

T H E W I L L

T O W I N



JSW Steel Limited

Investor Presentation

February 2018

Agenda

Overview

Value
Proposition

Performance
Overview

Guidance

Business
Environment

JSW Group – overview

Presence across the core sectors



JSW Steel*: India's leading integrated steel producer (Steel making capacity: 18 MTPA)



JSW Energy*: Engaged across the value chain of power business (Operational plants' capacity: 4,531 MW)

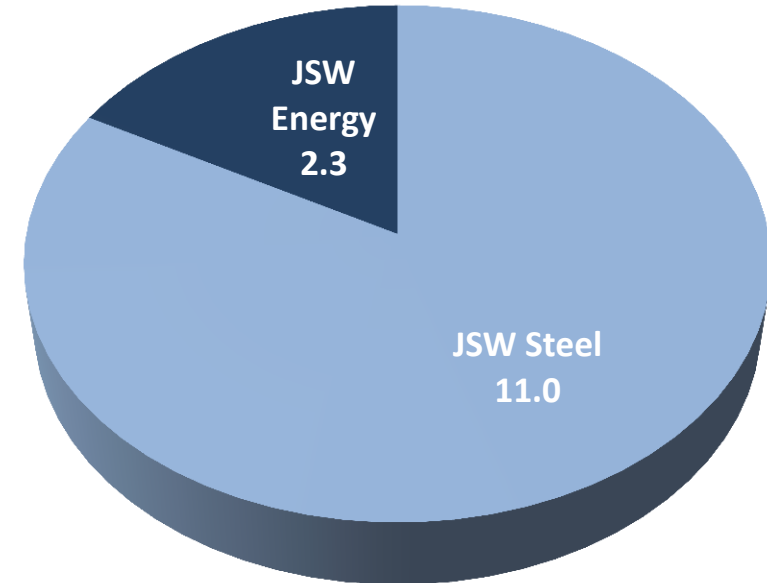


JSW Infrastructure: Engaged in development and operations of ports (Operational capacity: 70 MTPA)



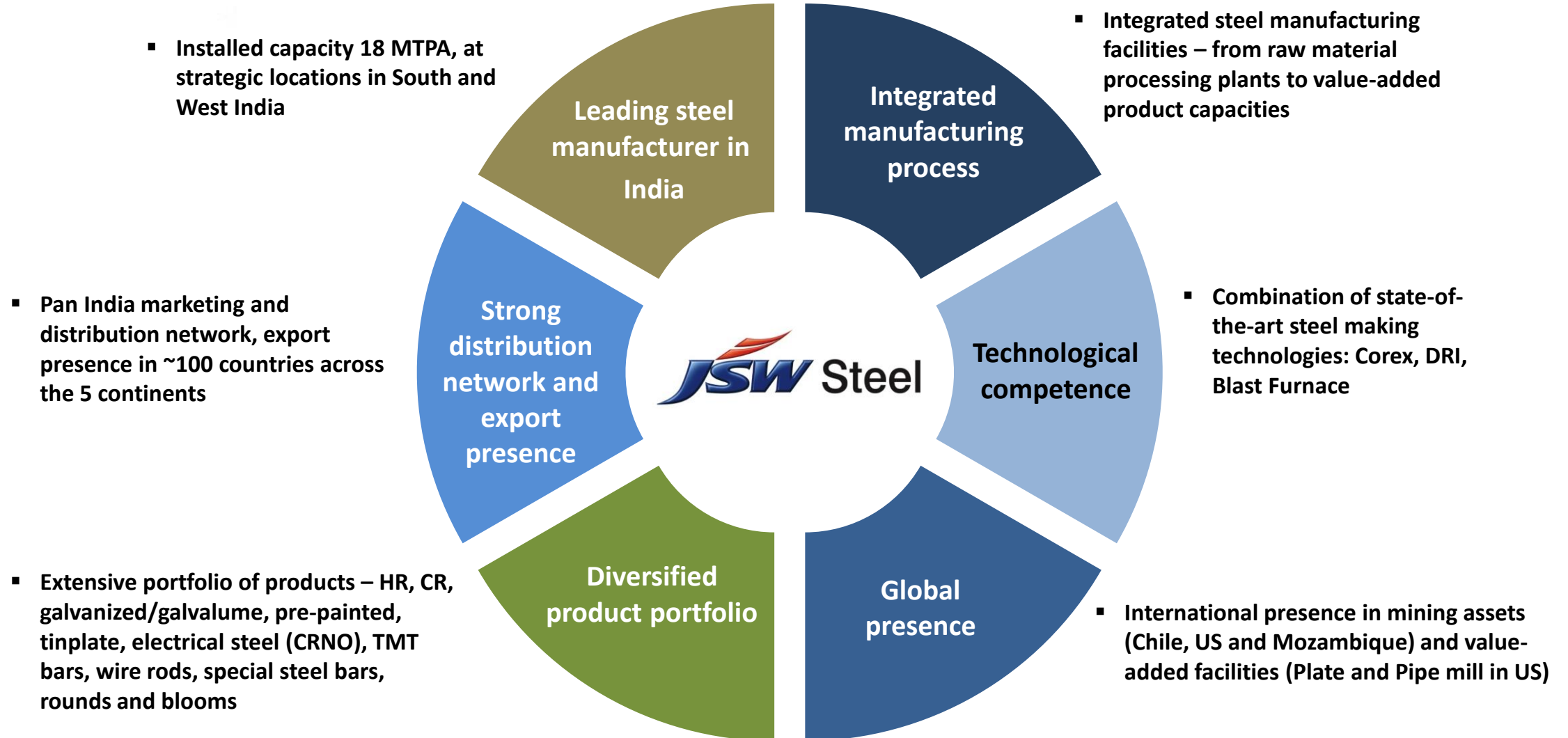
JSW Cement: Manufacturer of PSC, OPC and GGBS cement (Operational plants' capacity: 11.6 MTPA)

Market cap of listed businesses (\$13.3 bn[^])



As on January 31, 2018

JSW Steel – India’s leading steel manufacturer

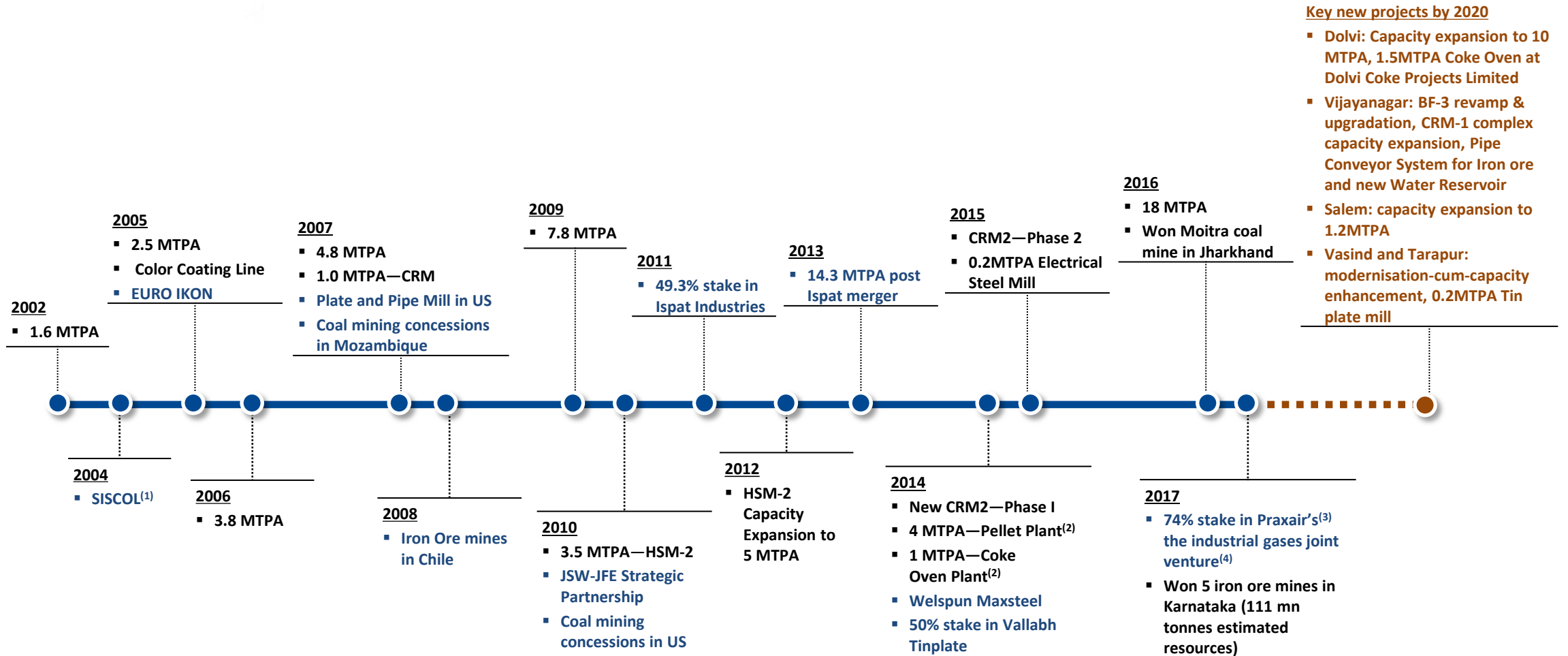


Transformational journey to market leadership

	FY2002	FY2010	FY2017	
Capacity (MTPA)	1.6	7.8	18.0	CAGR FY2002–FY2017: 18% Capacity increased to 18MTPA in Mar 2016
Production (MTPA)	1.3	6.0	15.8	CAGR FY2002–FY2017: 18%
Revenue (USD mn)	268	3,006	9,336	CAGR FY2002–FY2017: 27%
EBITDA (USD mn)	43	641	1,878	CAGR FY2002–FY2017: 29%
EBITDA/ton ⁽¹⁾ (USD/ton)	34	112	128	CAGR FY2002–FY2017: 9%
Market Cap (USD mn)	81	3,565	7,016	Significant value creation with 86x increase in market value ⁽²⁾
Technology	Corex	Corex, BF	Corex, BF, DRI	Combination of industry leading technologies
Product Mix	Flats	Flats, long, special steel and value added	Flat, long, special steel & high value-added auto, electrical grade	Continuously expanding product canvas with focus on high-end value-added products

Persistent progress through the economic cycles

Combination of Organic and Inorganic growth



Key new projects by 2020

- Dolvi: Capacity expansion to 10 MTPA, 1.5MTPA Coke Oven at Dolvi Coke Projects Limited
- Vijayanagar: BF-3 revamp & upgradation, CRM-1 complex capacity expansion, Pipe Conveyor System for Iron ore and new Water Reservoir
- Salem: capacity expansion to 1.2MTPA
- Vasind and Tarapur: modernisation-cum-capacity enhancement, 0.2MTPA Tin plate mill

Continuously evaluating opportunities to deliver value enhancing growth

JSW – JFE strategic partnership

- ✓ One of the largest FDI in the Indian Metals and Mining space – Equity infusion by JFE of Rs. 5,410 Crores (~US\$1.2 bn) ⁽¹⁾ for 14.99% equity stake
- ✓ Deleveraged Balance Sheet to support next phase of growth
- ✓ Access to cutting edge technologies and fast growing automotive steel market
- ✓ Operational excellence to result in cost reduction

Value creation for both the partners

JSW Steel:

- ✓ Focused expansion plans in India
- ✓ Optimized capital structure through deleveraging
- ✓ Access to cutting edge technologies

JFE:

- ✓ Presence in growing Indian market
- ✓ Future growth through equity participation
- ✓ Strategic production base in India for existing automobile customers

Technology agreements

Benefits to JSW Steel driven by:

- ✓ Access to fast growing auto steel market
- ✓ Technical know-how for electrical steel manufacturing
- ✓ Short learning curve
- ✓ Application engineering
- ✓ New product development
- ✓ Benchmarking and personnel training

General technical assistance agreements

Operational excellence and cost reduction for sustainable operations by:

- ✓ Improvement in quality, productivity, yield , and energy efficiency
- ✓ Sharing best maintenance, environment management, and safety practices
- ✓ Benchmarking, training and talent sharing
- ✓ Standardization of processes

Balanced corporate strategy



Strong and balanced Board comprising experts of eminence & integrity



Chairperson—Emeritus



Savitri Devi Jindal

Promoter Director



Sajjan Jindal
Chairman & Managing Director

Executive Directors



Seshagiri Rao M.V.S
Joint Managing Director & Group CFO



Dr. Vinod Nowal
Dy. Managing Director



Jayant Acharya
Director (Commercial & Marketing)

Independent Directors



Malay Mukherjee
40yrs of rich experience in mining and steel industry



Kannan Vijayaraghavan
FCA and Certified Management Consultant



Dr. Vijay Kelkar
Ex-Finance Secretary, Ex-Secretary of MoP&G, Ex-Chairman Finance Commission



Dr. Punita Kumar Sinha
Former CIO at The Asia Tigers Fund



Haigreave Khaitan
Senior Partner at M/s. Khaitan & Co, India's one of the oldest and full service law firm



Seturaman Mahalingam
CA, Ex-CFO of TCS, Ex member of the Tax Administration Reform Commission

Nominee Directors



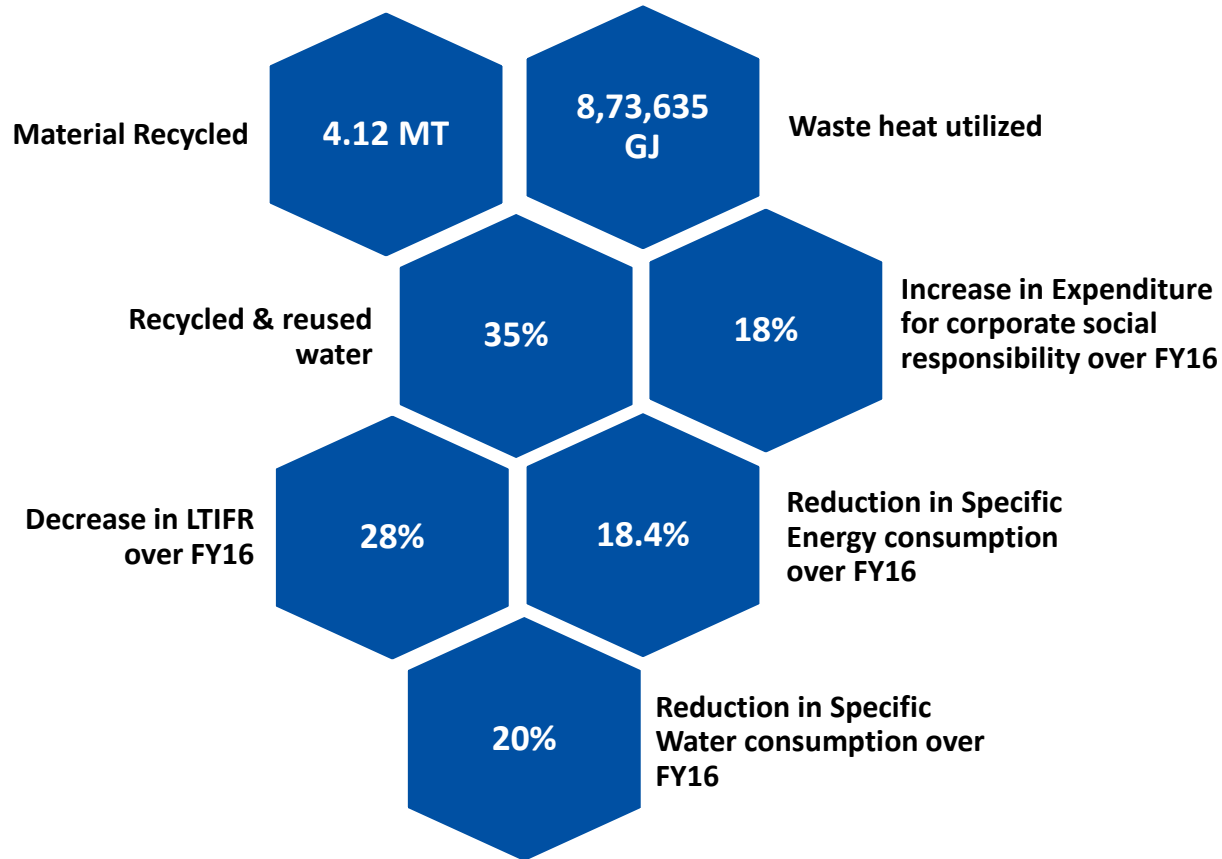
N. Jayaram, IAS
Nominee Director of KSIIDC



Hiroyuki Ogawa
Nominee Director of JFE Steel Corporation

Board committed to sustainable business

FY17 performance on sustainability matrixes



Year	Achievements
2017	<ul style="list-style-type: none"> ✓ 1st iron & steel company in India to get an Environment Product Declaration certificate as per ISO 14025 for hot rolled steel strips at Vijayanagar ✓ 1st Prize for Fair Business Practices to JSW Steel Coated Products Ltd by CFBP Jamnalal Bajaj Trust ✓ Indian Merchants Chamber Ramakrishna Bajaj National Quality Performance Excellence Trophy in the Manufacturing Category to JSW Steel Coated Products Ltd
2016	<ul style="list-style-type: none"> ✓ Golden Peacock Innovative Product Award ✓ World Steel Association: Steelie 2016 - Innovation, for "development of advanced high strength automotive steels with speed and innovation" ✓ Confederation of Indian Industry: National Award for Supply Chain & Logistics Excellence in steel industry ✓ Confederation of Indian Industry: Accreditation with Level 5 for Total Cost Management Maturity ✓ Bureau of Energy Efficiency: 2nd Prize in National Energy Conservation Awards 2016 to Vijayanagar Works in integrated steel facilities and Kalmeshwar Works in steel re-rolling mills

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A platform of strength and agility



- 1 Strong fundamentals to boost India steel demand
- 2 Multi-location manufacturing facilities
- 3 Diversified product profile
- 4 Domestic market leader with significant export presence
- 5 Strong sales and marketing platform
- 6 Focus on operational efficiency
- 7 Strategic expansion aided by superior project execution
- 8 Proven ability to acquire and turnaround assets
- 9 Robust financial profile

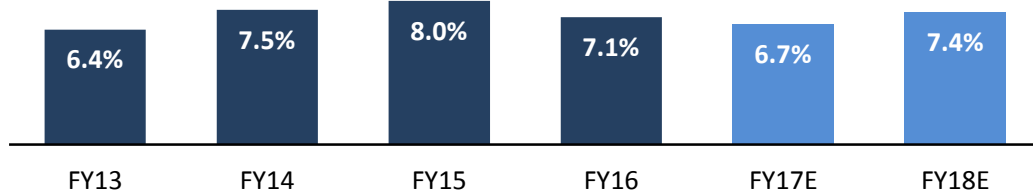
1 Strong fundamentals to boost India steel demand

Strong economic growth with improving fundamentals

- ✓ India's GDP growth continues to register stellar performance in a world seeing relatively weaker growth
- ✓ Post the impact of introduction of GST, economic activity is expected to rebound with public spending on infrastructure, proposed recapitalisation of banks, declining fiscal deficit, benign inflation, lower oil prices and easing interest rate trajectory

India GDP growth⁽¹⁾

(%)

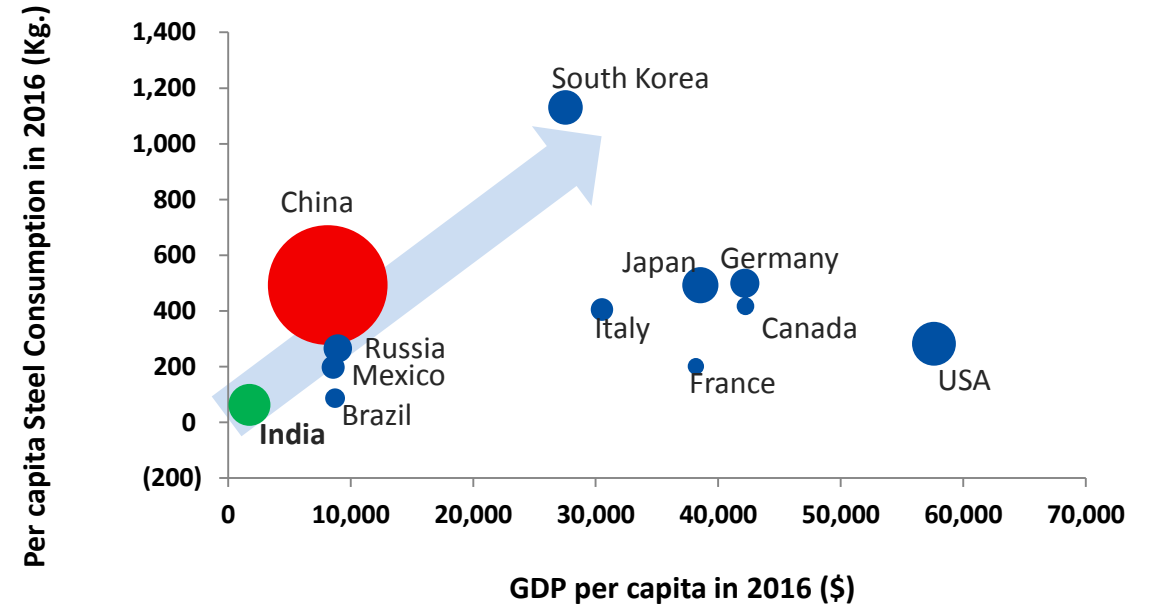


Government reforms to boost industry growth

- ✓ Various measures in different sectors, easing FDI norms and initiatives such as 'Make in India' aim at driving growth & development
- ✓ The government is focussed on continuing with economic reforms along with increase in public investment in infrastructure and development projects.
- ✓ c.\$60 Bn allocated for infrastructure development in 2017-18

Potential for substantial growth in steel consumption⁽²⁾⁽⁴⁾

- World per capita consumption was ~208 Kgs in 2016
- India per capita consumption was ~63 Kgs in 2016



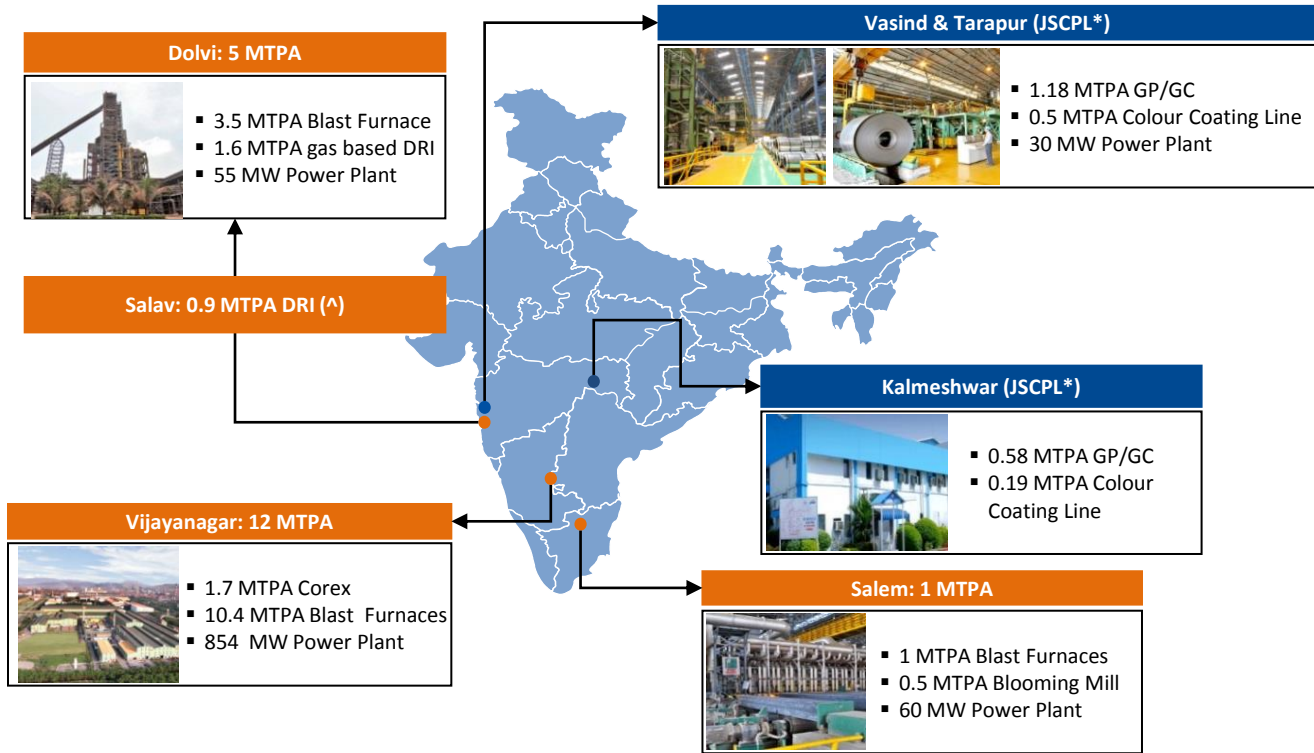
India steel consumption to rise at a faster rate

- India's steel consumption was 84 million tonnes in 2016 and is expected to rise to ~87 million tonnes in 2017 and ~92 million tonnes in 2018⁽³⁾

With the growth in economy, JSW Steel is well positioned to be part of the India growth story

2 Multi-location manufacturing facilities

Geographically diversified with manufacturing facilities in South and West India



Strategic overseas presence

US plate and pipe mill	<ul style="list-style-type: none"> ✓ JSW Steel ownership: 90% ✓ Acquisition cost: \$810mn ✓ Capacity: 1.2 Net MTPA Plates and 0.55 Net MTPA Pipes ✓ Acquired in 2007 ✓ Opportunity for diversification in terms of products, markets and geographies
US coal mines	<ul style="list-style-type: none"> ✓ JSW Steel ownership: 100% ✓ Acquisition cost: \$70mn
Chile iron ore mines	<ul style="list-style-type: none"> ✓ JSW Steel ownership: 70% ✓ Acquisition cost: \$252mn ✓ Started operations in FY11 ✓ Maritime concession to develop cape size port in North Caldera
Mozambique coal mines	<ul style="list-style-type: none"> ✓ JSW Steel ownership: 100% ✓ Early stage development in progress

Leveraging locational advantage to increase market share strategically

3 Diversified Product Profile

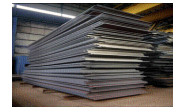
Wide offering of Flat and Long products



Slabs



HRC



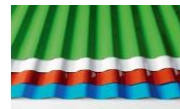
HR Plates



GC



CRC



Colour Coated



Billets



Blooms



TMT



Wire Rods

Continuously increasing value added products

- ✓ Diversified portfolio to address growing demand for value-added steel
- ✓ Commissioned new facilities to further enrich product mix
- ✓ Leveraging JFE Steel’s well-established manufacturing technology for high value-added products for auto-grade steel

Developing new products, capturing niche markets

Automotive Grade Steel:

- ✓ Enhanced focus on cold rolled, galvanised and galvanneal products for body panels of automobiles

Electrical Steel:

- ✓ Commissioned Cold Rolled Non-grain Oriented (CRNO) steel plant to address domestic demand by substituting imports of high grade electrical steel

Colour Coated Products:

- ✓ Largest colour coated facility to address construction, warehousing and roofing requirements
- ✓ State-of-the-art colour coating line for appliance grade products used in consumer durables

Continuously enriching product mix

JSW Steel Branded Portfolio



JSW Everglow
Advanced Roofing Technology
Beautiful Inside, Beautiful Outside

JSW Colouron+
Premium Al-Zn Colour Coated Sheets
Roofs that add beauty to your home

JSW Galvos
Premium GALVALUME
Coil & Sheets
Cost-effective Galvalume sheets
that stand the test of time

JSW Galveco
Lead Free Galvanised Sheets
100% eco-friendly galvalume sheets

JSW Colouron
Premium Al-Zn Colour Coated Sheets
Excellent and innovative
mix of colour and durability

JSW Pragati
Colour Coated Sheets
Cost-effective coloured roofing solutions



JSW Trusteel
Premium Hot Rolled Sheets

JSW Neosteel
Pure TMT Bars
Foundation to every strong structure

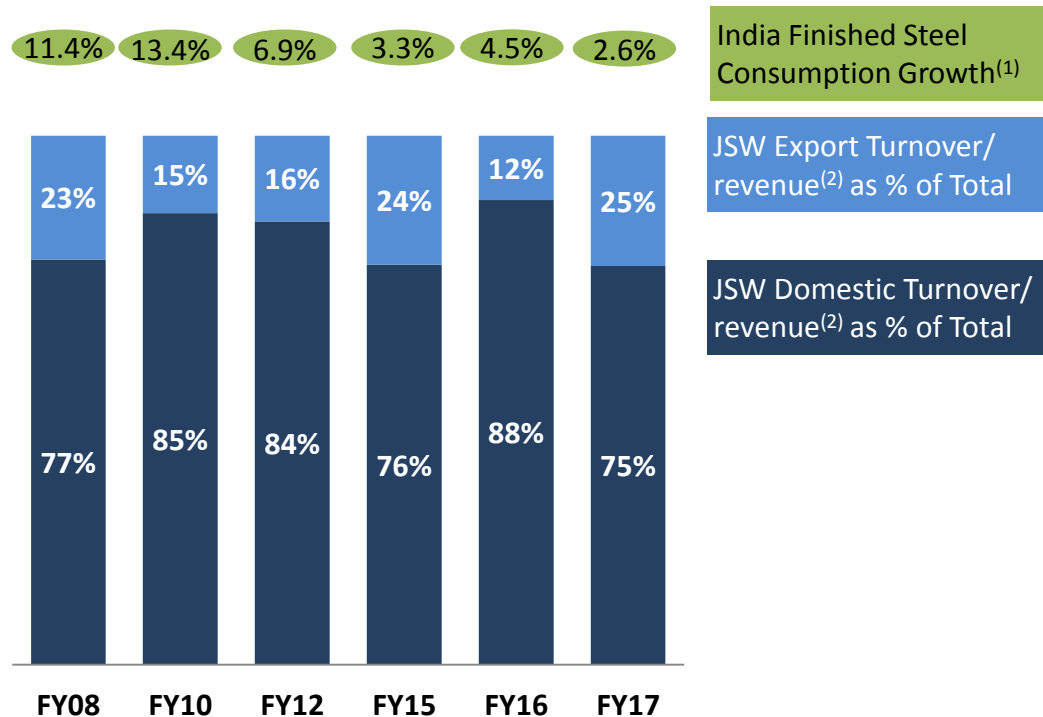
JSW Vishwas
Premium GC Sheets
Finest quality steel roofs

JSW Vishwas+
Premium Al-Zn Sheets
Anti-corrosive sheets
that stand the test of time



JSW PEHAL
Steel Toilet
Quality sanitation is everyone's right

4 Domestic market leader with strong export presence



- ✓ Penetrating further to capture growing domestic demand with unique marketing strategy – pan India retail network with more than 8,500 outlets (includes JSW Connect, JSW Shoppe, JSW Explore as well as non-exclusive retailers)
- ✓ Delivered industry leading sales volume growth at 20%YoY in FY17
- ✓ One of the largest exporter of steel products from India with export presence in over 100 countries
- ✓ Ability to re-align sales effort and shift between domestic and export markets as per market conditions – strategically reduced share of exports to 12% of total sales in FY16, as global steel consumption declined 3% YoY in CY15. Exports have increased in FY17


Flexibility to shift between domestic and international markets based on market conditions

5 Strong sales and marketing platform

Multi-sectoral volume growth

- ✓ Optimizing market mix and product mix to derive maximum benefit from sector growth
- ✓ Leveraging export presence
- ✓ New product approvals for original equipment manufacturers (OEMs) and automotive customers
- ✓ Increase in value added products leading to incremental growth in focus sectors and also facilitating import substitution
- ✓ Focused on retail sales for increased reach and penetration – JSW has footprints across 575 districts with over 8,500 exclusive and non-exclusive retail outlets

Segmented approach to address different retail segments

<p>Metro / Urban</p>		<p>‘JSW explore’</p> <ul style="list-style-type: none"> ▪ Branded, multiple product service center for steel solutions ▪ Just-in-time solution with in-house profiling lines and Value Added Services ▪ Franchisee Model
<p>Urban / Semi-urban</p>		<p>‘JSW Shoppe’</p> <ul style="list-style-type: none"> ▪ Steel distribution ▪ Enhanced customer experience
<p>Semi-urban / Rural</p>		<p>‘JSW Shoppe Connect’</p> <ul style="list-style-type: none"> ▪ Smaller retail format linked to JSW explore/Shoppe ▪ Last mile link to talukas/rural areas ▪ Sales to end consumers and MSMEs

Increased customer focus and market penetration

6 Focus on operational efficiency

<p>Diverse blend of technology</p>	<ul style="list-style-type: none"> ✓ Coke Making: Recovery and Non-recovery Coke Ovens ✓ Agglomeration: Pelletisation and Beneficiation Plants ✓ Iron Making: Blast Furnace, Corex, Sponge Iron (DRI) ✓ Steel Making: Basic Oxygen Furnace (BOF), Electric Arc Furnace (EAF), Conarc ✓ Casting: Continuous Casting, Thin Slab Casting, Billet Casting
<p>High labour productivity</p>	<ul style="list-style-type: none"> ✓ Improving labour productivity: Current production of ~1,334 tons/ employee⁽¹⁾ ✓ In-house training programmes ✓ Continuously investing, building and enhancing competencies
<p>Integrated operations</p>	<ul style="list-style-type: none"> ✓ Integrated manufacturing facilities: From pelletisation / beneficiation to downstream value-add capabilities ✓ Dedicated port and railway siding for logistics support ✓ 100% assured power supply through captive power plants and arrangements with JSW Energy and the power grid

Resulting in operational efficiency with:

- ✓ Reduced raw material costs
- ✓ Focus on process improvements
- ✓ Waste gas utilization for power generation
- ✓ Solid waste management and zero effluent discharge
- ✓ Efficient operations resulting in low conversion cost

High level of integration and technological expertise leading to reduced production cost and time

7 Strategic expansion aided by strong project execution

Strong project execution capabilities ...

- ✓ Experienced in-house project management team
- ✓ Supported by cross-functional team (commercial, finance and legal department)
- ✓ Established long-term relationship with key domestic and international suppliers
- ✓ Savings in procurement cost by negotiating firm prices for follow-on orders

... at low specific investment cost⁽¹⁾

- ✓ Low specific investment cost of \$561/ton of capacity expansion shows cost and project management efficiency

Major new & on-going Projects

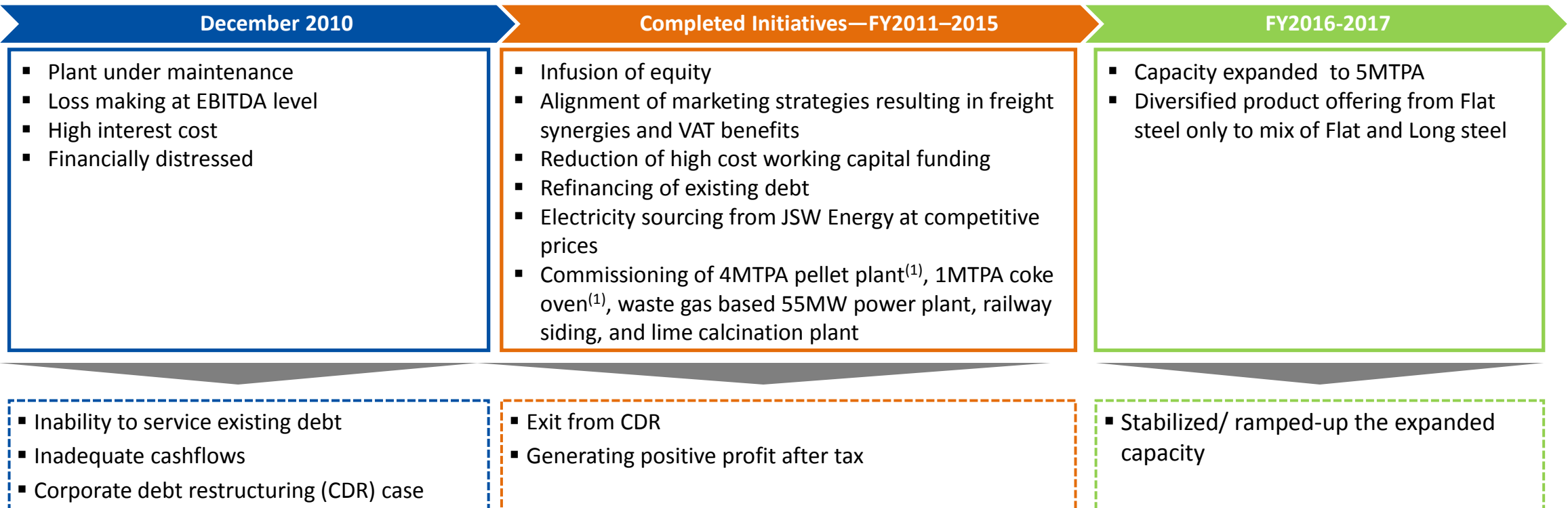
- **Vijayanagar Works:**
 - ✓ BF-3 revamp & upgradation, CRM-1 complex capacity expansion, Pipe Conveyor System for Iron ore and new Water Reservoir
- **Dolvi Works:**
 - ✓ Capacity expansion to 10 MTPA, 1.5MTPA Coke Oven at Dolvi Coke Projects Limited
- **Salem Works:**
 - ✓ Capacity expansion from 1 MTPA to 1.2 MTPA by setting up certain new facilities and debottlenecking/modification of existing facilities
 - ✓ Setting-up of Reheating Furnace in Bar Rod Mill, Coke Oven and Turbo Generator
- **Vasind and Tarapur Works:**
 - ✓ Modernization-cum-capacity enhancement, 0.2MTPA Tin plate mill

Focus on low cost and returns accretive brownfield projects to capitalise on expected demand growth

8 Proven ability to acquire and turnaround assets

JSW Steel has a proven track record of acquiring troubled assets and turning them around in record time by closely integrating them with its existing operations – thus creating synergies and optimising cost

Case Study: Turnaround strategy at JSW Ispat's Dolvi plant

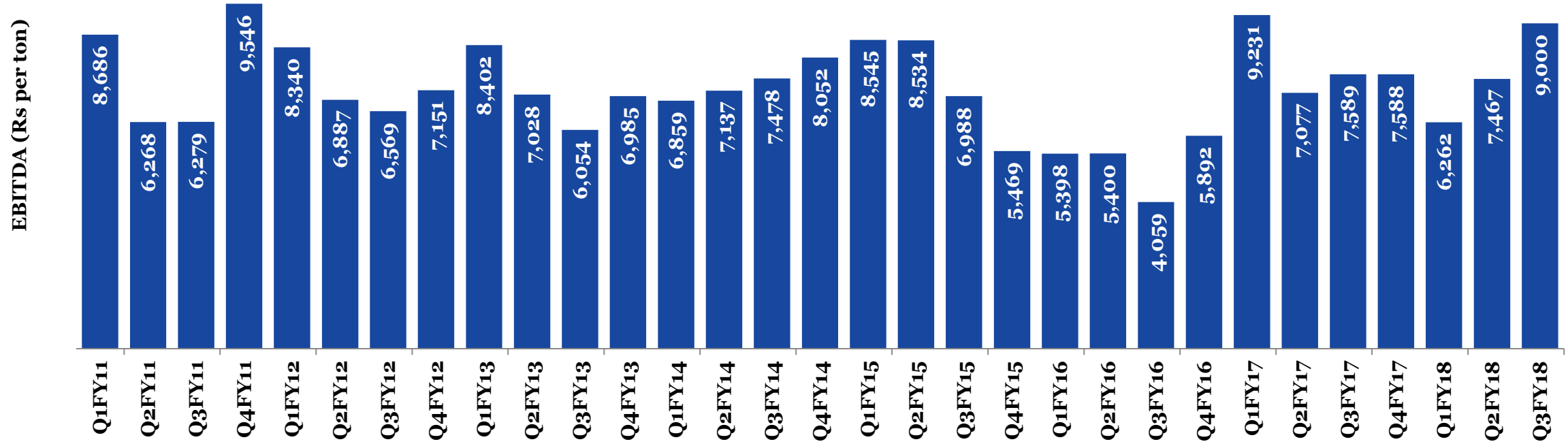


Able to leverage an acquisition to maximum value accretion through application of knowledge and experience

9 Robust financial profile

Strong track record of volume growth	<ul style="list-style-type: none"> ✓ Increased capacity to 18MTPA in 2016 from 1.6MTPA in 2002 ✓ Delivered 20% sales volumes in FY17 growth despite weak economic growth and sluggish domestic demand
Superior profitability supported by efficient operations	<ul style="list-style-type: none"> ✓ Resilient operations with improved EBITDA margin marked by several productivity and cost improvement measures ✓ While FY16 EBITDA was impacted by weak steel pricing due to steel supply glut and planned shutdowns; there has been large margin expansion in FY17
Well-capitalized balance sheet	<ul style="list-style-type: none"> ✓ Leverage profile has improved significantly with steep growth in profitability ✓ Adequate liquidity levels owing to prearranged funding in place for capacity expansions and a committed working capital facility
Diverse sources of funding	<ul style="list-style-type: none"> ✓ Financial flexibility to raise capital ✓ Healthy mix of local and foreign currency debt ✓ Strong relationships with over 50 banks/financial institutions with access to low cost credit

Historical EBITDA per ton – JSW Steel Standalone



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Key highlights – Q3 FY18

Standalone performance

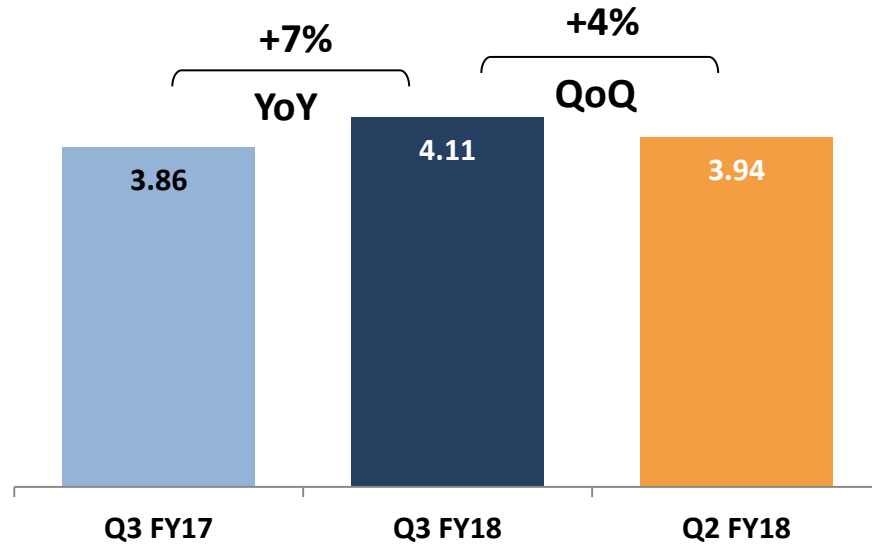
- ✓ Highest ever Crude Steel production: 4.11 million tonnes, up by 7% YoY
- ✓ Highest ever Saleable Steel sales: 3.97 million tonnes, up by 9% YOY
- ✓ Highest ever Operating EBITDA : ₹3,573 crores, up by 29% YoY
- ✓ Highest ever PAT : ₹1,126 crores
- ✓ Net Debt to Equity: 1.53x and Net Debt to EBITDA: 3.40x

Consolidated performance

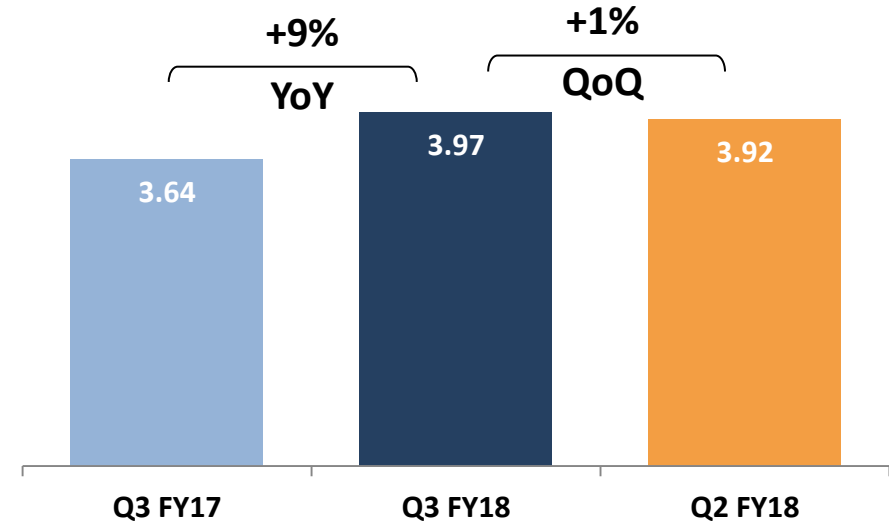
- ✓ Highest ever Saleable Steel sales: 4.03 million tonnes, up 12% YoY
- ✓ Highest ever Operating EBITDA ₹3,851 crore and PAT ₹1,774 crores
- ✓ Net Debt to Equity: 1.68x and Net Debt to EBITDA: 3.32x

Quarterly volumes – standalone

Crude Steel Production



Steel Sales

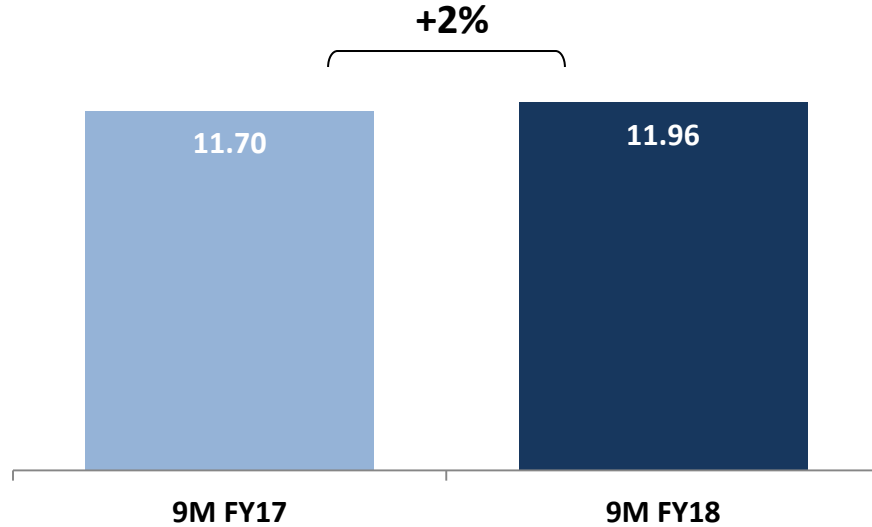


	Q3 FY17	Q3 FY18	Q2 FY18
Flat	2.83	2.81	2.89
Long	0.74	0.88	0.77

	Q3 FY17	Q3 FY18	Q2 FY18
Flat	2.79	2.80	2.83
Long	0.73	0.90	0.86
Semis	0.12	0.27	0.24

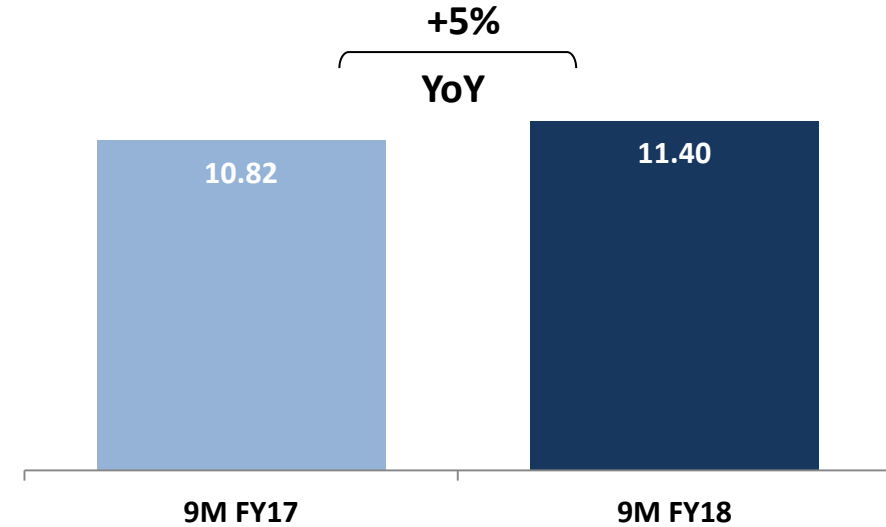
9 months volumes – standalone

Crude Steel Production



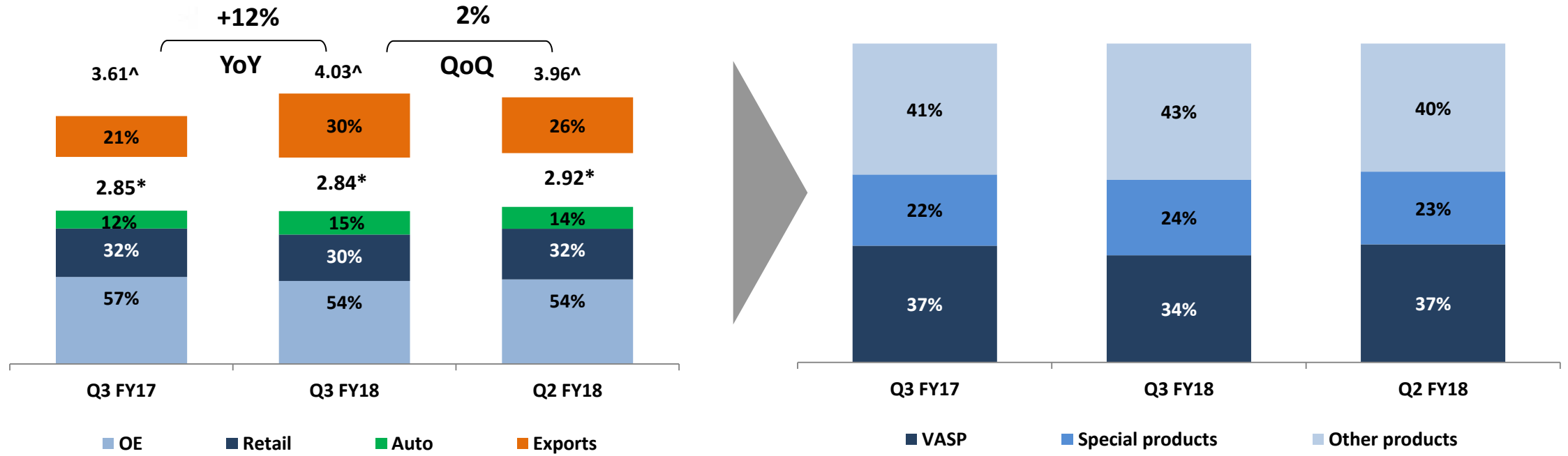
	9M FY17	9M FY18
Flat	8.43	8.46
Long	2.39	2.48

Saleable Steel Sales



	9M FY17	9M FY18
Flat	8.07	8.20
Long	2.28	2.51
Semis	0.47	0.69

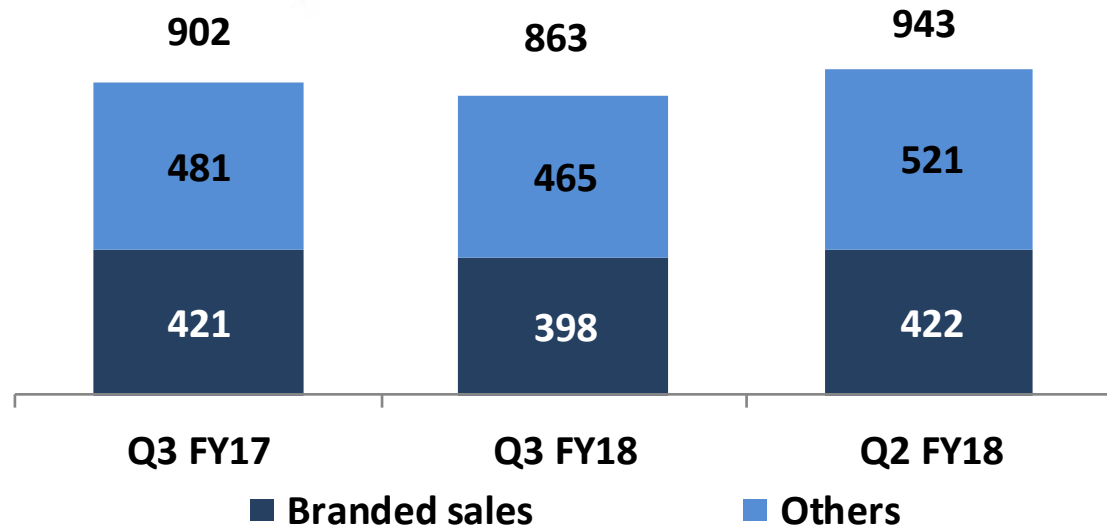
Quarterly sales highlights – consolidated



- ✓ Overall sales volumes grew 12%YoY
- ✓ Overall Value added & special products (VASP) and Special products sales grew by 8%YoY (57% of overall sales)
- ✓ Sales to Automotive customers grew by 30% YoY while automotive production grew by 16%

Achieved highest ever sales volume

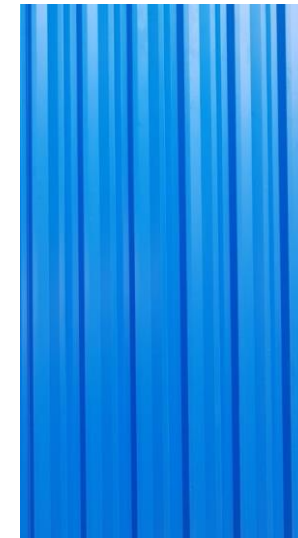
Retail segment highlights for Q3 FY18



- ✓ Added 100 new Retailers to the network taking total Retailer count to 8,600 (exclusive and non-exclusive). JSW now has footprint across 575 districts.
- ✓ Direct sales to end customers have grown by 27% YoY (Neo Steel and Coloron+)
- ✓ Organised 'Mega Engineering Conference', where 700 engineers attended
- ✓ Engaged with 7500+ influencers



Front Side



Back Side

New Product Launched : JSW Everglow

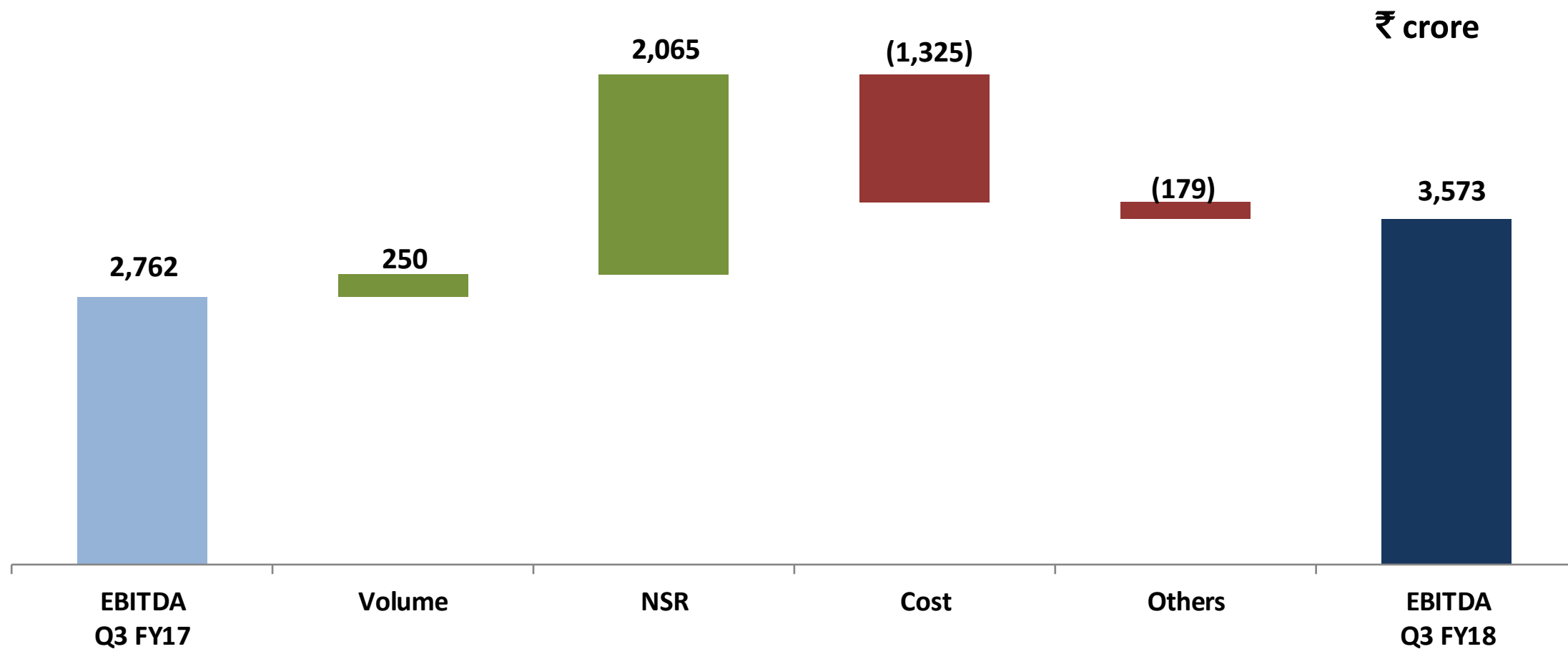
- First time warranty to end consumer
- Different colour options at the back side
- Superior substrate and paint coating, at premium price point

Financials – standalone

₹ crore

Particulars	Q3 FY18	Q2 FY18	Q3 FY17	9M FY18	9M FY17
Revenue from operations	16,453	14,986	14,583	46,535	39,962
Operating EBITDA	3,573	2,927	2,762	8,698	8,539
Other Income	43	49	78	140	174
Finance Cost	892	919	901	2,718	2,680
Depreciation	769	772	747	2,273	2,240
Profit Before Exceptional Items and Tax	1,955	1,285	1,192	3,847	3,793
Exceptional Items	234	-	-	234	-
Tax	595	440	373	1,223	1,220
Profit after Tax	1,126	845	819	2,390	2,573
Diluted EPS (₹)*	4.66	3.50	3.39	9.89	10.65

Operating EBITDA movement – standalone



Operational performance – JSW Steel Coated Products

Million tonnes

Volumes	Q3 FY18	Q2 FY18	Q3 FY17	9M FY18	9M FY17
Production	0.35	0.43	0.43	1.22	1.29
Sales	0.51	0.59	0.43	1.59	1.27

₹ crore

Key P&L data	Q3 FY18	Q2 FY18	Q3 FY17	9M FY18	9M FY17
Revenue from Operations	3,034	3,416	2,437	9,510	7,020
Operating EBITDA	90	141	142	436	468
Profit after Tax	18	53	55	188	208

Operational performance – US Plate & Pipe Mill

Production (net tonnes)	Q3 FY18	Q2 FY18	Q3 FY17	9M FY18	9M FY17
Plate Mill	59,623	52,315	42,291	1,77,428	1,28,937
<i>Utilization (%)</i>	24%	22%	18%	24%	18%
Pipe Mill	15,109	11,488	11,585	38,159	28,432
<i>Utilization (%)</i>	11%	8%	8%	9%	7%

Sales (net tonnes)	Q3 FY18	Q2 FY18	Q3 FY17	9M FY18	9M FY17
Plate Mill	41,486	49,226	31,009	1,43,121	89,477
Pipe Mill	16,044	11,822	11,544	39,860	29,726

USD mn

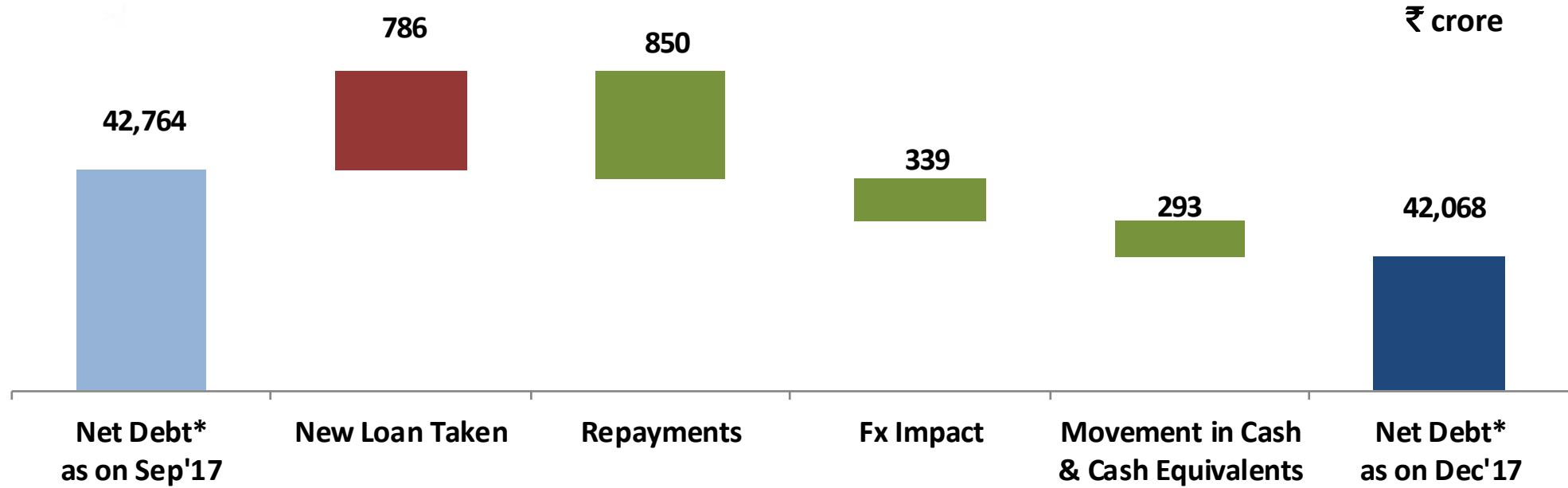
Key P&L data	Q3 FY18	Q2 FY18	Q3 FY17	9M FY18	9M FY17
Revenue from Operations	55.20	54.24	32.37	168.11	94.94
EBITDA	3.86	1.00	(4.36)	9.97	(9.58)

Financials – consolidated

₹ crore

Particulars	Q3 FY18	Q2 FY18	Q3 FY17	9M FY18	9M FY17
Revenue from operations	17,861	16,848	15,312	50,686	42,619
Operating EBITDA	3,851	3,036	2,821	9,504	9,010
Other Income	42	39	33	122	96
Finance Cost	923	950	921	2,818	2,821
Depreciation	852	851	868	2,522	2,552
Profit Before Exceptional Items and Tax	2,118	1,274	1,065	4,286	3,733
Exceptional Items	264	-	-	264	-
Tax	94	445	351	823	1,275
Share of Associates and Joint Ventures	14	7	2	35	1
Profit after Tax	1,774	836	716	3,234	2,459
Diluted EPS (₹)*	7.25	3.47	3.02	13.31	10.61

Net debt movement – consolidated



Particulars	31.12.2017	30.09.2017
Cash & cash equivalent (₹ crore)	1,456	1,163
Net Debt/Equity (x)	1.68	1.87
Net Debt/EBITDA (x)	3.32	3.67

Q3 FY18 Results – Drivers of Performance

Volumes	<ul style="list-style-type: none"> Production volume increased 4% QoQ, aided by a 13% QoQ increase in long products driven by higher utilisation at Dolvi and improved water availability at Salem Consolidated Sales volume increased by 2% QoQ, driven by 14% QoQ increase in Export volumes
Realisation	<ul style="list-style-type: none"> Average sales realisation increased ~5% QoQ driven by higher steel prices (both flats and longs) in both domestic and export markets Sales of value added and special products improved with higher share in automotive sector
Operating Costs	<ul style="list-style-type: none"> Blended coking coal prices increased by ~US\$6 per ton Hike in domestic Iron ore prices led to an increase in blended iron ore costs Surge in prices of other key inputs like electrodes and refractories led to higher conversion costs
Finance costs	<ul style="list-style-type: none"> Borrowings reduced by Rs 696 crore during the quarter, mainly due to favourable Fx movement and repayments Weighted Average Cost of Funds lower by ~23 bps
Exceptional Items	<ul style="list-style-type: none"> Impairment of Assets and Goodwill at Chile iron ore mine
Tax Expenses	<ul style="list-style-type: none"> Change in US Federal Tax laws led to a Deferred Tax Liability reversal in the US Business
Subsidiaries	<ul style="list-style-type: none"> JSW Coated Steel performance impacted by lower volumes due to planned shutdowns and lagged transmission of substrate pricing to end customers US Plate & Pipe Mill utilisations higher QoQ post a subdued Q2 FY18 which was impacted by hurricanes

Outlook

- ❖ Domestic economic activity likely to see an uptick post the slowdown induced by key structural reforms

- ❖ Government impetus on infrastructure investment and better credit delivery (bank recapitalisation) likely to boost steel demand. Roads and highways, railways, metro projects, water and energy pipelines, irrigation, affordable housing, etc. should be the key drivers of growth.

- ❖ A sharp increase in raw material prices has put tremendous pressure on costs – increase in steel prices should alleviate cost impact to some extent

- ❖ Moderation in Chinese exports should lend support to stabilisation of global steel prices amid improving demand across the world

- ❖ Resolution of stressed assets and likely industry consolidation to improve industry competitiveness



Agenda

Overview

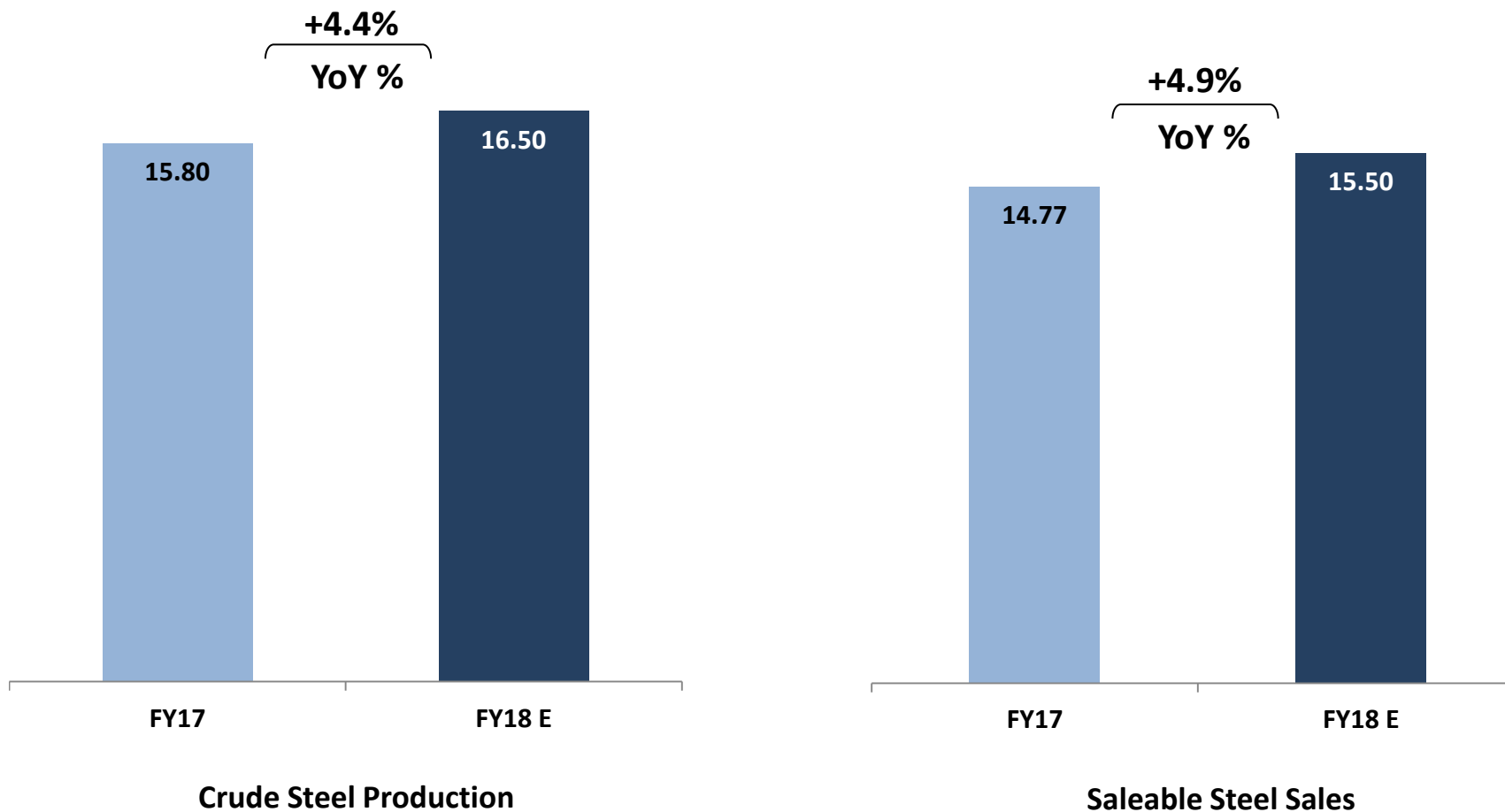
Value
Proposition

Performance
Overview

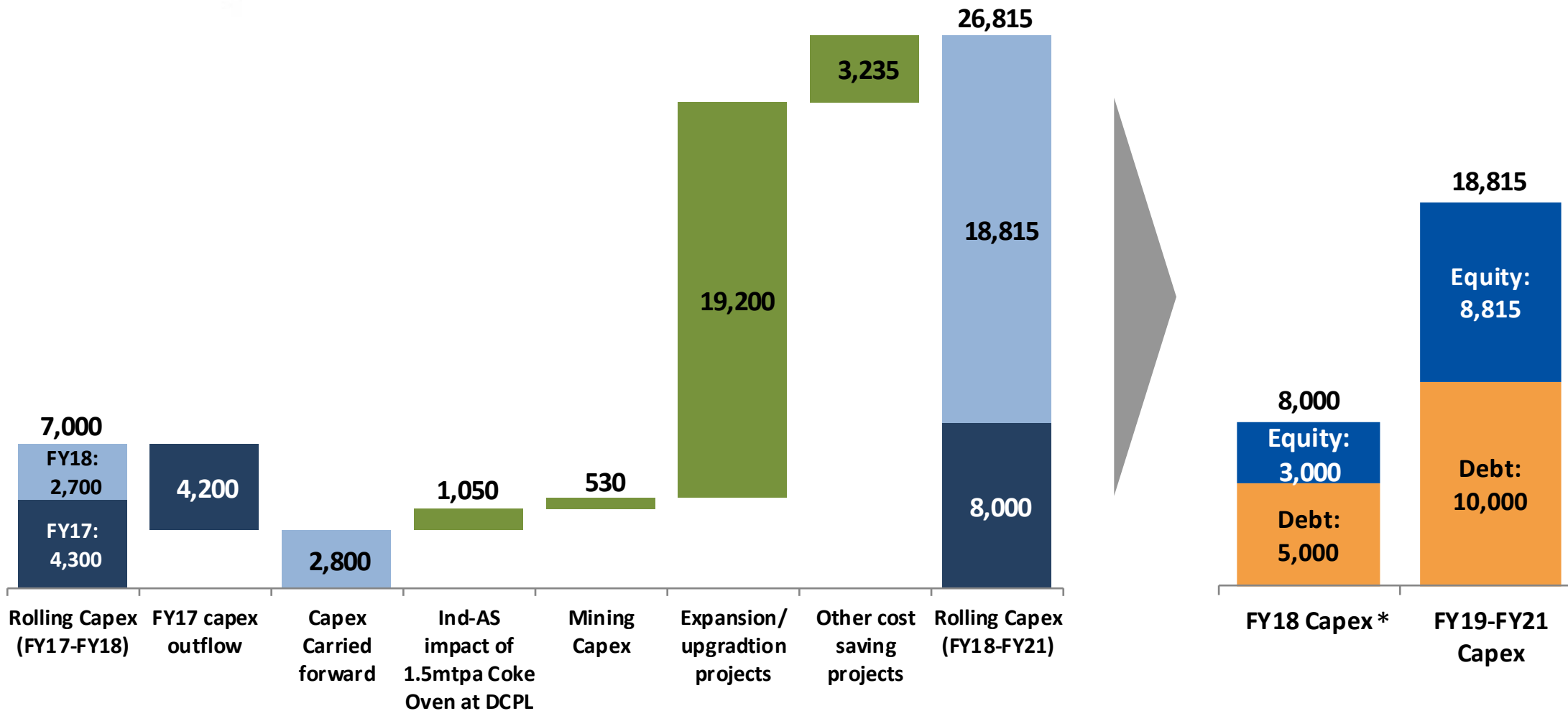
Guidance

Business
Environment

Volume guidance for FY18



Rolling Capex Plan: FY18-21



Key Projects

Dolvi: increasing steel making capacity to 10 MTPA

- Total project cost – ₹15,000 crore
- Total capacity will be increased from 5 MTPA to 10 MTPA. The major facilities to be set-up under the expansion project are:
 - 4.5 MTPA Blast furnace with 5 MTPA Steel Melt Shop
 - 5.75 MTPA Sinter plant, 4 MTPA Pellet plant, and 4 Kilns of 600 TPD LCPs
 - 5 MTPA Hot Strip Mill
- Commissioning: by March 2020

Vijayanagar: BF-3 revamp and upgradation

- Total project cost – ₹1,000 crore
- BF-3 capacity will be increased to 4.5 MTPA after the revamp and upgradation project
- Commissioning: 20 months from zero date
- Overall Vijayanagar works capacity will remain at 12 MTPA as existing high cost operations at BF-2 will be shut down post completion of this project.

Key Projects contd. ...

Vijayanagar: CRM-1 complex capacity expansion

- Total project cost – ₹2,000 crore
- CRM1 complex capacity will be increased from 0.85 MTPA to 1.80 MTPA alongwith two Continuous Galvanizing Line of 0.45 MTPA each, a new 1.2 MTPA Continuous Pickling Line for HRPO products
- Commissioning: by Sep 2019

Vasind and Tarapur : modernisation-cum-capacity enhancement

- Total project cost – ₹1,200 crore
- The modernisation cum capacity enhancement project includes:
 - increase in cold rolling capacity from 1.16 MTPA to 2.12 MTPA by replacing existing CR mills with Batch Tandem CR mills
 - increase in GI/GL capacity by 0.63 MTPA
 - increase in colour coating capacity by 0.08 MTPA
- Commissioning: by April 2019

Agenda

Overview

Value
Proposition

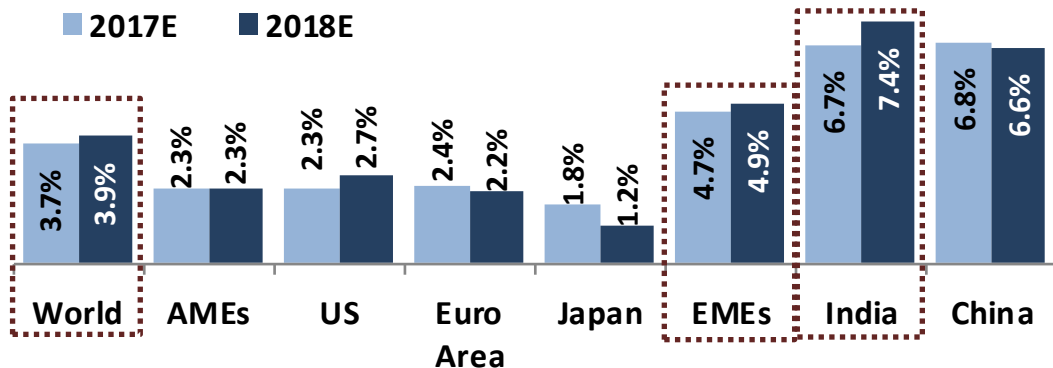
Performance
Overview

Guidance

Business
Environment

Global economy

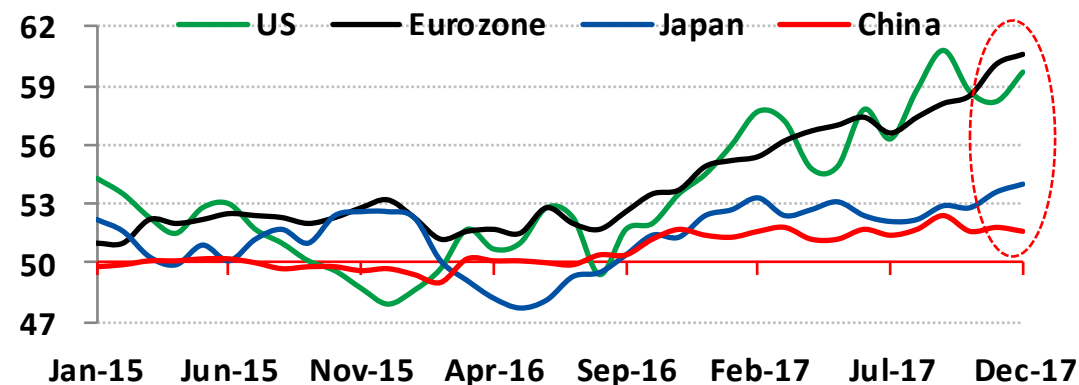
GDP growth - IMF projections for 2017 and 2018 (%YoY)



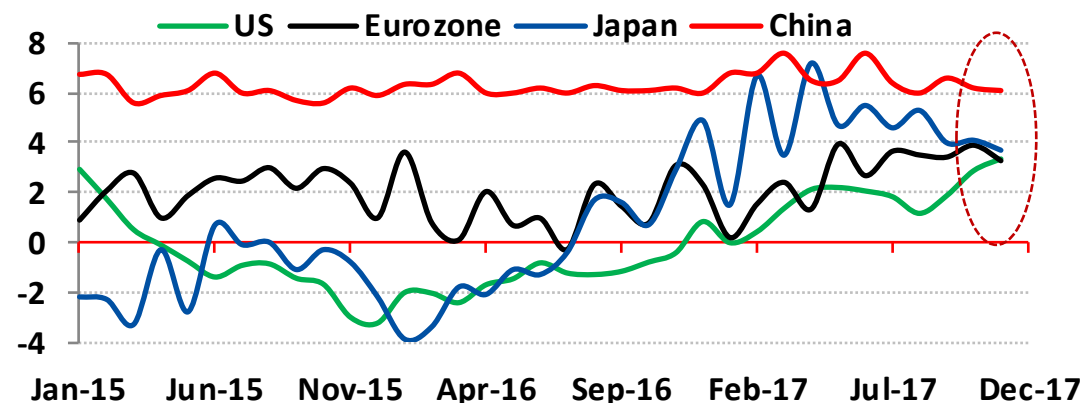
China GDP Growth



Manufacturing PMI



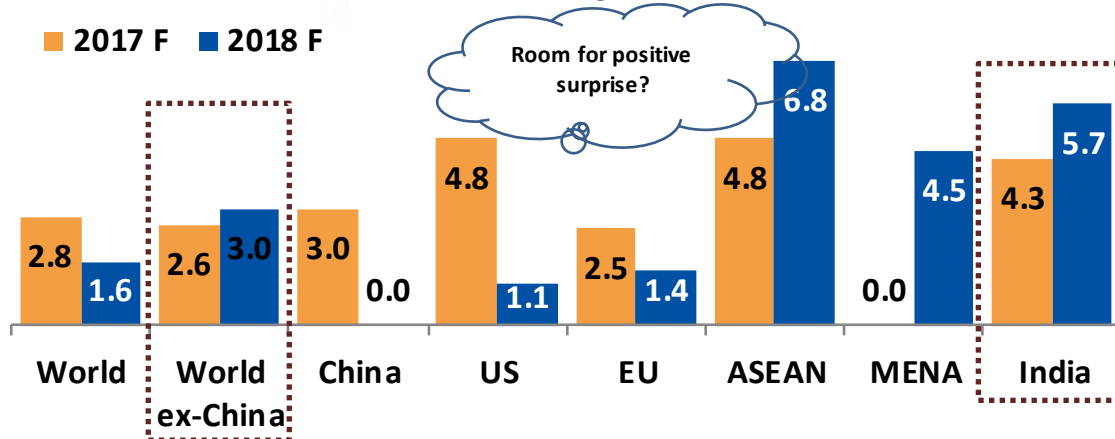
Index of Industrial Production (% YoY)



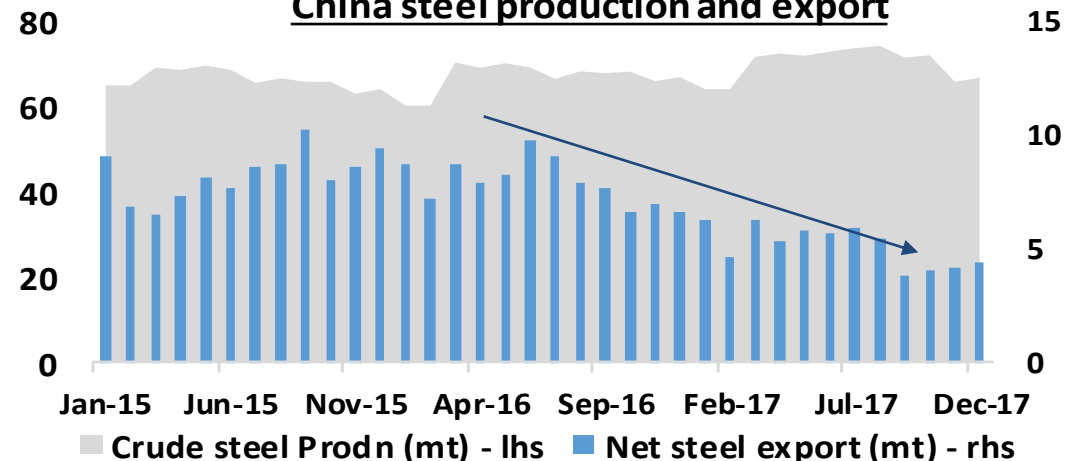
Global growth is firming up with broad based recovery across emerging and developed markets

Global steel scenario

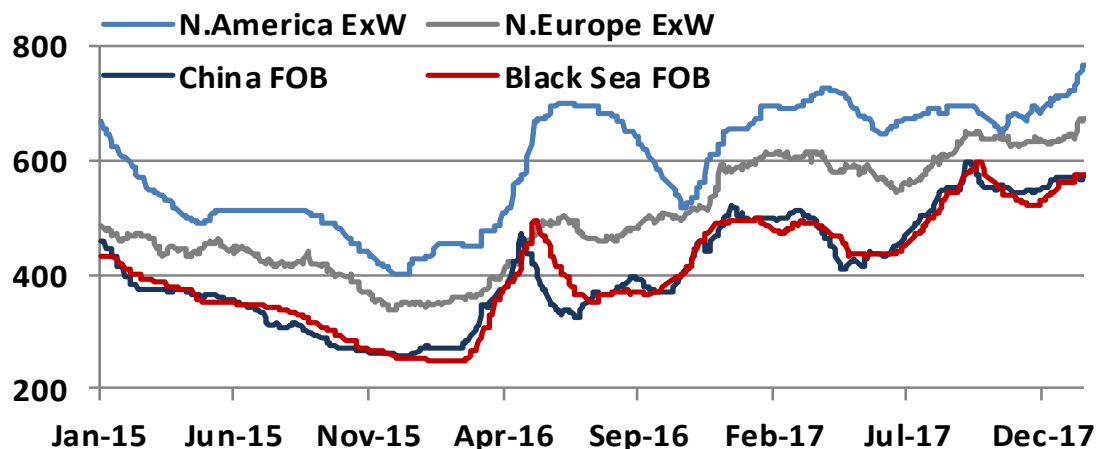
Global finished steel demand growth estimates (%YoY)



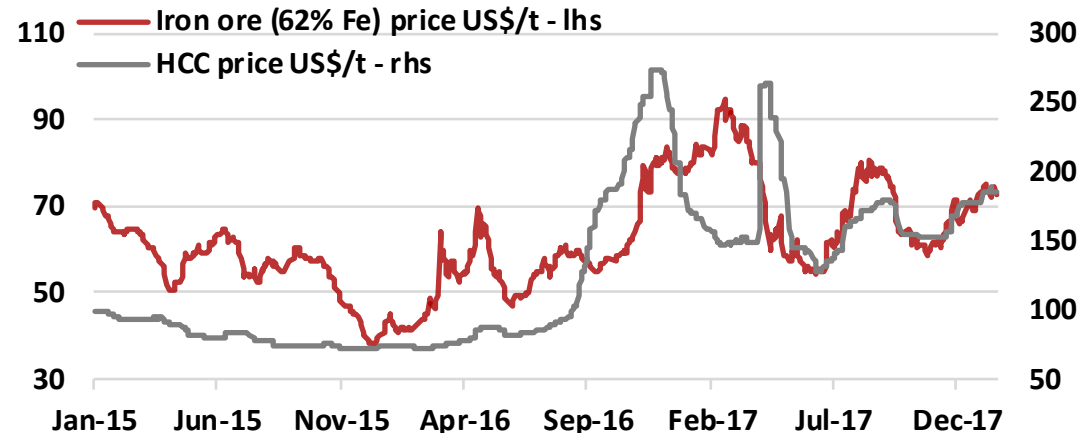
China steel production and export



HRC prices US\$/t



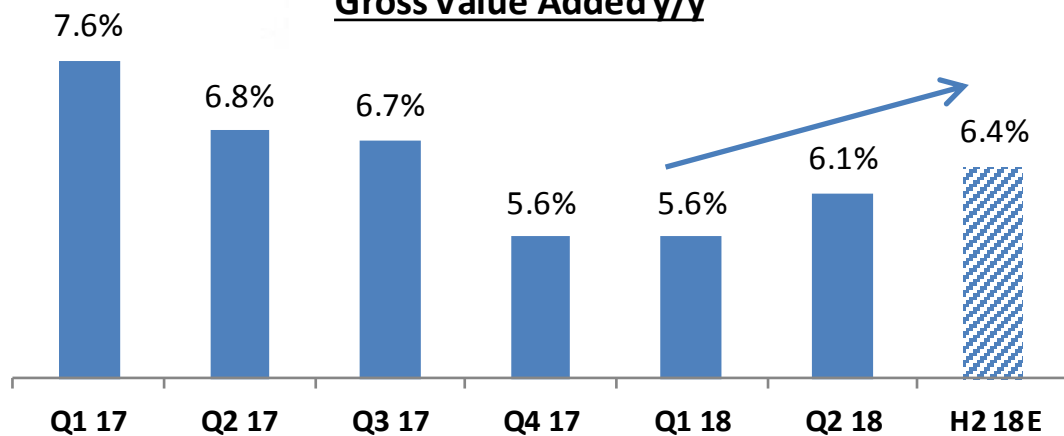
Raw material price trend



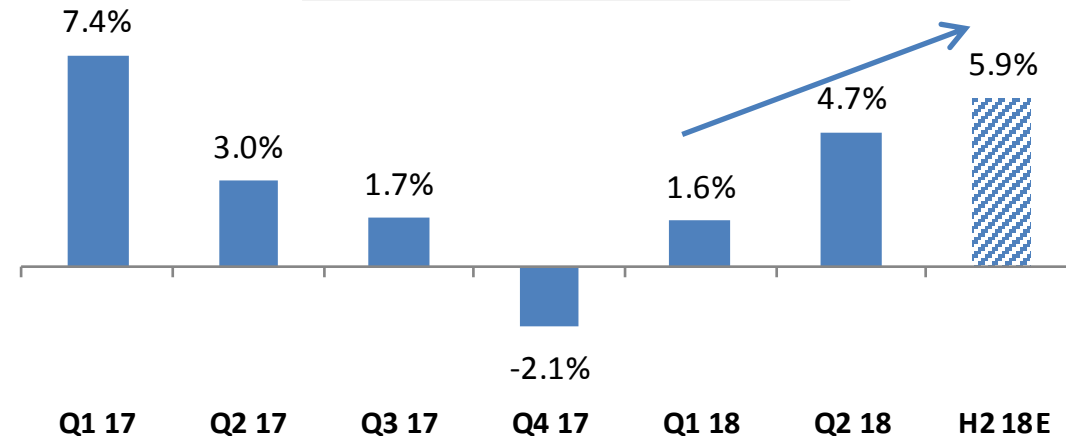
Global steel prices are buoyant with declining exports from China and firm raw material prices

Indian economy

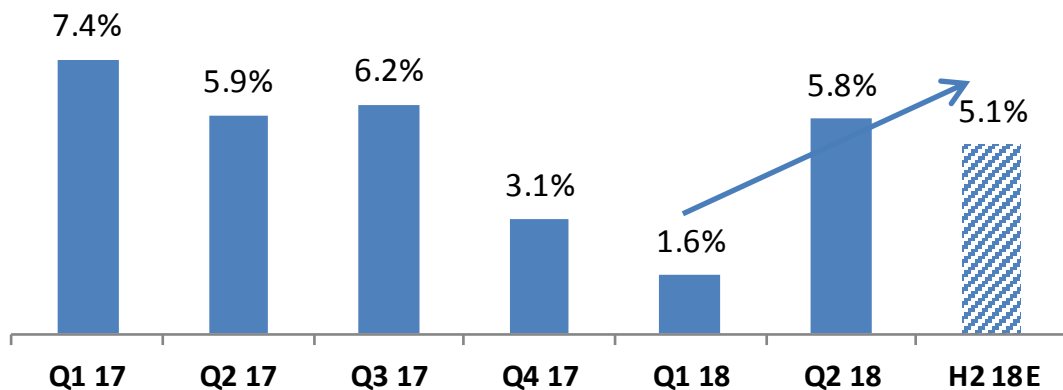
Gross Value Added y/y



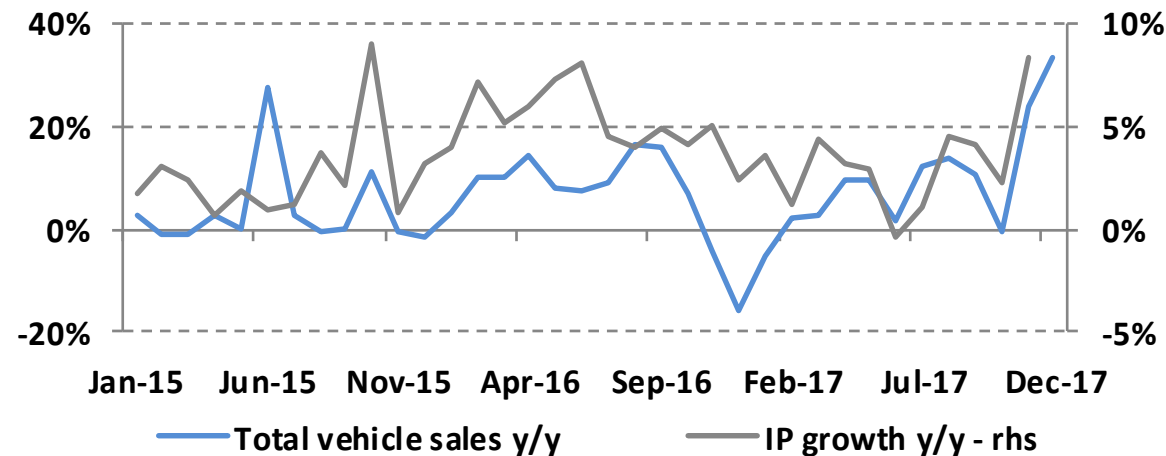
Gross Fixed Capital Formation y/y



Industry (GVA) Growth y/y



Vehicle sales and Industrial production picking up



Economic activity momentum picking up post structural reforms

Source: CSO, Bloomberg, SIAM

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