Spreading Josh across the Globe
Agenda

- Steel Scenario
- Project updates
- Performance Highlights
- Quarterly Developments
- Way Forward
Steel Scenario...
Global Slowdown & Rising Inflation

The slowdown in the global growth is expected to continue in 2008. The pace of decline abates in 2009.

International Commodity Prices

Global Commodity prices firmed up further during the first quarter of 2008-2009 led by sharp increase in Crude oil prices and US dollar weakening.

Increased inflationary pressures driven by rising food and energy prices, and persisting global imbalances

Source: IMF/ RBI
Demand for Steel to Sustain

As per WSD, 80% of the FAI gets invested into Infrastructure, Construction and Capital goods.

App. Steel consumption - BRIC

BRIC’s apparent consumption of steel is est. to grow at a CAGR of 11% between 2007 and 2009

Consumption Drivers: infrastructure spending, Construction, growing Industrial Sector, Auto & Capital Goods.

Source: IISI/WSD
In M.E. apparent consumption of steel is est. to grow at a CAGR of 10% between 2007 and 2009.

Steel consumption has grown at whopping 25% for the year 2007.

Consumption Drivers: Oil & Gas, expanding construction activities.

World app. steel consumption is est. to grow at a CAGR of 6.2% between 2007 and 2009, with strong demand from emerging economies.

Source: IISI
Capacity addition between 2007 and 2009 is est. to grow at a CAGR of 8.2% for BRIC and 6% for World.

**Apparent Steel Consumption**

App. Steel Consumption between 2007 & 2009 is est. to grow at a CAGR of 11% for BRIC and 6.2% for world.

*Growth in Demand outpacing growth in Capacity addition*

Source: IISI/ SBB
High capacity utilization on account of high finished steel prices and low inventory level

Low Inventory level on account of supply shortage

Source: CRU/ TEX/ SBB
Tight Supply of Raw Materials

**Australia - Coal Export**

**China-Coke Export**

China’s Export quota for coke reduced to 12.01 Mt for 2008 against 14mt in 2007 on account of tight supply of Coal and pollution issue.

11Mt of Metallurgical coal was lost due to Queensland floods.

Source: CRU/TEX
Freight rate at record high
Spot freight rates for iron ore from Brazil to China reported as high as $108/tonne. W. Australia-China spot rates at $45-46/t.

Resulting Raw material super Cost Push.
Current spot prices are up by 371% for Coke, 311% for Coal and 137% for iron ore from April 2007 level.

Source: CRU/ TEX/ SBB
Ranked 8th among top 31 “World-Class” Steelmakers

- June 2007, Ranked 8th among the top 26
- Dec 2007, Ranked 9th among the top 30
- June 2008, JSW Jumps one slot up to no. 8th position among the top 31

Low Cost Operation with 100% Captive Raw material

Efficient & Low Conversion Cost

Global Size & Efficient Operation

Potential to improve further due to:
- Scaling up Capacities.
- Increasing Raw Material Security

Source: WSD- Ranking as on June 2008
Emerging as a Global Player

**FY 2008**

- **4.8 MT**
- **Iron Ore – 25%**
  - **Coal – 0%**
- **Brown field**
- **South India**
- **9%**

**FY 2020**

- **32 MT**
- **Iron Ore – 72%**
  - **Coal – 50%**
- **Brownfield/Greenfield**
- **Dispersed**
- **17%**

**Capacity**

**Raw Material Integration**

**Growth Route**

**Steel Making Facilities**

**Market Share in India**
Raw material Integration
Iron Ore Mine: South America

<table>
<thead>
<tr>
<th>Location</th>
<th>Chile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Area</td>
<td>26,245 Ha</td>
</tr>
<tr>
<td>Cost of Acquisition</td>
<td>USD 252 Mio</td>
</tr>
<tr>
<td>Output/Year</td>
<td>20MTPA (Capacity: 6 MT – FY 2010, ramp up to 20 Mtpa)</td>
</tr>
<tr>
<td>Port</td>
<td>Right to use existing Caldera port.</td>
</tr>
</tbody>
</table>

**Management Structure:**
Mining Rights with JV Company, of which 70% stake is held by JSWSL. (Share of output to JSWSL 100% at L.T. reference price)

**Present Status:**
- Mine development Capex of USD 130 Mio tied up.
- Drilling in progress.
- Environmental Clearance for opening Bellavista mine awaited.
- Basic Engineering for Beneficiation plant in progress.
- Beneficiation Plant ordered.
- Mining Plan at final stage.
- Feasibility study for construction of new port under progress.
Coal Block: Mozambique

Location: Mozambique-Coal Block: PLOT-1127 L, Plot -2214 L, 1053 L & 1370 L

Total Area: 45,460 Ha

Expected Reserve: 188.6 Mt for Plot -1127L, reserves for remaining plots is yet to be established.

Present Status:

- Company continues to work on obtaining various approvals
- Railway construction from port to mine is under progress.
Coal Block: Jharkhand

Location: Rohne
Total Area: 1,254 Ha
Mine Type: Open Cast
Exploration Status: Fully Explored
Expected Resources: 410 Mt
Mineable Reserve: 250 Mt
Output/Year: 8 MTPA

Management Structure:
Allotted to JV Company of which 69% of output accrues to JSW.

Present Status:
- The Coal Block has been fully explored.
- MOC has allocated the coal block to JV Co.
- Mining plan preparation is under progress.
- Application for TOR (terms of Reference) submitted.
West Bengal

Project update
West Bengal Project update

**Project Details:**
**Location:** Salboni, West Bengal  
**Distance from Port:** 140 Km from Haldia port & 120 Km from Kolkata airport.

**Capacity:** 6 MTPA (Steel plant)  
**Phase 1A:** Beneficiation plant 8 MTPA  
Pellet Plant 6 MTPA (part of steel plant)  
**Tax Benefit:** The project will be eligible for tax benefit on approval as SEZ unit.

**Phase 1A:**  
**Project cost:** Rs. 4000 Cr. (incl. 800 Cr. in coal mining & development)  
**Equity:** Rs. 1333 Cr.  
**Debt:** Rs. 2667 Cr.

**Present Status:**  
Land Acquisition completed.  
- MOEF clearance received from Central Govt.  
- Rail Transport clearance has been obtained.  
- Construction of boundary wall under progress  
- Iron Ore supply agreement signed.  

**Exp. Commissioning:** FY 2012
Performance Highlights...
## Highlights – Q1 FY09

<table>
<thead>
<tr>
<th>Particular</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Volume</strong></td>
<td></td>
</tr>
<tr>
<td>: Crude Steel Production</td>
<td>22 %</td>
</tr>
<tr>
<td>: Saleable Steel</td>
<td>13 %</td>
</tr>
<tr>
<td><strong>Net Sales</strong></td>
<td>54 %</td>
</tr>
<tr>
<td><strong>Blended</strong></td>
<td></td>
</tr>
<tr>
<td>: Sales Realisation</td>
<td>35 %</td>
</tr>
<tr>
<td>: Cost of Production</td>
<td>61 %</td>
</tr>
</tbody>
</table>

- **Adj. EBIDTA Margin** 22.7 %
- **EBIDTA** Rs. 660Cr.
- **Net Profit** Rs. 219 Cr.

*Weighted Average Cost of Borrowings 7.63 %*
HSM shutdown of 17 days for modernisation restricted output of Rolled flat products.
Saleable Steel Sales – Q1 FY09

Excess slabs available for sale due to HSM shutdown for modernisation
Sales Realisation – Q1 FY09

Blended Realisation

Rs./T

Q1 '08 Q1 '09

30482 41168

35% (YoY %)
Cost of Production – Q1 FY09

Blended Cost

Rs. / T

Q1 '08

Q1 '09

61%

19001

30607

(YoY %)
**Raw Material Price Movements**

**Imported Coke** (Vijaynagar Works)

- **Q1 '08**: 10550 Rs. / T
- **Q1 '09**: 22850 Rs. / T

**Impact on Cost**: Rs. 2,676 / t CS

**- VE**: Rs. 215 Cr.

**Iron Ore fines** (Vijaynagar Works)

- **Q1 '08**: 1393 Rs. / T
- **Q1 '09**: 2674 Rs. / T

**Impact on Cost**: Rs. 2,318 / t CS

**- VE**: Rs. 187 Cr.

**China FOB $ 212 / t to $ 605 / t up by 185 %**

**CIF China $ 100 / t to $ 186 / t up by 86 %**
Operating Parameters

**Fluxes Consumption - BF (Vijaynagar Works)**

- Q1 '08: 148.5 Kg / t CS
- Q1 '09: 83.9 Kg / t CS
- Increase: 43%

**Fuel Consumption - BF (Vijaynagar Works)**

- Coke:
  - Q1 '08: 574 Mn Tonnes
  - Q1 '09: 632 Mn Tonnes
  - Increase: 46

- Coal Inj:
  - Q1 '08: 584 Mn Tonnes
  - Q1 '09: 630 Mn Tonnes
  - Increase: 57

- Total:
  - Q1 '08: 1158 Mn Tonnes
  - Q1 '09: 1262 Mn Tonnes
  - Increase: 4

**Increase in Coal Injection over Coke**

- Impact on Cost: Rs. 17 / t CS
  - Q1 '08: + Rs. 13.7 Cr.
  - Q1 '09: + Rs. 21.8 Cr.
Operating Parameters

Power Generation (Vijaynagar Works)

<table>
<thead>
<tr>
<th>Mw</th>
<th>Q1 '08</th>
<th>Q1 '09</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>139.4</td>
<td>149.1</td>
</tr>
</tbody>
</table>

7% increase

LD Gas Recovery (Vijaynagar Works)

<table>
<thead>
<tr>
<th>M³/t of LS</th>
<th>Q1 '08</th>
<th>Q1 '09</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>82</td>
<td>88</td>
</tr>
</tbody>
</table>

7% increase

Impact on Cost:
- Power Generation: Rs. 8 / t CS
- LD Gas Recovery: Rs. 5 / t CS

Total Impact:
- Rs. 6.5 Cr.
- Rs. 4.0 Cr.

+ ve
## Financials – Q1 FY09

<table>
<thead>
<tr>
<th></th>
<th>Q1 FY 09</th>
<th>Q1 FY 08</th>
<th>Variance</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover</td>
<td>3,983.79</td>
<td>2,646.07</td>
<td>1,337.72</td>
<td>51 %</td>
</tr>
<tr>
<td>EBITDA</td>
<td>660.09</td>
<td>922.76</td>
<td>(262.67)</td>
<td>-28 %</td>
</tr>
<tr>
<td>Profit Before Tax</td>
<td>321.74</td>
<td>673.35</td>
<td>(351.61)</td>
<td>-52 %</td>
</tr>
<tr>
<td>Net Profit</td>
<td>219.35</td>
<td>468.45</td>
<td>(249.10)</td>
<td>-53 %</td>
</tr>
<tr>
<td>EPS: Diluted</td>
<td>11.27</td>
<td>25.16</td>
<td>(13.89)</td>
<td>-55 %</td>
</tr>
</tbody>
</table>
Operating EBITDA Analysis

<table>
<thead>
<tr>
<th></th>
<th>Q1 FY 08</th>
<th>Q1 FY 09</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA (Rs. Cr.)</td>
<td>922.76</td>
<td>660.09</td>
</tr>
<tr>
<td>Forex Gain</td>
<td>(60.15)</td>
<td></td>
</tr>
<tr>
<td>Forex Loss</td>
<td></td>
<td>229.95</td>
</tr>
<tr>
<td>LOP Claim</td>
<td>(18.75)</td>
<td></td>
</tr>
<tr>
<td>Op. EBITDA (Rs. Cr.)</td>
<td>843.86</td>
<td>890.04</td>
</tr>
<tr>
<td>Op. EBITDA (%)</td>
<td>34.4%</td>
<td>22.7%</td>
</tr>
</tbody>
</table>
## Operational Performance - USA

<table>
<thead>
<tr>
<th></th>
<th>Plate Mill</th>
<th></th>
<th>Pipe Mill</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FY 09</td>
<td>FY 08</td>
<td>FY 09</td>
<td>FY 08</td>
</tr>
<tr>
<td>Production (NT)</td>
<td>143,077</td>
<td>140,238</td>
<td>66,431</td>
<td>70,961</td>
</tr>
<tr>
<td>Capacity Utilisation</td>
<td>57.87 %</td>
<td>57.79 %</td>
<td>49.31 %</td>
<td>51.75 %</td>
</tr>
<tr>
<td>Yield</td>
<td>82.41 %</td>
<td>81.11 %</td>
<td>98.52 %</td>
<td>98.20 %</td>
</tr>
<tr>
<td>Sales (NT)</td>
<td>75,762</td>
<td>76,823</td>
<td>65,026</td>
<td>79,717</td>
</tr>
</tbody>
</table>
## Financial Performance - USA

<table>
<thead>
<tr>
<th></th>
<th>Q1 FY 09 (Apr – Jun)</th>
<th>Q4 FY 08 (Jan – Mar)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>a) Turnover</strong></td>
<td>217.50</td>
<td>209.13</td>
</tr>
<tr>
<td><strong>b) EBIDTA</strong></td>
<td>44.92</td>
<td>30.10</td>
</tr>
<tr>
<td></td>
<td><strong>20.65 %</strong></td>
<td><strong>14.16 %</strong></td>
</tr>
<tr>
<td><strong>c) Profit Before Tax</strong></td>
<td>25.63</td>
<td>9.00</td>
</tr>
<tr>
<td><strong>f) Profit After Tax</strong></td>
<td>17.68</td>
<td>7.46</td>
</tr>
</tbody>
</table>
# Financial Summary - Consolidated

<table>
<thead>
<tr>
<th></th>
<th>Q1 FY 09 (Consolidated)</th>
<th>Q1 FY 08 (Consolidated)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Sales</strong></td>
<td>4,456.15</td>
<td>2,397.10</td>
</tr>
<tr>
<td><strong>EBIDTA</strong></td>
<td>843.62</td>
<td>922.49</td>
</tr>
<tr>
<td><strong>Profit Before Tax</strong></td>
<td>388.85</td>
<td>672.54</td>
</tr>
<tr>
<td><strong>Profit After Tax</strong></td>
<td>250.23</td>
<td>469.80</td>
</tr>
<tr>
<td><strong>Net Worth</strong></td>
<td>8,026.54</td>
<td>6,448.97</td>
</tr>
<tr>
<td><strong>Adjusted Debt</strong></td>
<td>13,238.04</td>
<td>5,314.33</td>
</tr>
<tr>
<td><strong>Adj. Debt : Equity Ratio (x)</strong></td>
<td>1.65</td>
<td>0.82</td>
</tr>
</tbody>
</table>

*Unrealised contribution on incremental inventory: Rs. 19 Cr. for Q1 09 and Nil in Q1 08*
Quarterly developments – Q1 FY09

- Successfully completed modernization of Hot Strip Mill with increase in HR Coil manufacturing capacity from 2.5 MTPA to 3.2 MTPA.
- Commissioned 1st block of Coke Ovens (56 ovens) on 27th June’08.
- Expansion project to increase the capacity to 6.8 MTPA at Vijayanagar is progressing satisfactorily and is expected to be on stream September 2008.
- New HSM #2 (Phase I- 3.5 Mtpa) : Major and Long delivery packages finalised, Civil and Structural work is ahead of schedule. Exp. Commissioning by Oct 2009.
- Colour Coating Line-2 (0.1 Mtpa) : Cold trial is expected in Aug-08.
Awards & Recognitions

• **Greentech Safety Award 2007:**
  Gold Award in Metal and Mining Sector for Outstanding Achievement in Safety Management by Greentech Foundation (10th April 2008, Mumbai).

• **G3 Awards for Good Green Governance 2007:**
  JSW Steel received winners trophy in the manufacturing category by SRISHTI, New Delhi (22nd April 2008).

• **TERI Environment Award 2008:**
  Certificate of appreciation in recognition of efforts towards environmental management and innovative initiatives (June 2008).
PROJECT CHEETAH: Bird’s Eye View

CIVIL

- Achieved 98.09%
- Balance 1.91%

STRUCTURAL

- Fabrication Total 99.89%
- Balance Erection 0.11%

EQUIPMENT

- Achieved 75%
- Balance 25%

CABLING

- Achieved 63.47%
- Balance 36.53%

REFRACTORY

- Achieved 80%
- Balance 20%

PIPING

- Achieved 77%
- Balance 23%

Fabrication Total 99.89%
COKE OVEN # 3 : BATTERY

July’ 07

July’ 08
COKE OVEN # 3:
DESOULFURISATION & REGENERATION TOWERS

July’ 07

July’ 08
COKE OVEN # 3: GAS HOLDER

July’ 07

July’ 08
BF # 3 : Over All view

May’07

July’08
WRM MILL AND STELMOR AREA

July’ 07

July’ 08

R.S.M

N.T.M.

STELMOR
BAR MILL COOLING BED

July ‘07

July ‘08
Way Forward…

Sustainable GROWTH........
...........Creating VALUE

Way Forward

- Market Share
- Diversified Product Profile
- Global Presence
- Raw Material Integration
- Strong Financials

Consolidate position in domestic steel industry with focus on enhancing capacities at competitive cost.

Achieve significant position in domestic market.

Expand Global Presence with Value addition closer to market.

32 MTPA by 2020

Enhance Value through Rich Product mix.

Strong financials to support Growth

Raw material Integration to protect from cost fluctuations

Outline:
- **Consolidate position in domestic steel industry with focus on enhancing capacities at competitive cost.**
- **Achieve significant position in domestic market.**
- **Expand Global Presence with Value addition closer to market.**
- **32 MTPA by 2020**
- **Enhance Value through Rich Product mix.**
- **Strong financials to support Growth**
- **Raw material Integration to protect from cost fluctuations**
Q & A Session…
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, 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.