

# Usha Martin Limited



## Investor Presentation

25<sup>th</sup> May 2015



[ushamartin.com](http://ushamartin.com)

# Economic Overview

## GDP Growth Indicators - Global

|                      | 2013 (A) | 2014 (A) | 2015 (P) | 2016 (P) |
|----------------------|----------|----------|----------|----------|
| World                | 3.4%     | 3.4%     | 3.5%     | 3.8%     |
| Advanced Economies   | 1.4%     | 1.8%     | 2.4%     | 2.4%     |
| USA                  | 2.2%     | 2.4%     | 3.1%     | 3.1%     |
| Euro                 | -0.5%    | 0.9%     | 1.5%     | 1.6%     |
| Developing Economies | 5.0%     | 4.6%     | 4.3%     | 4.7%     |

Source: World Economic Outlook, IMF

- ❑ The global economic growth indicators are moderately positive, with World GDP Growth projections at 3.5% in 2015.
- ❑ Emerging economies continues to struggle with structural problems and volatility.
- ❑ India GDP growth signals a positive momentum, registered a growth of 7.4 % in FY'15 against 6.9% in FY'14.

## GDP Growth Indicators - India

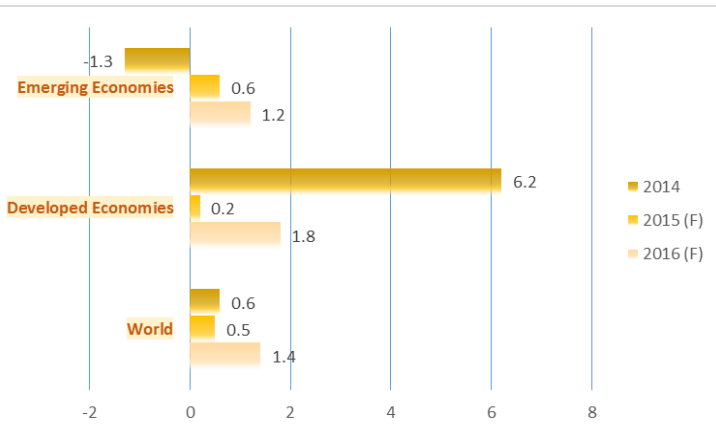
|                           | FY 2013<br>(2 <sup>nd</sup> RE) | FY 2014<br>(1 <sup>st</sup> RE) | FY 2015<br>(AE) |
|---------------------------|---------------------------------|---------------------------------|-----------------|
| Agriculture               | 1.2%                            | 3.7%                            | 1.1%            |
| Industry & Infrastructure | 2.4%                            | 4.5%                            | 5.9%            |
| Manufacturing             | 6.2%                            | 5.3%                            | 6.8%            |
| Mining                    | -0.2%                           | 5.4%                            | 2.3%            |
| Services                  | 8.0%                            | 9.1%                            | 10.6%           |
| Overall                   | 5.1%                            | 6.9%                            | 7.4%            |

- ❑ On Inflation, CAD and trade gap fronts, the trends seem to have reversed on back of lower crude and commodity prices, sustainability is key.
- ❑ Steel demand remain subdued due to muted growth in underlying key steel sectors, with apparent consumption rising by only 3.1% to 76.4 MnT.
- ❑ After prolonged phase of negative growth initial signs of pick up in capital goods & Auto Segment with MHCV segment in particular, a major contributor to the alloy steel demand, is positive.



# Steel Scenario

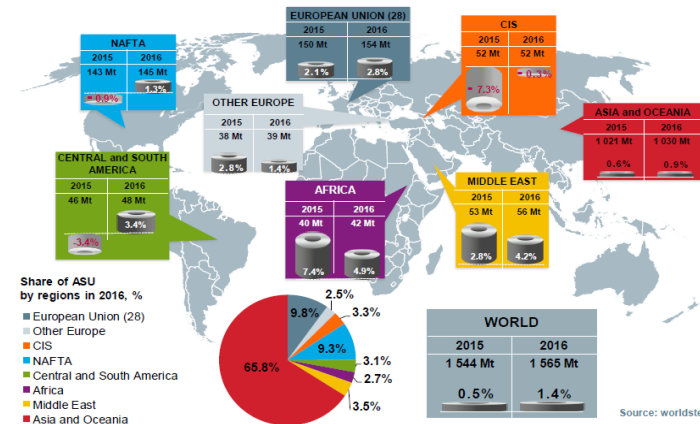
## Global steel demand & outlook



Source: World Steel Association

### Apparent Steel Use, Finished Steel Products (2014-16)

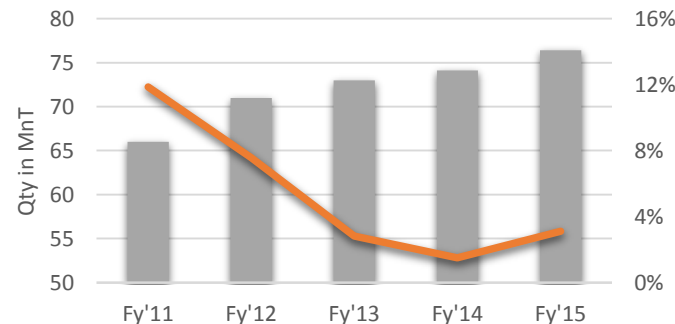
- Global steel demand grows slower than the global GDP, as a result of the weakness in the emerging world, Growth at 0.6% in 2014
- Demand supply balance disturbed by the confluence of weak demand, lower raw material prices and rising exports from china.
- World Steel Association forecast marginal demand growth of 0.5% in CY2015
- Restrained Growth outlook for the global steel industry mainly due to the deceleration in China



Source: World Steel Association

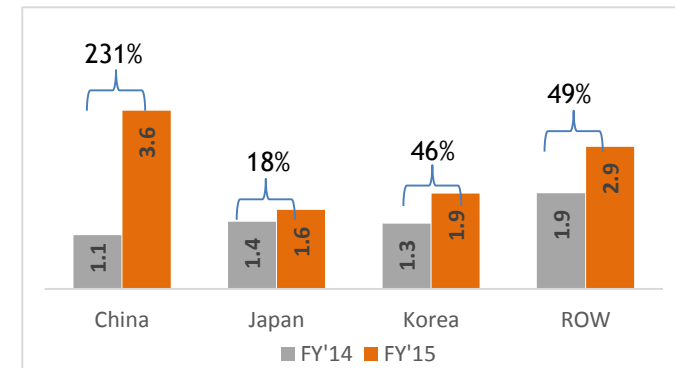
## India Steel Scenario

### Apparent Finished Steel Consumption

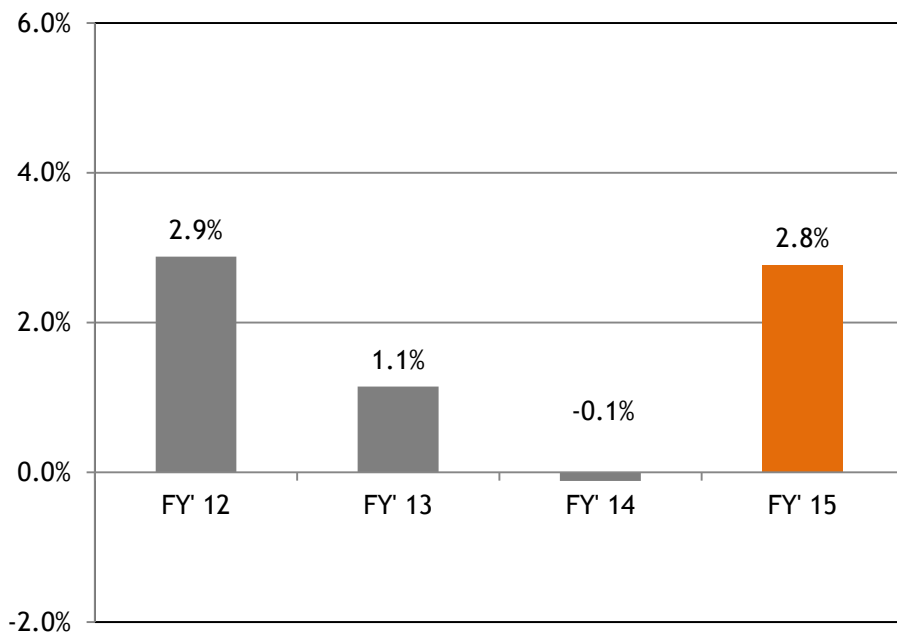


- Subdued growth in steel demand due to lacklustre growth in underlying key steel sectors
- Finished Steel exports down by 8 % in FY15(YoY).
- Heavy depreciation in Russian Rouble and oversupply of steel in china, resulting into uncompetitive domestic prices, have surged imports by 71% yoy against consumption growth of just 3.1% yoy in FY'15.

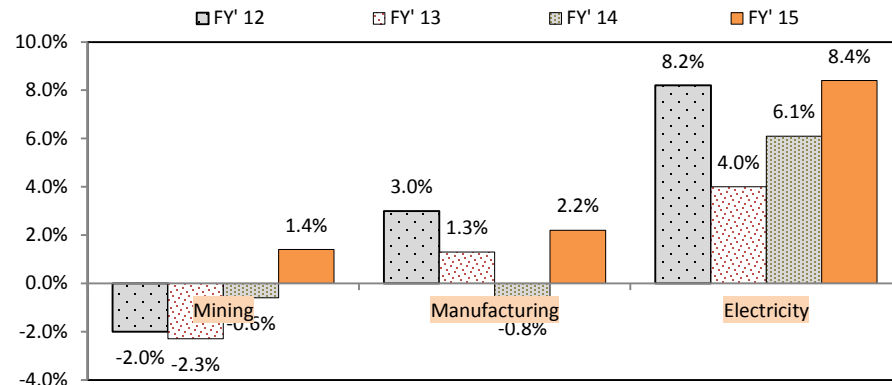
### Steel Imports



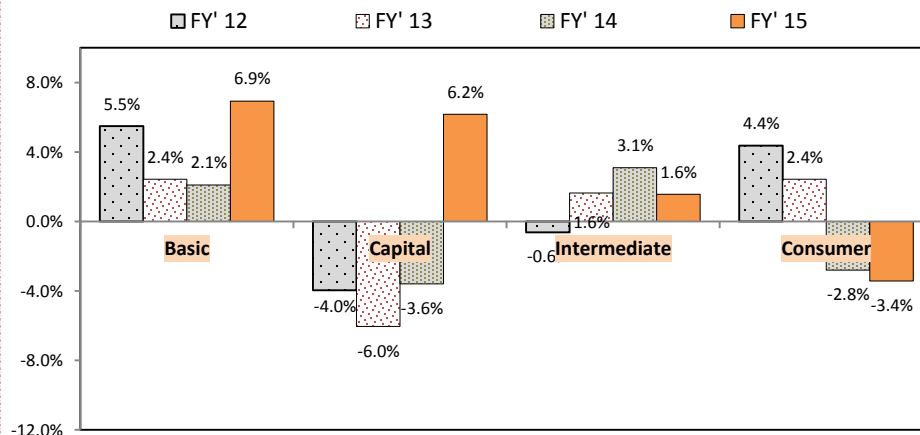
# Trends in Industrial Production



- IIP which was significantly low at 1.1% in FY'13 and slipped to negative in FY'14 recovered back to marginal level of 2.8% in FY'15.



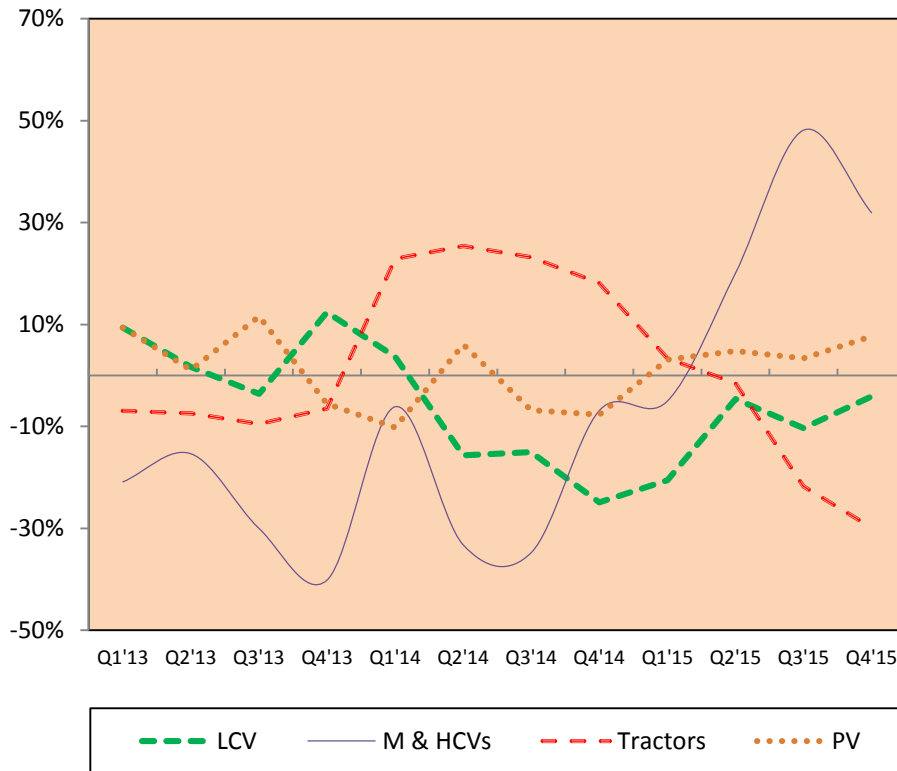
- Negative growth in mining for the past 3 years, arrested with marginal growth of 1.4% in the current FY.
- Manufacturing growth turns positive, indicates revival in business sentiment



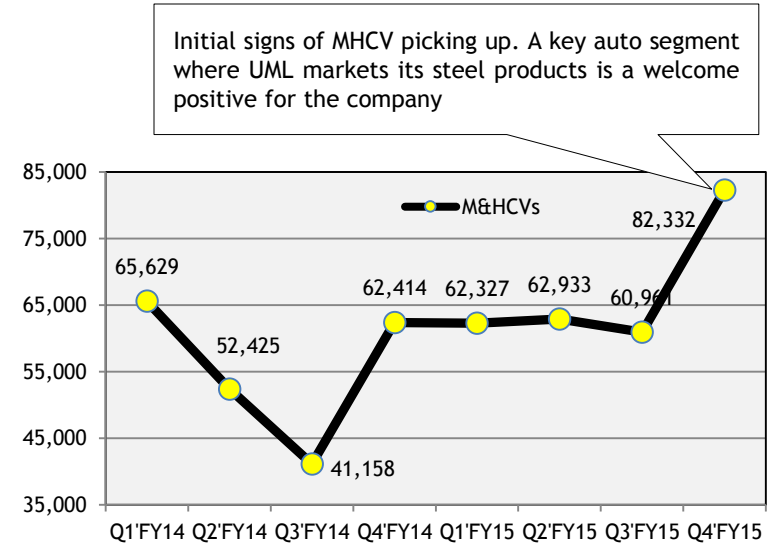
- Capital goods turning back to positive growth after 3 years, is an early sign of revival in capex cycle & growth
- Consumer goods turning negative for the 2<sup>nd</sup> consecutive year.



# Trends in Auto Sector

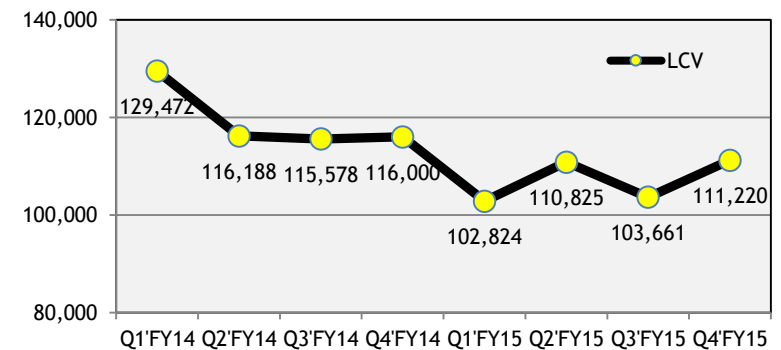


Source: SIAM, Care Ratings



Initial signs of MHCV picking up. A key auto segment where UML markets its steel products is a welcome positive for the company

M&HCVs



LCV

Receding negative growth rates in auto sector are sign of hopes, but demand off take still missing





**Performance Update**  
**12M & Q4' 15**

# Highlights Fy'15

## Achievement & Awards

- Excellent Performance Award for 2014 at DP World, won by BWWR, a subsidiary of the company in Dubai.
- Ranchi unit received Green Manufacturing Excellence Award in Frost & Sullivan's Believers Category.
- Manufacture of first reel of Oceanmax rope weighing 176 MT from new facilities at Usha Martin UK Ltd, a subsidiary of the company

## Operational Highlights

- Net Turnover up by 12% on consolidated basis and 14.0% on stand alone basis.
- Consolidated EBIDTA margin at 16.5 % and stand alone at 17.3%.
- Achieved highest ever Billet production at 711,000 MT, up by 10% .
- Achieved highest ever Rolled Products, DRI, Hot Metal and Captive Power generation.
- Slide in oil prices resulting in lower ropes demand and sharp depreciation in various currencies across the world has affected wire rope exports.
- Subdued steel demand, competition with cheaper imports affected operating margins.



# Production Volume - Consolidated



**Billets**



**Rolled  
Products**



**Bright  
Bars**



**Wires &  
Strands**

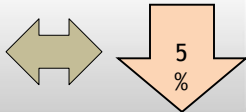


**Wire  
Ropes**

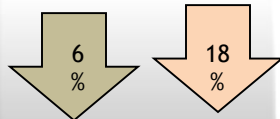
Q o Q

Q o PQ

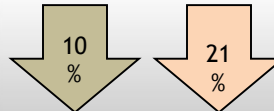
180,365 MT



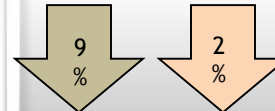
124,127 MT



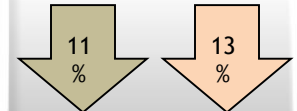
2,942 MT



35,471 MT

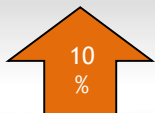


21,498 MT

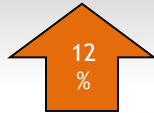


12M o 12M

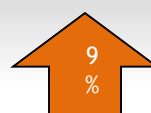
710,967 MT



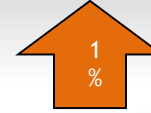
554,859 MT



14,766 MT



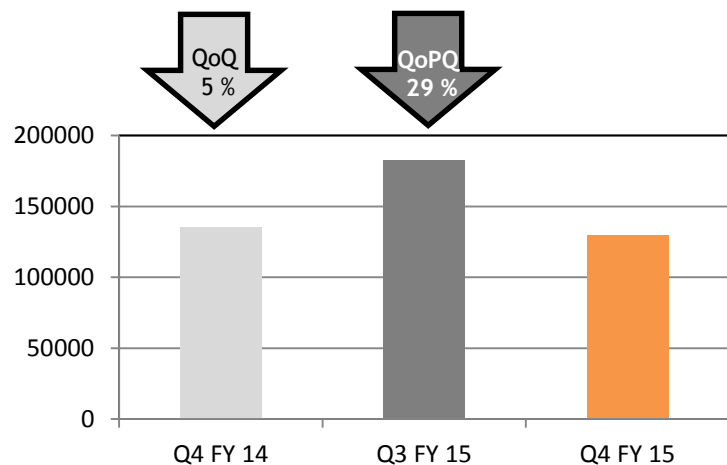
149,634 MT



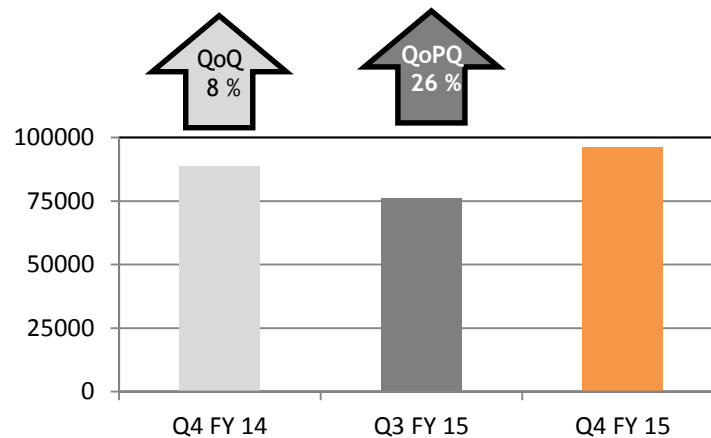
97,282 MT



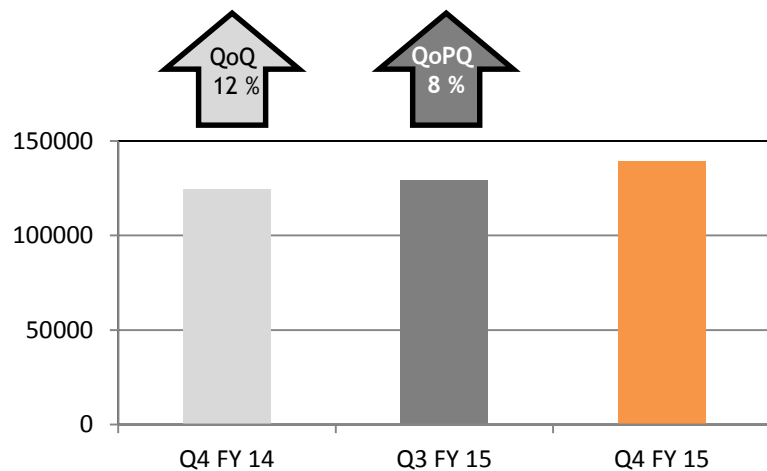
# Production Performance



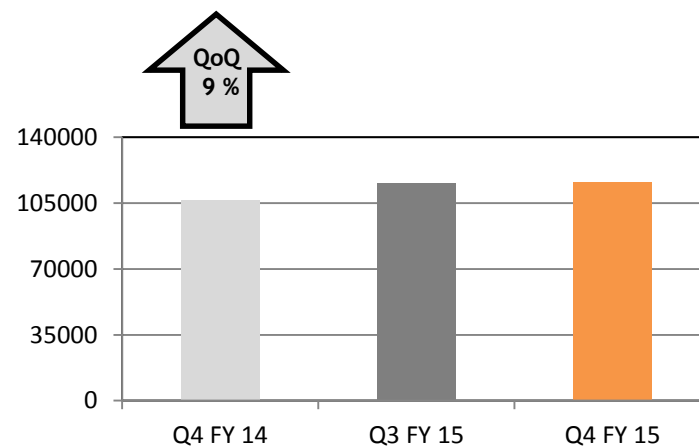
**Pellet**



**Coke**



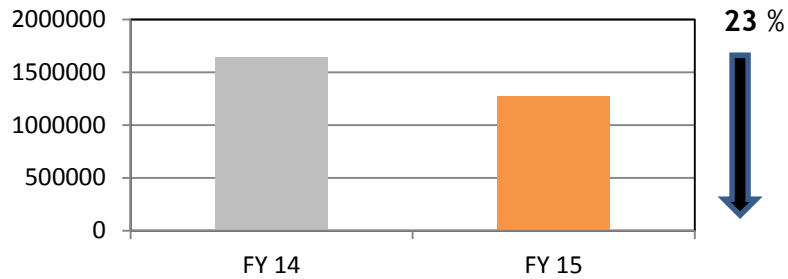
**Hot Metal**



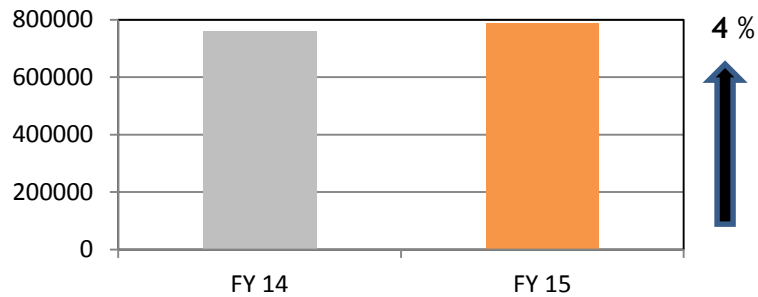
**DRI**



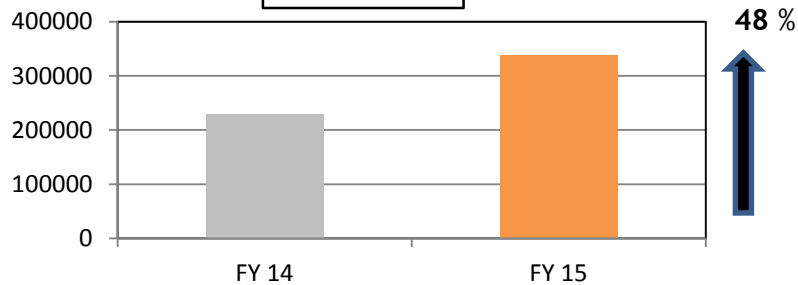
# Production Performance



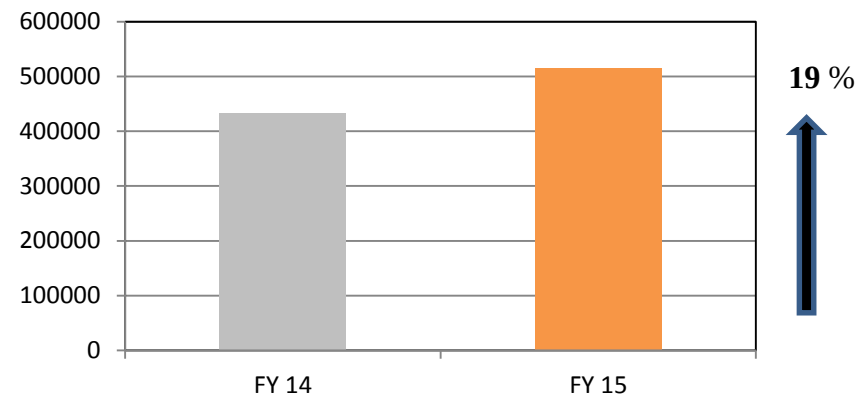
Iron Ore



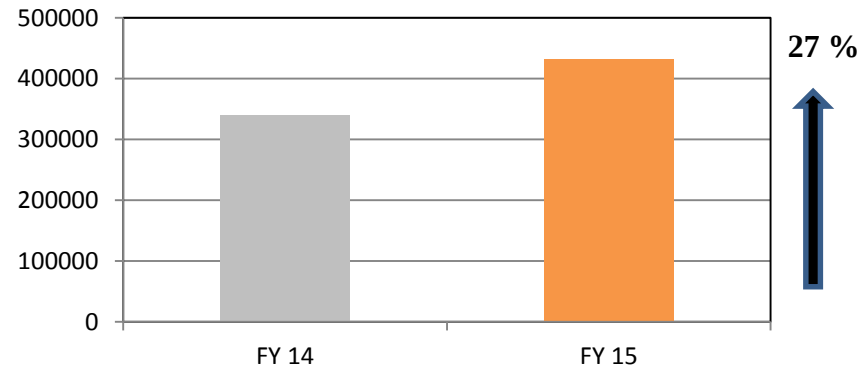
Coal



Coke



Hot Metal



DRI



# Financial Performance - Q4 & 12M'15

Rs in Crs

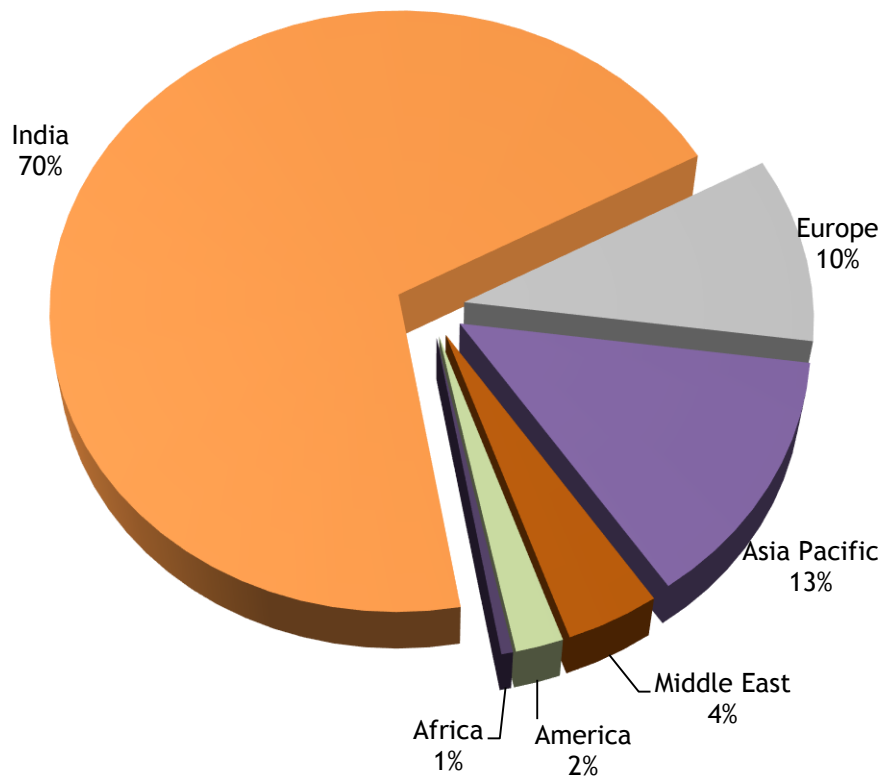
|                  | Stand Alone |         |          |          | Consolidated |          |          |          |
|------------------|-------------|---------|----------|----------|--------------|----------|----------|----------|
|                  | FY ' 14     |         | FY ' 15  |          | FY ' 14      |          | FY ' 15  |          |
|                  | Q4          | 12M     | Q4       | 12M      | Q4           | 12M      | Q4       | 12M      |
| <b>Net Sales</b> | 1,009.67    | 3287.12 | 982.02   | 3,746.05 | 1,252.56     | 4,073.83 | 1,171.06 | 4,561.10 |
| <b>PBDIT</b>     | 158.92      | 692.82  | 130.15   | 646.38   | 192.05       | 799.43   | 156.93   | 753.48   |
| <b>PBT</b>       | (45.37)     | (36.86) | (96.56)  | (244.01) | (22.76)      | 26.67    | (85.13)  | (186.88) |
| <b>PAT</b> ★     | (30.57)     | (25.68) | (139.79) | (292.41) | (9.68)       | 10.70    | (130.48) | (253.12) |

★ PAT for Q4 & 12M' FY 15 are after considering charge of Rs 21.75 & Rs 100.16 crs as exceptional items.

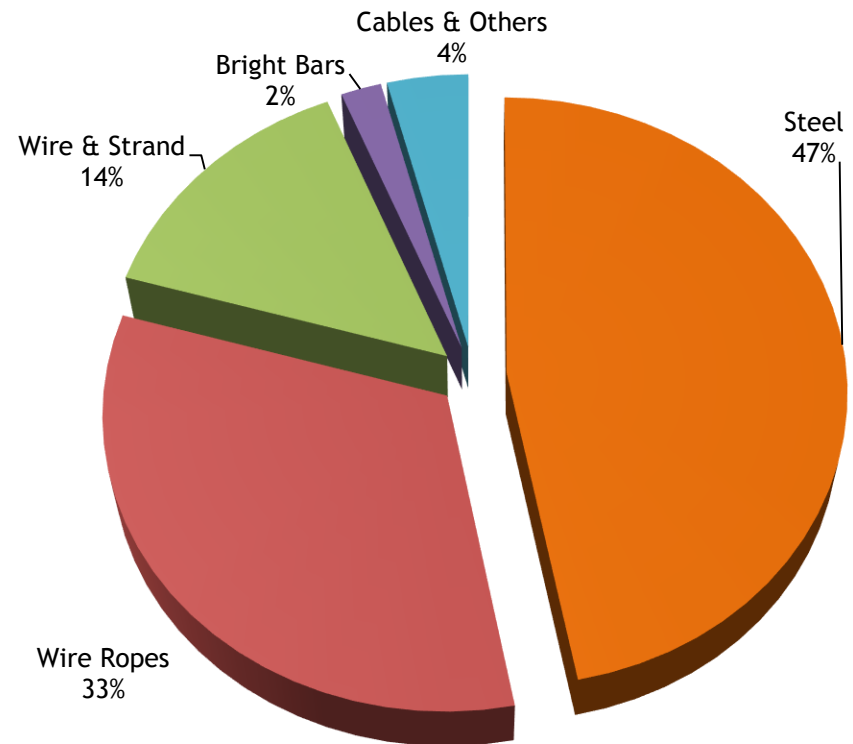
Note: The company has provided Rs 11.43 crs and Rs 7.40 crs on account of investments in railway siding at mines and cenvat credit at Agra business which has now closed down, respectively out of operating profits for Q4 FY 14-15. In addition there are write downs of Rs 16.43 crs on assets and investments made in de-allocated coal blocks .



# Revenue Distribution (Value)



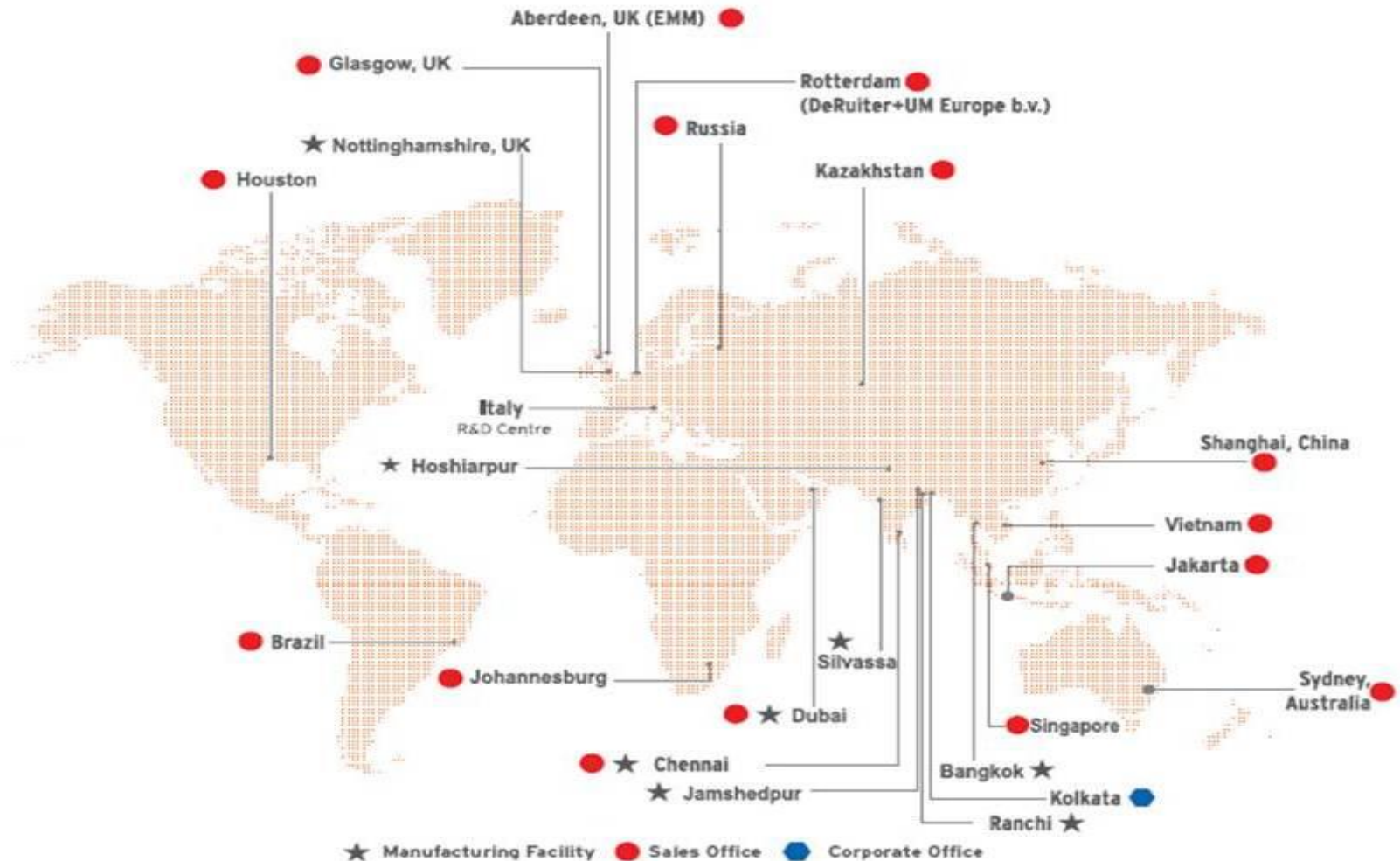
By Geographies



By Product



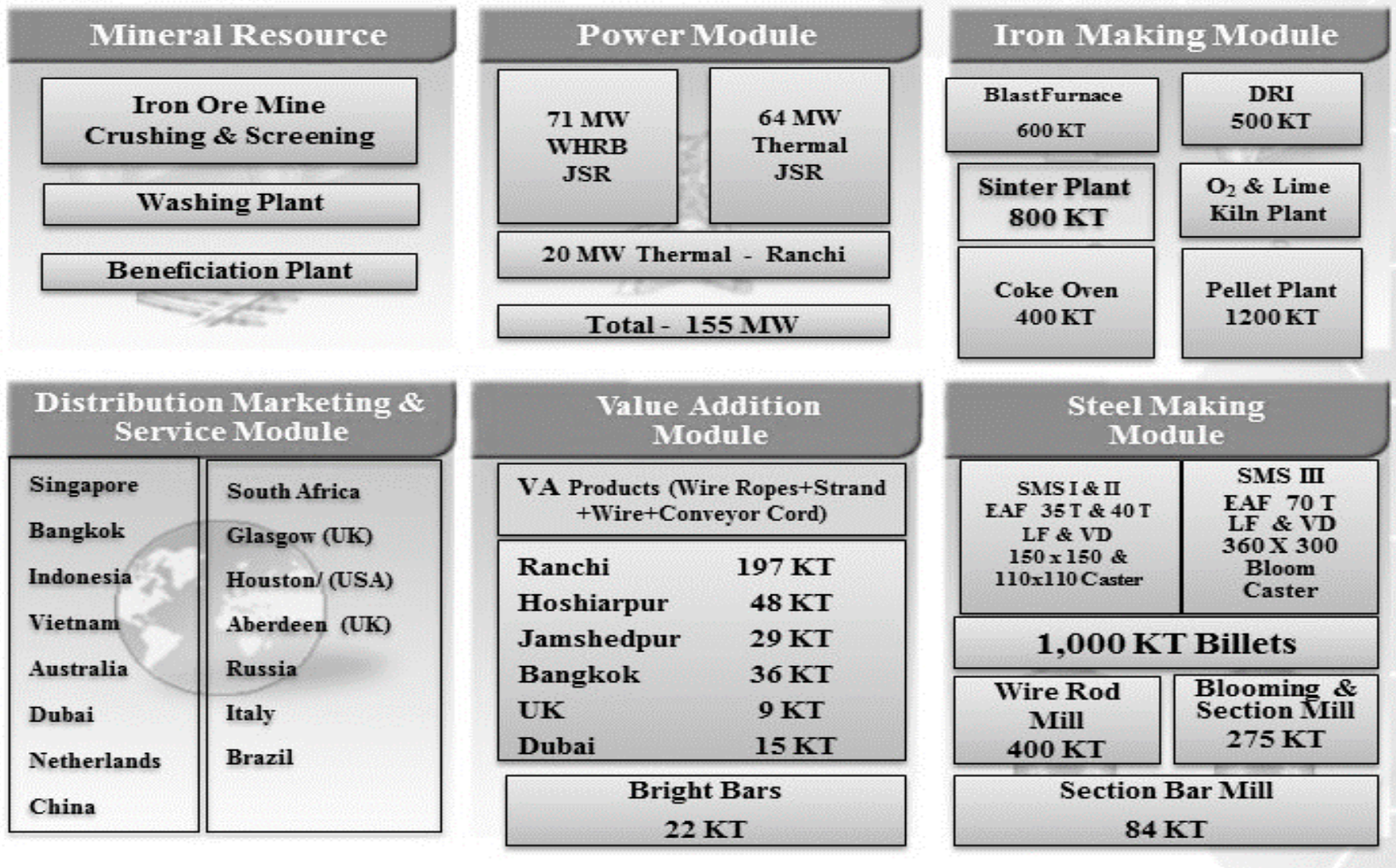
# Global Footprints



Note: Presence through dealer in Russia, Kazakhstan, Brazil & Johannesburg.



# Architecture of Integrated Business



# THANK YOU

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