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Business Profile FY'12

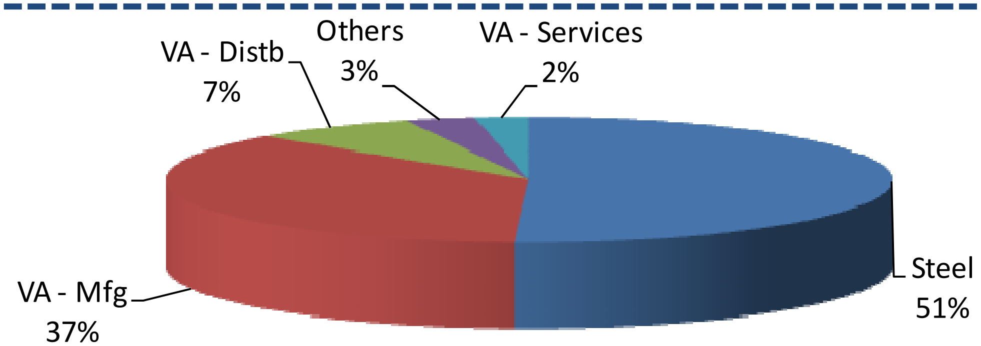
Global Turnover
Rs 4,909 Crs
(USD 1,022 Mn)

Value Added Products
Rs 2,306 Crs
(USD 480 Mn)

- **Manufacturing**
  Rs 1,790 Crs
  (USD 373 Mn)
- **Distribution**
  Rs 365 Crs
  (USD 76 Mn)
- **Services**
  Rs 151 Crs
  (USD 31 Mn)

Steel
Rs 2,485 Crs
(USD 517 Mn)

Others
Rs 118 Crs
(USD 25 Mn)

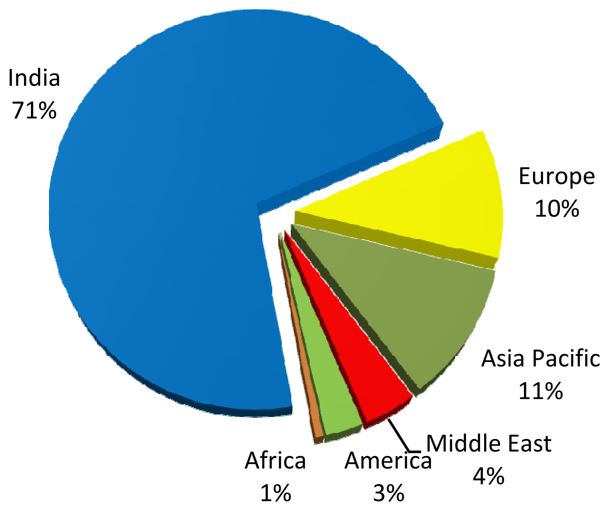


Net Turnover	
Stand Alone Rs 2,837 Crs (USD 591 Mn)	Consolidated Rs 3,361 Crs (USD 700 Mn)

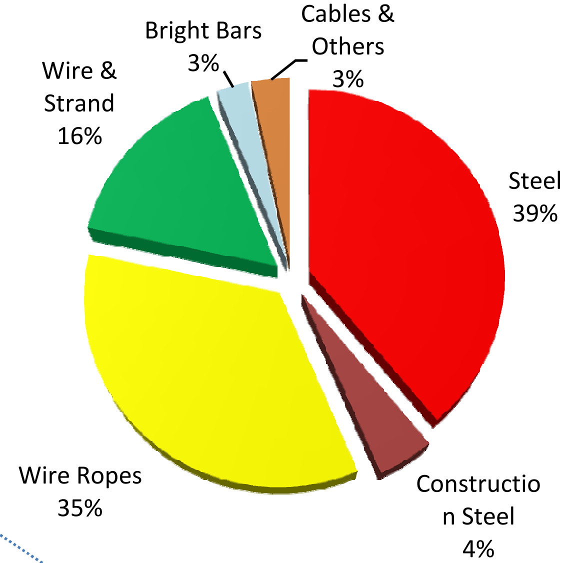




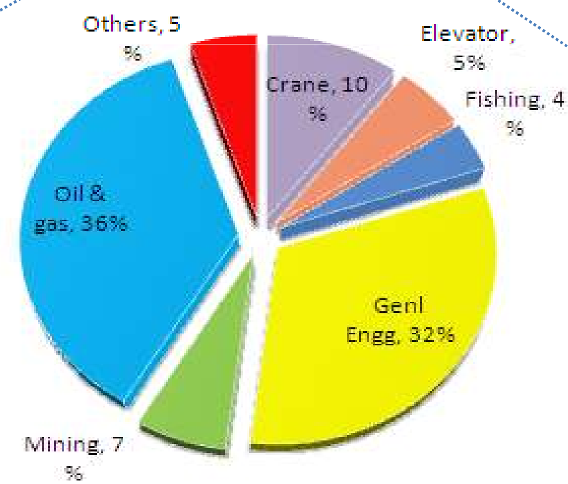

Revenue Distribution



By Geographies



By Product



Rope Application Sector Wise (Qty)



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Architecture of Integrated Business

Mineral Resource

- Iron Ore Mine
  Est. Reserve 80 MnT
  Crushing & Screening
- Coal Block – "A- C" grade
  Est. Reserve 40 MT
- Washing Plant
- Beneficiation Plant

Power Module

- 18.3 MW WHRB
- 55 MW Thermal JSR
- 56 MW WHRB
- 9 MW Thermal
- 20 MW Thermal - Ranchi
- Total - 158.3 MW

Iron Making Module

- Blast Furnace 600 KT
- DRI 300 KT
- 200 KT
- Sinter Plant 800 KT
- O_2 & Lime Kiln Plant
- Coke Oven 400 KT
- Pellet Plant 1200 KT

Distribution Marketing & Service Module

Singapore	Netherlands
Bangkok	South Africa
Indonesia	Glasgow (UK)
Vietnam	Houston/ (USA)
Australia	Canada
Dubai	Aberdeen (UK)
	Norway

Value Addition Module

- Bright Bar 26 KT
- Cord 4 KT
- 10 KT
- OT Wire 6 KT

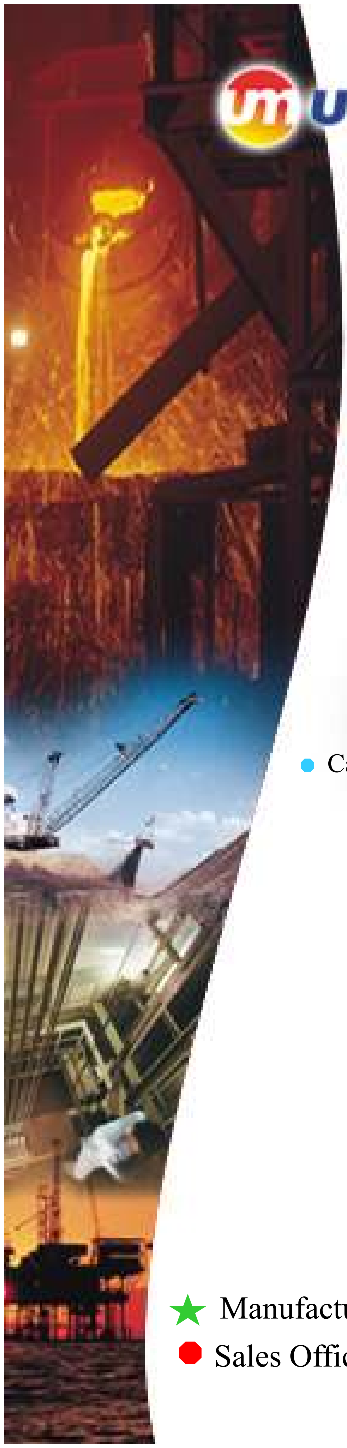
Ranchi	174 KT
Hoshiarpur	48 KT
Jamshedpur	30 KT
Bangkok	44 KT
UK	10 KT
Dubai	16 KT

- VA Products – 50 KT

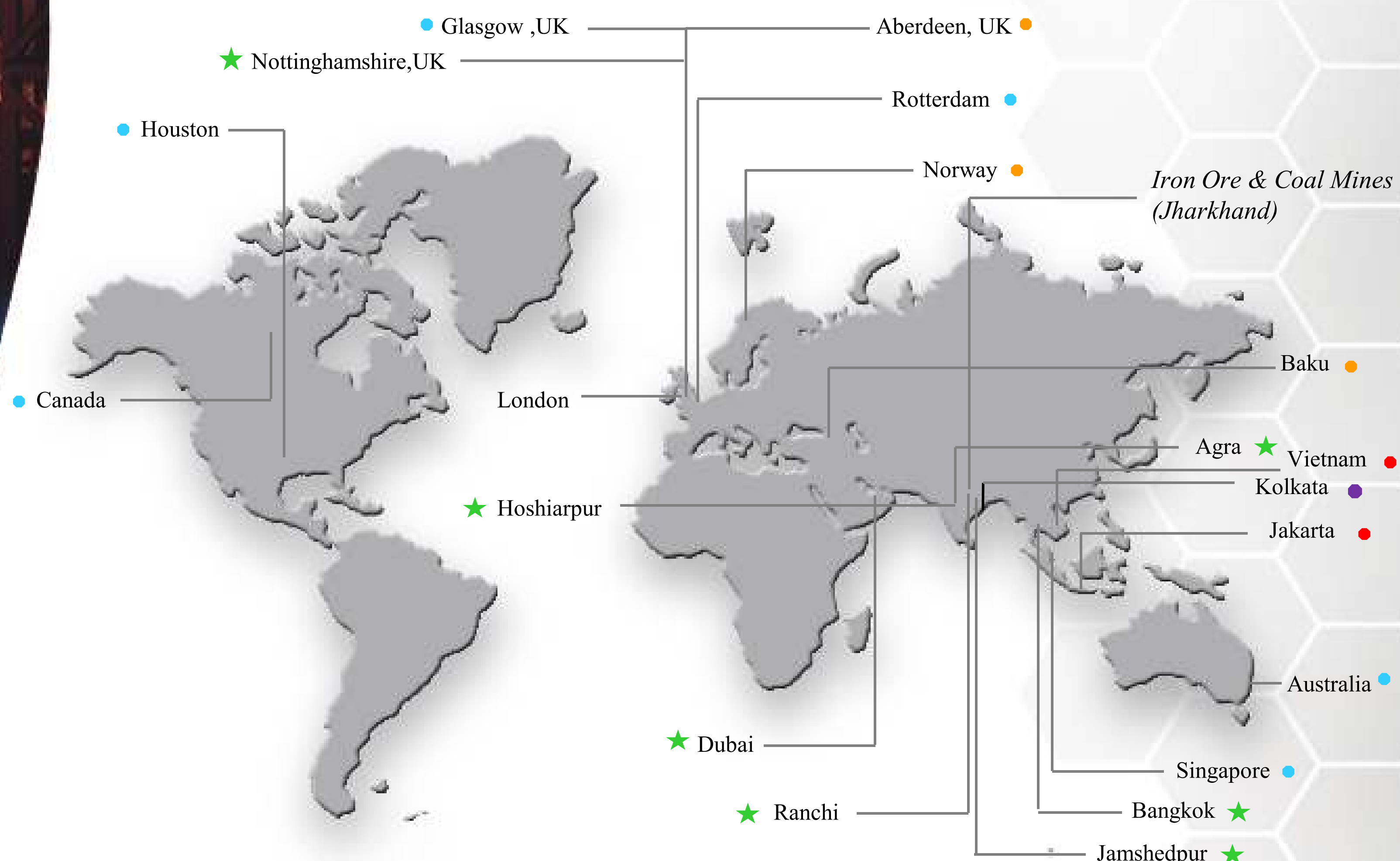
Steel Making Module

- 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

Under Implementation



Global Footprint



Manufacturing Facilities
Distribution Centers
Corporate Office
Sales Office
EMMC Centers

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Consolidated Key Financials Trend

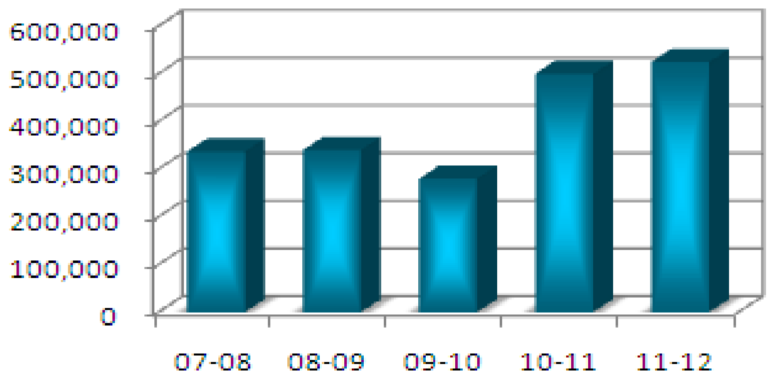
Rs in Crs

Particulars		06-07(A)	07-08(A)	08-09 (A)	09-10 (A)	10-11 (A)	11-12 (A)
Gross Turnover		2,148	2,528	3,147	2,630	3,268	3,615
Net Turnover		1,965	2,309	2,950	2,514	3,046	3,361
PBDIT		368	445	531	495	595	498
PBT		183	247	281	240	204	11
PAT		137	175	185	169	137	4
Cash Profit		243	278	271	347	383	214
ROCE	(%)	16.9%	20.1%	24.1%	18.2%	13.9%	7.2%
RONW	(%)	22.3%	21.6%	19.2%	13.7%	8.1%	0.2%
EPS (FV Rs 1/-)	(Rs)	6.1	7.0	7.4	6.5	4.5	0.1
Net Debt Equity Ratio	(x)	1.18	1.20	1.90	0.99	1.12	1.40
Interest Cover	(x)	4.0	4.4	3.7	3.9	3.1	1.9

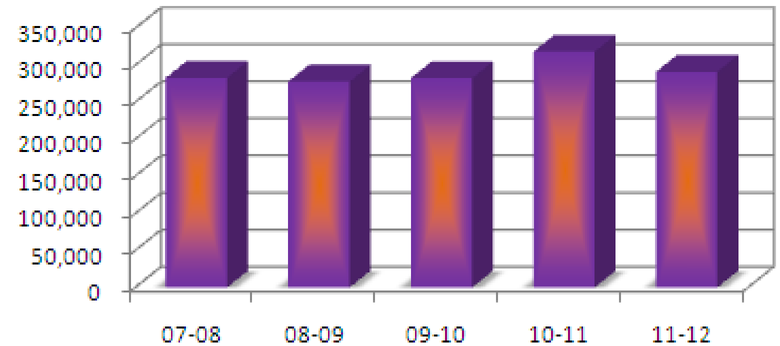




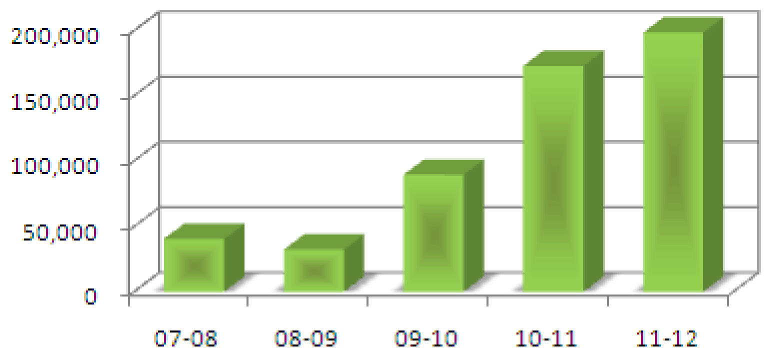

Production Trends



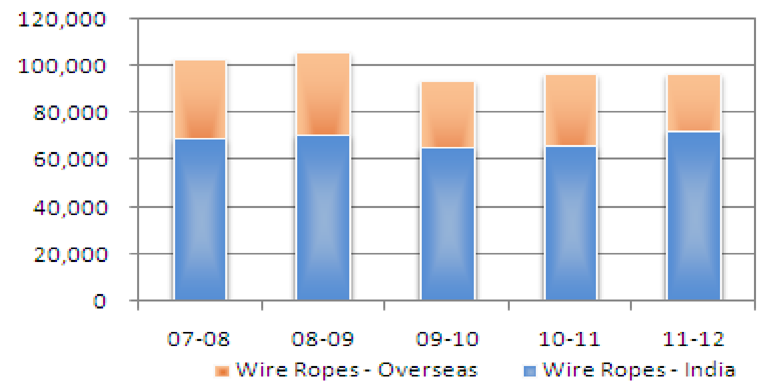
Billets



Wire Rods



Blooms & Bars



Wire Ropes






Economic Environment



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Economic Overview

Global

- Unprecedented soverign debt crisis in some of European countries hugely impacted business sentiments worldwide while US economy was still struggling to come back on the path of recovery
- Significant tightening built caution mood and reduced business confidence level

Domestic

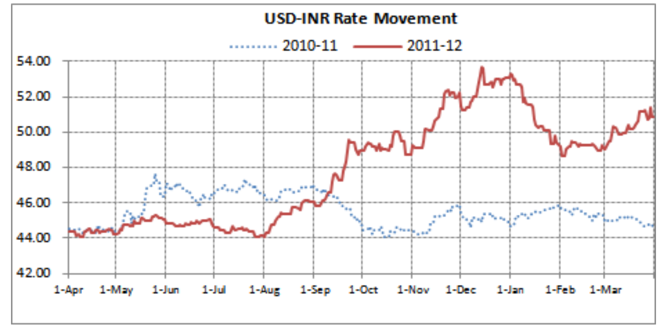
- Moderate GDP growth rate of 7 % (est) against 8.6 % in previous year.
- Higher Inflation, Rising Interest rate regime & high fiscal deficit significantly dampened the business environment.
- IIP (April' 11 – Feb'12) dropped to 3.5% from 8.1% in the corresponing period of last year
- Mining & Manufacturing sector have suffered the most with growth remaining (-) 2.1% and 3.7% against 5.8% and 8.7 % respectively
- Higher Volatility in foreign exchange & weakening rupee distorted normalcy of operational performance



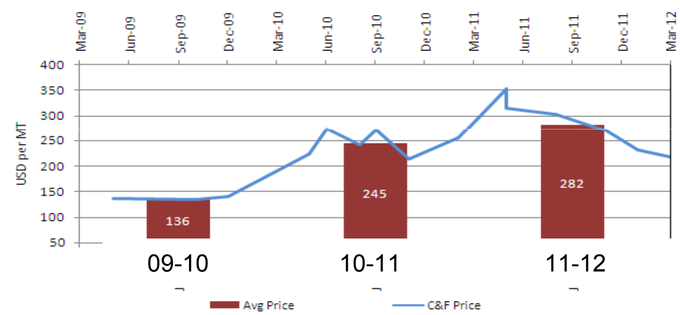



Challenging Business Environment

Huge depreciation of INR against USD & other currencies, along with higher hedging costs, resulted in higher valuation of FCY Loans and higher cost of imported inputs.

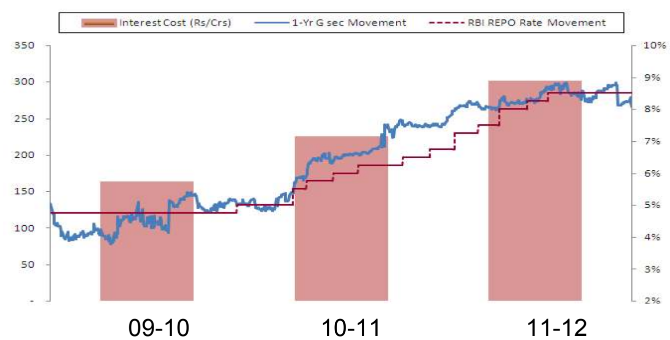


Adverse market condition during the coke conversion time cycle, forced prices of coking coal to reduce, and restricted ability to pass on higher input to customers



Inflationary pressure were evident with RBI continuing to increase Repo rates with 1 year G sec rising in tandem.

Average cost of Debt for FY' 12 was 9.15 %





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Performance Update

12M & Q4 FY'12






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Major Achivements

- Achieved highest ever production of coal, hot metal, billets, blooms and bars,
- Production of Sinter plant crossed 616,000 MT,
- Commissioned Stoves in Blast Furnace 1 at Jamshedpur,
- Optimized consumption of coke by increasing use of PCI in production of hot metal,
- Commissioned Bar Mill at Agra to produce Bars and TMT,
- Obtained further approvals from major OEMs for bloom and bar products
- Usha Siam started operations in record time after receding of water, produced 1400 MT in Q4'12
- Implementation of new projects to further perpetuate advantage of cost competitiveness are under progress






Mineral Volumes (Qty in MT)

- Met Iron ore needs through captive supplies
- Continues to increase coal production after Q2'12

Particulars	Iron Ore		Coal	
	FY' 12	**FY' 11**	**FY' 12**	**FY' 11**
Q1' 12	373,359	547,707	92,191	120,072
Q2' 12	266,033	346,330	24,440	42,013
Q3' 12	470,508	393,660	89,766	59,796
Q4' 12	427,462	419,723	145,054	77,842
FY' 12	**1,537,362**	**1,707,420**	**351,451**	**299,723**






Production Volume Growth Consolidated

				
Billets	Rolled Products	Bright Bars	Wires & Strands	Wire Ropes

Q o Q

Q o PQ

Billets	Rolled Products	Bright Bars	Wires & Strands	Wire Ropes
145,530 MT	128,628 MT	3,487 MT	33,166 MT	22,598 MT
↑ 6 %	↓ 3 %	↓ 25 %	↑ 1 %	↓ 12 %
↑ 4 %	↓ 2 %	↑ 3 %	↑ 7 %	↑ 3 %

Y o Y

Billets	Rolled Products	Bright Bars	Wires & Strands	Wire Ropes
525,115 MT	490,003 MT	15,255 MT	126,603MT	96,765 MT
↑ 5 %	↔	↓ 21 %	↓ 8 %	↔






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Quarterly Financial Performance FY’12

The company has accounted for effect of INR depreciation on LT FCY loans in respective fixed assets.

After reversing other exceptional items in Q4, the quarterly results appear as under :

Particulars	Consolidated			Stand Alone		
	Net Sales	EBITDA	PBT	Net Sales	EBITDA	PBT
Q1’ 12	763.38	146.03	36.57	608.48	112.98	11.43
Q2’ 12	825.55	146.46	32.01	683.47	123.17	17.01
Q3’ 12	817.48	78.09	(50.90)	713.93	72.37	(47.76)
Q4’ 12	954.41	127.49 ★	(6.28)	831.01	100.28 ★	(24.49)
FY’ 12	3,360.82	498.07	11.40	2,836.89	408.80	(43.81)

★ After regrouping finance charges by Rs 4.55 Crs






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Factors affecting Profitability FY'12

- **Higher cost of coke, non availability of linkage coal forcing the Company to buy coal from market at higher rates along with increase in other input costs were the principal reasons affecting profitability of the Company.**
- **Excessive monsoon and rainfall impacted mining operations, resulted in lower availability of captive minerals**
- **Slow down in key market segments and higher competition in steel business also kept margins under pressure and checked passing on of cost increase.**
- **Usha Siam, Thailand, a key subsidiary, was non functional due to floods since mid October'11, affecting turnover and profitability in international business.**
- **Hardening of interest rates resulted in higher interest charge.**
- **Depreciation charge was also higher.**






Project Implementation

DRI IV

30 MW CPP with DRI

Major Projects	Expected Commissioning by
DRI – 4	May ' 12
30 MW CPP (With DRI)	May ' 12
DRI – 5	Q2 FY ' 13
Coke Oven With Power Plant	Q4 FY' 13
Pellet Plant	H1 FY' 14

Pellet Plant

Coke Oven






Thanks

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STRENGTH THROUGH INTEGRATION

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