# Q3 & 9M' 14

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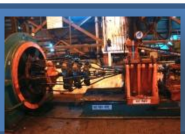
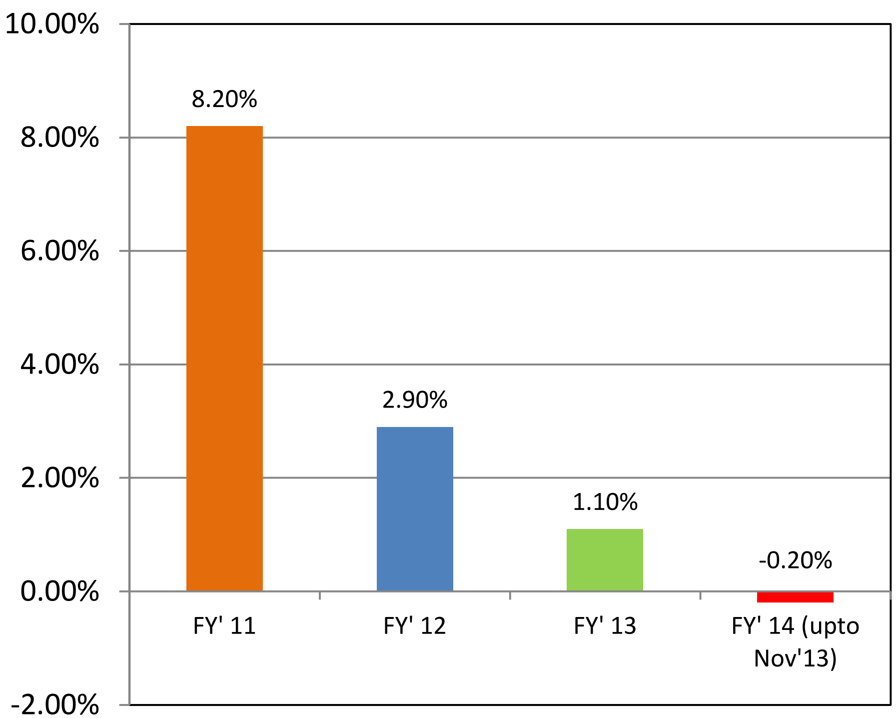
# Economic Overview

- The industrial sector continues to remain a concern due to recessionary trend in mining and manufacturing sectors.
- Negative growth in Capital Goods segment in consecutive 3rd year reflects on poor prospects.
- The automobile sector, a major contributor to the alloy steel demand, and M&HCV segment in particular where UML markets its steel products is under grip of continuous and significant negative growth.
- Lack of policy initiatives by government and tight liquidity in the money market continues to affect economy and business conditions adversely.
- Sub optimal growth in Chinese economy leading to uncertainty in global recovery.

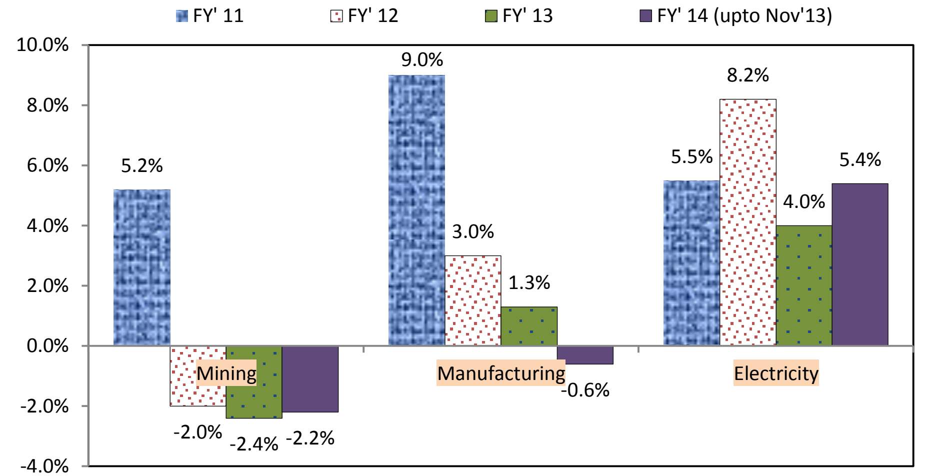


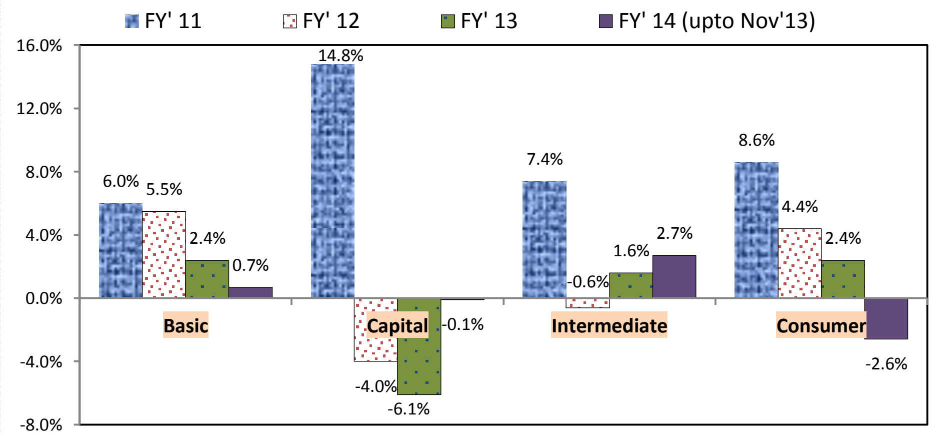
# Trends in Industrial Growth




- Continuously reducing yearly industrial growth now negative upto Nov in current financial year 2014.

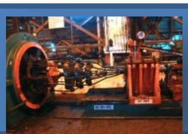



- Negative growth in mining continues in 3rd consecutive year.
- Manufacturing sector also entering negative in FY'14 (up to Nov'13) is a concern.

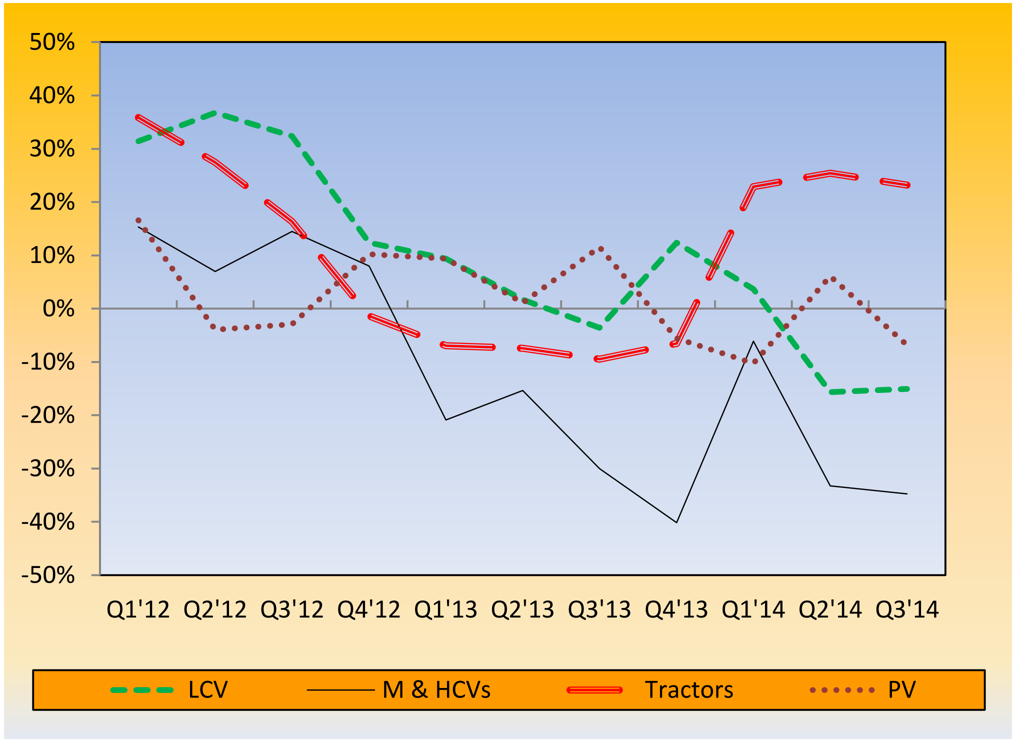


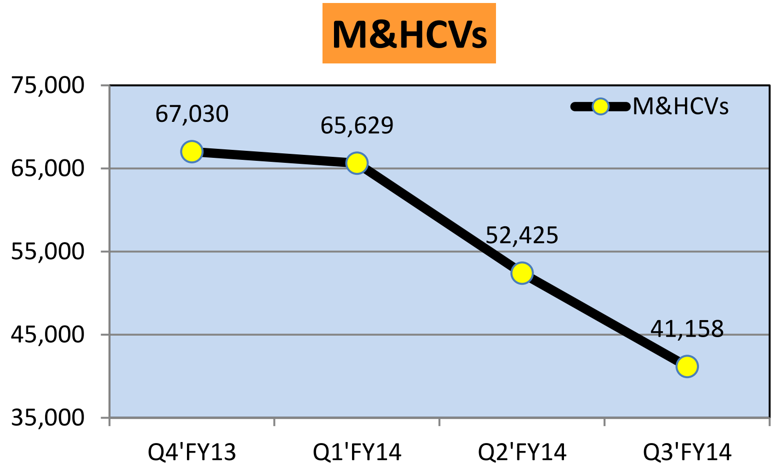

- Continuing negative growth in capital goods in 3rd year reflects on potential dismal prospects.

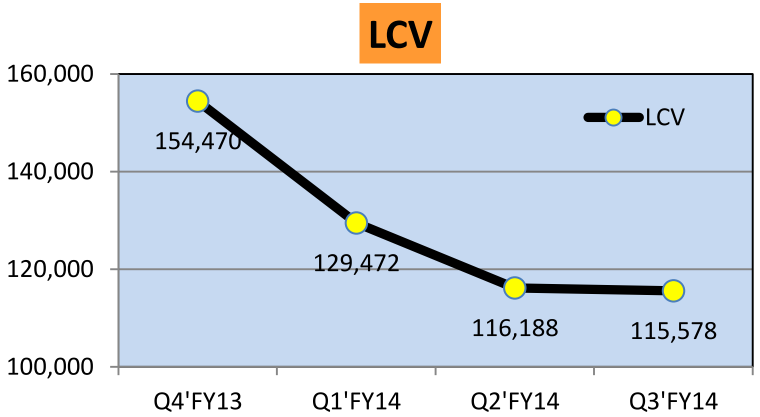


# Trends in Auto Sector




| Particulars | 9M'FY13 | 9M'FY14 | Change |
|---|---|---|---|
| M&HCV | 211,530 | 159,212 | -24.7% |
| LCV | 398,714 | 361,238 | -9.4% |

Source: SIAM

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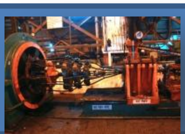
# Performance Update

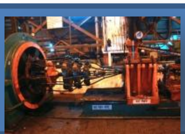
## 9M & Q3 FY'14



# Highlights 9M’14

- Pellet, Coke Oven and Beneficiation plants commissioned.
- EBIDTA up by 18% on consolidated basis and 31% on stand alone basis.
- Consolidated EBIDTA margin at 21.5 % and stand alone at 23.4%.
- UML Iron Ore Mines bags 1st prize in Mines Safety Week competition conducted by DGMS.
- Mining operations performed better - Iron Ore and Coal production up by 9% & 42% respectively.
- Value Added Products production up by 9% .
- Lack of infrastructure growth in the country has impacted sale of Value Added Products.
- Export sales at Rs 554 Crs, up by 43%.
- Continuing political unrest and recently imposed state of emergency, has an impact on Thailand (USSIL) plant operations.
- Depressed business conditions, moderate to negative growth in auto sector, higher interest rate and INR depreciation eroded profitability



# Improved Volumes

In '000 Metric Tonnes

| | Particulars | 9M'FY13 | 9M'FY14 | Change % | Comments |
|---|---|---|---|---|---|
| Own Minerals | Iron Ore | 1,299 | **1,410** | 8.6% | • 100% requirement of minerals met from captive mines, for Iron and DRI making. |
| | Coal | 398 | **566** | 42.3% | |
| Intermediate Products | Hot Metal | 342 | **308** | -10.0% | • Blast Furnace planned maintenance shut down for relining resulted in lower production |
| | DRI | 180 | **233** | 29.3% | • Highest ever in Q3 & 9 months |
| | Billets | 435 | **465** | 6.8% | • Highest ever quarter production in Q3 at 185,000 mt .<br>• General slowdown in economy and auto sector kept sales under pressure<br>• Value Added Products performed better |
| Finished Product Sales | Steel Products | 263 | **282** | 6.9% | |
| | VA Products | 134 | **144** | 7.7% | |

Note: Steel Products incl wire sale of JSR



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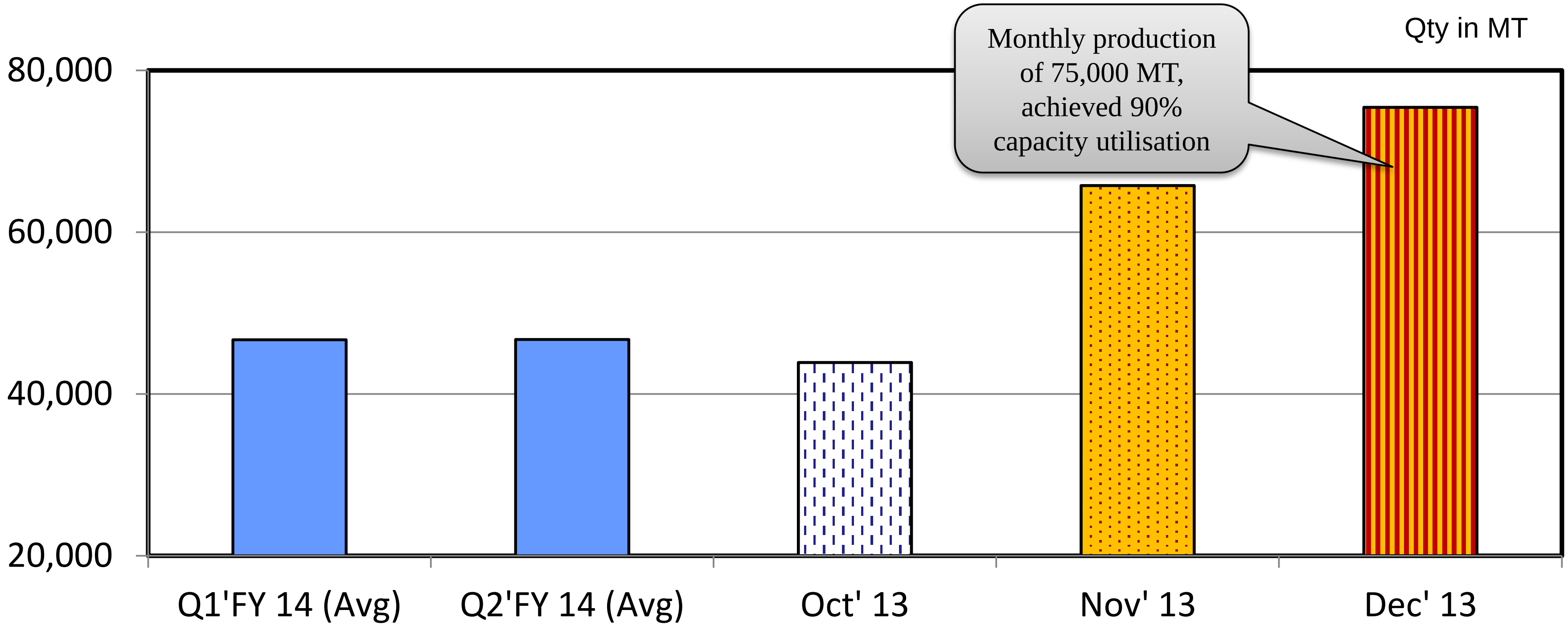
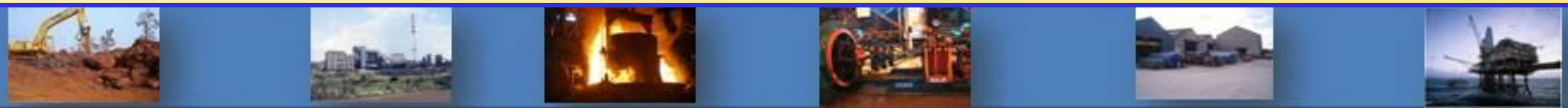
# Attaining higher level of Billets Production / Month




- Achieved highest ever quarterly production at 185,000 MT.
- Achieved highest ever monthly production in Dec’13 at 75,400 MT
- Significant ramp up in production from a monthly average of 47,000 MT in H1’14 to 62,000 Mt in Q3.
- Qtr – 3 Billet production could have been better, but unprecedented rainfall and Cyclone (Phyline) impacted captive raw material availability and metallic generation in the month of Oct’13



# Improved Operating Parameters
## -Standalone

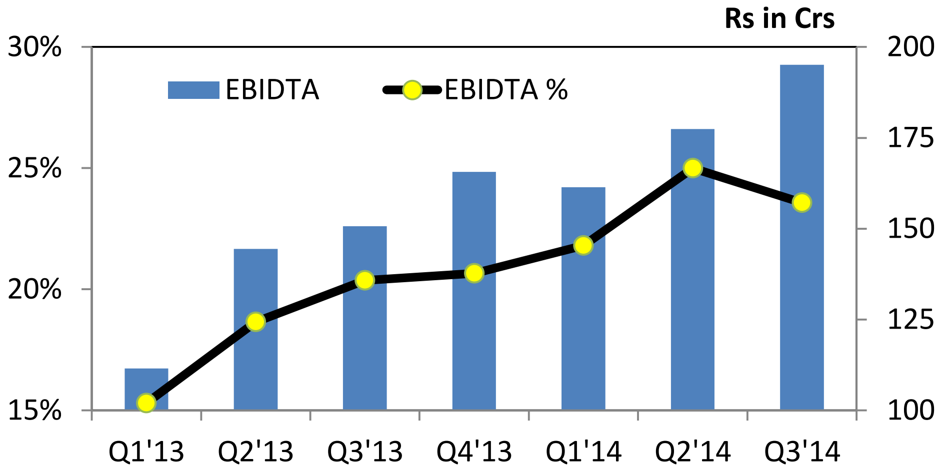
| Particulars | Unit | 9M’FY13 | 9M’FY14 |
|---|---|---|---|
| Sales Realisation – Steel | Rs per MT | 44,850 | 39,900 |
| EBIDTA margin to Net Sales | (%) | 18.1 | 23.4 |
| EBIDTA | Rs- Crs | 407 | 534 |
| - Steel | Rs / Per Ton | 6,850 | 9,450 |
| - VA Products | Rs / Per Ton | 10,400 | 9,850 |
| - Integrated Business | Rs / Per Ton | 10,250 | 12,550 |

**Despite lower realisation on account of product mix, EBIDTA Margin, Per Ton, % & Absolute Nos, improved on account of cost reduction achieved out of projects & internal efficiencies.**

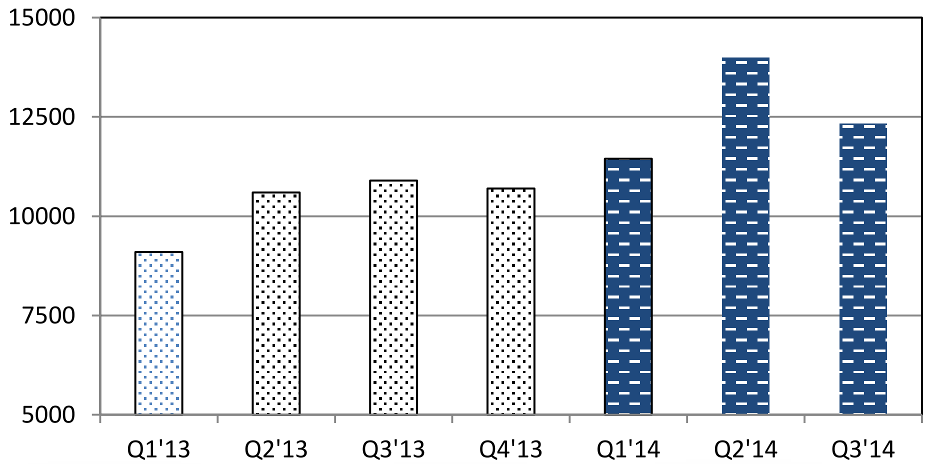




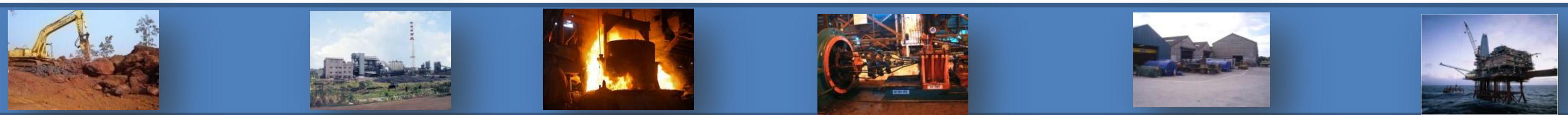

# Integrated Business
# Performance against all odds




EBIDTA per MT – Integrated Business




- ❑ The continuing economic slowdown led to pressure on selling prices and profitability across all business segments.
- ❑ Reduced cost of production, helped by
  - ✓ Higher productivity
  - ✓ Lower coking coal prices
  - ✓ Improved internal efficiencies, and
  - ✓ Project savings
- ❑ Change in product mix (with higher steel) caused moderation in per ton EBITDA in Q3.



# Key Developments & Challenges

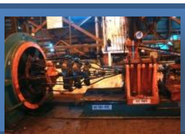
## Key Developments

- With the commissioning of the pellet plant and feed of Pellets to DRI, business model allows sale of products at various stages of production like DRI, Pig Iron, Pellets, Billets.

## Challenges

- Additional incremental volume in steel and poor market conditions led to some inventory built up, needs to create and establish market for the same.
- Stabilisation of Beneficiation, Pellet and Coke Oven plants.



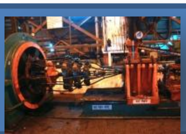



# Financial Performance
# Q3 & 9M FY'14

Rs in Crs

| | Stand Alone | | | | | Consolidated | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | FY ' 13 | | | FY ' 14 | | FY ' 13 | | | FY ' 14 | |
| | Q3 | 9M | 12M | Q3 | 9M | Q3 | 9M | 12M | Q3 | 9M |
| **Net Sales** | 739.73 | 2242.93 | 3044.53 | **827.91** | **2277.45** | 889.05 | 2674.12 | 3621.83 | **965.38** | **2821.27** |
| **PBDIT** | 150.70 | 406.69 | 572.33 | **195.13** | **533.90** | 195.34 | 512.79 | 705.20 | **230.82** | **607.38** |
| **PBT** | 3.98 | (3.06) | 10.32 | **1.47** | **8.51** | 38.27 | 73.90 | 103.50 | **26.00** | **49.43** |
| **PAT** | 2.44 | (1.95) | 7.05 | **0.99** | **4.89** | 30.41 | 56.73 | 78.84 | **15.43** | **20.38** |



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# Architecture of Integrated Business

## Mineral Resource
- Iron Ore Mine Crushing & Screening
- Coal Block – "A- C" grade
- Washing Plant
- Beneficiation Plant

## Power Module
- 71 MW WHRB JSR
- 64 MW Thermal JSR
- 20 MW Thermal - Ranchi
- Total - 155 MW

## Iron Making Module
- Blast Furnace 600 KT
- DRI 600 KT
- Sinter Plant 800 KT
- $O_2$ & Lime Kiln Plant
- Coke Oven 400 KT
- Pellet Plant 1200 KT

## Distribution Marketing & Service Module
| | |
|---|---|
| Singapore | South Africa |
| Bangkok | Glasgow (UK) |
| Indonesia | Houston/ (USA) |
| Vietnam | Canada |
| Australia | Aberdeen (UK) |
| Dubai | Norway |
| Netherlands | Russia |
| China | Italy |

## Value Addition Module
- OT Wire 6 KT
- Cord 4 KT
- Bright Bars 36 KT

| | |
|---|---|
| Ranchi | 174 KT |
| Hoshiarpur | 48 KT |
| Jamshedpur | 30 KT |
| Bangkok | 44 KT |
| UK | 10 KT |
| Dubai | 16 KT |

VA Products – 50 KT

## Steel Making Module
- SMS I & II EAF 35 T & 40 T LF & VD 150 x 150 & 110x110 Caster
- SMS III EAF 70 T LF & VD 360 X 300 Bloom Caster
- 1,000 KT Billets
- Wire Rod Mill 400 KT
- Blooming & Section Mill 275 KT
- Section Bar Mill 50 KT
- TMT & Bars 72 KT

# THANKS

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STRENGTH THROUGH INTEGRATION

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