



JSW Steel
Bringing alive a billion dreams



JSW Builds



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Merger Presentation
 September 2012

Forward looking and cautionary statement



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Certain information in this presentation, in particular the pro forma financial metrics for the 12 months to June 2012, is based upon unaudited management accounts.

- ❖ JSW Steel – A Decade of Transformational Growth
- ❖ Our Growth Strategy
- ❖ JSW Ispat – Continuing The Growth Story
- ❖ JSW Steel – JSW Ispat Merger: A Combination of Complementing Strengths
- ❖ Transaction Overview
- ❖ Process and Timeline

JSW Steel – A Decade of Transformational Growth

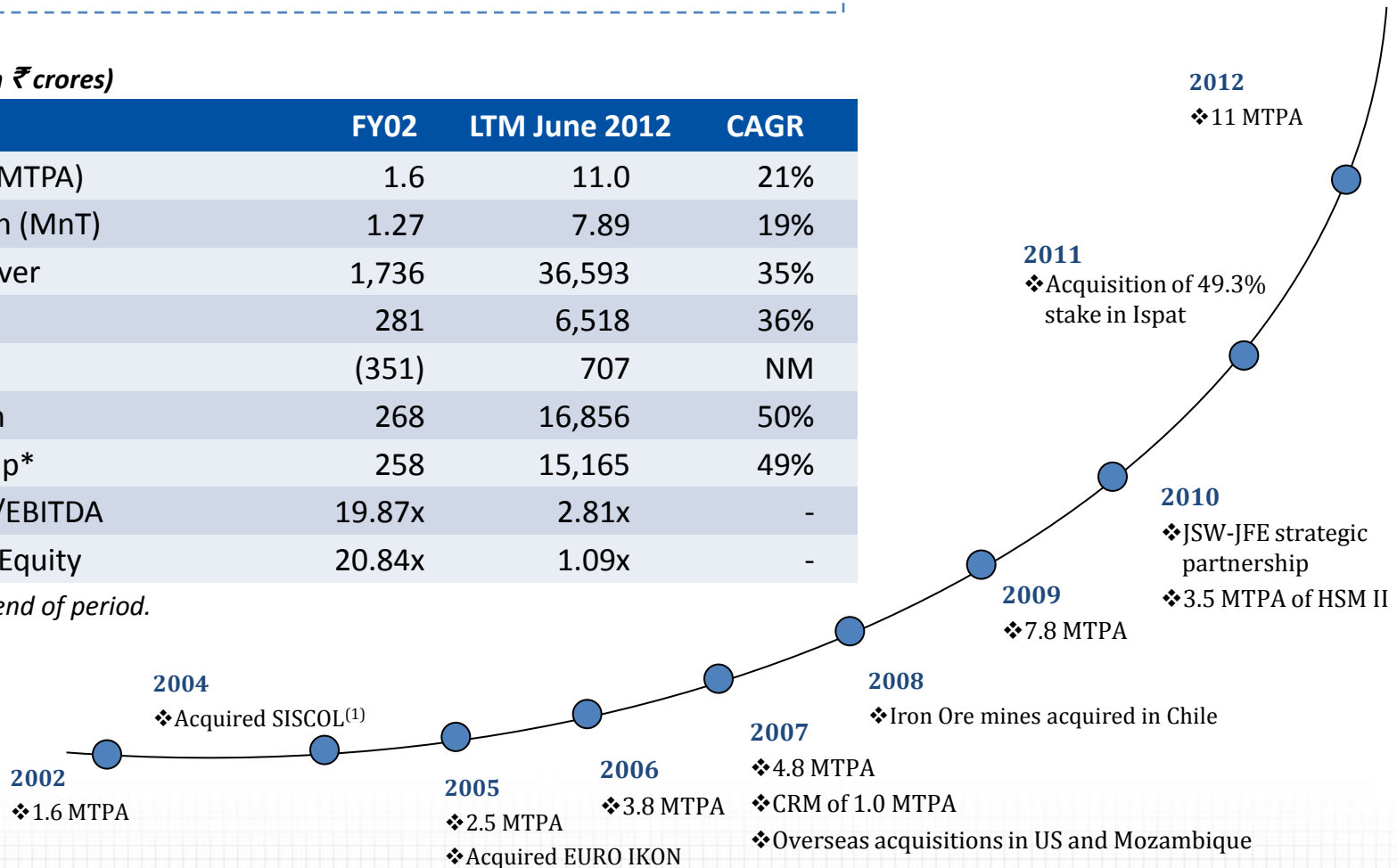


- ❖ One of the fastest growing steel companies in India
- ❖ Consistent value creation over the last decade
- ❖ Continuously looking for newer growth avenues

(Financials in ₹ crores)

Business	FY02	LTM June 2012	CAGR
Capacity (MTPA)	1.6	11.0	21%
Production (MnT)	1.27	7.89	19%
Net Turnover	1,736	36,593	35%
EBITDA	281	6,518	36%
PAT	(351)	707	NM
Net Worth	268	16,856	50%
Market Cap*	258	15,165	49%
Net Debt /EBITDA	19.87x	2.81x	-
Net Debt/Equity	20.84x	1.09x	-

* As on the end of period.



1. SISCOL: Southern Iron and Steel Company

JSW Steel – Vision and Pillars of its Growth Strategy



Vision

40 MTPA Crude Steel Production Capacity by 2020

Strategy

Organic / Inorganic Expansion

Raw Material Integration

Value Addition

Cost Leadership

Prudent Capital Structure

- ❖ Growth via organic (e.g., West Bengal and Jharkhand) and inorganic (e.g., SISCOIL, Ispat) route
- ❖ Efficient Brownfield expansion (e.g., Dolvi and Vijaynagar) to increase domestic presence

- ❖ Portfolio of raw material assets (Mozambique, Chile, US, Orissa, Jharkhand, Bengal)
- ❖ Target Raw material sufficiency (Iron Ore – 100%; Thermal Coal – 100%; Coking Coal – 50%)

- ❖ Target share of value added product at 50%
- ❖ Strategic tie-ups / JVs with leading industry players (JFE, Severfield, Marubeni-Itochu, Structural Metal Deck)
- ❖ Technology collaboration (JFE)

- ❖ Blend of technologies (Blast Furnace, Corex)
- ❖ Beneficiation Plants, Sinter, Pellet
- ❖ Use of low grade raw materials

- ❖ Maintain Net Debt / EBITDA at <3.25x
- ❖ Net Debt / Equity at <1.50x
- ❖ Dividend policy of 20% of consolidated profits

Goal

Medium Term: Consolidate as a Leading Domestic Player
Long Term: Transforms into a Major Global Player

Increasing the profitability continuously

Ispat Industries

- ❖ Plant under maintenance / shutdown
- ❖ Loss making at EBITDA level

JSW Ispat Steel

- ❖ Refinancing of existing debt
- ❖ Rationalizing working capital funding
- ❖ Freight synergies and structural change in marketing strategies
- ❖ Electricity sourcing from JSW Energy's Ratnagiri power plant

Road Ahead

- ❖ **Cost reduction initiatives:**
 - 55 MW power plant
 - Lime calcination plant
 - Railway siding
- ❖ **Cost reduction initiatives through Amba River Coke:**
 - 1 MTPA coke oven
 - 4 MTPA pellet plant

Merger – A Combination of Complementing Strengths



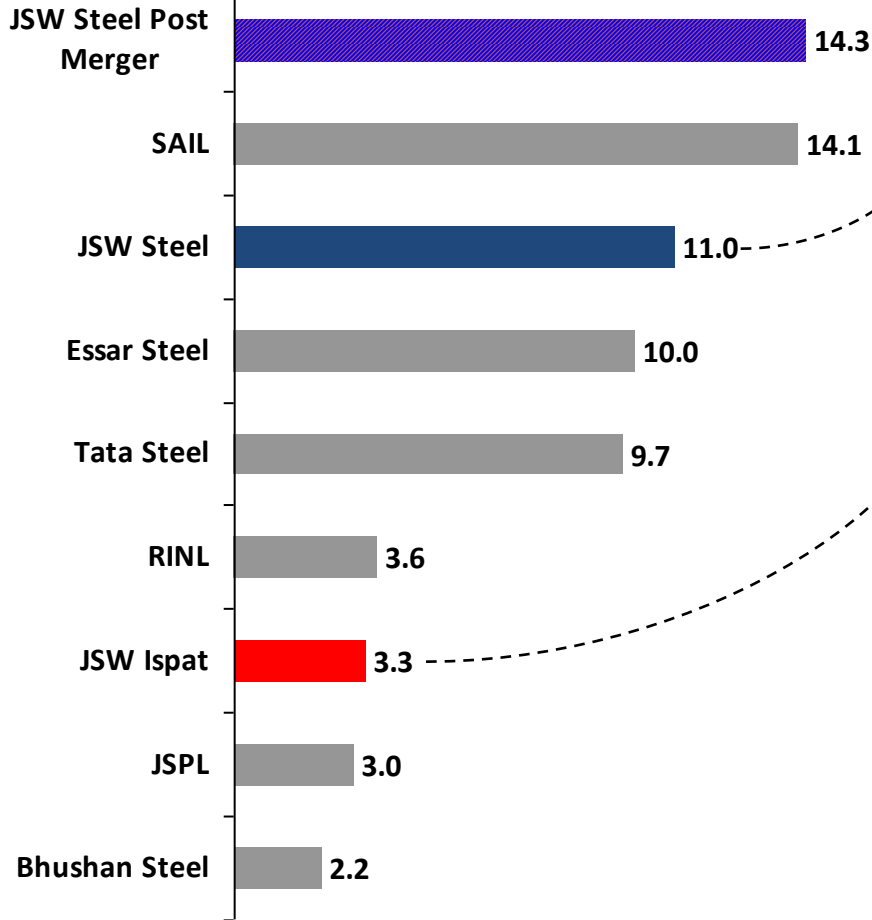
	JSW Steel	JSW Ispat	Combination
Capacity	<ul style="list-style-type: none"> ❖ 11 MTPA 	<ul style="list-style-type: none"> ❖ 3.3 MTPA 	<p>Global Scale – 14.3 MTPA</p> <ul style="list-style-type: none"> ❖ Creates scale – catapults JSW Steel to the top league in Indian steel sector ❖ Propels the merged company amongst top 25 Indian companies in terms of turnover ❖ Drives Economies of Scale
Location	<ul style="list-style-type: none"> ❖ In the iron ore rich belt ❖ Freight advantage on sales in Southern India 	<ul style="list-style-type: none"> ❖ Shore based ❖ Logistically better placed for sea borne imports ❖ Freight advantage on sales in western/central India 	<p>De-risked Business Model</p> <ul style="list-style-type: none"> ❖ De-risks single location upstream profile ❖ Enjoys better access to bulks import and finished steel exports ❖ Increased brownfield expansion capability ❖ PAN India presence
Technology	<ul style="list-style-type: none"> ❖ BF – BOF ❖ Corex – BOF 	<ul style="list-style-type: none"> ❖ DRI / BF – Conarc 	<p>Broad Based Technological Capability</p> <ul style="list-style-type: none"> ❖ Flexible production processes ❖ Houses most modern steel making technologies under a single entity
Financials	<ul style="list-style-type: none"> ❖ Strong balance sheet 	<ul style="list-style-type: none"> ❖ Loss making 	<p>Financial Synergies</p> <ul style="list-style-type: none"> ❖ Accelerates absorption of available tax losses ❖ Potential to reduce financing cost

Enhanced Scale



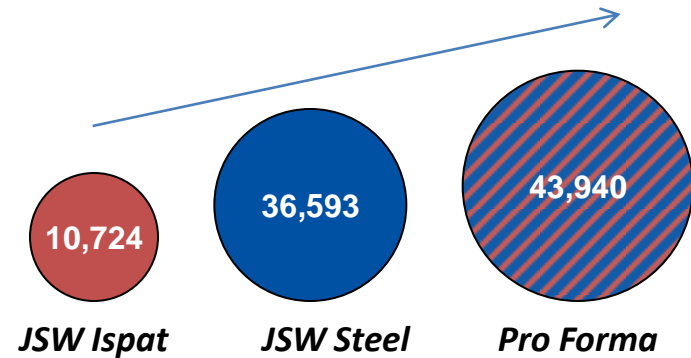
Major Indian Steel Players

(Installed ⁽¹⁾ capacity in MTPA)



Combined Turnover

(LTM as on June 2012, in ₹ crores)



❖ The combined entity will be amongst top 25 ranked⁽²⁾ companies in India in terms of turnover

Leading Integrated Steel Company in India

1. Based on installed capacities in India

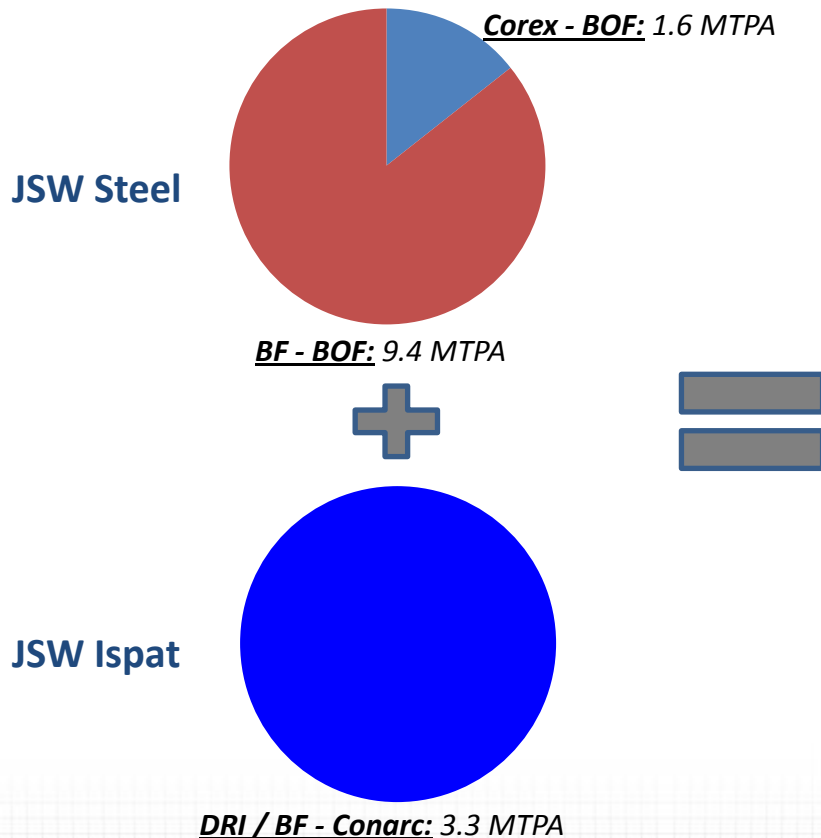
2. Based on listed universe

Source: Industry

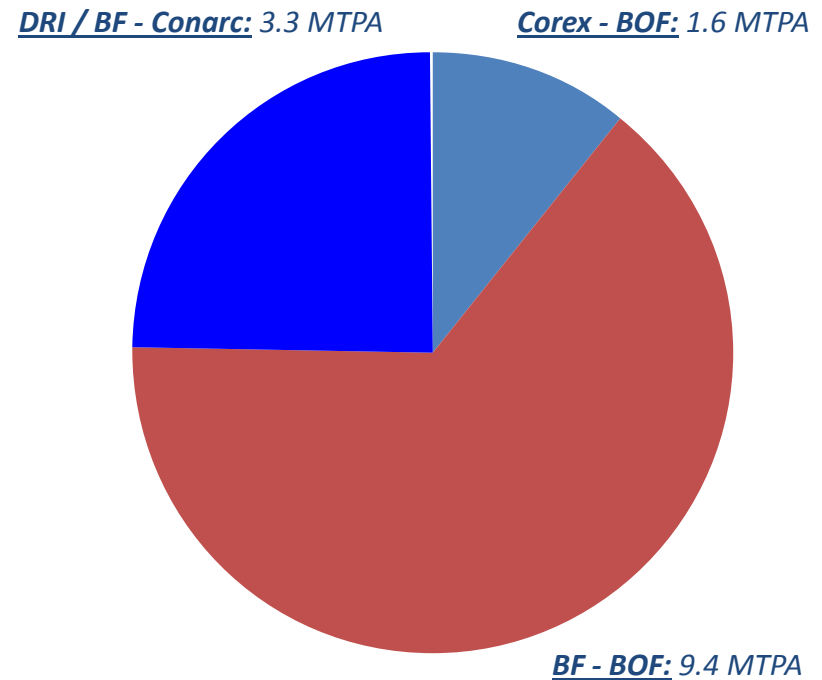
Enhanced Technological Capabilities

- ❖ Add DRI / BF-BOF to existing steel making technologies
- ❖ Broad base technological capabilities
- ❖ Expand product range

Current Technology Mix



Post Merger Technology Mix

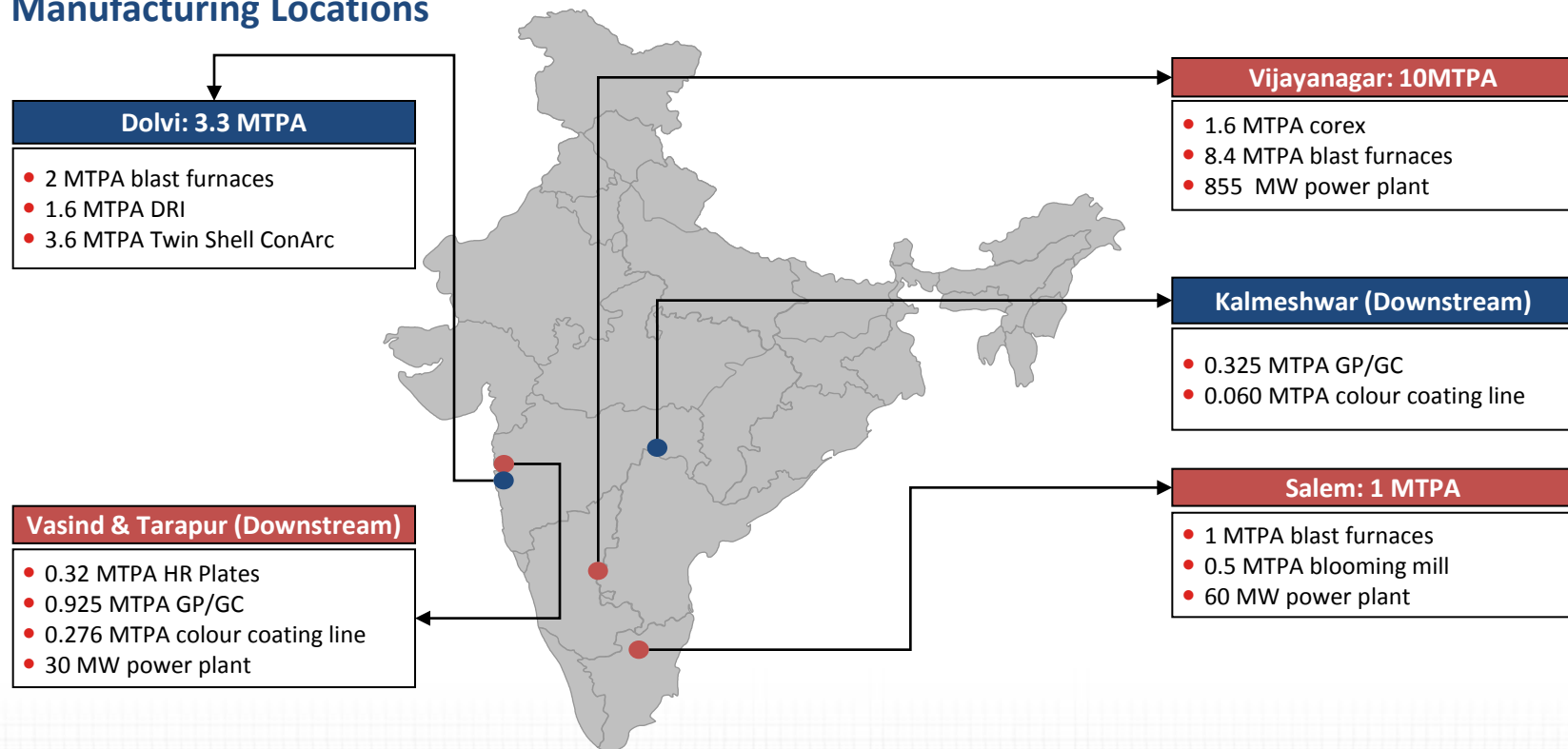


Superior Pan India Presence



- ❖ Strengthen market reach in Western and Pan India
- ❖ Leverage each other's marketing and distribution platforms
- ❖ Innovative distribution platform - JSW Shoppe
 - 360 outlets spread across semi-urban and rural locations

Manufacturing Locations



Single Location Risk Mitigation



	JSW Steel	JSW Ispat
Steel making facilities	Vijaynagar (landlocked)	Dolvi (shore based)
Iron ore sourcing	Local/domestic	Imports/domestic
Brownfield Expansion optionality	Potential to expand by 6 MTPA through rationalization of available land	Potential to expand by 4 MTPA through rationalization of available land
Sale of products	Primarily Southern India	Primarily Western/Central India

- ❖ JSW Steel's current operations are landlocked
 - Dependent upon regular supply of locally available raw material
- ❖ JSW Ispat has shore based facility
 - Gives access to seaborne market and reduces dependence on domestic raw material supply
- ❖ JSW Ispat provides the opportunity for significant brownfield expansion
- ❖ Diversification of risks

Appointed Date

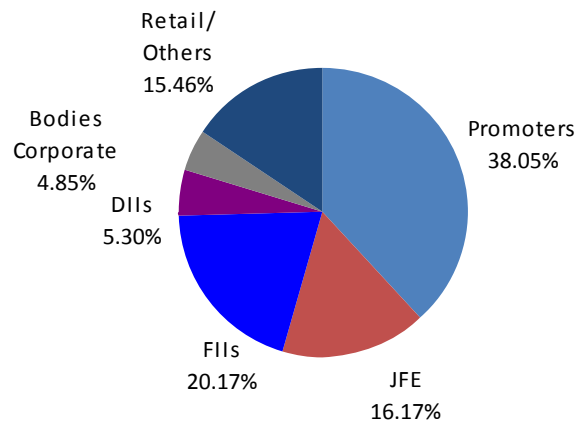
❖ July 1, 2012

Terms

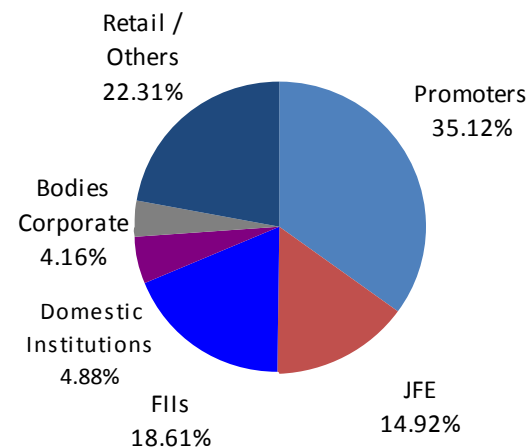
- ❖ Exchange Ratio of 1 share of JSW Steel for every 72 shares of JSW Ispat
- ❖ Shares of JSW Ispat held by JSW Steel to be cancelled
- ❖ For every 1 cumulative redeemable preference share of JSW Ispat, the holder shall be entitled to receive 1 cumulative redeemable preference share.

Shareholding Pattern - JSW Steel

Pre-merger⁽¹⁾



Post-merger



Closing

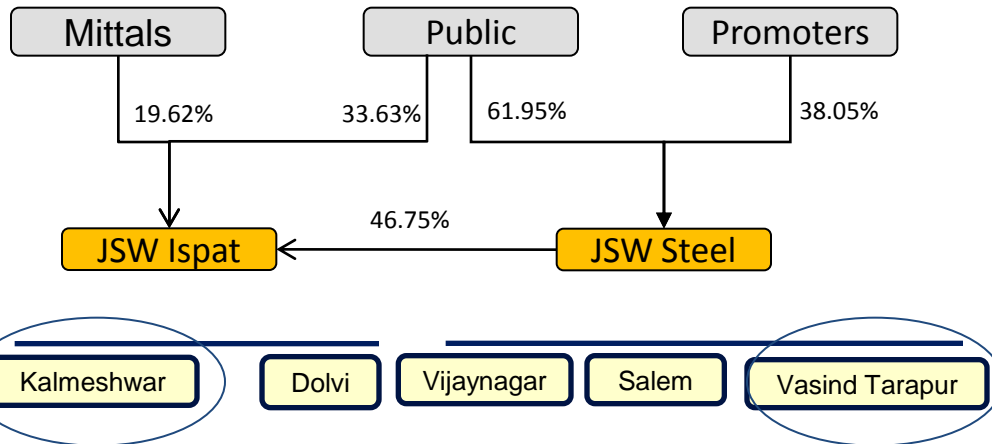
❖ Expected to close by 1QCY13

1. Pre-merger shareholding as on June 30, 2012.

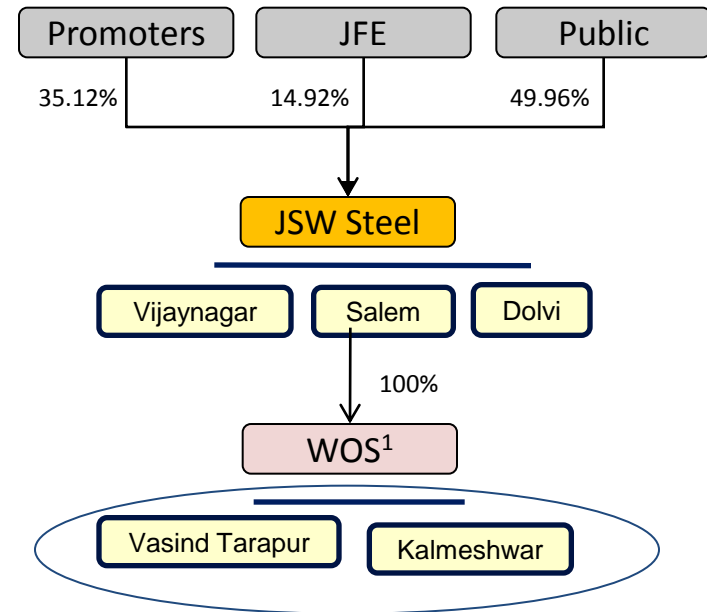
Scheme of Amalgamation and Arrangement



Pre-Merger



Post-Merger



- ❖ Kalmeshwar unit of JSW Ispat and Vasind & Tarapur units of JSW Steel to be transferred under the scheme to a wholly owned subsidiary of JSW Steel Limited
 - All assets and liabilities to be recorded on transfer at respective fair values
- ❖ JSW Ispat sans Kalmeshwar to be merged with JSW Steel Limited
 - All assets and liabilities to be recorded on transfer using purchase method of accounting
- ❖ On scheme being effective JSW Ispat shall be dissolved without being wound up

1. Wholly owned subsidiary

Proforma Financial Information



<i>(All figures in ₹crores, unless stated otherwise)</i>	JSW Steel	JSW Ispat	Pro Forma
	<i>(LTM June 2012)</i>	<i>(FY ending June 2012)</i>	
Net Turnover	36,593	10,724	43,940
EBITDA	6,518	1,176	7,713
PAT	707	(264)	960
Net Debt ⁽¹⁾	18,389	6,776	25,164
Outstanding Shares (mn)	223.12	2,517	241.74
Net Worth	16,856	1,181	21,896
Net Debt ⁽¹⁾ / EBITDA	2.81x	5.76x	3.25x
Net Debt ⁽¹⁾ / Equity	1.09	5.74x	1.15x

1. Excluding acceptances.

Transaction Timetable



Event	Expected date⁽¹⁾
Approval by Boards of both companies and announcement	September 01, 2012
BSE and NSE approval sought	September 2012
BSE and NSE approval	September 2012
Competition Commission approval sought	September 2012
Application to Jurisdictional High Court	October 2012
Competition Commission approval	December 2012
Scheme documents posted to shareholders of both companies	December 2012
JSW Steel - Court Convened Shareholders and Creditors Meetings	December 2012
JSW Ispat - Court Convened Shareholders and Creditors Meetings	December 2012
High Court approval	March 2013
Other required approvals	March 2013
Transaction completion	March 2013

Targeted Completion by end of the Current Financial Year

1. Indicative timeline

Independent Valuation

- ❖ KPMG India Private Limited for JSW Steel
- ❖ Price Waterhouse & Co. for JSW Ispat

Fairness Opinion

- ❖ Enam Securities Private Limited for JSW Steel
- ❖ Citigroup Global Markets India Private Limited for JSW Ispat

Legal Advisor

- ❖ Amarchand & Mangaldas & Suresh A Shroff & Co

Thank you