



# Resilience and Growth

Results Presentation - Mar 31, 2013



## Challenges faced in FY13

- Sluggish demand and rising imports
- Constrained iron ore availability in Karnataka
- Inferior quality of iron ore (low Fe, high alumina and manganese)

- *Weaker steel pricing*
- *Lower capacity utilization*
- *Higher iron ore cost*
- *Lower furnace productivity*
- *Higher fuel rate*

## JSW Steel's mitigating initiatives

- Use of 100% captive power and sale of surplus power
- Ramp up of captive coke facilities, optimized blend of coals
- Completed 2<sup>nd</sup> phase of beneficiation plant, to enable use of higher proportion of lower grade iron ore
- Focus to enrich product portfolio
- Enhanced market share

## Operational & financial performance (FY13, Standalone)

- Crude steel production: 8.52 million tonnes (+15%YoY)
- Saleable steel sales: 8.87 million tonnes (+14%YoY)
- Net Sales: ₹35,388 crores (+10%YoY)
- Operating EBITDA: ₹6,309 crores (+12%YoY)
- PAT: ₹1,801 crores (+11%YoY)

## Operational & financial performance (FY13, Consolidated)

- Net Sales: ₹38,095 crores (+12%YoY)
- Operating EBITDA: ₹6,504 crores (+7%YoY)
- Net Profit: ₹963 crores (+79%YoY)

## JSW Steel –JSW Ispat merger update

- The Scheme of Amalgamation and Arrangement has been approved by the Hon'ble High Court of Bombay and the certified copy of the order is yet to be received

Business  
Environment

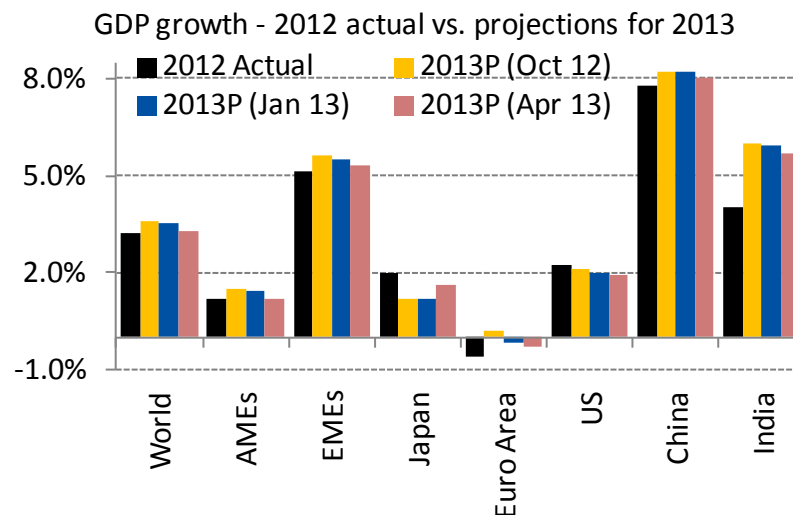
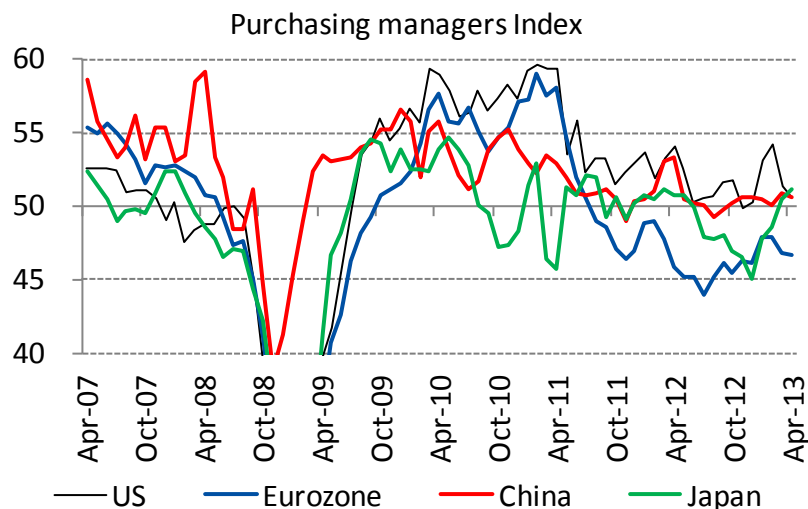
Operational  
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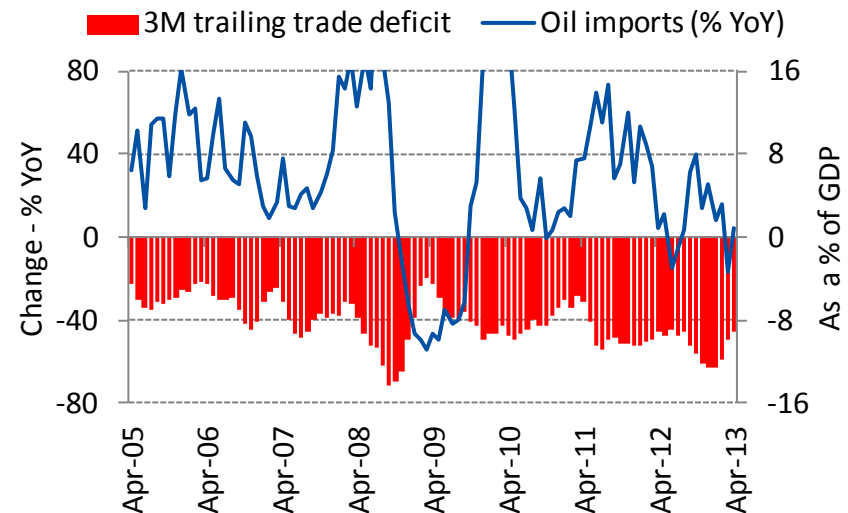
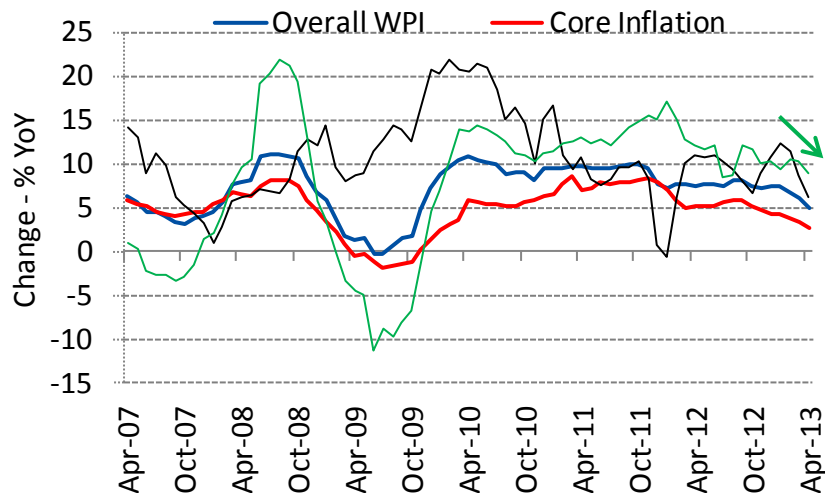
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- Global economic condition remains a mixed bag; recent global PMI data show a downtrend
- US GDP growth was stronger in Jan-Mar 2013, leading indicators point to continued growth
- Japan is on a recovery track, next focus is on Abe administration's 'Growth Strategy' – due in Jun 2013
- China continues to grow around 7.5% GDP growth rate, despite no large stimulus on the horizon
- Europe witnesses sustained contraction



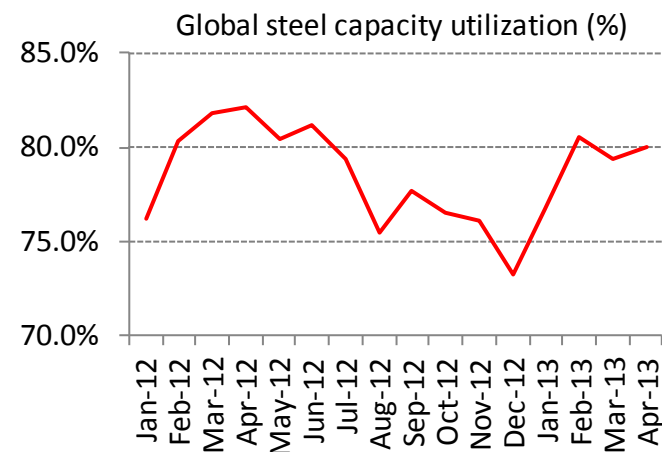
**Growth is expected to be modest**

- Core inflation drops below 3%YoY; Overall Inflation (WPI) at 4.8%YoY in Apr 2013 – monetary easing expected to continue
- Widening current account deficit is a concern but expected to improve given the drop in commodity (Crude Oil and Gold) prices
- However, outlook remains dependent on monetary transmission time-lag, implementation of reforms/policy actions, monsoon and global recovery

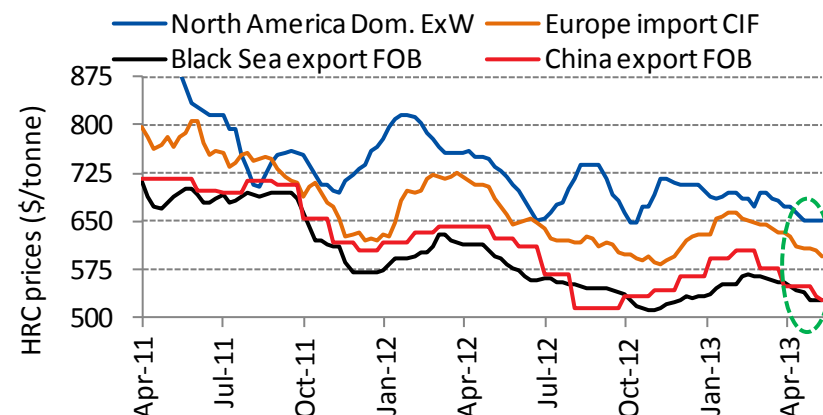
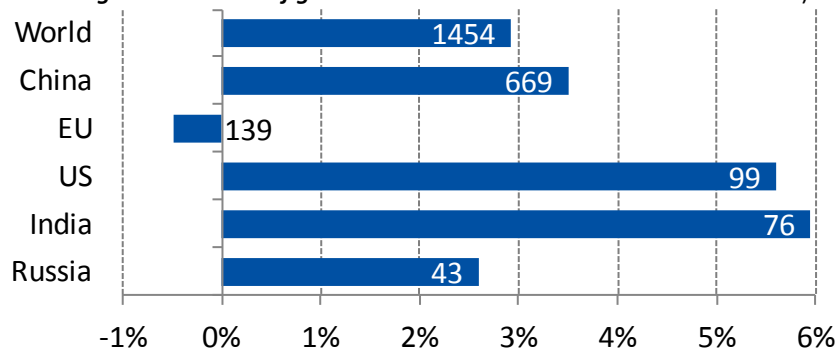


**Economy has bottomed out, FY14 is expected to be better**

- Crude steel production grew by 2.3%YoY in Jan-Mar 2013 vs. 1.2%YoY in CY2012
- Finished steel inventories across key markets are not at excessive levels
- HRC price improved in Jan-Feb 2013 in key markets (except North America); but has corrected since then

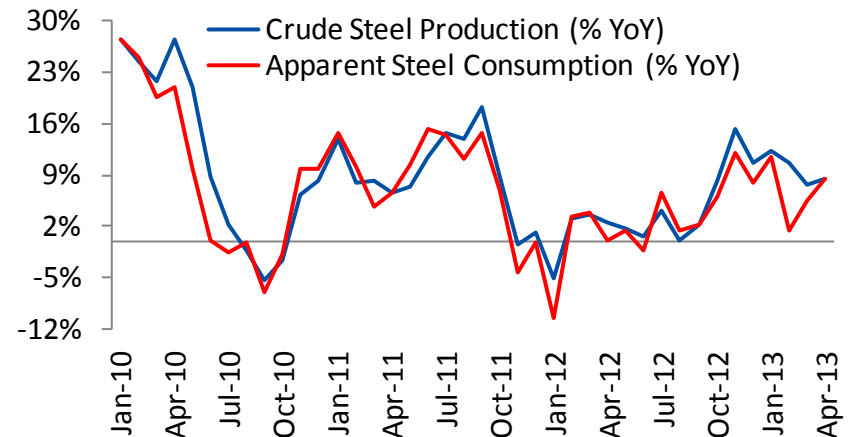
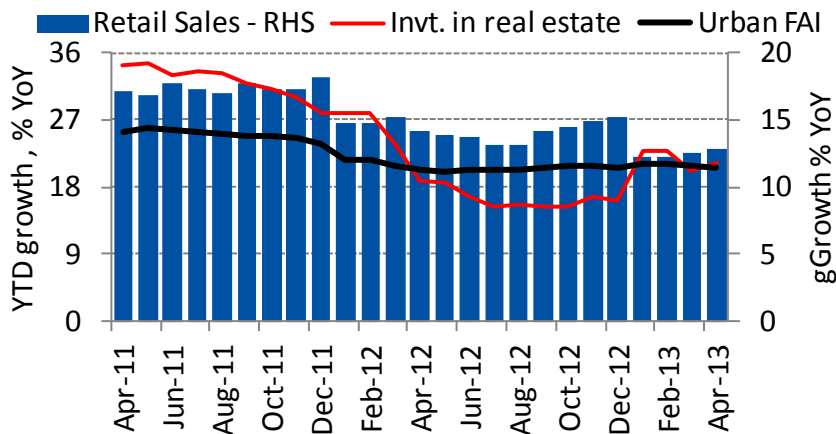
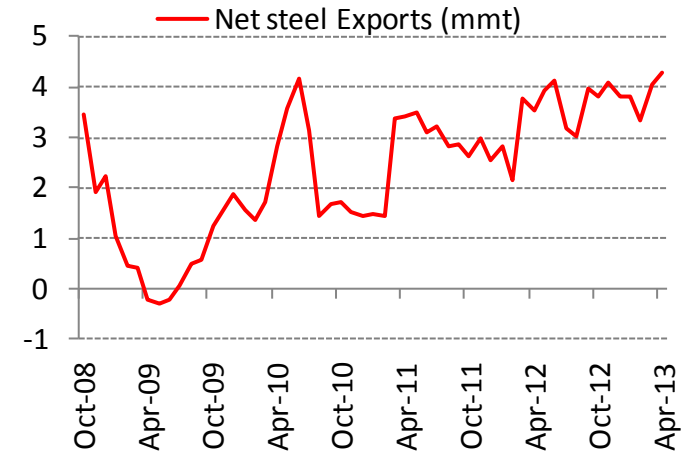


**Finished Steel Demand Outlook - CY2013** (Bar size shows % YoY growth whereas figures in bars shows demand in million tonnes)



**Global steel demand is expected to improve**

- Economic activity softening, GDP growth slowed to 7.7%YoY during Jan-Mar 2013 vs. 7.9%YoY during Oct-Dec 2012
- Crude Steel production is up 10.1%YoY in Jan-Mar 2013
- Net exports of steel have risen in recent months

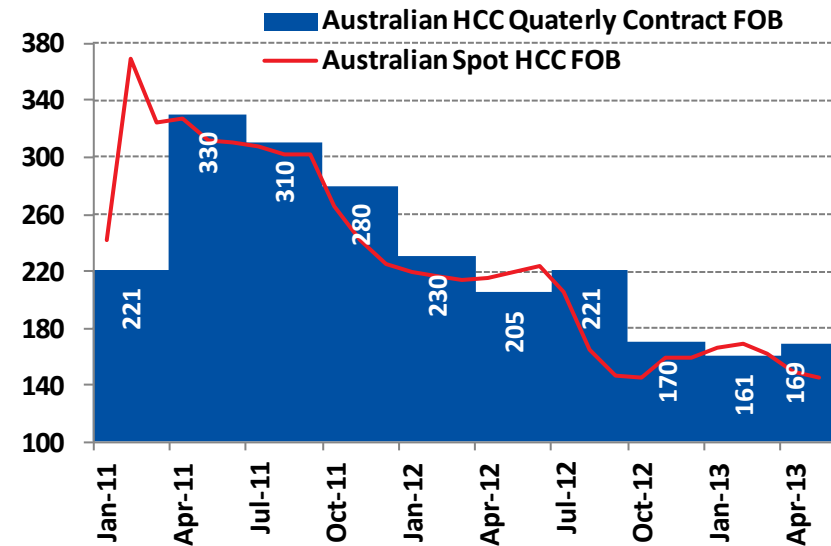
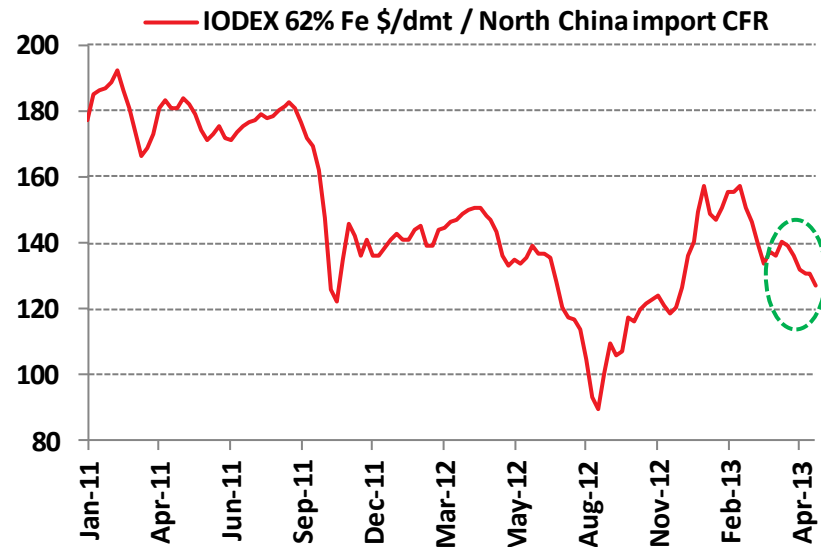


**China continues to grow on a larger base**



# Raw material prices

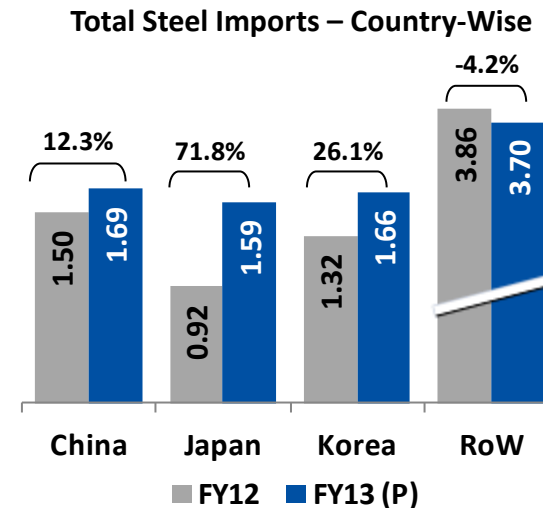
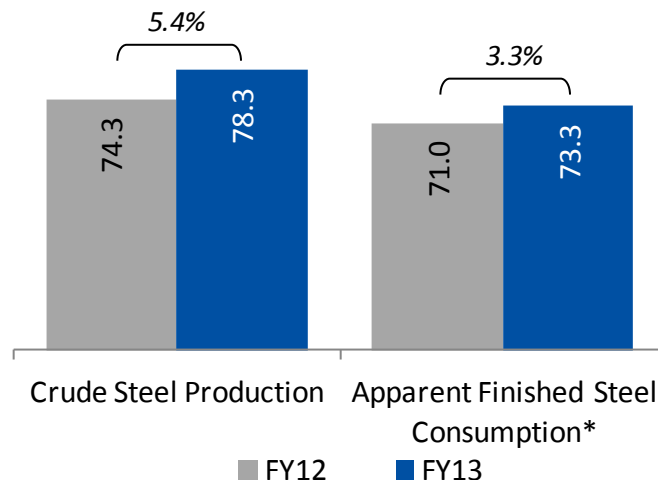
- Iron ore prices have come down to ~\$120-125/t; surged to ~\$160/t in mid Feb 2013
- HCC spot prices have also fallen to ~\$140-145/t; touched ~\$173/t in Feb 2013
- HCC quarterly contract prices are settled at ~\$165-170/t for Apr-Jun 2013



**Raw materials prices, after short spurt in Jan-Mar 2013, show a downward trend**

# India steel scenario

- Apparent finished steel\* consumption grew by 3.3% in FY13 whereas Crude steel production increased by 5.4% in FY13
- FY13 finished steel imports increased by 14.6% to 7.87 million tonnes whereas finished steel exports grew by 14.5% to 5.25 million tonnes
- Steel demand growth in FY14 expected to be driven by a pick up in activity levels in 2HFY14



**Steel demand to grow by ~4 MTPA in FY14; imports under FTA a concern**

Source: Joint Plant Committee , JSW Steel (All figures are in million tonnes)

\*Net off double counting

Business  
Environment

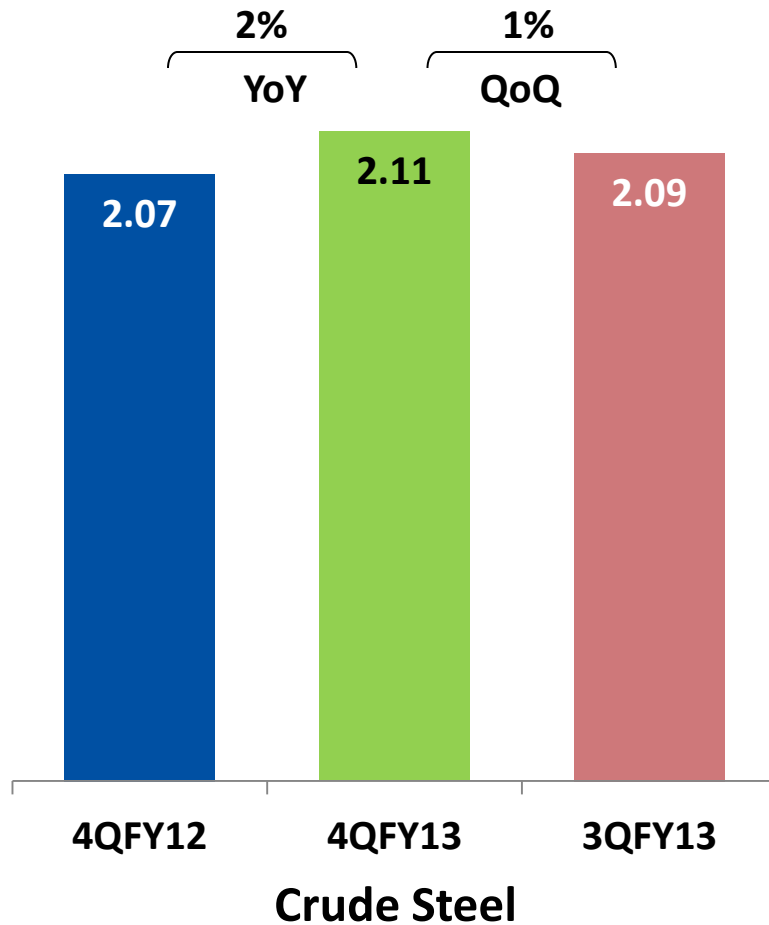
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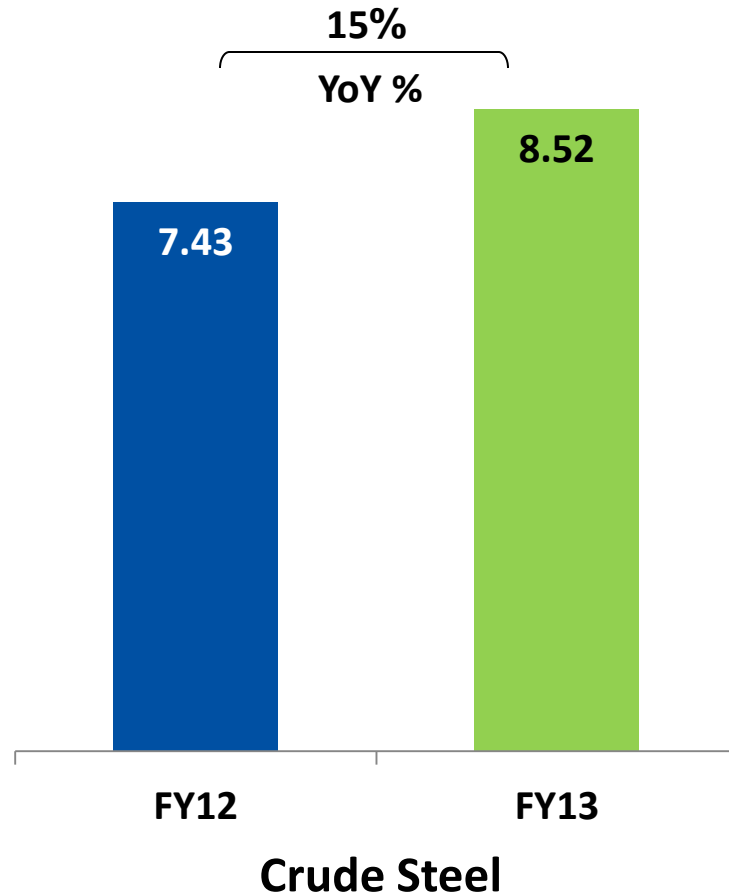
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# Production – 4QFY13

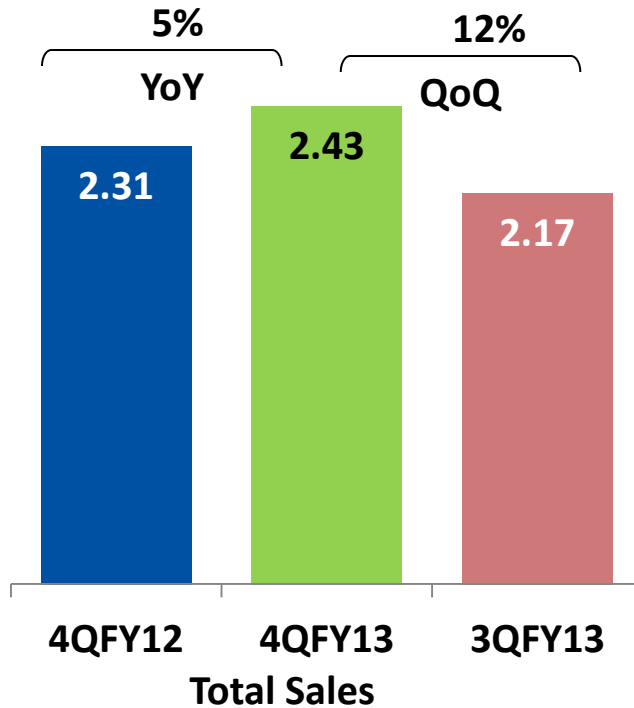


- Crude steel production of 2.11 million tonnes
- Flat steel production of 1.65 million tonnes (+11%YoY)
- Long steel production of 0.44 million tonnes (-6%YoY)



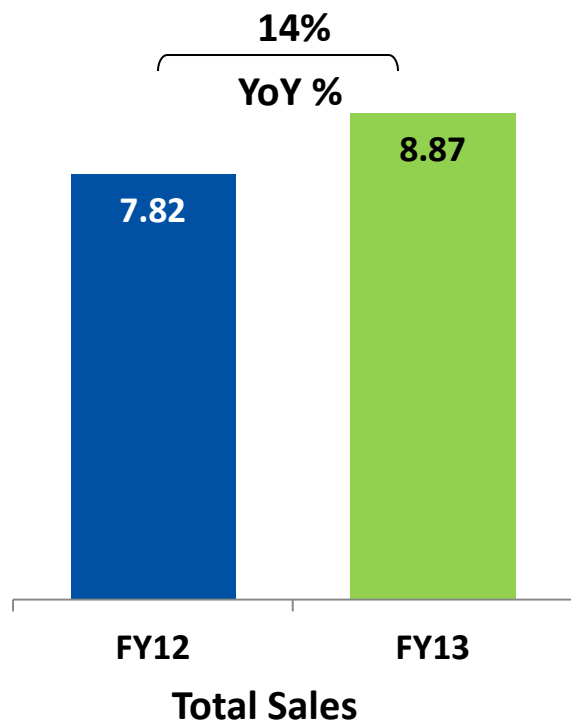
- Highest ever annual Crude steel production of 8.52 million tonnes
- Capacity utilization at ~80%
- Flat steel production of 6.28 million tonnes (+17%YoY)
- Long steel production of 1.80 million tonnes (+18%YoY)

# Saleable steel sales – 4QFY13



- Highest ever quarterly Sales of 2.43 million tonnes
- Highest ever quarterly Exports of 0.64 million tonnes (+46%YoY, +67%QoQ)
- Reduction in inventory by 0.195 million tonnes to 0.568 million tonnes

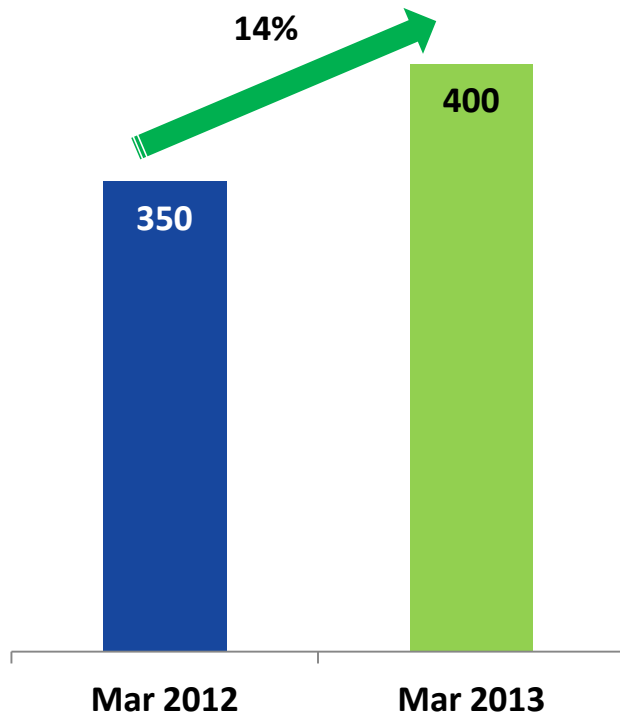
	4QFY12	4QFY13	3QFY13
Flat products	1.76	1.91	1.66
Long products	0.46	0.49	0.43
Semis	0.09	0.02	0.08



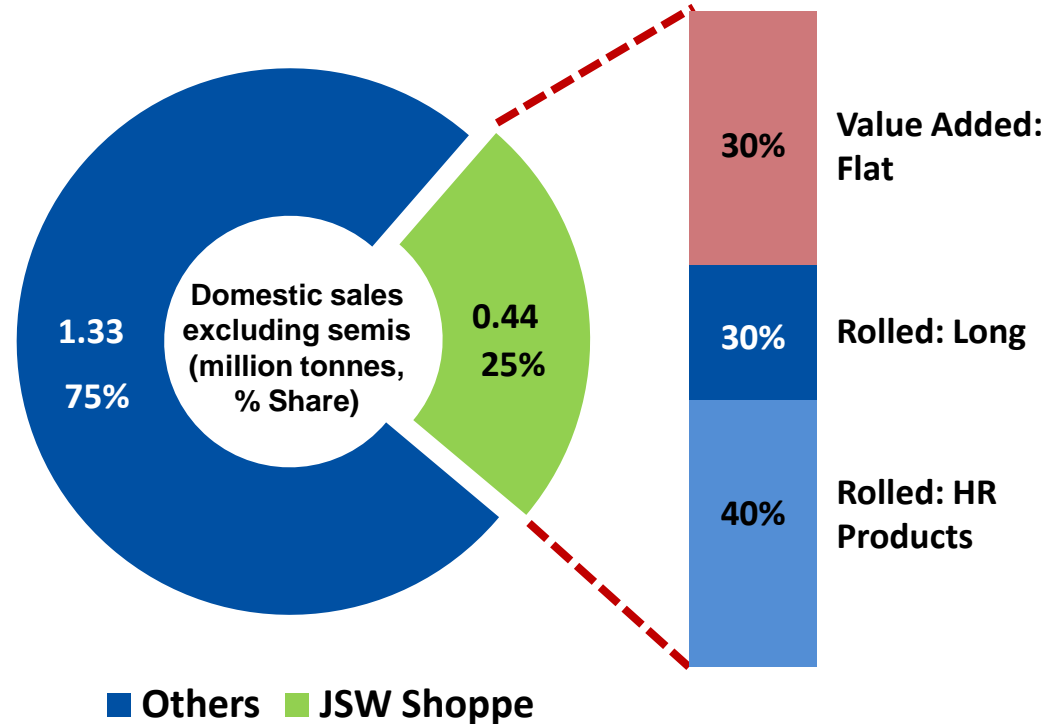
- Highest ever annual Sales of 8.87 million tonnes
- Highest ever Exports of 1.89 million tonnes (+32%YoY)
- Value added flat steel Sales – 18% of total sales

	FY12	FY13
Flat products	5.95	6.91
Long products	1.46	1.71
Semis	0.41	0.26

No. of JSW Shoppe



% Share through JSW Shoppe – 4QFY13



**JSW Shoppe has expanded its footprint to 172 districts**



## Developed during FY13

- 4 grades for CRCA including IFHS (High Strength) grades for automotive inner panels
- 21 grades for HRPO/HR
- More than 15 new special long steel grades
- More than 5 new coated products

## Approvals & developments during 4QFY13

- Approvals for steel used in Bearing rings, Ball joints, and Brakes Component
- Approvals for steel used in bigger dia bearing rings from cast product
- Developed Cold rolled ultra low carbon IF steel for exposed panel application
- Developed Hot rolled dual phase steel for auto & structural application
- Developed Hot rolled high strength (plain carbon & micro alloyed) steel for automotive application

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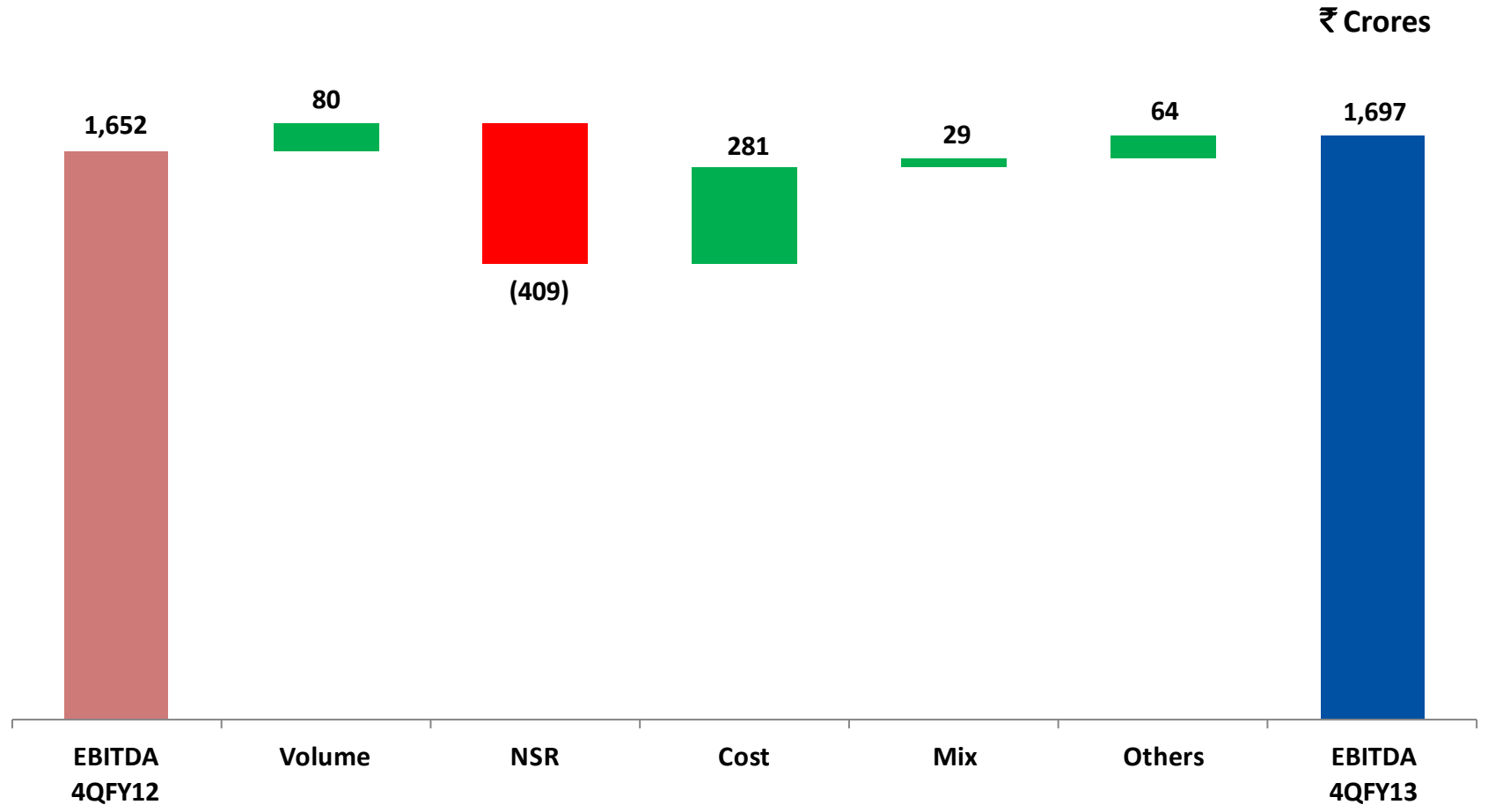
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₹ Crores

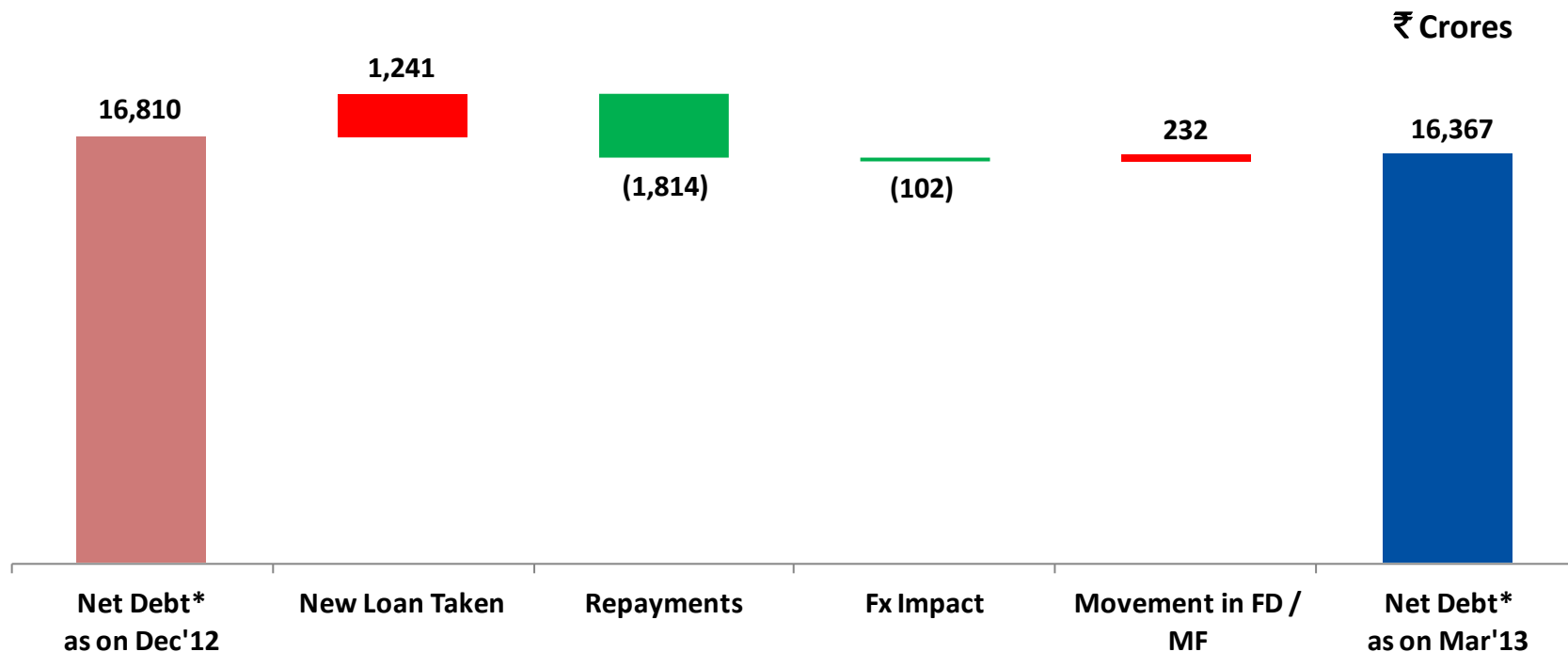
Particulars	4QFY13	4QFY12	Growth	FY13	FY12	Growth
Gross Turnover	10,076	10,291	-2%	38,763	34,658	12%
Net Sales	9,249	9,511	-3%	35,388	32,060	10%
Operating EBITDA	1,697	1,652	3%	6,309	5,631	12%
Other Income	54	48	11%	261	179	45%
Finance Cost	443	368	20%	1,724	1,186	45%
Depreciation	527	472	12%	1,974	1,708	16%
Exceptional Items	130	199	-35%	(367)	(821)	-55%
Profit Before Tax	911	1,060	-14%	2,504	2,095	20%
Tax	338	307	10%	703	469	50%
Profit after Tax	573	752	-24%	1,801	1,626	11%
Diluted EPS (₹)	25.33*	33.35*		79.28	71.42	

\* Not Annualized

# Operating EBITDA movement – standalone



# Net debt movement – standalone



Particulars	31.03.2013	31.12.2012
Cash & cash equivalent (₹ Crores)	1,542	1,774
Net Debt/Equity (x)	0.82	0.86
Net Debt/EBITDA (x)	2.59	2.68

\* Net Debt excludes Acceptances

Production (million tonnes)	Jan-Mar'13	Jul'12-Mar'13	Apr'12- Mar'13
HR Coils	0.65	1.95	2.63
Downstream products*	0.09	0.27	0.36

Sales (million tonnes)	Jan-Mar'13	Jul'12-Mar'13	Apr'12- Mar'13
HR Coils	0.63	1.89	2.54
Downstream products	0.10	0.27	0.35

₹ Crores

Particulars	Jan-Mar'13	Jul'12-Mar'13	Apr'12- Mar'13
Net Sales	2,621	7,847	10,702
EBITDA (Including VAT benefits)	286	737	1,191
Net profit After Tax	94	86	564

\* Saleable production

# Operational performance – US Plate & Pipe Mill

Production (net tonnes)	4QFY13	4QFY12	FY13	FY12
Plate Mill	82,177	108,183	339,165	331,763
Utilization (%)	35%	44%	35%	33%
Pipe Mill	11,907	22,541	84,874	66,168
Utilization (%)	9%	16%	15%	12%

Sales (net tonnes)	4QFY13	4QFY12	FY13	FY12
Plate Mill	72,994	65,795	260,905	247,797
Pipe Mill	11,114	24,482	77,753	68,010

USD mn

Particulars	4QFY13	4QFY12	FY13	FY12
Turnover	76.94	105.24	346.66	361.74
EBITDA + Other Income	0.47	42.56	8.99	56.28
Profit After Tax	(16.43)	27.66	(55.42)	0.63

USD mn

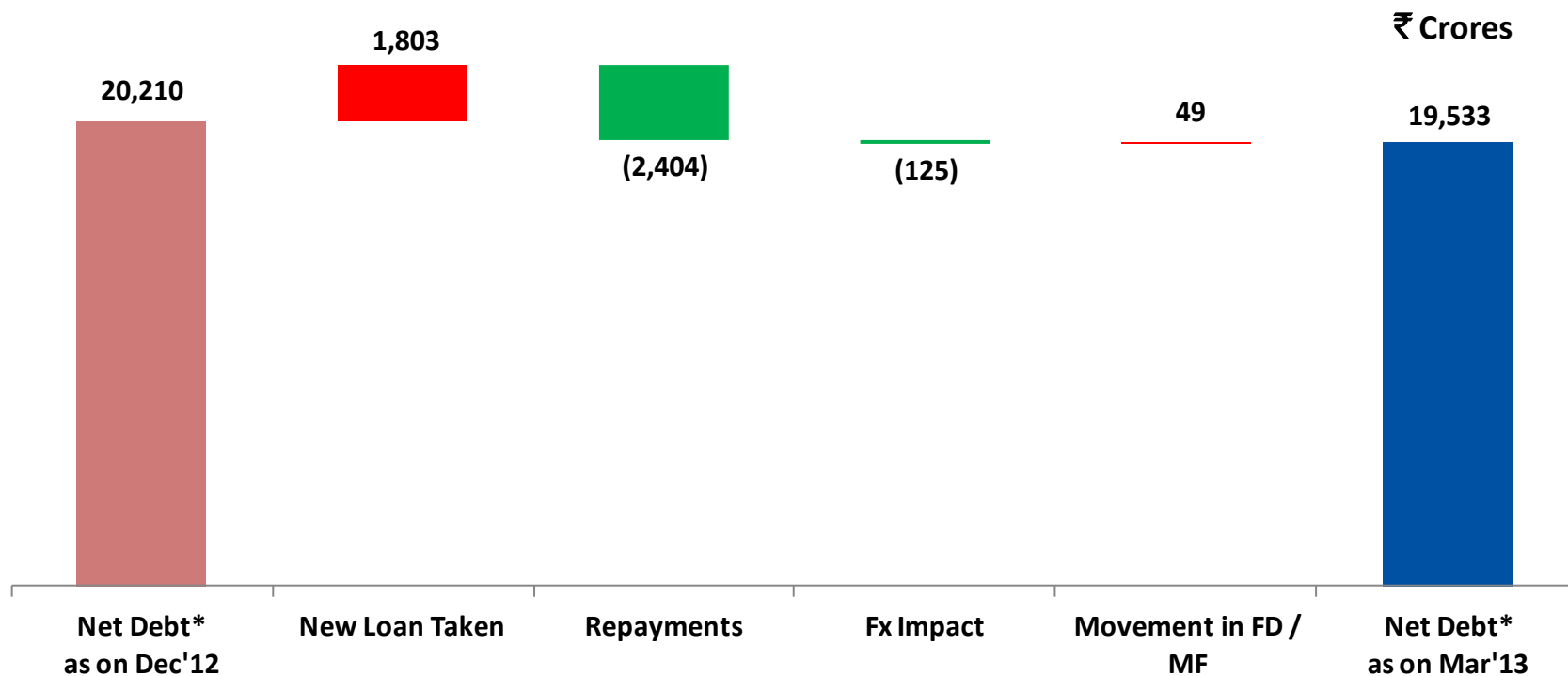
Particulars	4QFY13	4QFY12	FY13	FY12
Production (Tonnes)	197,389	172,580	757,177	743,378
Sales (Tonnes)	226,288	101,199	938,104	591,393
Turnover	30.99	13.58	114.01	93.52
EBITDA	6.62	0.89	14.21	26.10
Profit after Tax	3.84	(0.85)	5.10	12.55



₹ Crores

Particulars	4QFY13	4QFY12	Growth	FY13	FY12	Growth
Gross Turnover	10,675	10,930	-2%	41,463	36,720	13%
Net Sales	9,852	10,153	-3%	38,095	34,124	12%
Operating EBITDA	1,733	1,887	-8%	6,504	6,102	7%
Other Income	3	24	-88%	70	77	-9%
Finance Cost	507	455	11%	1,967	1,427	38%
Depreciation	595	528	13%	2,237	1,933	16%
Exceptional Items	70	200	-65%	(369)	(825)	-55%
Profit Before Tax	704	1,129	-38%	1,999	1,993	-
Tax	376	310	21%	845	500	69%
Share of Associates and Minority Interest	(32)	(50)		(191)	(956)	
Profit after Tax	296	770	-62%	963	538	79%

# Net debt movement – consolidated



Particulars	31.03.2013	31.12.2012
Cash & cash equivalent (₹ Crores)	1,813	1,862
Net Debt/Equity (x)	1.11	1.15
Net Debt/EBITDA (x)	3.00	3.04

\* Net Debt excludes Acceptances

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## To improve Productivity/ Efficiency

- Commissioned 2<sup>nd</sup> phase of 20MTPA beneficiation plant at Vijayanagar
- Commissioned 60TPH BF Gas Boiler to minimize flaring of gases
- Commissioned 75TPH Coke drier unit to reduce the coke moisture at Salem

## For Growth

- Re-commissioned Corex-II and BF-2 post capital repairs and capacity enhancement at Vijayanagar
- Commissioned HSM2 (Phase2, 1.5 MTPA capacity) at Vijayanagar
- Installed 4<sup>th</sup> Stove at BF-3 in Vijayanagar

## To enrich product portfolio

- Upgraded Continuous Galvanizing Line at Vasind
- Enhanced capacity of CCL-1 & CCL-2 at Tarapur through line speed increase
- Commissioned a state-of-the-art colour-coating line at Vasind (construction grade, 0.15 MTPA)
- Commissioned an ultrasonic testing machine and two roll straightening machines of Blooming Mill at Salem

## To improve Productivity/ Efficiency

- Installation of reducing and sizing block for capacity and quality improvement at Salem – expected by 1QFY14
- Automatic inspection line for Blooming Mill – expected by 2QFY14
- 32TPH Waste Heat Recovery Boiler at Salem – expected by 2QFY14
- Micro Pelletization and Mill Scale Briquetting at Vijayanagar
- Waste Heat Recovery system for Sinter Plants and BF-3 & 4 at Vijayanagar

## For Growth

- Capital repairs and capacity enhancement of Corex-I and installation of 4th Stove at BF-4 in Vijayanagar
- Re-construction of BF-1 to increase capacity from 0.9MTPA to 1.8MTPA
- Augmenting casting capacity at SMS-1 in Vijayanagar
- New 1.5MTPA EAF based SMS at Vijayanagar along with 1.5MTPA Billet Caster
- New 1.2MTPA Bar Mill at Vijayanagar

## To enrich product portfolio

- Commissioning of state-of-the-art colour-coating line at Vasind (appliance grade, 0.075MTPA) – expected by 1QFY14
- Upgrading TM-1 and TM-2 of colour coating line at Tarapur – expected by 2QFY14
- New Galvanizing Line (CSD5) with dual products of Galvanized and Galvalume Steel (0.2 MTPA) at Tarapur – expected by 2QFY14
- New CRM -2 at Vijayanagar: Phase I expected by FY14 and Phase II by FY15
- Non-Grain Oriented Electrical Steel facility (0.2 MTPA) – expected by FY15

Colour coating line at Vasind : Commissioned CCL-1 in Mar 2013 & CCL-2 in May 2013



Up-gradation of Colour coating line at Tarapur: TM-1 completed in May 2013, TM -2 expected by 2QFY14





## Railway Siding Project at Vasind: targeted to be commissioned in 1QFY14



## New Galvanizing line at Tarapur : targeted to be commissioned in 2QFY14



Cold Rolling Mill -2: Phase I is targeted to be commissioned by FY14 and Phase II by FY15





## 4 MTPA Pellet plant (at Dolvi for JSW Ispat): targeted to be commissioned in FY14



## 1 MTPA Coke Oven (at Dolvi for JSW Ispat): targeted to be commissioned in FY14



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## Key outcome from the Hon'ble Supreme Court's decision

- The Hon'ble Court has approved:
  - Resumption of mining operations in all the mines of category 'A' and 63 mines of category 'B' subject to the terms and conditions as stipulated by the CEC
  - Sale of sub-grade Iron Ore
  - Cancellation of category 'C' mines and assigning/allotting through a transparent bidding process to end users
- The Hon'ble Court has also allowed grant of fresh mining leases and consideration of pending applications

## Status of R&R plan approvals by the CEC

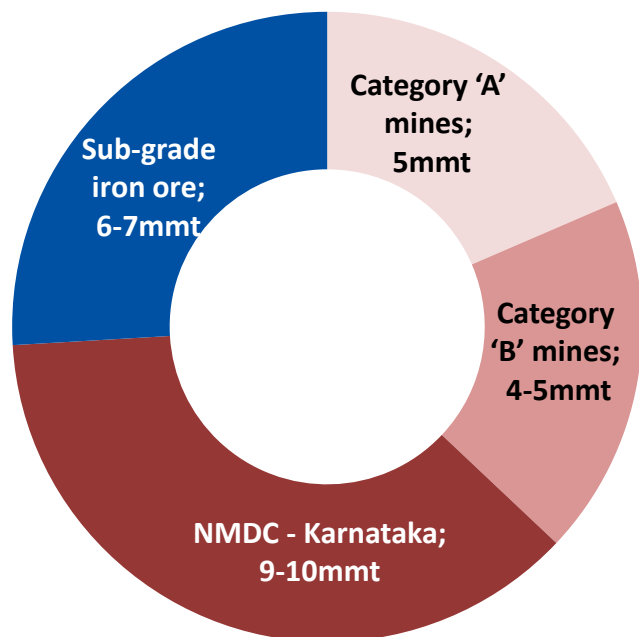
- 29 mines in category 'A' (capacity of ~8 MTPA)
- 28 mines in category 'B' (capacity of ~8 MTPA)

## Status on resumption of mining operations

- 10 mines in category 'A' (capacity of ~5 MTPA)
- 2 mines in category 'B' (capacity of ~1 MTPA)

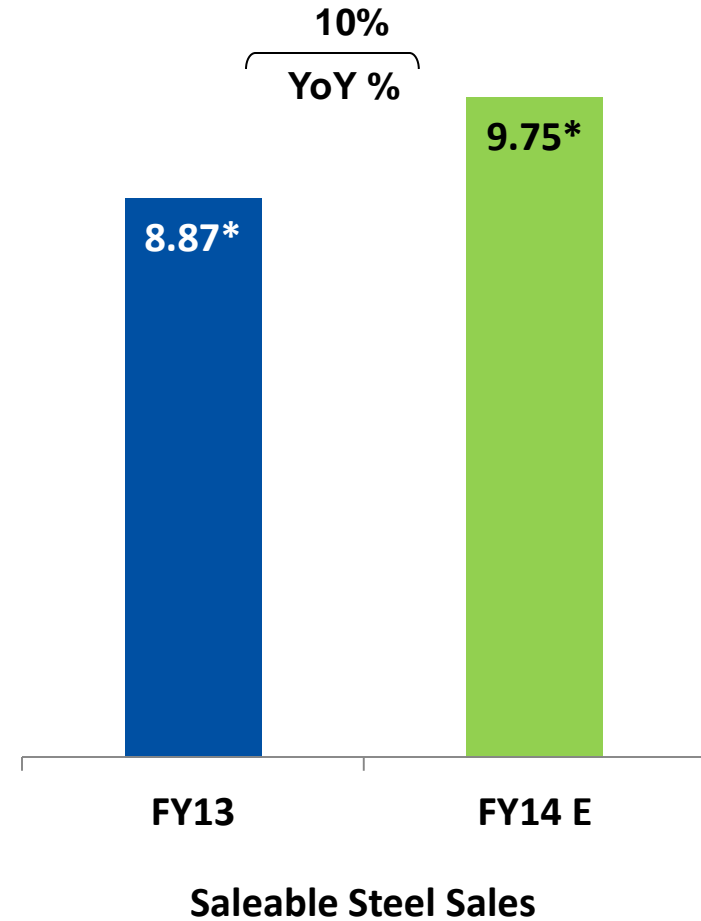
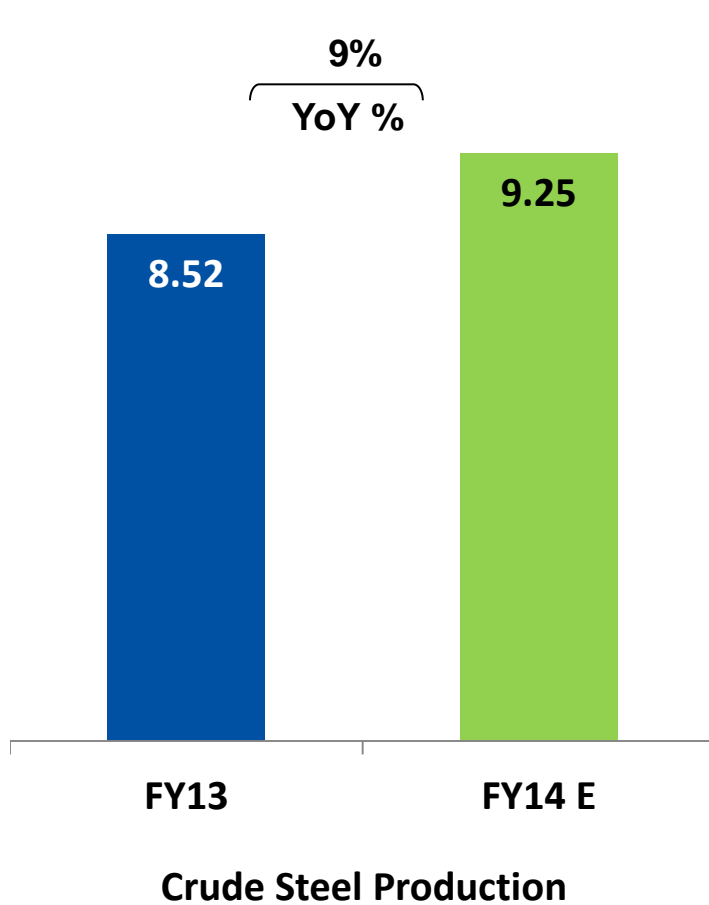
## Availability to improve on resumption of operations in remaining mines

## FY14 – Expected overall Iron ore availability in Karnataka (24-27mmt\*)



- A higher proportion of freshly mined material in feedstock mix would drive operational benefits with:
  - lower slag rate and improvement in furnace productivity, and
  - reduction in fuel rate
- The Hon'ble Supreme Court's directive on Category 'C' mines' auction by FY15 creates an option value for JSW Steel to secure long-term self-sufficiency

\* JSW Steel estimates, actual availability would depend on the timing of resumptions of operations by various mines.



\*Including sale of downstream products of 0.85 million tonnes manufactured from HR Coils from JSWISL  
All figures are in million tonnes

*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**