

# Resilience and Growth

Q2 FY2014 Results



|   |  |   |   |  |  |   |  |   |  |
|---|--|---|---|--|--|---|--|---|--|
|   | <b>SELF-SUFFICIENCY<br/>STARTS WITH<br/>ENSURING RAW<br/>MATERIAL SUPPLIES</b> |  | <b>COST EFFICIENCY<br/>DRIVES GROWTH IN A<br/>RESOURCE-SCARCE<br/>WORLD</b> |   | <b>TECHNOLOGICAL<br/>PROFICIENCY<br/>ENHANCES GLOBAL<br/>COMPETITIVENESS</b> |  | <b>DIVERSE AND ENRICHED<br/>PRODUCT MIX ENABLES<br/>WIDER MARKET REACH</b> |  | <b>MANAGEMENT<br/>EXPERTISE CATALYSES<br/>PROGRESS</b> |
|  |  |  |   |  |  |  |  |  |  |

## Standalone performance

- Highest ever –
  - Crude Steel production: 2.98 million tonnes
  - Highest ever Saleable Steel sales: 3.13 million tonnes
  - Gross Turnover: ₹ 12,325 crores
  - Net Sales: ₹ 11,308 crores
  - Operating EBITDA: ₹ 2,234 crores
- Net debt to equity: 1.17x

## Consolidated performance

- Highest ever –
  - Gross Turnover: ₹ 13,866 crores
  - Net Sales: ₹ 12,796 crores
  - Operating EBITDA: ₹ 2,348 crores
- Net debt to equity: 1.44x

## Cold Roll Mill -2 Update

- Commissioned **2.3MTPA Pickling cum coupled tandem cold rolling mill** in Oct 2013, Phase-I (consisting of 0.95MTPA CAL-1 and 0.4MTPA CGL) is targeted to be commissioned in FY14
- Phase-II (consisting of 0.95MTPA CAL-12) is targeted to be commissioned by FY15

Business  
Environment

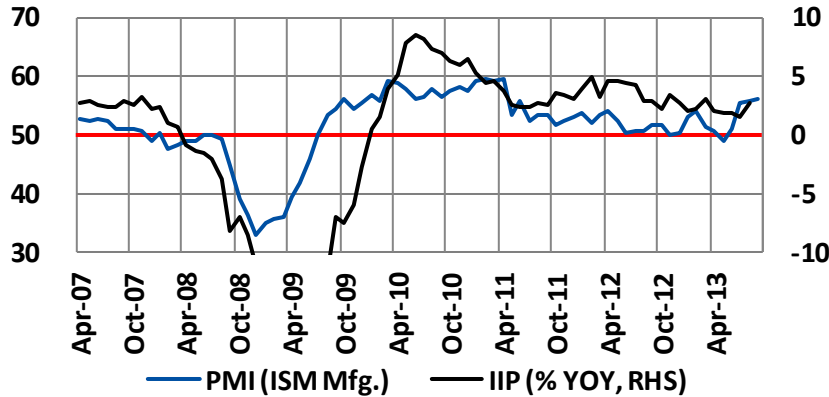
Operational  
Performance

Financial  
Performance

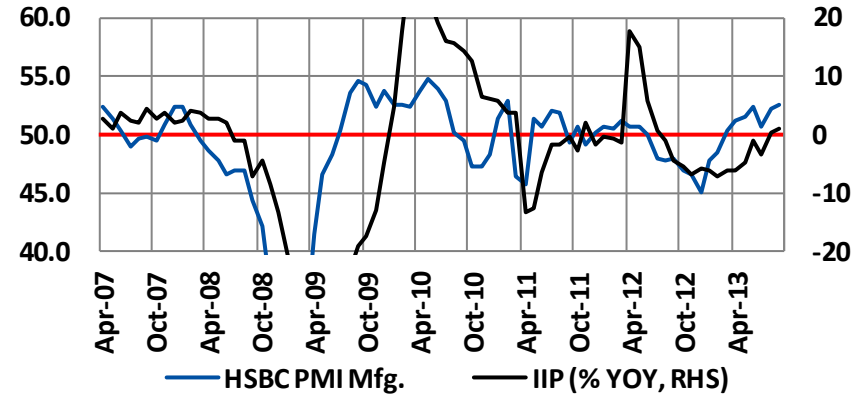
Projects  
Update

Iron ore  
update

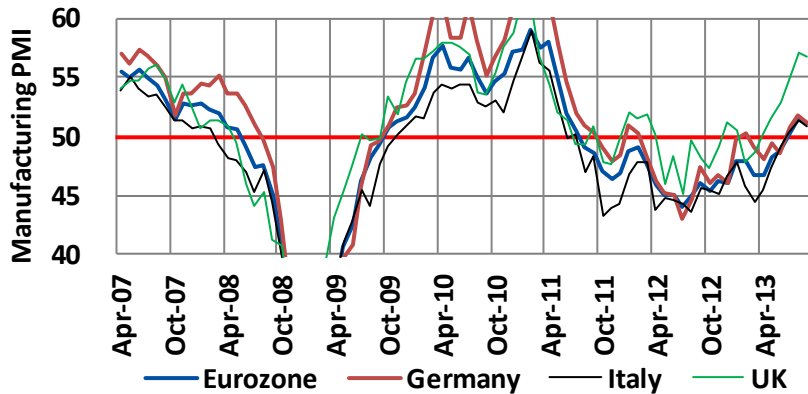
US averts crisis temporarily



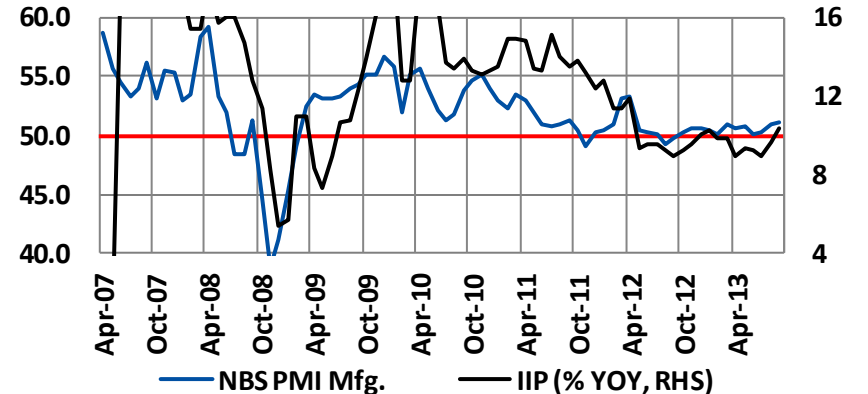
Japan's economy is on track to recovery



Europe shows signs of life

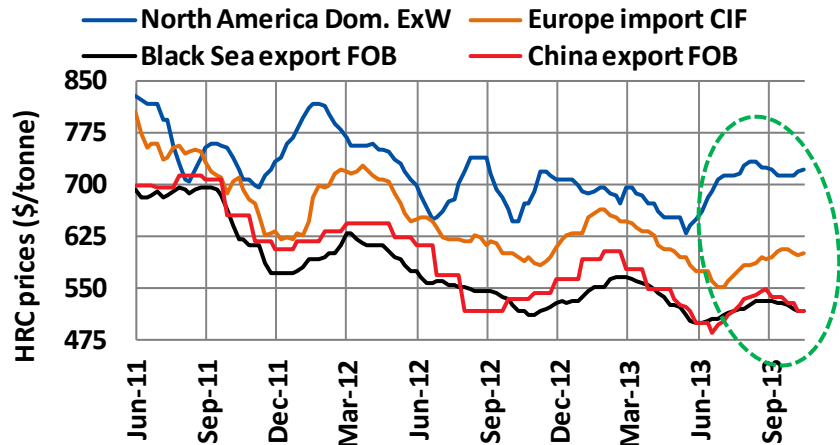
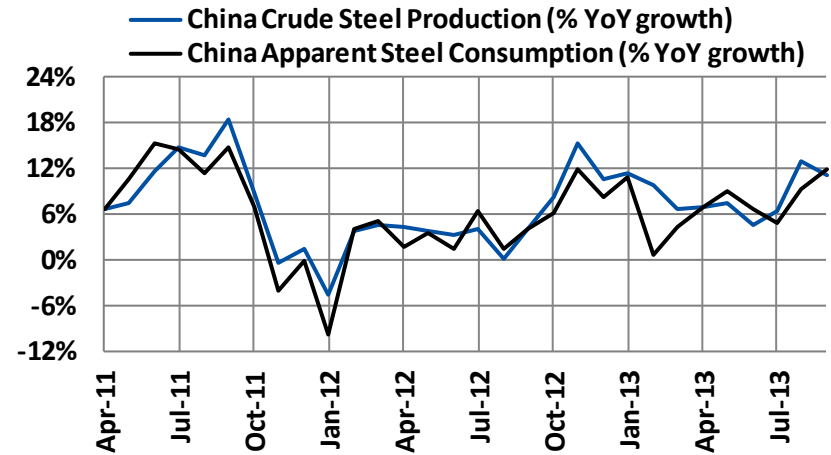
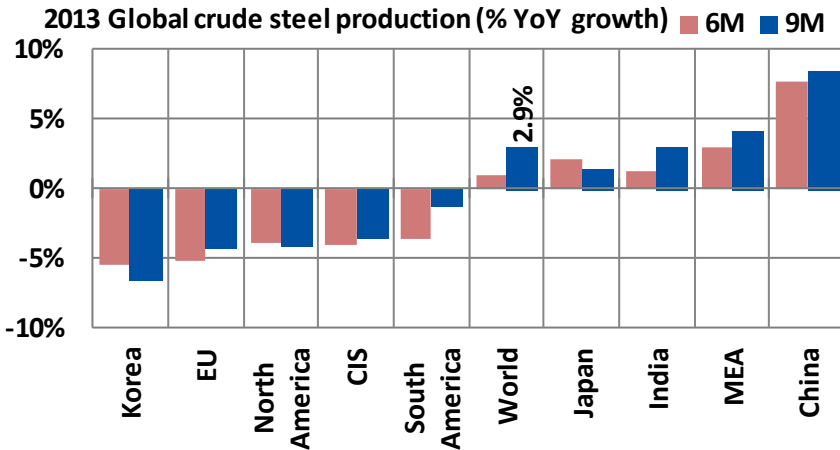


China – recent data points show improvement in activity levels



**Global economic recovery continues to be modest**

Source: Bloomberg

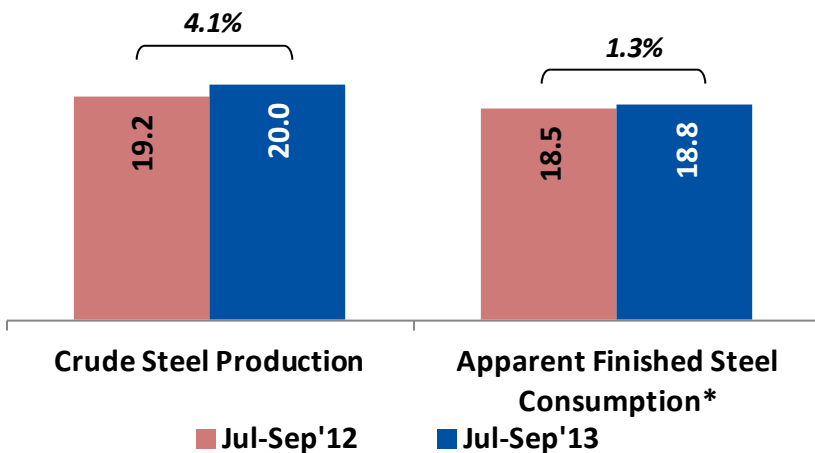
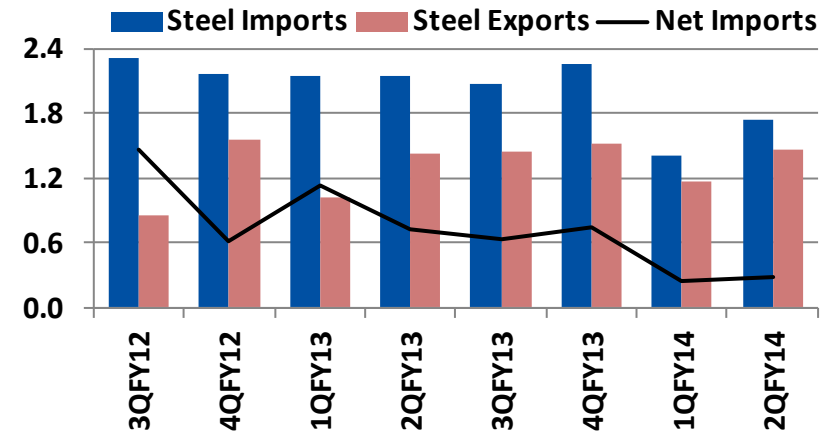
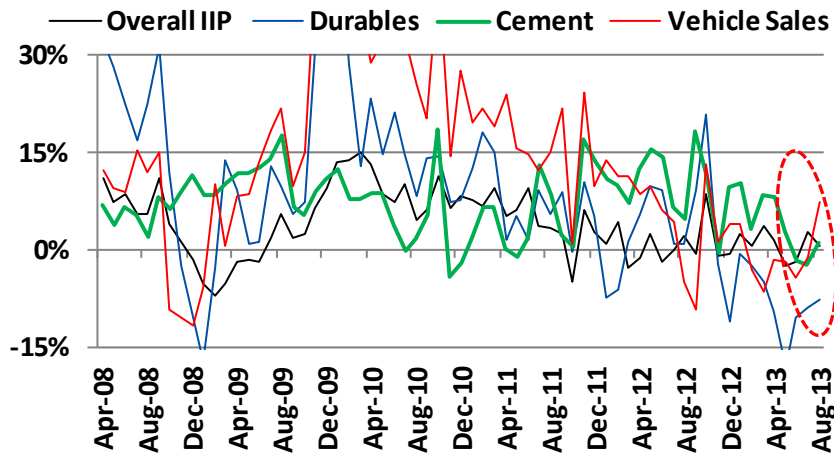


- China and India have driven crude steel production growth in 9M CY13
- HRC prices improved post Jun 2013 in key global markets
- Finished steel inventories in key markets have come down since Jun 2013

**WSA has revised up CY2013 global steel demand growth forecasts to 3.1%**

Source: World Steel Association, Steel Business Briefing, Platts, NBS China, MySteel JSW Steel

# Indian economy and steel industry



- 1HFY13 industrial activities remained weak, export led manufacturing is improving post Aug 2013
- Net steel imports have reduced
- Steel demand has been flattish
- 2HFY14 to be marginally better on the back of
  - good monsoon driving increased rural spending
  - Investment pick up due to CCI driven push

## Steel demand growth continues to be modest

Source: Central Statistical Organisation, Bloomberg, MOSPI, JPC, JSW Steel

Business  
Environment

Operational  
Performance

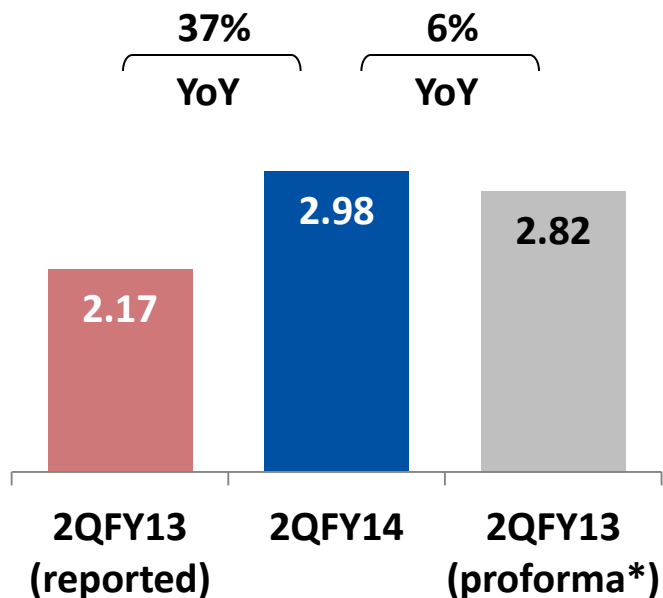
Financial  
Performance

Projects  
Update

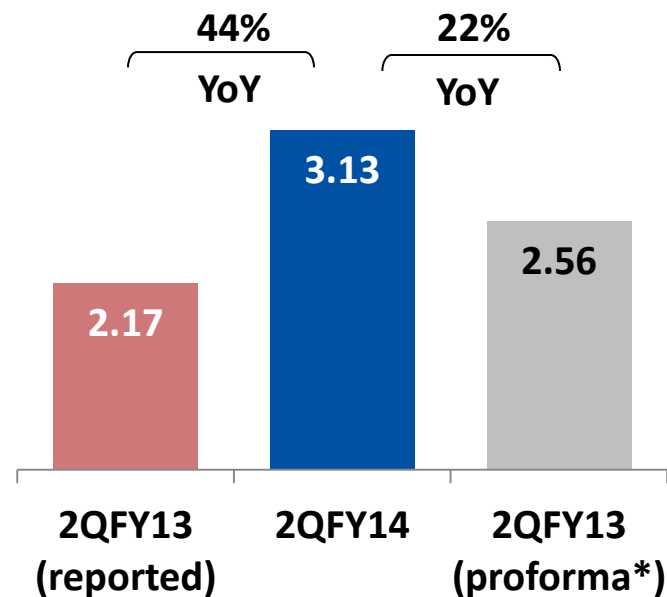
Iron ore  
update

# 2Q Volumes – standalone

## Crude Steel Production



## Saleable Steel Sales



|      | 2QFY13 (reported) | 2QFY14 | 2QFY13 (Proforma*) |
|------|-------------------|--------|--------------------|
| Flat | 1.45              | 2.45   | 2.07               |
| Long | 0.45              | 0.46   | 0.45               |

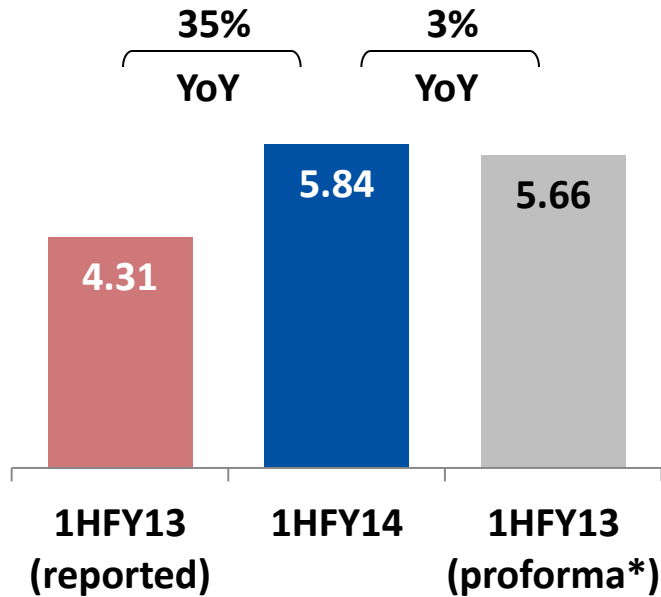
|       | 2QFY13 (reported) | 2QFY14 | 2QFY13 (Proforma*) |
|-------|-------------------|--------|--------------------|
| Flat  | 1.66              | 2.59   | 2.02               |
| Long  | 0.40              | 0.46   | 0.40               |
| Semis | 0.11              | 0.08   | 0.14               |

All figures are in million tonnes



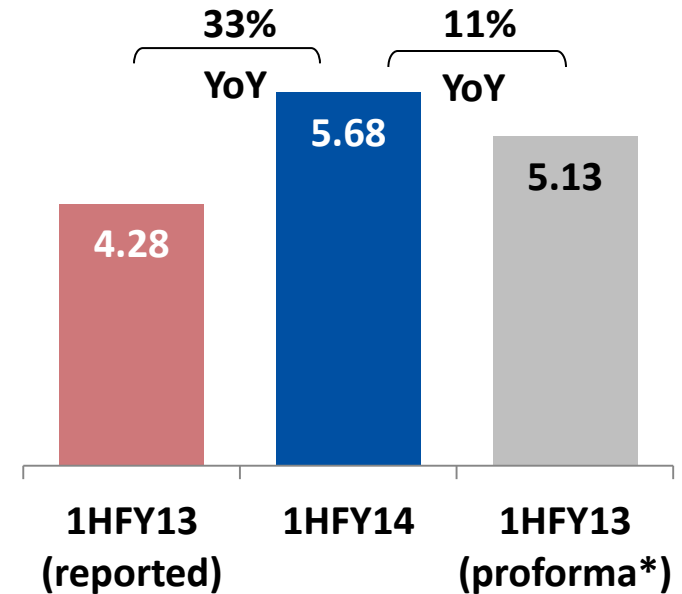
# 1H Volumes – standalone

## Crude Steel Production



|      | 1HFY13 (reported) | 1HFY14 | 1HFY13 (proforma*) |
|------|-------------------|--------|--------------------|
| Flat | 3.06              | 4.49   | 4.35               |
| Long | 0.88              | 0.91   | 0.88               |

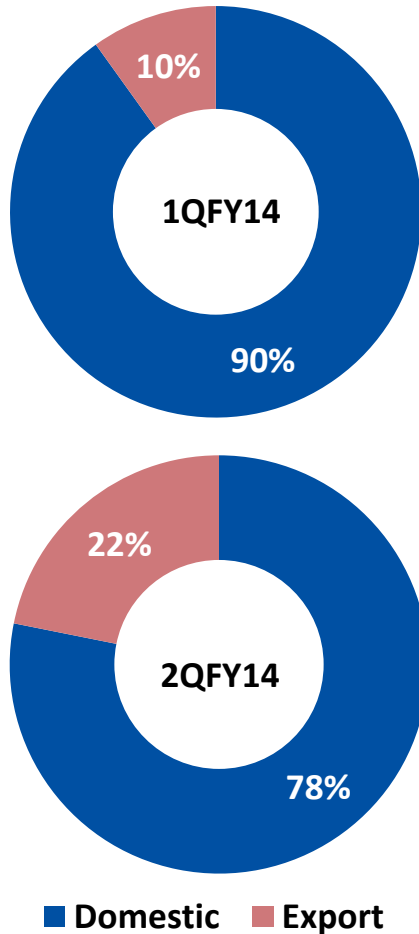
## Saleable Steel Sales



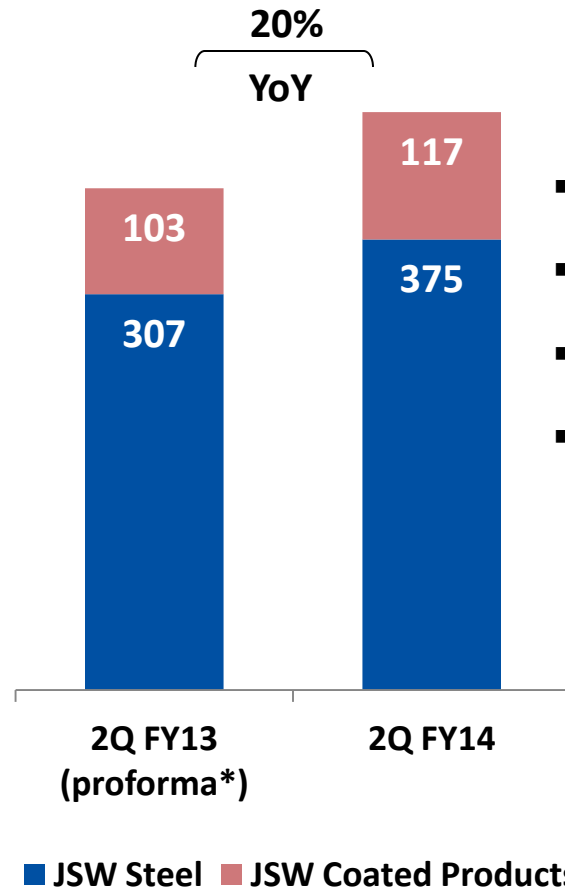
|       | 1HFY13 (reported) | 1HFY14 | 1HFY13 (proforma*) |
|-------|-------------------|--------|--------------------|
| Flat  | 3.33              | 4.70   | 4.13               |
| Long  | 0.79              | 0.88   | 0.79               |
| Semis | 0.16              | 0.10   | 0.21               |

All figures are in million tonnes

Sales Mix - consolidated



JSW Shoppe Sales (in '000 tonnes)



- Branded product sales up by 28 %
- Colour Coated sales up by 106 %
- Longs sales increased by 25%
- Presence in 175 Districts and 25 States/ UT's through 425 JSW Shoppes

Business  
Environment

Operational  
Performance

Financial  
Performance

Projects  
Update

Iron ore  
update

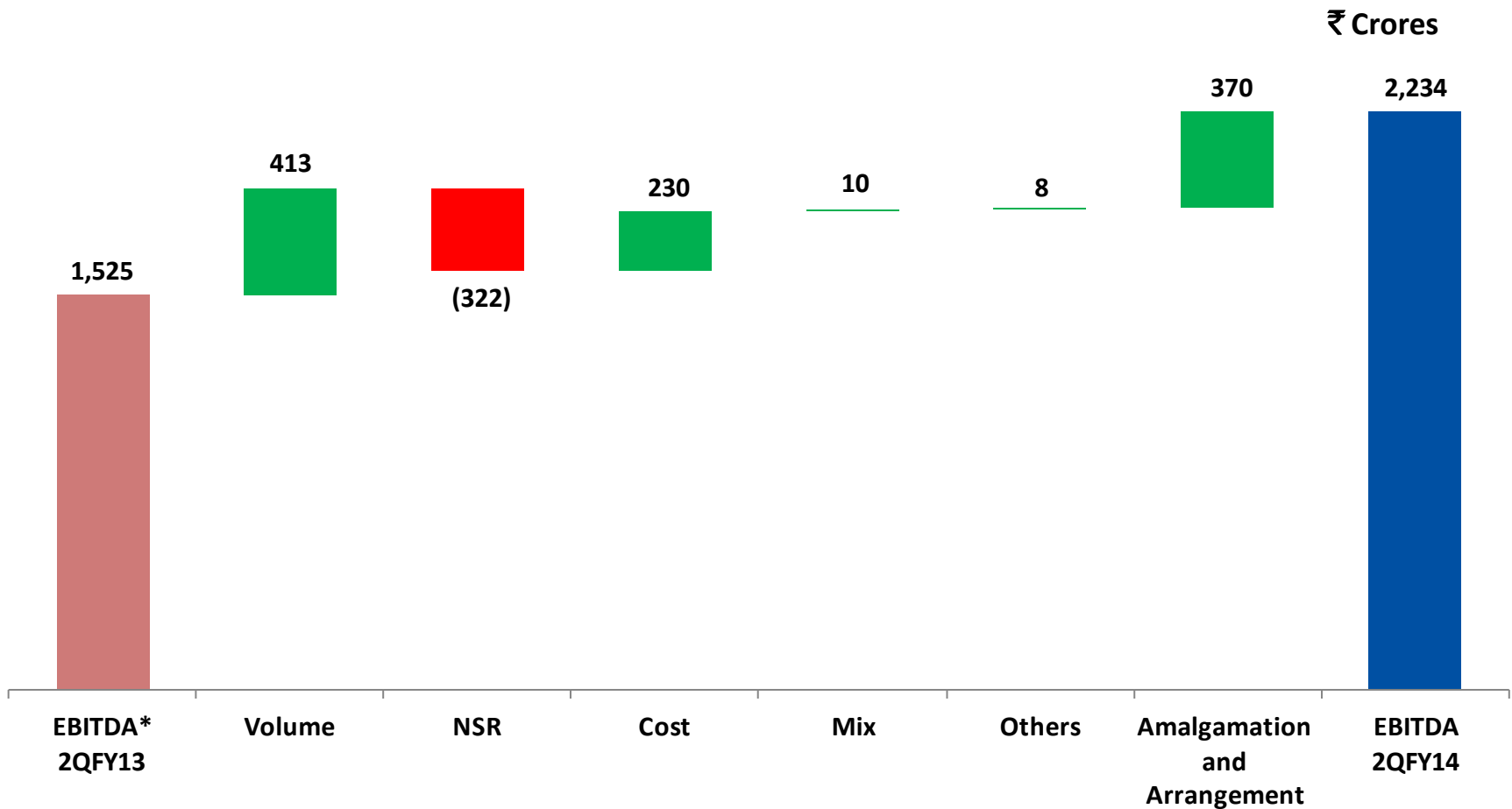
₹ Crores

| Particulars       | 2QFY14 | 2QFY13* | 1HFY14  | 1HFY13* |
|-------------------|--------|---------|---------|---------|
| Gross Turnover    | 12,325 | 9,657   | 22,545  | 19,567  |
| Net Sales         | 11,308 | 8,834   | 20,543  | 17,864  |
| Operating EBITDA  | 2,234  | 1,525   | 3,983   | 3,298   |
| Other Income      | 121    | 78      | 193     | 151     |
| Finance Cost      | 689    | 421     | 1,331   | 827     |
| Depreciation      | 685    | 481     | 1,329   | 949     |
| Exceptional Items | (839)  | 422     | (1,692) | (170)   |
| Profit Before Tax | 141    | 1,124   | (176)   | 1,502   |
| Tax               | 40     | 302     | (57)    | 411     |
| Profit after Tax  | 101    | 822     | (120)   | 1,091   |
| Diluted EPS (₹)** | 3.85   | 36.49   | (5.62)  | 48.18   |

\*As reported

\*\*Not Annualized

# Operating EBITDA movement – standalone



•As reported

Million tonnes

| Volumes    | 2QFY14 | 1QFY14 |
|------------|--------|--------|
| Production | 0.35   | 0.34   |
| Sales      | 0.39   | 0.33   |

₹ Crores

| Key P&L data         | 2QFY14   | 1QFY14   |
|----------------------|----------|----------|
| Turnover             | 2,234.18 | 1,938.19 |
| Operating EBITDA     | 78.19    | 78.90    |
| Finance Cost         | 16.03    | 23.35    |
| Depreciation         | 42.16    | 38.72    |
| Exceptional Items    | (10.37)  | (7.38)   |
| Net profit After Tax | 0.36     | 2.97     |

# Operational performance – US Plate & Pipe Mill

| Production (net tonnes) | 2QFY14 | 2QFY13 | 1HFY14  | 1HFY13  |
|-------------------------|--------|--------|---------|---------|
| Plate Mill              | 92,328 | 79,172 | 183,584 | 177,185 |
| Utilization (%)         | 37%    | 31%    | 36%     | 35%     |
| Pipe Mill               | 8,521  | 29,479 | 16,953  | 51,490  |
| Utilization (%)         | 6%     | 21%    | 6%      | 19%     |

| Sales (net tonnes) | 2QFY14 | 2QFY13 | 1HFY14  | 1HFY13  |
|--------------------|--------|--------|---------|---------|
| Plate Mill         | 80,031 | 53,875 | 161,881 | 122,616 |
| Pipe Mill          | 8,466  | 24,590 | 18,060  | 46,669  |

USD mn

| Particulars           | 2QFY14  | 2QFY13  | 1HFY14  | 1HFY13  |
|-----------------------|---------|---------|---------|---------|
| Turnover              | 75.76   | 87.76   | 155.52  | 191.43  |
| EBITDA + Other Income | (2.05)  | 2.89    | (1.45)  | 9.28    |
| Profit After Tax      | (16.98) | (13.39) | (30.62) | (21.55) |

Net tonnes = 0.907 metric tonnes

USD mn

| Particulars         | 2QFY14  | 2QFY13  | 1HFY14  | 1HFY13  |
|---------------------|---------|---------|---------|---------|
| Production (Tonnes) | 215,224 | 170,744 | 424,847 | 365,630 |
| Sales (Tonnes)      | 219,500 | 147,734 | 373,398 | 490,983 |
| Turnover            | 26.43   | 16.31   | 43.79   | 61.06   |
| Operating EBITDA    | 5.34    | (0.07)  | 6.20    | 8.41    |
| Profit after Tax    | 2.88    | (1.63)  | 2.16    | 3.64    |



₹ Crores

| Particulars                               | 2QFY14 | 2QFY13* | 1HFY14  | 1HFY13* |
|---|--------|---------|---------|---------|
| Gross Turnover                            | 13,866 | 10,297  | 25,021  | 21,078  |
| Net Sales                                 | 12,796 | 9,475   | 22,937  | 19,377  |
| Operating EBITDA                          | 2,348  | 1,531   | 4,227   | 3,440   |
| Other Income                              | 51     | 28      | 70      | 59      |
| Finance Cost                              | 756    | 483     | 1,474   | 943     |
| Depreciation                              | 803    | 547     | 1,553   | 1,080   |
| Exceptional Items                         | (851)  | 424     | (1,713) | (171)   |
| Profit Before Tax                         | (11)   | 953     | (442)   | 1,304   |
| Tax                                       | 119    | 336     | 87      | 486     |
| Share of Associates and Minority Interest | 14     | 74      | 32      | (77)    |
| Profit after Tax                          | (116)  | 691     | (497)   | 741     |
| Diluted EPS (₹)**                         | (5.12) | 30.62   | (21.25) | 32.48   |

\*As reported

\*\*Not Annualized

# Net debt\* movement – consolidated



| Particulars                       | 30.09.2013 | 30.06.2013 |
|-----------------------------------|------------|------------|
| Cash & cash equivalent (₹ Crores) | 1,121      | 1,377      |
| Net Debt/Equity (x)               | 1.44       | 1.38       |
| Net Debt/EBITDA (x)               | 3.92       | 4.08       |

\*Net Debt excludes Acceptances

Business  
Environment

Operational  
Performance

Financial  
Performance

Projects  
Update

Iron ore  
update

Corex -1 at Vijayanagar: Re-commissioned in Sep 2013



Waste Heat Recovery System at Sinter Plant -3 in Vijayanagar: Commissioned in Sep 2013



Mill Scale Briquetting at Vijayanagar : Commissioned in Aug 2013



600TPD LCP at Dolvi: Commissioned in Aug 2013



**Cold Rolling Mill -2 at Vijayanagar:** Commissioned PLTCM in Oct 2013, Phase I is targeted to be commissioned in FY14 and Phase II by FY15



**Steel Melt Shop -3 at Vijayanagar: targeted to be commissioned in FY15**



**Bar Rod Mill -2 at Vijayanagar: targeted to be commissioned in FY15**



## 4 MTPA Pellet plant at Dolvi: targeted to be commissioned in FY14

1QFY14



2QFY14



1QFY14



2QFY14





## 1 MTPA Coke Oven at Dolvi: targeted to be commissioned in FY14



## New Galvanizing line at Tarapur : Commissioned in Sep 2013

1QFY14

2QFY14

## Up-gradation of TM-2 Mill at Tarapur : Completed in Sep 2013

1QFY14

2QFY14

## Railway Siding Project at Vasind: Commissioned in Aug 2013

1QFY14

2QFY14



Business  
Environment

Operational  
Performance

Financial  
Performance

Projects  
Update

Iron ore  
update

# Karnataka Iron ore update

## 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 certain 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' (permitted capacity of ~8 MTPA)
- 28 mines in category 'B' (permitted capacity of ~8 MTPA)

## Status on resumption of mining operations

- 11 mines in category 'A' (capacity of ~5.1 MTPA)
- 3 mines in category 'B' (capacity of ~1.3 MTPA)

**Iron ore availability is improving but at a slow pace**

*These results are reported after giving effect to the Scheme of Amalgamation and Arrangement (“the Scheme”) between the Company and JSW ISPAT Steel Limited and others, which became effective 1st June, 2013 with appointed date of 1st July, 2012. The figures for the corresponding quarter are not strictly comparable with that of the current quarter as the effect of implementation of the Scheme is included in the current quarter figures*

*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**

# Resilience and Growth

Q2 FY2014 Results



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