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**JSW Steel Ltd.**  
**Presentation to Analysts  
and Investors**

# Contents

- JSW Steel - Q2 Performance Highlights
- JSW Steel - Key developments and Strategic Initiatives
- JSW Steel - Expansion Projects and Status
- JSW Steel - Way Forward



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# **JSW Steel**

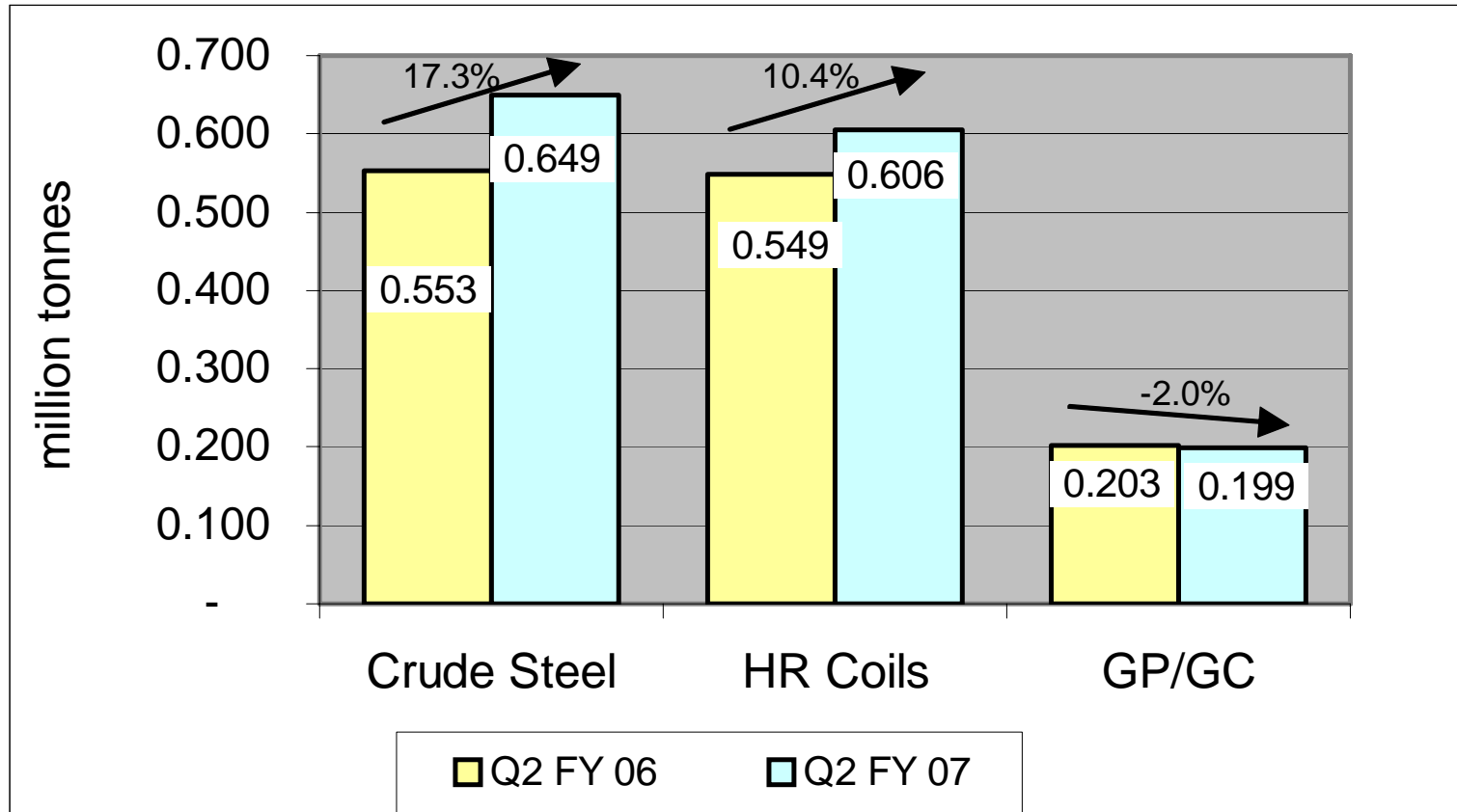
## **Q2 Performance**

### **Highlights**

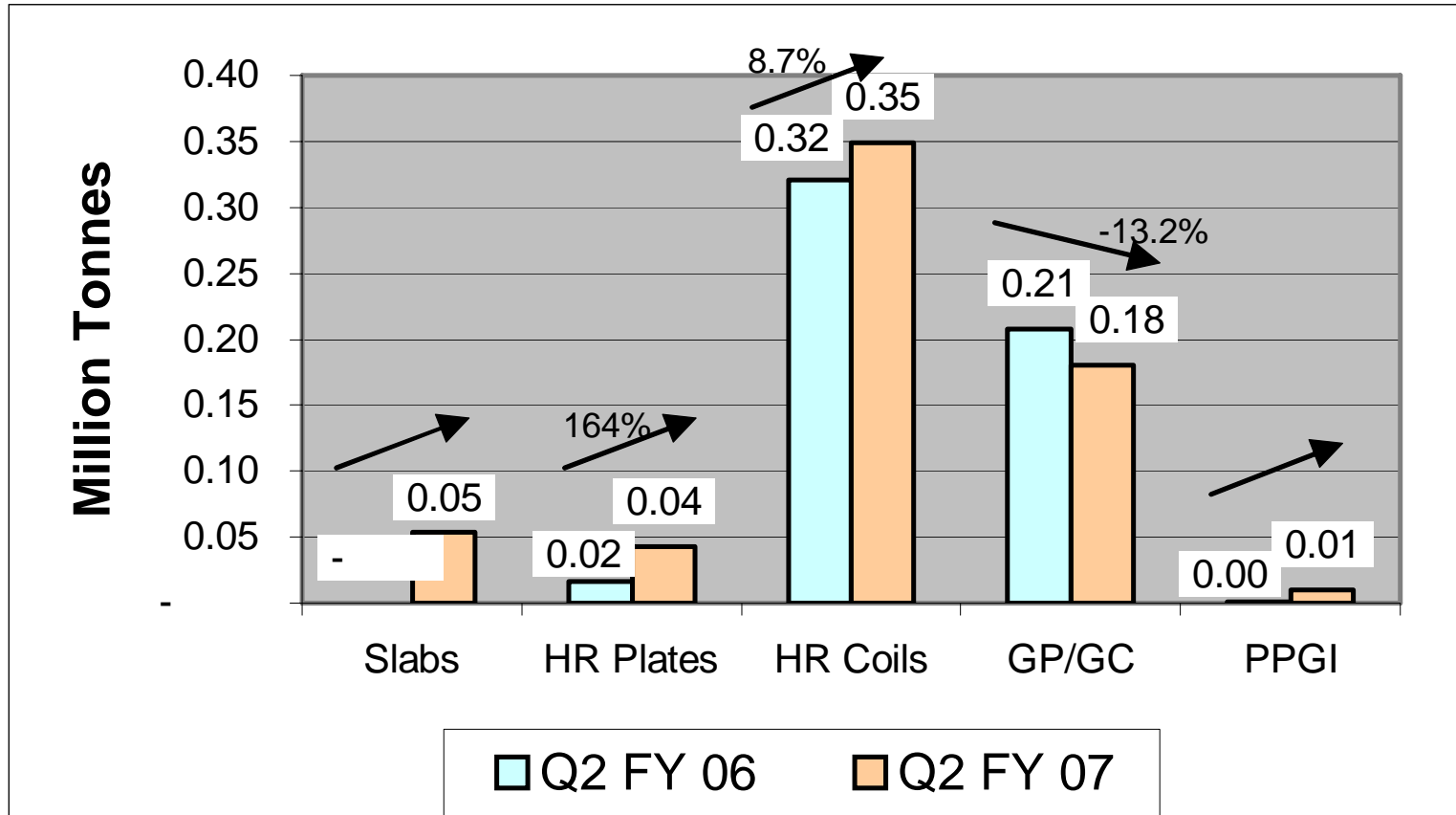
# Key Highlights

•Crude steel production	↑	17%
•Saleable steel sold	↑	16%
•Net Sales	↑	42%
•EBIDTA	↑	89%
•Interest cost	↓	3%
•Net Profit	↑	226%
•Diluted EPS	↑	244%

# Production : Q2



# Sales : Q2



# Financials: Highlights

- Interest cost Rs. 96.73 crs
  - 3% reduction over corresponding quarter
- Debt repayment
  - Rs. 331 Crore in Q2'07 ( Rs.409 crores in H1'07)
- Debt equity ratio at 0.85 :1

# Financials: P&L Q2 FY 07

(Rs. In crores)

	Q2'07	Q2'06	Growth
Gross Sales	2,369.32	1,696.32	40%
Net Sales	2,194.58	1,548.23	42%
EBITDA	744.58	393.75	89%
<b>EBITDA margin</b>	<b>33.93%</b>	<b>25.43%</b>	<b>33%</b>
Interest	96.73	99.59	-3%
Depreciation	156.32	125.74	24%
Profit before tax	491.53	168.42	192%
<b>Profit after tax</b>	<b>346.30</b>	<b>106.29</b>	<b>226%</b>
EPS (in Rs.)			
- Basic	21.55	6.74	220%
- Diluted	21.48	6.25	244%

# Financials – Key Ratios

Key Ratios	As at 30.09.06
ROCE	20.33%
ROE	24.55%
Cash EPS (Rs.)	120
Book value per share (Rs.)	279
Market value per share (Rs.)	286
P/E ratio	4.91
EV/EBITDA	3.62

**\*Figures annualized wherever required  
No. of outstanding shares taken on diluted basis**



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# Key Developments & Strategic Initiatives

# Key Developments

- Change in scope of 2.8 mtpa expansion project
  - Setting up of 1.5 mtpa Long Product facility consisting of billet caster, wire rod and bar mill in lieu of 1.5 mtpa slab caster
  - Increase in project cost by Rs. 300 crores to be funded by internal accruals
  - No impact on project completion schedule
  - Positive impact on all project financials

# Key Developments

- Setting up new HR Mill
  - Initial capacity of 2 mtpa (with ability to enhance to 5 mtpa with nominal investments)
  - Ability to produce upto 2,100 mm width for various high end HR applications
  - To be completed by March 31, 2009
  - Project cost – Rs.2,000 crores
  - Financing Plan
    - Internal accruals – Rs. 800 crores
    - Debt – Rs. 1,200 crores

# Strategic Initiatives

- Formation of Subsidiary for acquisition of coal assets overseas
  - Investment in subsidiary upto US\$ 25 million either by way of equity or loans/extension of financial guarantees
- Formation of Subsidiary to pursue overseas acquisition opportunities in steel business
  - Investment in subsidiary upto Pounds 1 million either by way of equity or loans/extension of financial guarantees

# Strategic Initiatives

- Formation of Subsidiary in India to set up Service Centre
  - Service centre for processing 0.25 mtpa of CRCA and 0.25 mtpa of HR products
  - Equity Investment of Rs. 50 crores and financial guarantee for loan of Rs 85 crores in subsidiary.

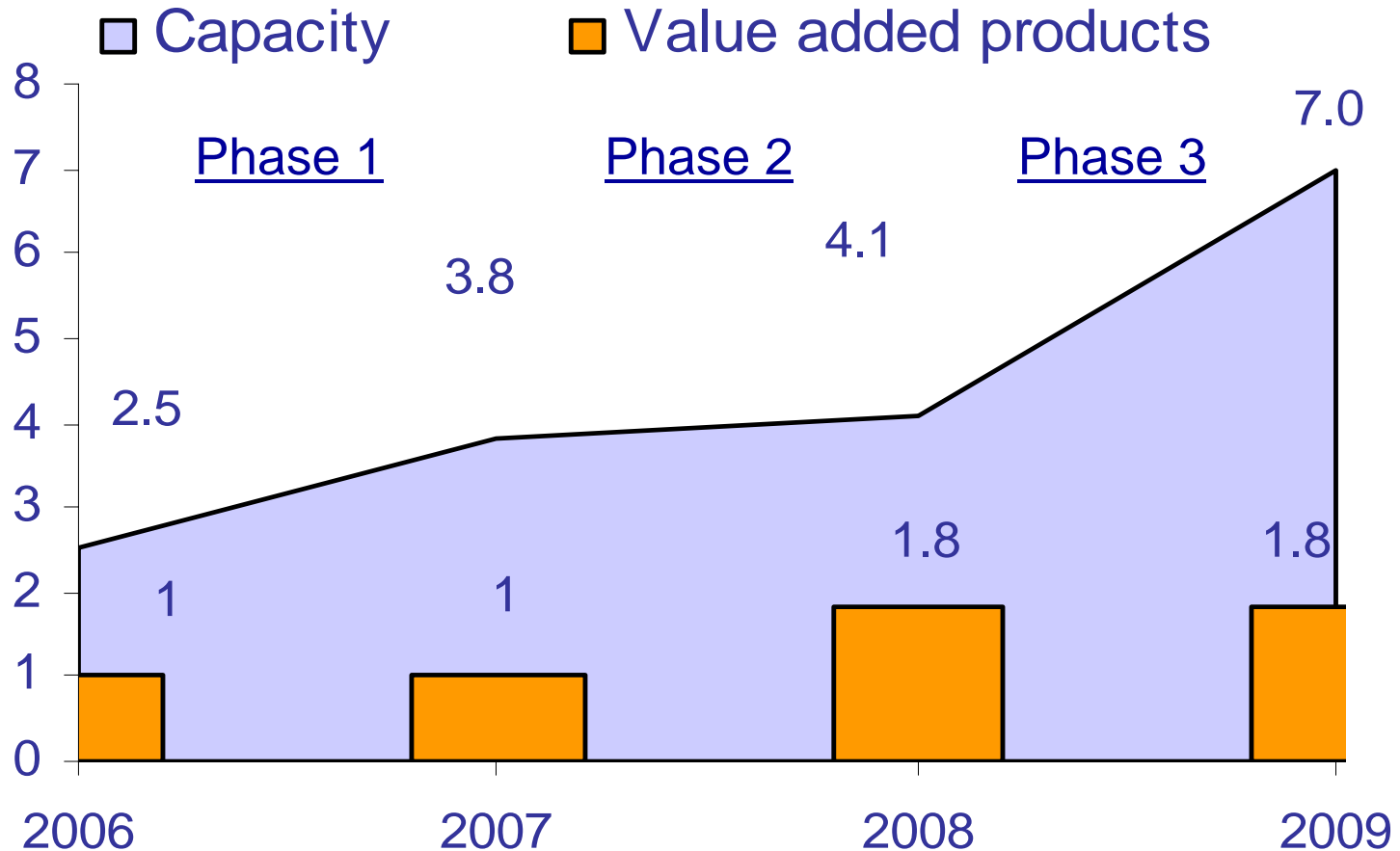


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# Expansion Projects and Status...

# JSW steel – Projects Planned

Volume growth



**Capacity to increase from 2.5 to 6.8 mtpa in 3 years**

# JSW Steel – Project Status

- Phase 1 – 3.8 mtpa expansion:
  - All units commissioned except Caster shop (under commissioning)
- Phase 2 – 1 mtpa CRM Complex:
  - Equipment delivery commenced
  - commissioning expected by May '07
- Phase 3 – 6.8 mtpa expansion:
  - Financial closure achieved
  - Engineering and critical components ordered
  - Excavation for foundation and terracing under progress

# JSW Steel – Capacity

	FY 2006	FY 2007	FY 2008	FY 2010
<b>Flat products</b>				
Slabs	2.5	→ 3.8	→ 4.1	→ 5.3
HR Coils	2.0	→ 2.5	→ 3.2	→ 5.2
HR Plates	0.3	0.3	0.3	0.3
CR	1.0	1.0	1.0	1.0
CRCA			→ 0.8	0.8
GPGC	0.9	0.9	0.9	0.9
PPGI	0.1	0.1	0.1	0.1
<b>Long products</b>				
Bar				→ 0.9
Wire Rod				→ 0.6

# JSW Steel – Product Mix

<b>Capacity</b>	<b>3.8</b>	<b>4.1</b>	<b>6.8</b>
<b>Flat products</b>			
Slabs	1.0	0.5	-
HR Coils	1.5	1.4	3.1
HR Plates	0.3	0.3	0.3
CR	0.1	0.1	0.1
CRCA		0.8	0.8
GPGC	0.8	0.8	0.8
PPGI	0.1	0.1	0.1
<b>Long products</b>			
Bar			0.9
Wire Rod			0.6

# Capex & Financing Plan

- 3.8 to 6.8 mtpa – Rs. 8,450 crore

<u>Financing</u>	<u>Rs. in crore</u>
Equity / Internal accruals	: 3,650
Debt	: 4,800
Total	: 8,450



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**Way forward...**

# Way Forward

- Lower Specific Investments
  - 1 mtpa CRM project
  - Capacity expansion from 2.5 to 6.8 mtpa
  - 10 mtpa by 2010
- Vertical Integration
  - Increasing the captive sources for iron ore and coal
  - Acquisition of coal mines abroad
- Healthy financial profile
  - Financing expansion projects with debt gearing not exceeding 1
  - Focused to reduce interest cost

THANK YOU