

Bigger the Better



+



= JSW *Ispat*

Inorganic Growth



Parameter	JSW	Ispat
Capacity (mtpa)	11*	3.3
Operating since (year)	2000	2000
Plant Location	South / West	West
Products Range	Flat + Long	Flat
Raw Material Integration	Partial	Nil
Technology	Pioneer in COREX Technology	Pioneer in Twin Shell ConArc / Thin Slab Casting
Markets	South / West	West / South
Logistics	Rail / Road	Port based
Financial Status	Profit making / Dividend Paying Company	Low EBITDA / CDR case

* By 31st Mar 2011, current capacity 7.8 mtpa

First ever opportunity for collaboration in Steel sector in India

Ispat Overview



Dolvi - Integrated Steel Plant with own Jetty

Location: 75 km from Central Mumbai, Situated in the commercial / manufacturing hub of western India

Nagpur- Downstream Unit

Location: 850 km from Central Mumbai, Situated in the commercial hub of central India

Facilities	Capacity (mtpa)
Sinter Plant	2.8
Blast Furnace	2.0
Sponge Iron	1.6
Twin Shell ConArc	3.6
HRM	3.3
Cold Rolled	0.33
Galvanised Coils / Sheets	0.325
Colour Coated Sheets	0.096
Tubes and Pipes	0.06

Product basket

- ❖ Hot rolled coils (HRC), Cold rolled coils (CRC), Galvanized, Galvalume, Colour coated sheets, pipes & tubes

Pioneer in using latest technologies

- ❖ Twin Shell ConArc Furnace
- ❖ Thin Slab Casting Technology
- ❖ Compact Strip process (CSP)

Others

- ❖ State-of-the-art facilities constrained by working capital and lack of integration
- ❖ Iron ore mining concession in Maharashtra and coking coal concession in Madhya Pradesh
- ❖ Minority stake in JV for iron ore concessions in Brazil and coking coal concessions in Colombia
- ❖ Plant currently under shutdown/ maintenance
- ❖ Large quantum of expensive debt adding further to the financial stress

All figures in Rs Crores

Particulars	Year ending Mar 2009	Year ending June 2010 (15 months)	Quarter Ending Sep 2010
Production Qty (million MTs)	2.1	3.3	0.6
Sales Qty (million MTs)	1.9	2.9	0.6
Total income	8,538	10,579	2,185
EBITDA	1,431	1,723	(77)
<i>EBITDA margin</i>	16.8%	16.3%	-3.5%
PAT*	-688.1	-322.3	-331.6

*Company has been making losses since FY 2009

All figures in Rs Crores

Particulars	Year ending Mar 2009	Year ending June 2010 (15 months)	Quarter Ending Sep 2010
Current Assets	2,954	3,693	3,512
Current liabilities	3,744	4,117	4,389
Long Term Debt	6,932	6,943	6,783
Total Debt Including Preference capital	8,403	8,185	8,040
Net worth	2,766	2,694	2,673
Less: Accumulated Losses	1,832	2,134	2,466
Adjusted Networth	934	559	207
Current Ratio (x)	0.79	0.90	0.80
Debt/Equity ratio (x)*	9.00	14.63	38.78

* Preference share capital treated as debt



Immediate

- ❖ Invest funds of Rs 2,157 Crores as Subscription / Advance subscription / Tranches to recommence operations/ reduce debt
- ❖ Refinancing of existing debt

Short term

- ❖ Arrange linkages for Power at competitive price
- ❖ Arrange Coke - meeting 35% of requirement, replacing imported coke
- ❖ Supply surplus Pellets from Vijayanagar plant from May 2011
- ❖ Replace expensive Iron ore lumps/fines from economical sources
- ❖ Align the Marketing Strategy

Medium Term

❖ Capex

	(Rs Crores)
➤ Implementation of 110 MW Power Plant	: 490
➤ Implementation of 3 mtpa Pellet Plant	: 600
➤ Implementation of 1 mtpa Coke oven plant	: 500
➤ Cost saving Capex programmes	: 132
➤ Enhancement of capacity from 3.3 to 4 mtpa	: 1,418
Total Capex	: 3,140

Shareholding

- ❖ JSW to acquire controlling stake with investment in Equity of Rs 2,157 Crores and Open Offer, the existing promoters to hold 26%
- ❖ Dilution of holding for both the parties in case of capital raising in future

Management control

- ❖ JSW to have management control
- ❖ Ispat's Promoters and JSW to have number of directors 1:2 provided they hold at-least 15% stake
- ❖ Ispat's Promoters to nominate Executive Vice Chairman during the transition period, and thereafter non-executive vice chairman as long as their stake is minimum of 15%

Implications for JSW

- ❖ ROFR for JSW on Ispat's Promoters' stake and vice-versa
- ❖ Change in the name of the Target to JSW Ispat Steel Ltd

Implications for Ispat

- ❖ Ispat's promoters to maintain 26% shareholding at transaction completion

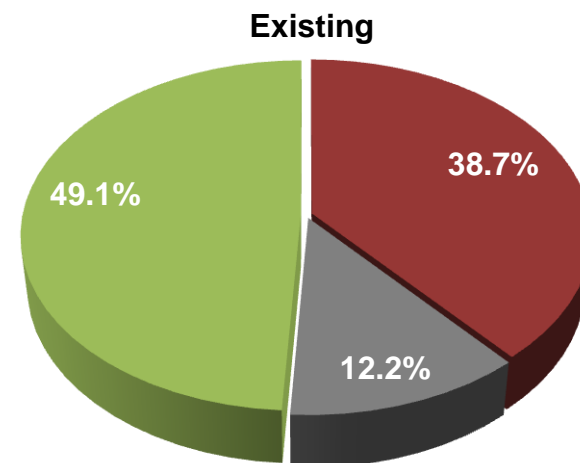
Ispat – Shareholding pattern



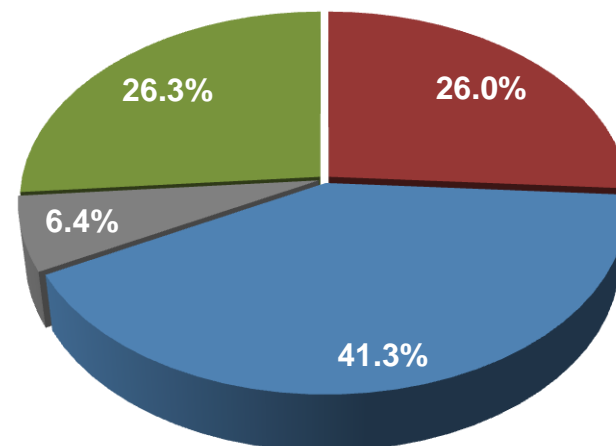
No of Equity shares in Crores

Particulars	Existing	Post transaction & CRPS conversion
Existing promoters' holding	50.29	68.41
JSW Steel (fund infusion)	-	108.66*
Lenders holding (a)	15.92	16.86
Others (b)	63.80	69.22
Total Public Holding (a+b)	79.73	86.08
Total Capital	130.01	263.16

* Assuming nil acquisition in open offer



Post transaction & CRPS conversion



■ Existing promoters's holding ■ JSW Steel (fund infusion)
 ■ Lenders holding ■ Total Others

Cash outlay: in preferential allotment Rs 2,157 Crores, plus amount required for open offer

Impact on JSW financials



All figures in Rs Crores as on 30th Sep 2010

Particulars	JSW Steel	JSW Steel	Ispat	JSW Steel consolidated
	Standalone	Consolidated	Standalone	(incl. proportionate consolidation of Ispat)
Net Sales (trailing 12 months)	20,114	20,963	8,959	24,692
EBITDA (trailing 12 months)	4,571	4,600	1,227	5,106
Net Worth	15,777	15,320	207	16,625
Gross fixed assets including CWIP	30,782	36,260	12,542	41,438
Net Debt	7,508	12,188	8,040	15,507
Net Debt/ EBITDA (x)	1.64	2.65	6.55	3.04
Net Debt Equity Ratio (x)	0.48	0.80	38.78	0.93

Including impact of JFE FCD of Rs 4,800 Crores and tranche II (GDRs/Equity infusion) Rs 610.

Indicative time line



Activity	Date
Reconstitution of Ispat's Board	January 10, 2011
Ispat's general body meet	January 18, 2011
Approval of lenders' and allotment of shares to JSW	February 3, 2011
Offer Opens	February 11, 2011
Offer Closes	March 2, 2011

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