$150/t in Apr 2012

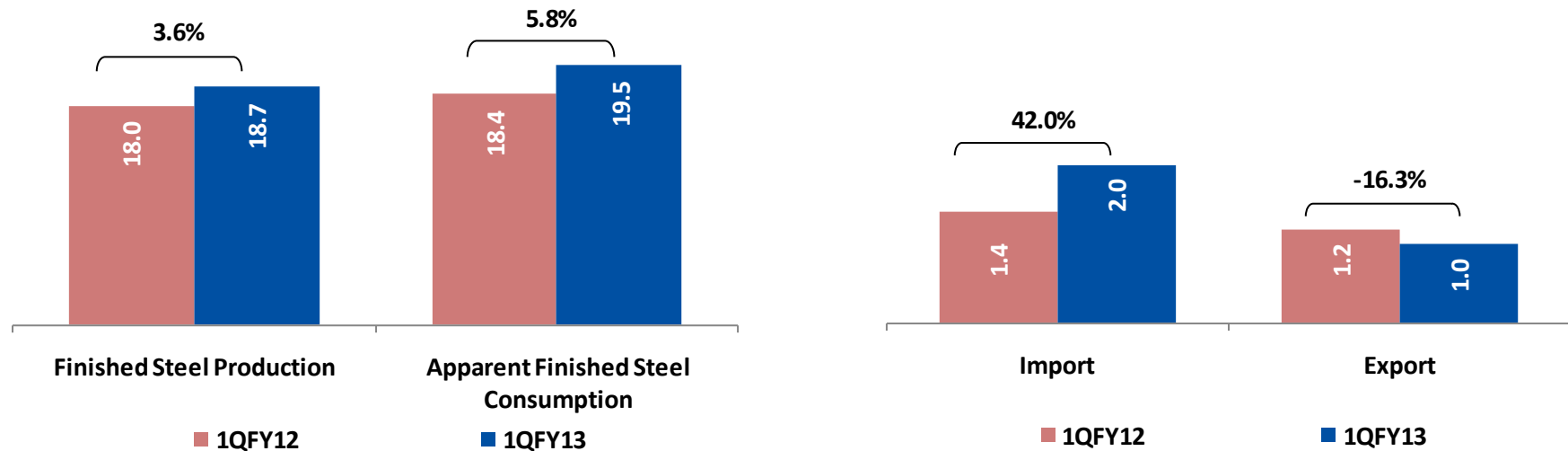
**Raw materials prices show downward bias**



# India steel scenario



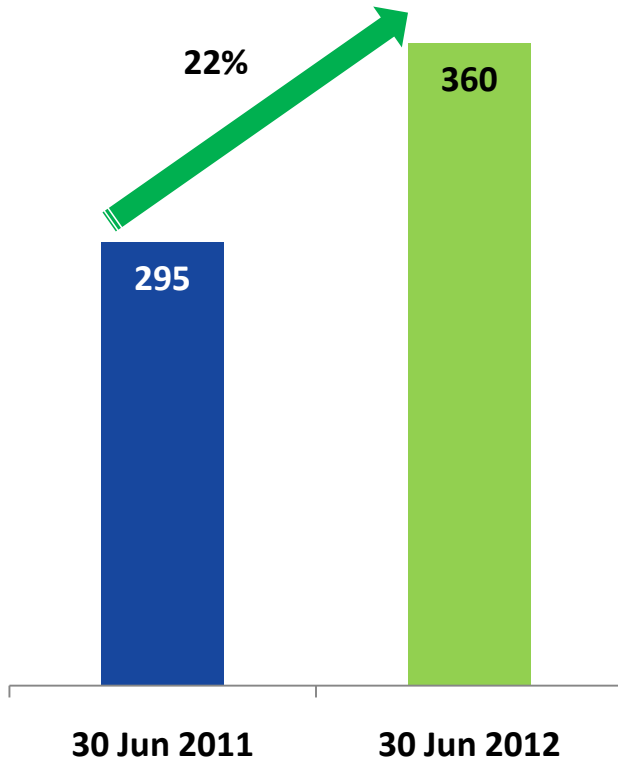
- Apparent finished steel consumption grew by 5.8% in 1QFY13
- Finished steel production grew by 3.6% in 1QFY13
- 1QFY13 steel imports increased by 42% to 2.0 million tonnes whereas steel exports decreased by 16.3% to 1.0 million tonnes
- Secondary steel producers are impacted by power shortages



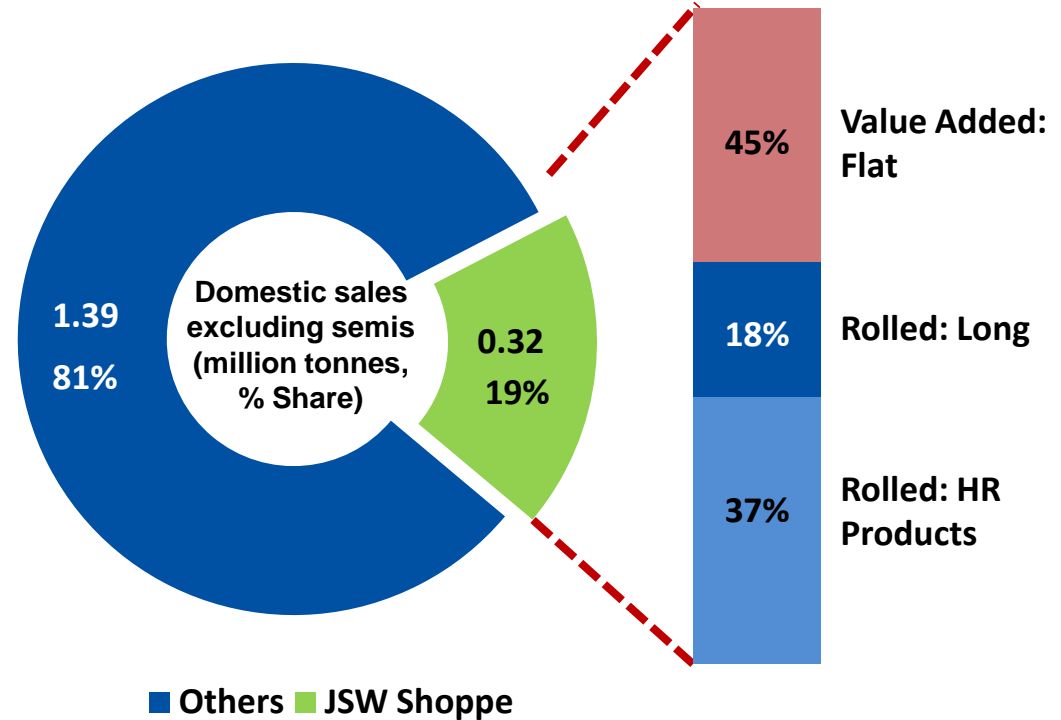
**Steel demand to remain positive despite challenges**

Source: Joint plant Committee (All figures are in million tonnes)

No. of JSW Shoppe

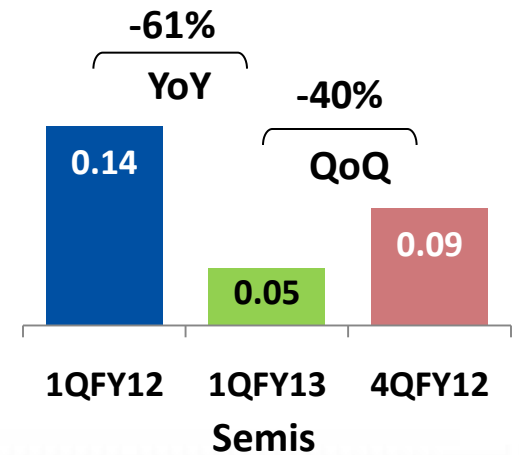
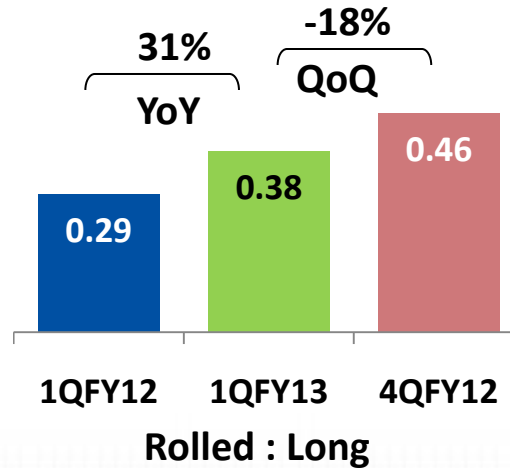
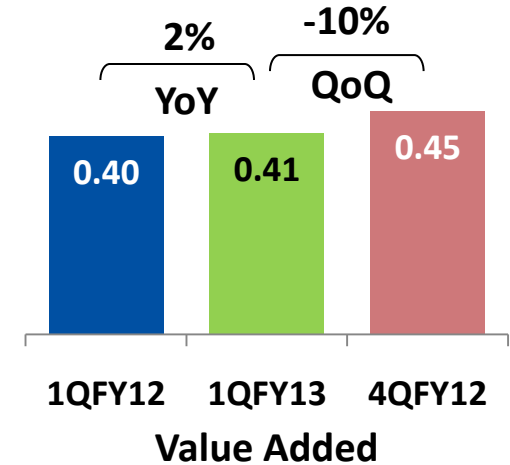
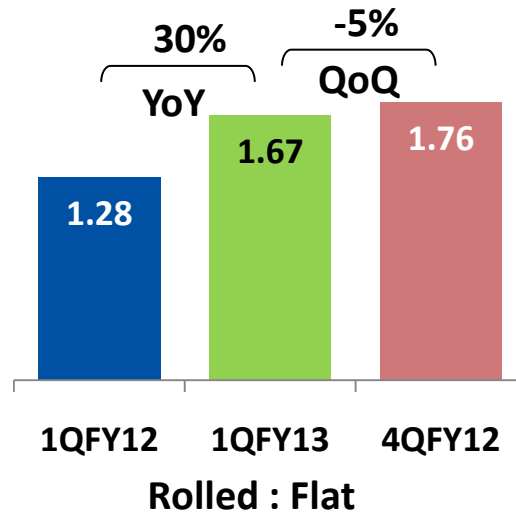
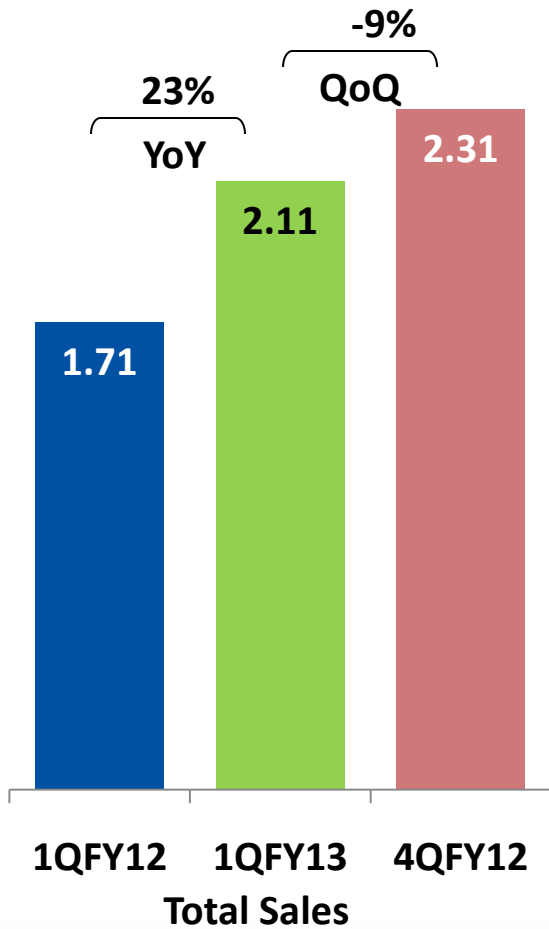


% Share through JSW Shoppe – 1QFY13



**JSW Shoppe has expanded footprints to 155 districts**

# Saleable steel sales – 1QFY13



All figures are in million tonnes

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# Key highlights



## Production /sales

- Highest ever crude steel production: 2.14 million tonnes
- Saleable steel sales: 2.11 million tonnes
- Gross turnover\*: ₹ 9,910 crores
- Highest ever EBITDA\*: ₹ 1,773 crores

## Iron ore e-auction update

- Total 25.7 million tonnes of iron ore was sold through e-auctions till June 2012 end
- The company purchased 15.6 million tonnes of iron ore in e-auctions and received 80% of it till end June 2012

## New product approvals

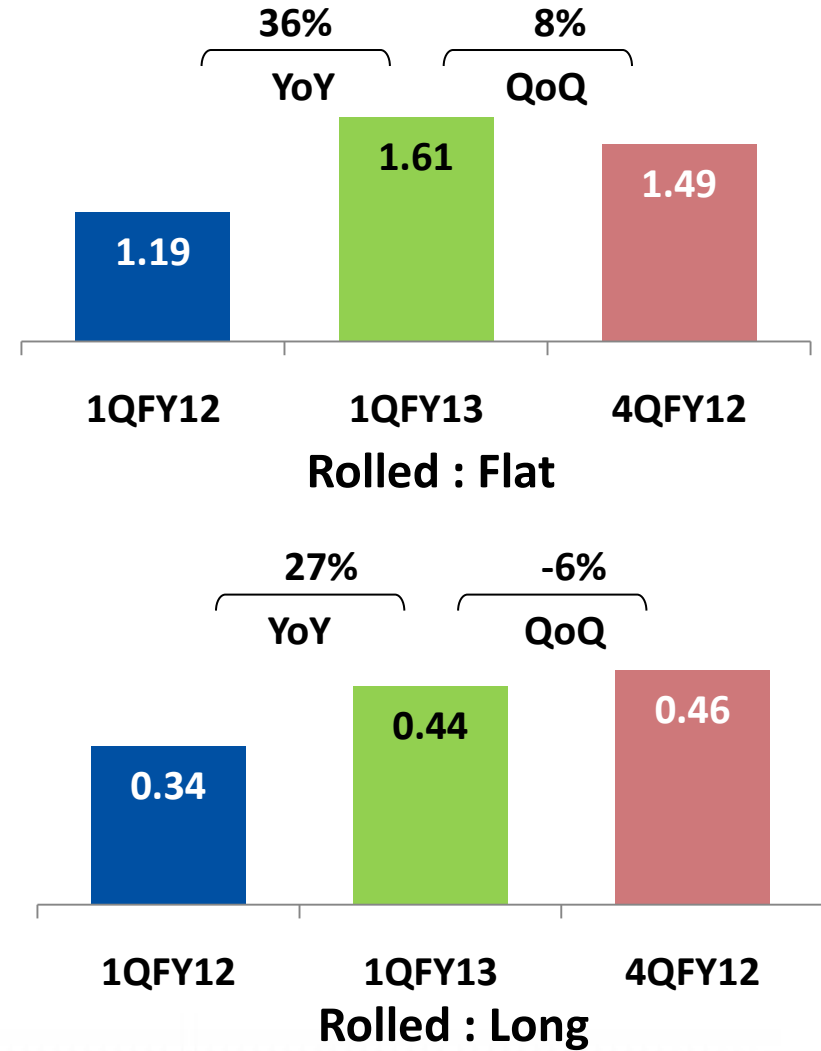
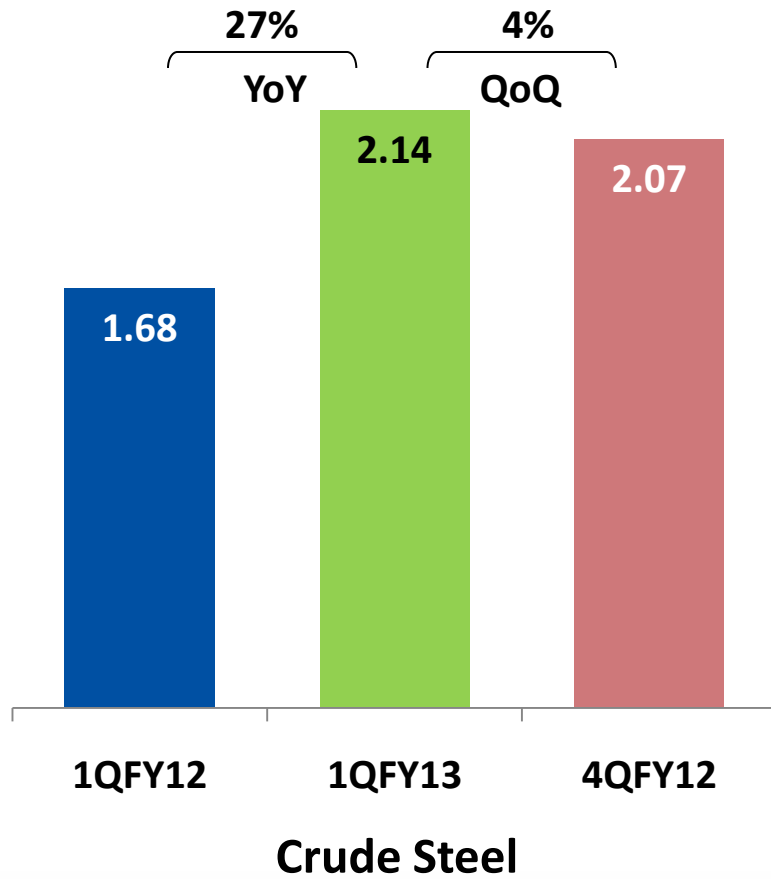
- Steel for gears and Shafts for International Tractors
- Steel for bearing rings for JTEKT Corporation
- Low carbon steel for structural inner components for Toyota & Hyundai
- Micro-alloyed high strength steel, E-34 (< 3 mm) for long members for M/HCV of M&M
- IF grade steel for skin panels for Ford and Honda

\* Standalone basis

- The CEC has approved Reclamation & Rehabilitation (R & R) plans of 7 mines in category 'A'. These mines are expected to commence operations on compliance to certain conditions in Aug 2012.
- The R&R plan is under preparation for remaining mines in category 'A'.
- The R&R plans for 3 mines in category 'B' are also ready. However, for the mines falling under category 'B' the directions from the Hon'ble Supreme Court to commence mining are yet to come.
- On commencement of operations in Category 'A' and 'B' mines, iron ore availability is expected to improve.



# Production – 1QFY13



All figures are in million tonnes

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**Beneficiation Plant – 2 (Phase II):** being commissioned in FY13 in phased manner





# Projects' progress contd..

HSM – 2 (Phase II): will be commissioned by 2HFY13





# Projects' progress contd..

Cold Rolling Mill -2: Phase I will be commissioned by FY14 and Phase II by FY15





# Projects' progress contd..

4<sup>th</sup> Stove at Blast Furnace 3 : will be commissioned by 2QFY13



4<sup>th</sup> Stove at Blast Furnace 4 : will be commissioned by 3QFY13





# Projects' progress contd..

Coke oven plant (at Dolvi for JSW Ispat): will be commissioned by FY14 end



Pellet plant (at Dolvi for JSW Ispat)



Auto inspection line at Salem



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# Financials (standalone)



₹ Crores

Particulars	1QFY13	1QFY12	Growth
Gross Turnover	9,910	7,627	30%
Net Sales	9,030	7,065	28%
Operating EBITDA	1,773	1,430	24%
Other Income	72	48	51%
Finance Cost	407	228	78%
Depreciation	468	388	21%
Exceptional Items*	(592)	(35)	
Profit Before Tax	379	826	-54%
Tax	110	248	-56%
Profit after Tax	269	578	-53%
Diluted EPS (₹)**	11.69	25.54	

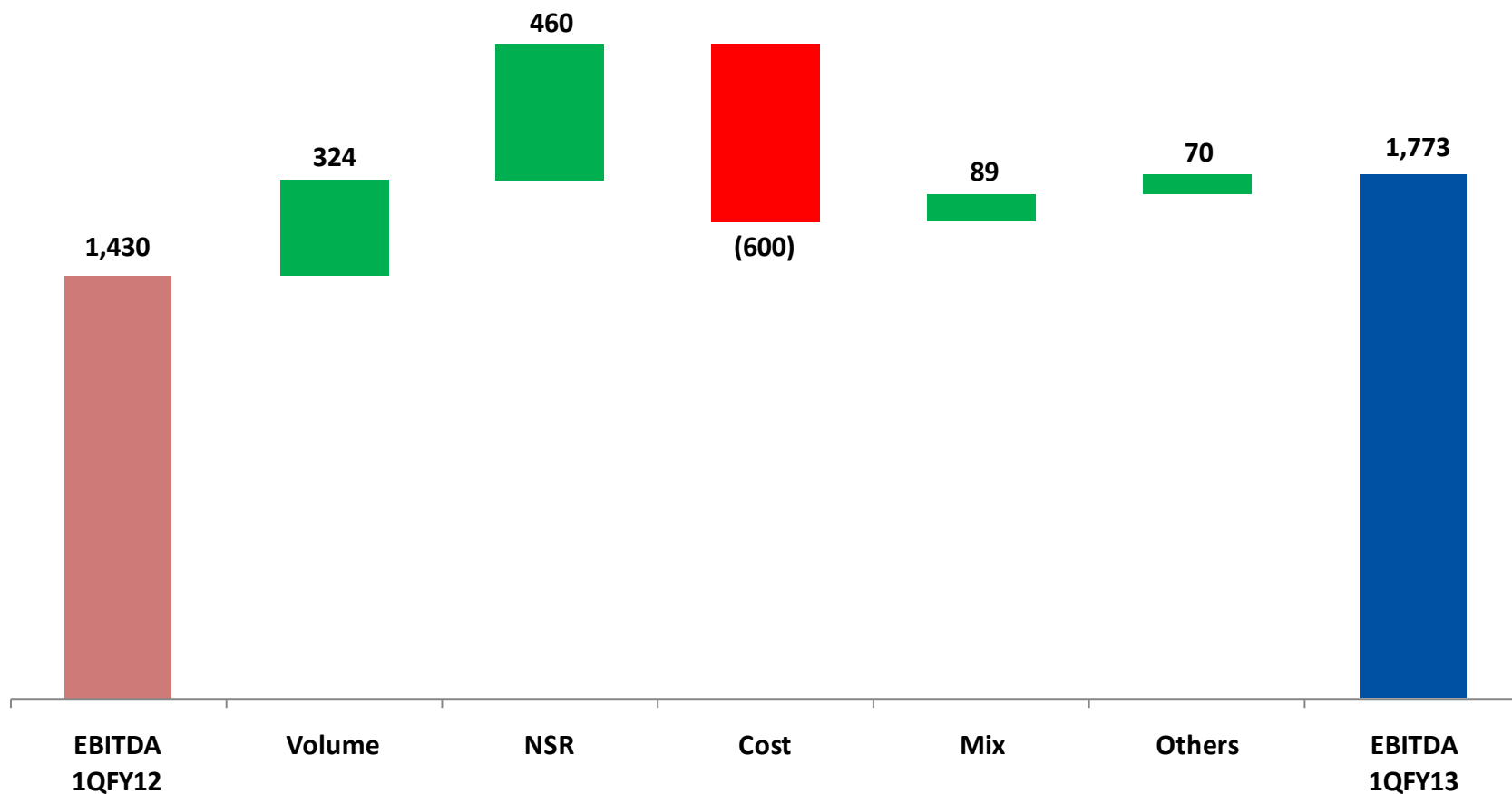
\* Forex losses

\*\* Not Annualized

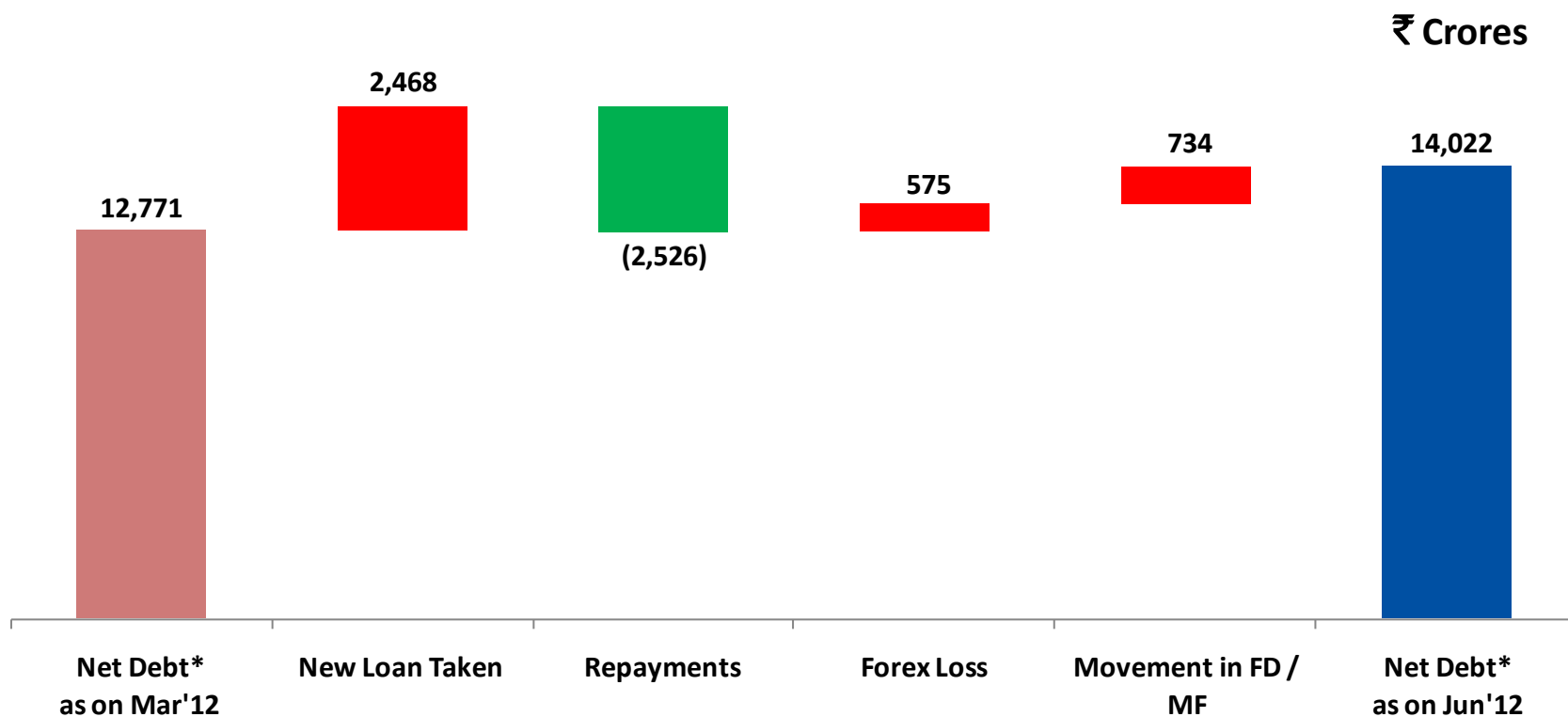
# EBITDA movement – standalone



₹ Crores



# Net debt movement – standalone



Particulars	30.06.2012	31.03.2012
Cash & cash equivalent (₹ Crores)	2,424	3,159
Net Debt/Equity (x)	0.75	0.69
Net Debt/EBITDA (x)	2.35	2.27

\* Net debt exclude acceptances

# Operational performance – JSW Ispat Steel Ltd



Production (million tonnes)	Apr-Jun'12	Apr-Jun'11	Jul'11-Jun'12	Jul'10-Jun'11
HR Coils	0.69	0.60	2.48	2.20
Downstream products*	0.09	0.08	0.36	0.24

Sales (million tonnes)	Apr-Jun'12	Apr-Jun'11	Jul'11-Jun'12	Jul'10-Jun'11
HR Coils	0.65	0.58	2.47	2.06
Downstream products	0.09	0.07	0.36	0.23

₹ Crores

Particulars	Apr-Jun'12	Apr-Jun'11	Jul'11-Jun'12	Jul'10-Jun'11
Net income from operations	2,973	2,465	11,104	8,231
EBITDA (Including VAT benefits)	454	404	1,176	590
Net profit After Tax	478	(1,135)	(317)	(1,806)

\* Saleable production



# Operational performance – US Plate & Pipe Mill



Production (NT)	1QFY13	1QFY12	4QFY12
Plate Mill	98,102	56,815	108,183
Utilization (%)	39%	22%	44%
Pipe Mill	22,011	8,986	22,541
Utilization (%)	16%	7%	16%

Sales (NT)	1QFY13	1QFY12	4QFY12
Plate Mill	68,741	46,875	65,795
Pipe Mill	22,079	9,716	24,482

USD mn

Particulars	1QFY13	1QFY12	4QFY12
Turnover	103.67	61.95	105.24
EBITDA + Other Income	6.39	3.67	42.56
Profit After Tax	(8.16)	(9.36)	27.66

# Operational performance – Chile



USD mn

Particulars	1QFY13	1QFY12	4QFY12
Production (Tonnes)	194,886	176,859	172,580
Sales (Tonnes)	343,249	194,347	101,199
Turnover	44.75	34.29	13.58
EBIDTA	8.48	12.74	0.89
Profit after Tax	5.27	7.93	(0.85)

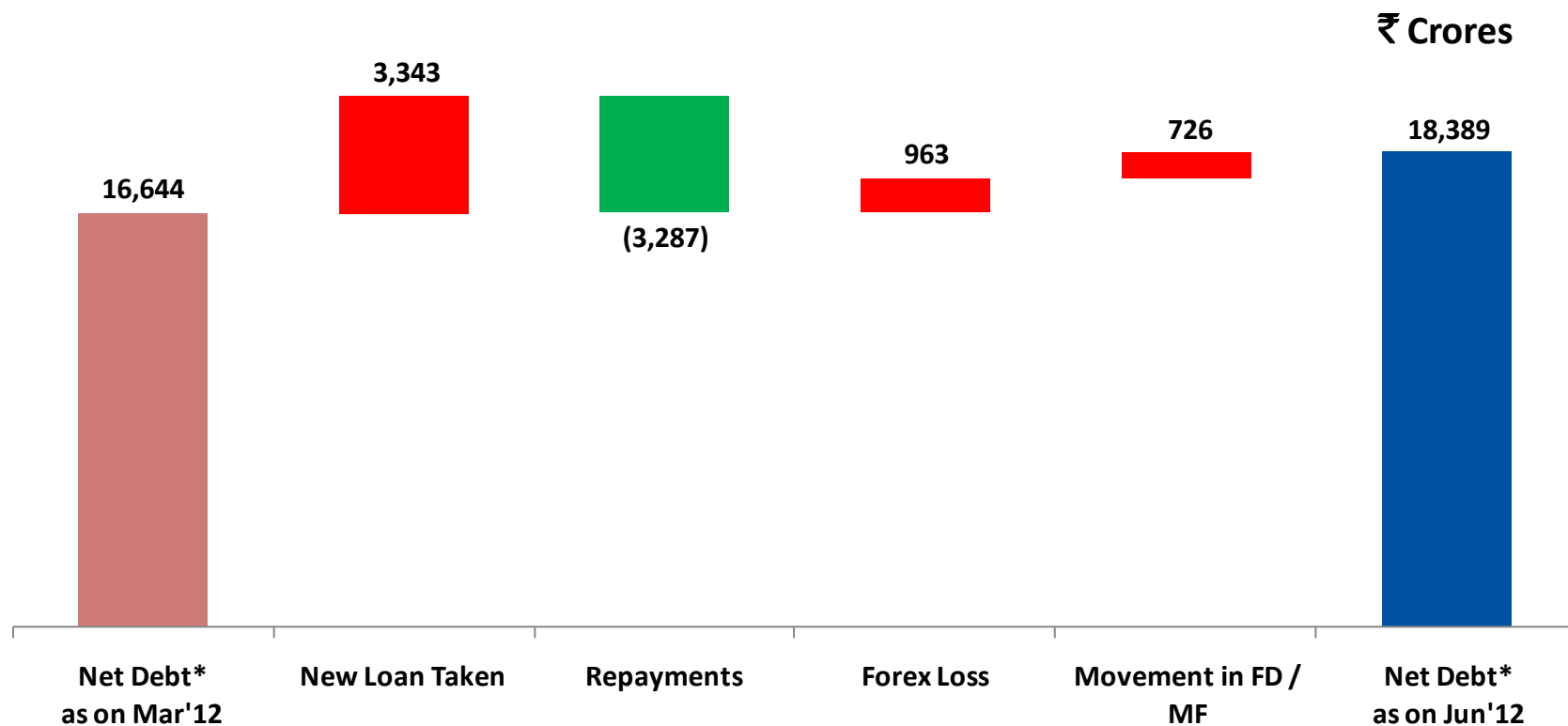
# Consolidated financials



₹ Crores

Particulars	1QFY13	1QFY12	Growth
Gross Turnover	10,781	7,995	35%
Net Sales	9,902	7,432	33%
Operating EBIDTA	1,908	1,492	28%
Other Income	31	15	103%
Finance Cost	461	278	66%
Depreciation	533	444	20%
Exceptional Items	(595)	(35)	
Profit Before Tax	351	750	-53%
Tax	151	258	-42%
Share of Associates and Minority Interest	(150)	(6)	
Profit after Tax	50	485	-90%

# Net debt movement – consolidated



Particulars	30.06.2012	31.03.2012
Cash & cash equivalent (₹ Crores)	2,539	3,265
Net Debt/Equity (x)	1.09	0.98
Net Debt/EBITDA (x)	2.81	2.73

\* Net debt exclude acceptances

# 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**