

एनएमडीसी



NMDC

# एन एम डी सी लिमिटेड NMDC Limited

(भारत सरकार का उद्यम) (A GOVT. OF INDIA ENTERPRISE)

पंजीकृत कार्यालय : 'खनिज भवन', 10-3-311/ए, कैसल हिल्स, मासाब टैंक, हैदराबाद - 500 028.  
Regd. Office : 'Khanij Bhavan' 10-3-311/A, Castle Hills, Masab Tank, Hyderabad - 500 028.  
नैगम पहचान संख्या / Corporate Identity Number : L13100TG1958 GOI 001674

No. 18(1)/2020- Sectt

11<sup>th</sup> February 2020

1. The BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001	2. National Stock Exchange of India Ltd., Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051
3. The Calcutta Stock Exchange Limited, 7, Lyons Range, Kolkata - 700001	

Dear Sir / Madam,

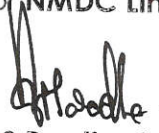
**Sub: Investor (Non-Deal) Presentation**

**Ref: Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; NSE Symbol: NMDC; BSE Scrip Code: 526371**

Reference the captioned subject, kindly note that Investor (Non-Deal) Presentation for the Investors meetings scheduled on 11-02-2020 and 12-02-2020 at Mumbai, has been uploaded on NMDC website, a copy of which is enclosed herewith for kind reference.

Please take note of the above information.

Thanking you  
Yours faithfully,  
For NMDC Limited

  
**A S Pardha Saradhi**  
Company Secretary

Encl: A/a





# ***Investor (Non-Deal) Presentation***

**FEBRUARY 2020**

**NMDC LIMITED**



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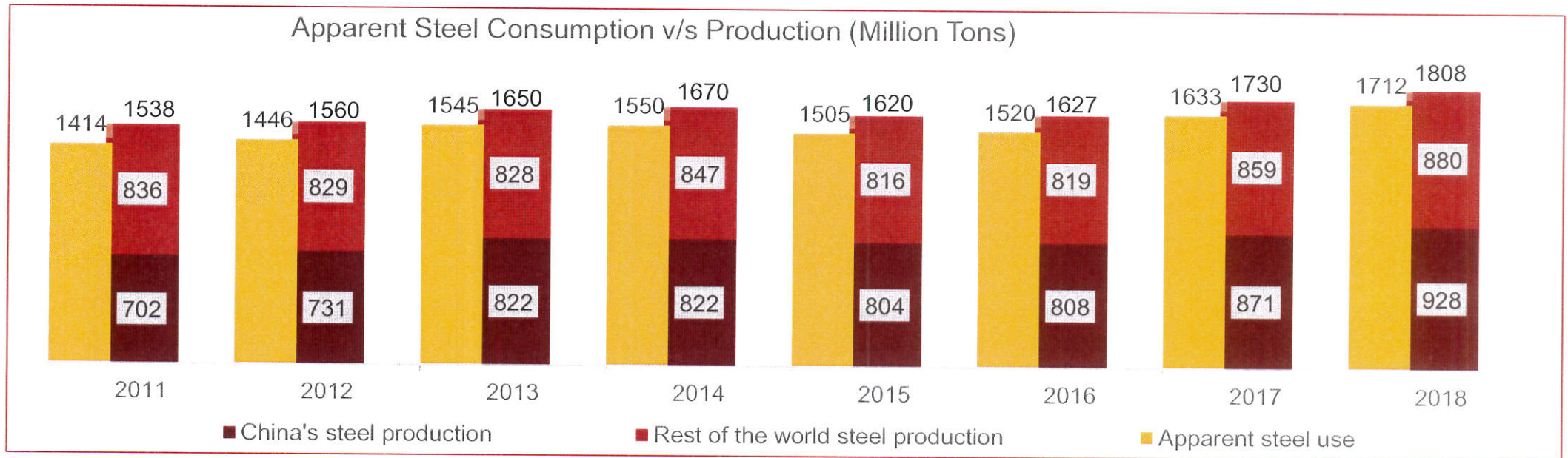


# Section 1

Overview of Iron ore and Steel Sectors



## Trends in Global steel production and apparent consumption

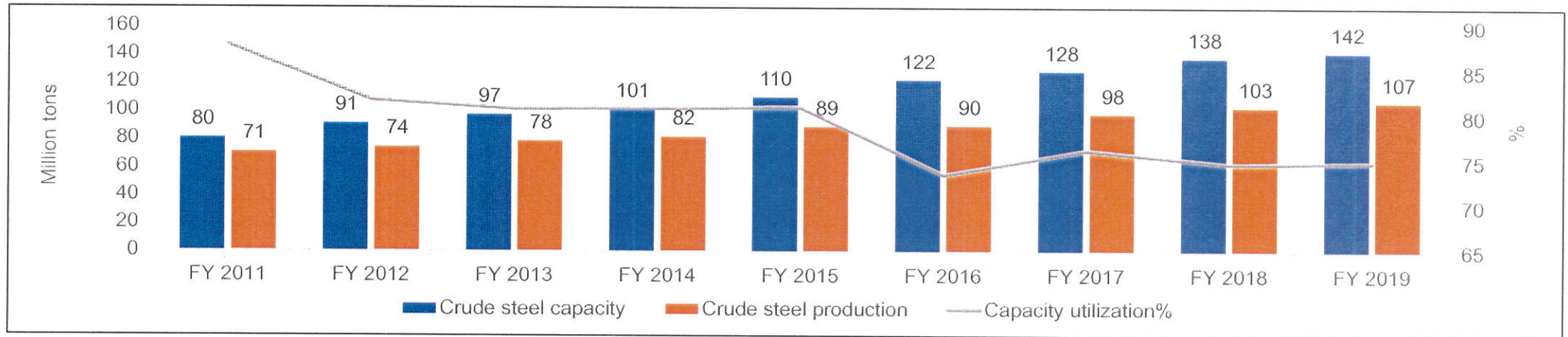


- ❖ 2019 (for 11 months) production -1684 Million Tons as compared to 2018 (for 11 months) production- 1640 Million Tons.
- ❖ Gap in supply and demand is expected to decrease in near future resulting in increase in global demand of iron ore.
- ❖ China's environmental crackdown, the supply-side reform and the closure of lower-end induction furnaces have pushed steel rebar prices up by about 38 percent in 2017-2018
- ❖ One of the key determinants of future growth will be the economic growth of India and South-east Asian countries.

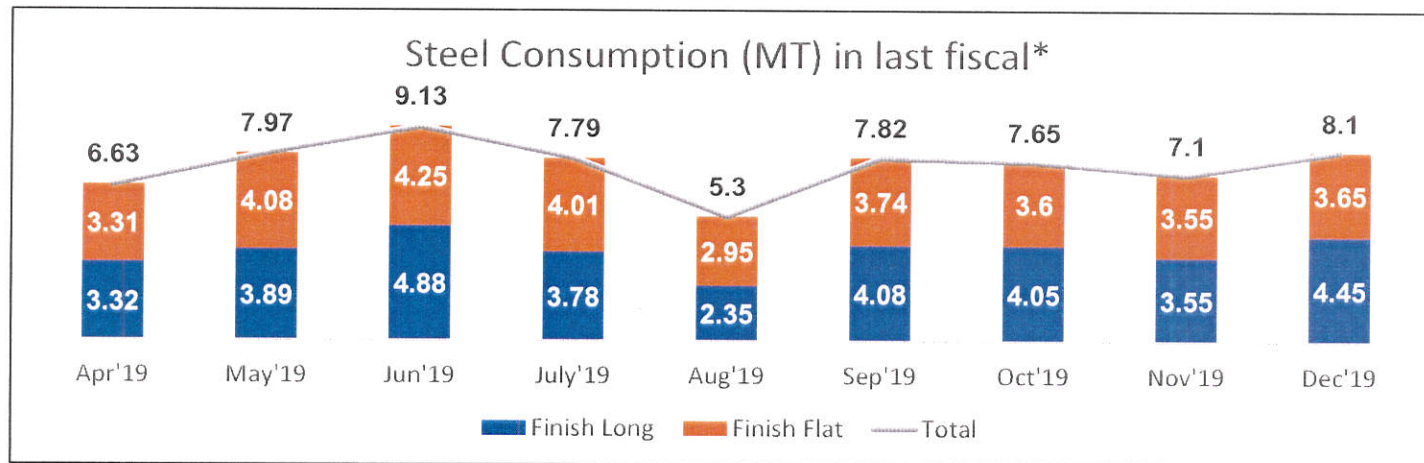
Source: World steel Association



## Trends in Indian steel production and consumption



Source: Ministry of Steel



Source: Steel Mint

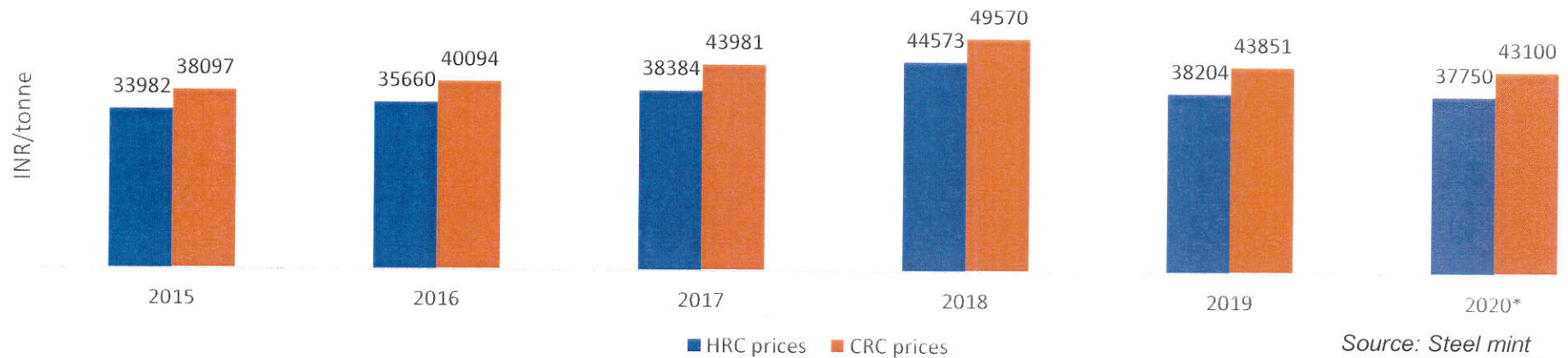
Last Fiscal indicates the period starting April 2019 till Dec 2019

- ❖ Crude steel production capacity increased at a CAGR of 8.1% between FY2011 and FY2018
- ❖ Crude steel production has increased at a CAGR of 5.6%
- ❖ Indian iron ore production likely to grow to meet the domestic requirements

*Increase in steel prices is strong indicator for iron ore demand*

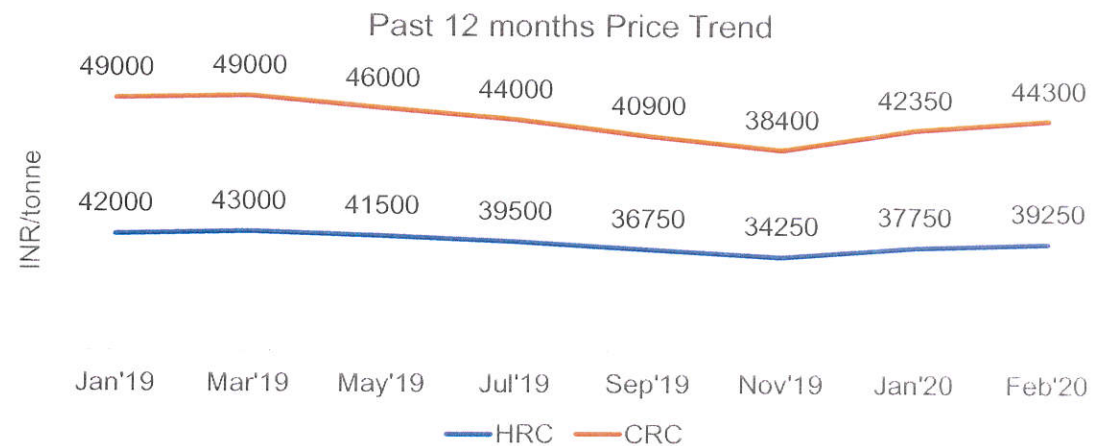


## Trends in Finished steel prices



Source: Steel mint  
\*2020 data is till 3<sup>rd</sup> Feb 2020.

Due to sluggish demand in domestic steel sector and rise in inventories among major players, prices dropped in the steel sector. However, since December domestic steel demand improved which is reflected in the rising domestic steel prices. **The steel prices has already seen the trough and likely to continue increasing.**





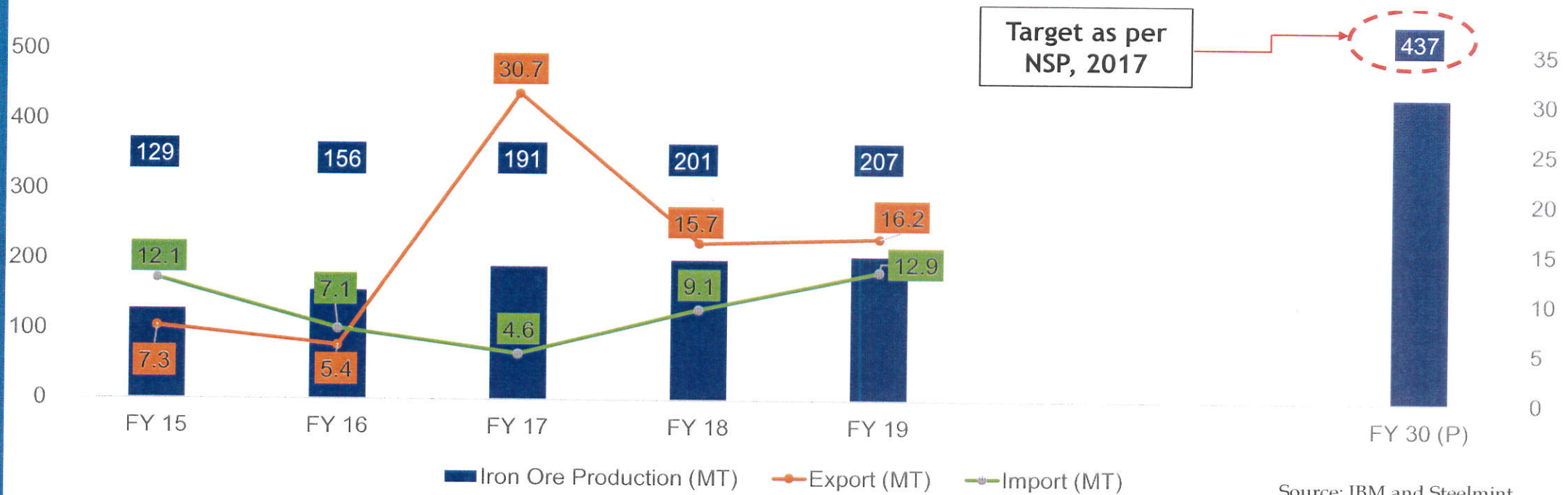
## GLOBAL MACRO INDICATORS REMAINS STRONG FOR IRON ORE



- ❖ Iron Ore prices have been increasing steadily over the years, with peaks and lows amidst global concerns.
- ❖ Prices reached a peak of 125 \$/tonne amidst supply concerns from Brazil due to Brumadinho dam disaster.
- ❖ Prices traded over 90 \$/tonne due to limited supply from Vale S.A in Brazil amidst heavy rainfall south of Brazil.
- ❖ CORONAVIRUS outbreak impacting the Chinese economy has led the iron ore prices drop to 83 \$/tonne since the beginning of February 2020.



## Iron Ore: Overview of the Domestic Market

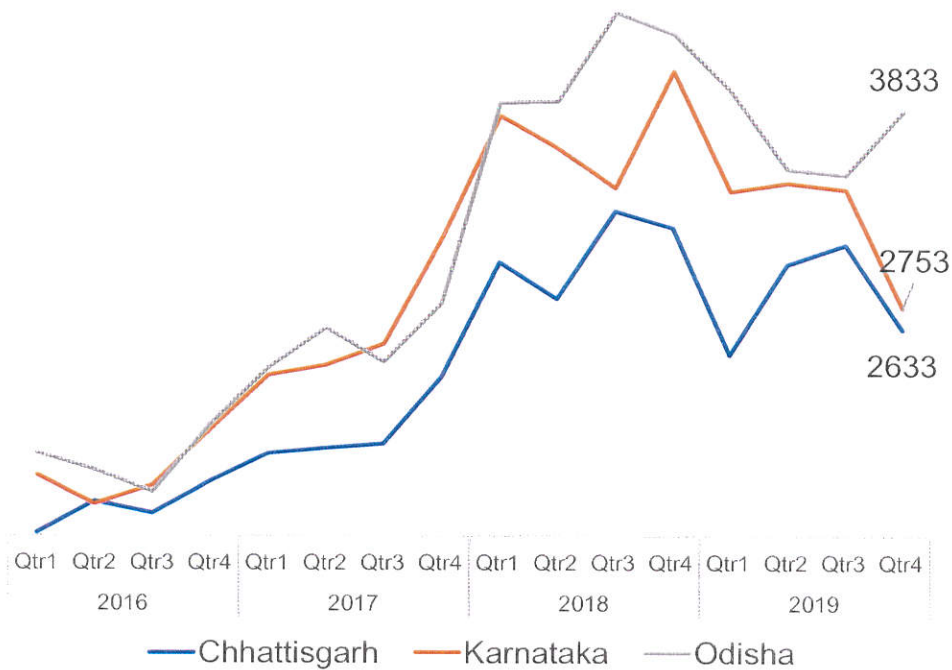


- ❑ Production is increasing Y-o-Y from FY'15 and expected to increase further.
- ❑ ~74% of India's iron ore is high-grade Hematite, with Fe > 63%, one of the best in the world.
- ❑ Domestic supplies are likely to grow substantially till 2020 as non-captive miners will maximize production on account of expiry of leases in 2020

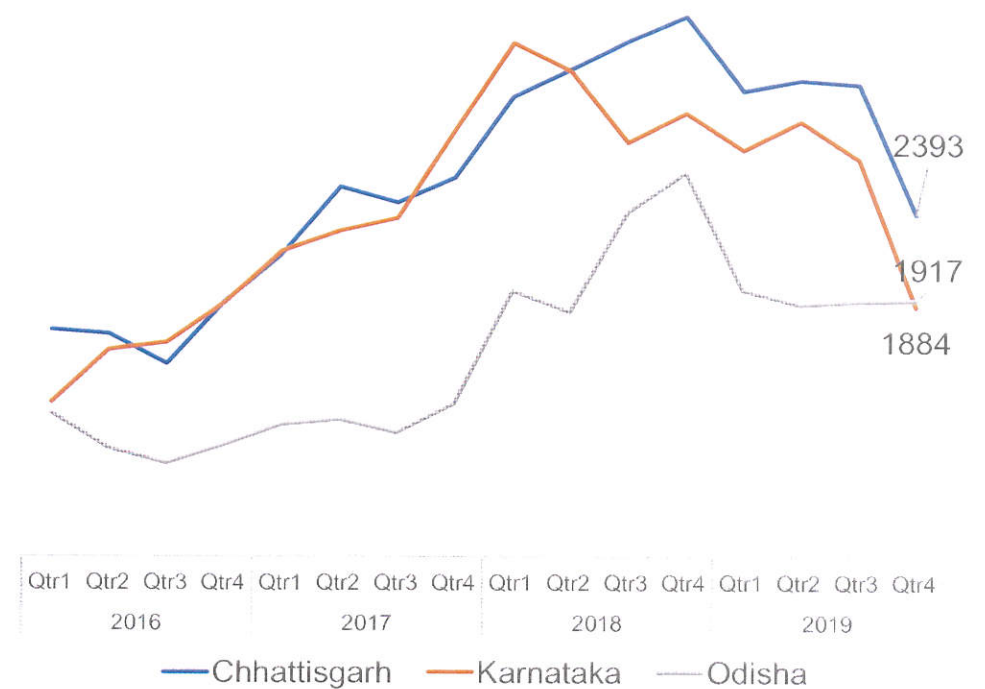


## Trends in Indian Iron Ore prices

Prices of Iron ore Lumps (Fe 62% to 65%) –  
INR/T



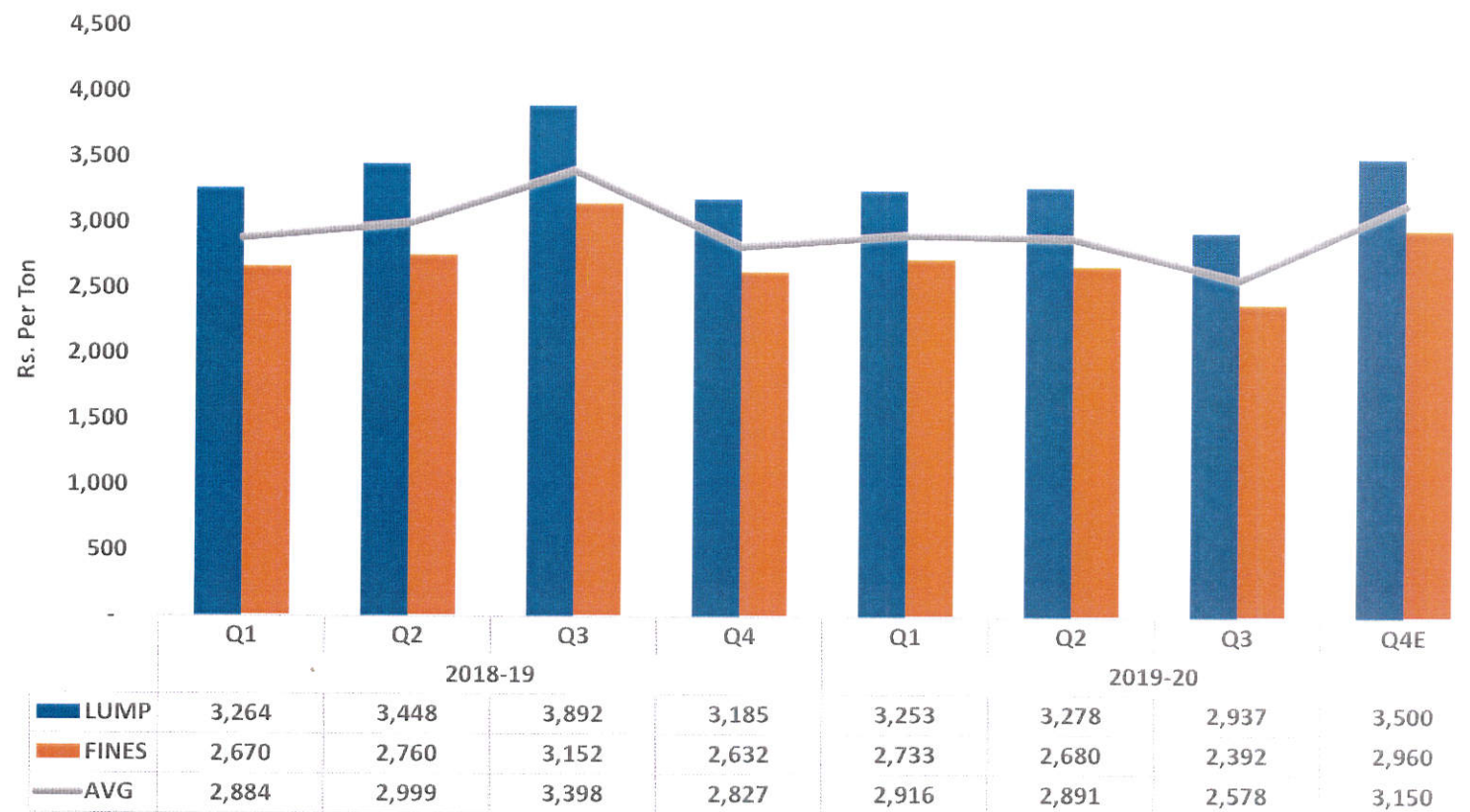
Price of Iron ore Fines (Fe 62% to 65%) –  
INR/T



Source: IBM for prices till Aug -19, Steel Mint for prices from Sep – 19 till Jan -20 as the same was not published in IBM



## NMDC Iron Ore Price Trend

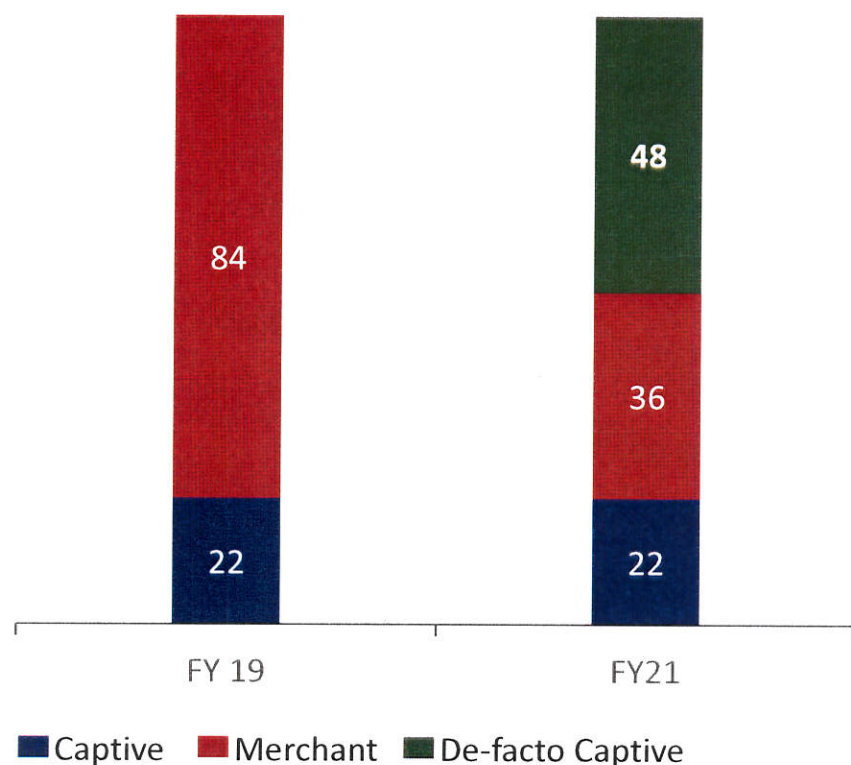


The steel prices has already seen the trough and likely to continue increasing



## Distribution of Merchant and Captive Miners in Odisha

Distribution of Merchant and Captive Miners in Odisha  
Production (MT)



- Currently 84 MT of Iron ore in Odisha is produced by Merchant miner.
- The trend of premium being quoted in the auctions is not feasible for merchant miners since the price incurred to miners will be more than 100% of selling price, which would result in de-facto end use arrangement.
- Consequently, post auctions this 48 MT of iron ore that was previously available for sale in open market would not be available for sale in market.
- The shortage of 48 MT of iron ore in the market would be existing Merchant Miners such as NMDC.



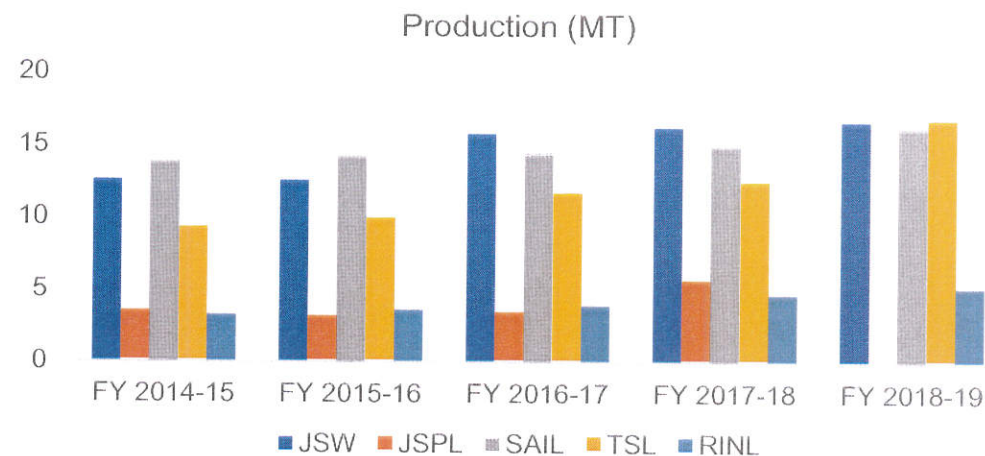
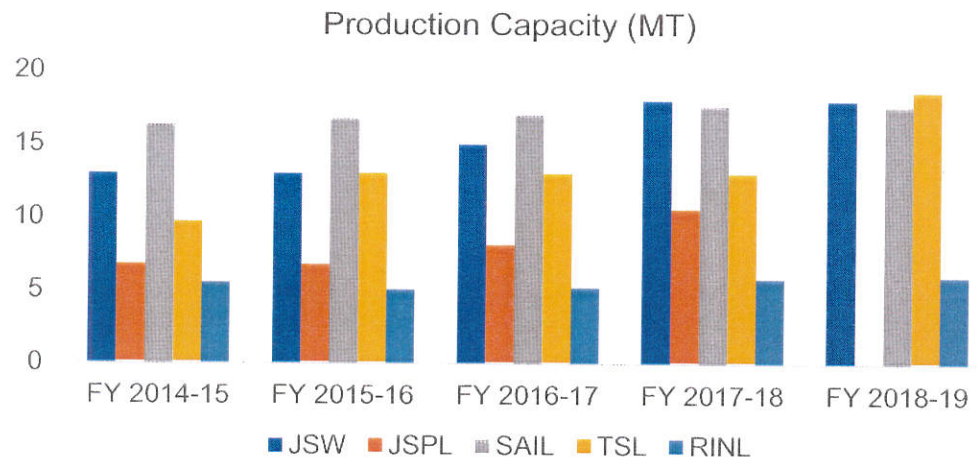
## Iron ore requirement of successful bidders as well is more than their requirement for end use

S.N.	Company	Crude Steel Capacity (Mt) 2019	Crude Steel Capacity (Mt) 2024	Total Iron ore requirement in 2024 (MT)	Auctioned blocks Odisha (MT)	Other blocks (MT)	Shortfall (MT)
1	JSW	18	29.7	47.5	26.3	11.85	9.35
2	Arcelor Mittar & NSL (Essar)	10	12	19.2	5.5		13.7
3	JSPL	8.6	8.6	13.8		3.1	10.7
4	RINL	7.3	7.3	11.7			11.7
	<b>Sub-total (A)</b>	<b>43.9</b>	<b>57.6</b>	<b>92.2</b>	<b>31.8</b>	<b>14.95</b>	<b>45.45</b>
5	SAIL	18.6	21.4	34.2			
6	Tata Steel	18.6	27.3	43.7			
	<b>Sub-total (B)</b>	<b>37.2</b>	<b>48.7</b>	<b>77.9</b>			
7	<b>Others (C)</b>	52	67	107.2			
	<b>Total (A+B+C)</b>	<b>133</b>	<b>173</b>	<b>277.3</b>			

- The chart explains the capacity expansion plans of steel players in the country. The capacity expansion of existing customers presents an opportunity for increased sales in mid-term.
- The increase in capacity of 40.2 MT requires 64 MT of additional Iron ore



## Production profile of steel majors



- ❖ Tata Steel is eyeing for 30 million tons capacity
- ❖ JSW aims to produce 40 million tons of steel.
- ❖ SAIL has invested to enhance the capacity to 21.4 million tons.

**Expansion plans for the steel majors are a strong indicator of increasing demand of iron ore in the coming future. Current demand for NMDC iron ore is intact and new demand is likely to come against expiry of iron ore mines by 31<sup>st</sup> March, 2020.**



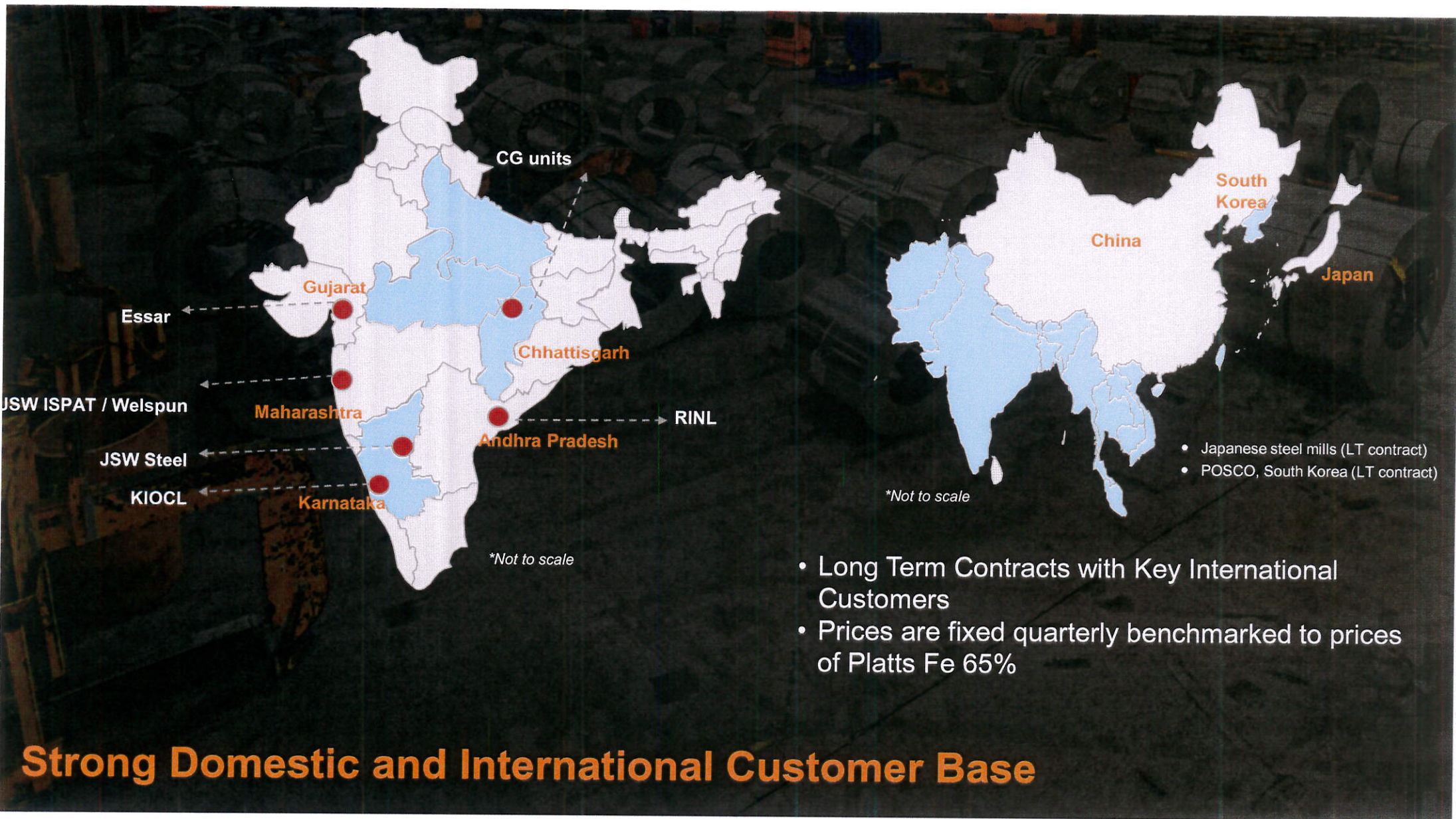
## Major existing customers of NMDC and their offtake

Customer	Off-take (Mt) FY19-20 (Apr-Dec)	% of Total Off-take (Mt) FY19-20 (Apr-Dec)	Off-take (Mt) FY18-19	% of Total Off-take (Mt) FY18-19
RINL	5.19	23%	8.69	27%
Essar	5.23	23%	7.14	22%
JSW (Group)	6.12	27%	8.36	26%
CG Parties	1.84	8%	2.36	7%
Export	1.77	8%	1.18	4%
KIOCL	1.35	6%	1.72	5%
Others	1.53	7%	2.93	9%
<b>Total</b>	<b>29.15</b>	<b>100%</b>	<b>32.38</b>	<b>100%</b>

- JSW has expansion plan of around 12 MT of steel capacity which will require additional 19 MT of iron ore.
- Essar has expansion plan of 2 MT which will require additional 3.2 MT of iron ore.

- The other parties have planned expansion plans of 12 MT which shall require additional 19 MT of iron ore.
- The sale to CG parties could see a drastic upward trend in the coming years on account of capacity expansion of other players in the country.









## **Section 2**

**STANDING STRONG IN GLOBAL COMPETITION**





**770**

Rs/ TONNE

ONE OF THE LOWEST COST OF  
PRODUCTION

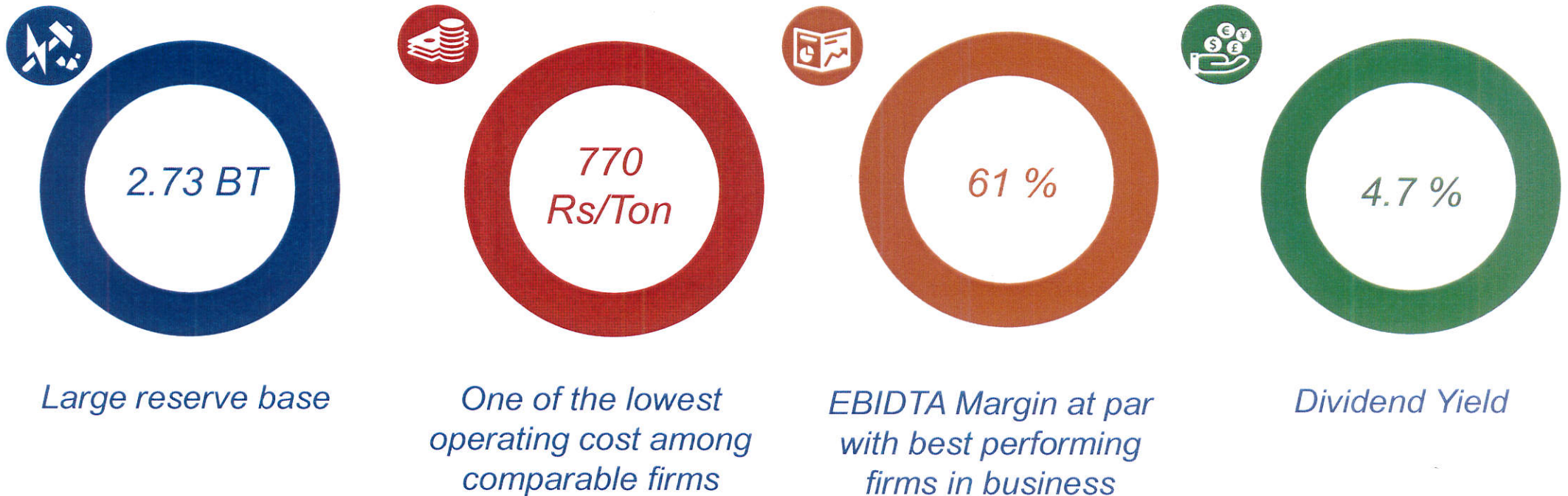
**1.32%**

ONE OF THE HIGHEST PRODUCTION TO  
RESERVES RATIO.

**OPTIMIZING EFFECIENCY**



## A Highly profitable firm with large reserve base and high returns to shareholders



# Robust Operational And Financial Performance In FY 20 (9M)

Strong Performance despite non operation of DIOM



## Operational performance

PRODUCTION	220.15 LT
SALES	228.95 LT
EXPORTS	17.71 LT
OPERATIONAL COST	Rs 770 /tonne



**Rs10.64** EARNINGS PER SHARE

Book Value per share **Rs 95.4**

**11%** Return on Equity

RETURN ON CAPITAL EMPLOYED **33%**



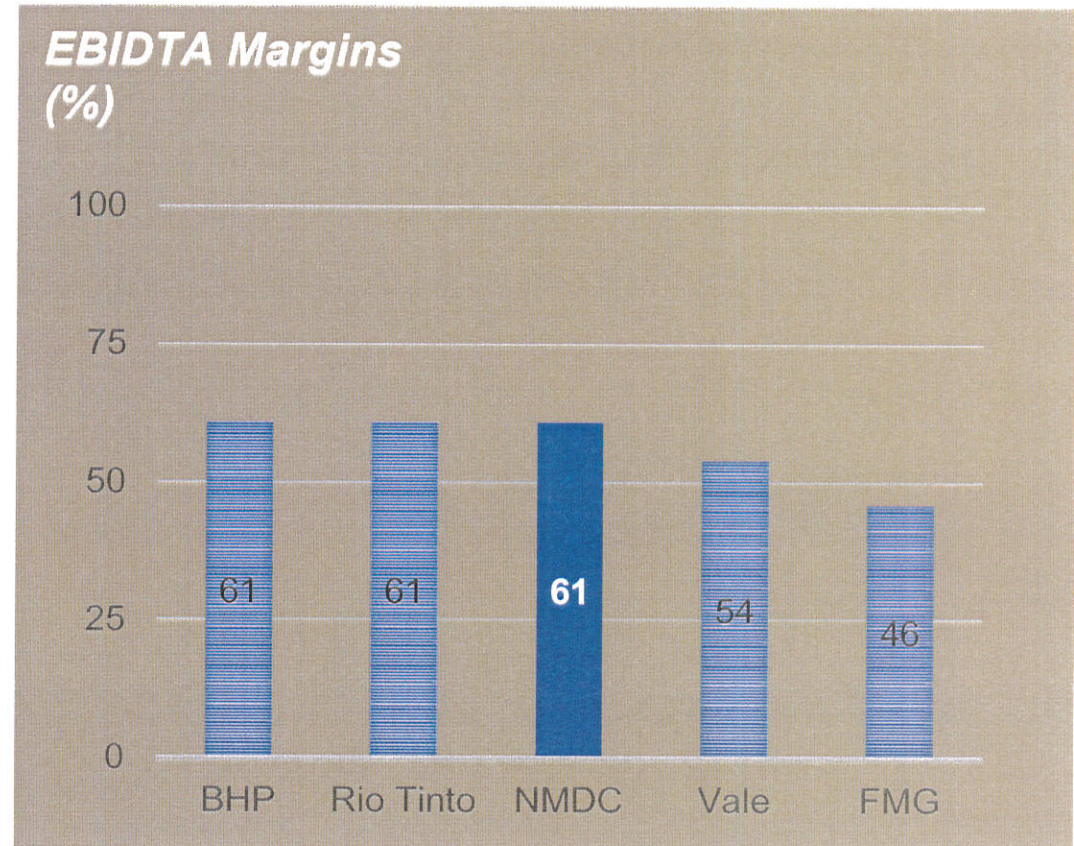
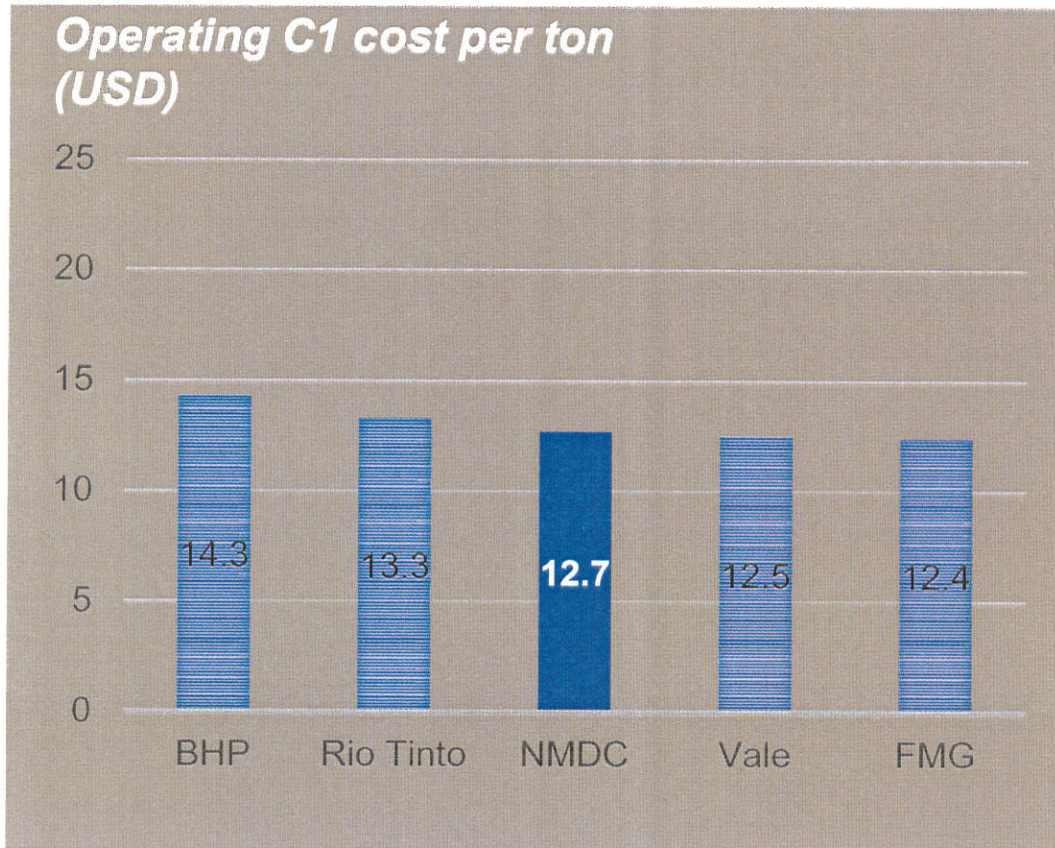
## Financial performance

REVENUE	Rs 8512 Crore
EBITDA	Rs 4898 Crore
Capital Expenditure	Rs 1052 Crore
PAT	Rs 3259 Crore

## NMDC CREATING VALUES FOR SHAREHOLDER'S



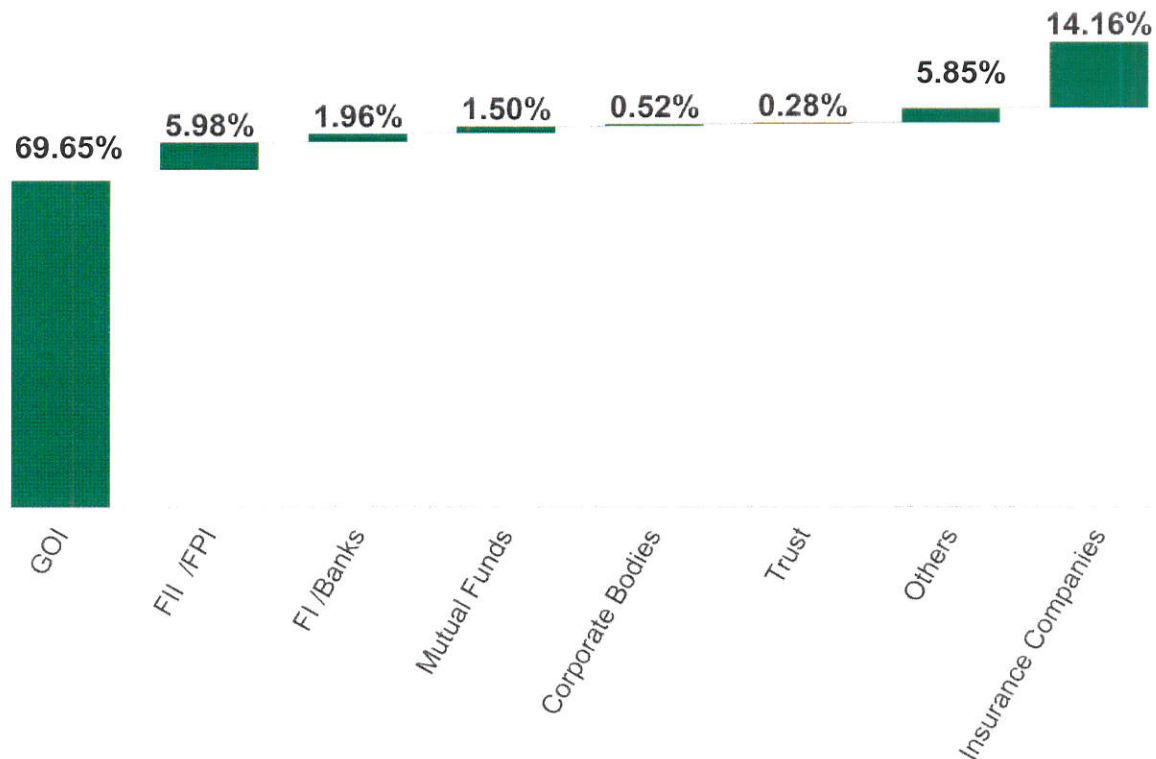
## Globally one of the lowest cost producer and high EBIDTA Margin Iron ore player



Drivers for low costs are : Stability/predictability of expenses such as wage increase, LTA with OEMs ; Proximity of expansion projects to existing mines enabling lesser investment and fungibility of resource pool & Access to large talent pool in India

Source : NMDC Reports. Annual report 2018 of BHP, Rio Tinto, Vale and FMG. INR 70 = US\$

## Government of India is the major stakeholder of NMDC Limited



- ❖ Among Insurance companies major share holding is of LIC India -12.89%
- ❖ Market Cap: 34782 Crores as on 7<sup>th</sup> Feb 2020  
(NSE NMDC Share price : 113.60 INR)

Source: NMDC Reports and PwC Analysis

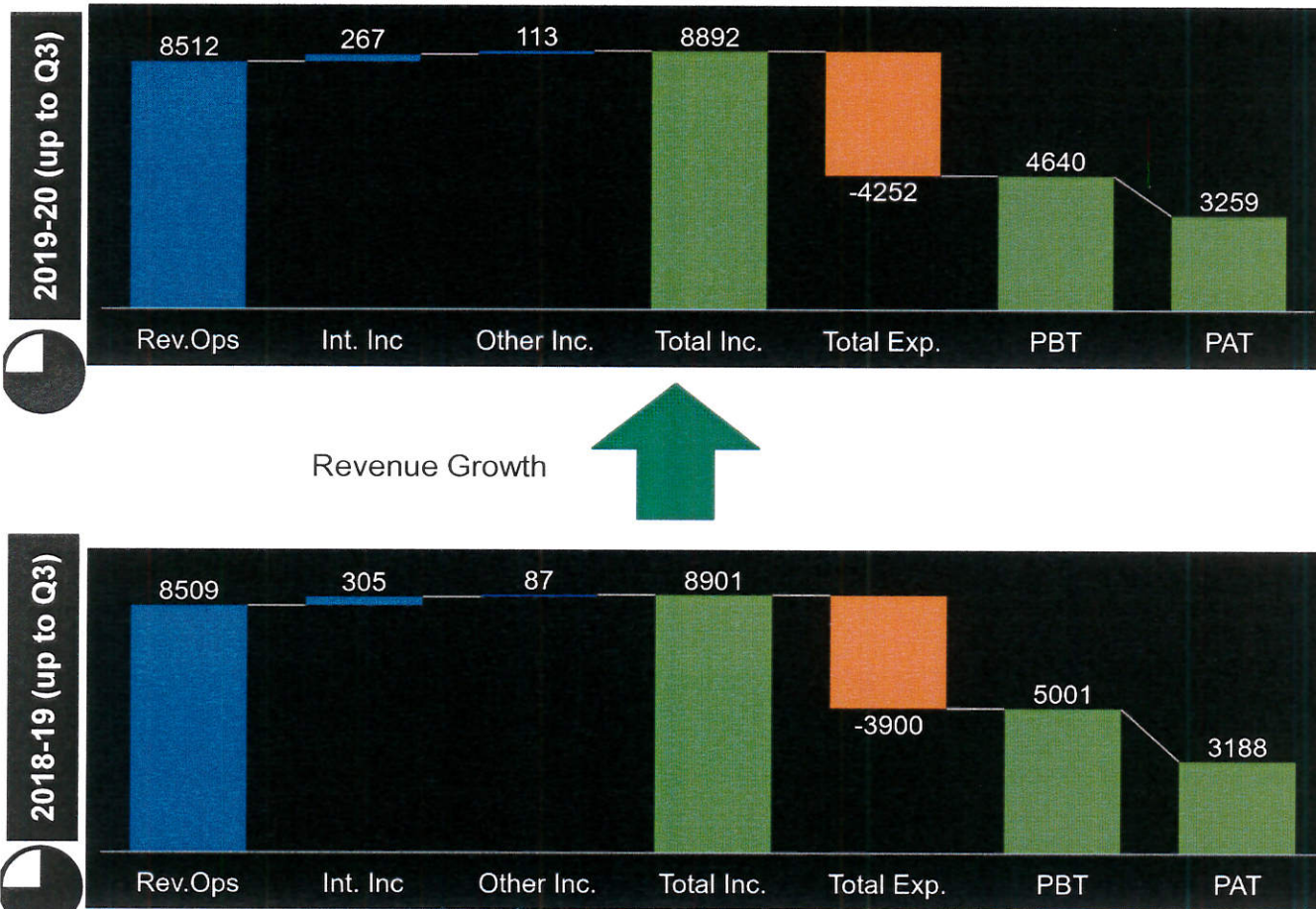


## Financial strength is the cornerstone of NMDC success

	2016-17	2017-18	2018-19	2018-19 Upto Q3	2019-20 Upto Q3
<b>Sales (INR Crores)</b>	8830	11615	12153	8509	8512
<b>EBITDA (INR Crores)</b>	4510	6472	7519	5230	4898
<b>PAT (INR Crores)</b>	2589	3806	4642	3188	3259
<b>Net Worth (INR Crores)</b>	22519	24354	25952	27578	29212
<b>Capital Expenditure (INR Crores)</b>	3465	2346	2090	829	1051
<b>Earnings Per share (INR)</b>	7.22	12.03	14.70	10.08	10.64

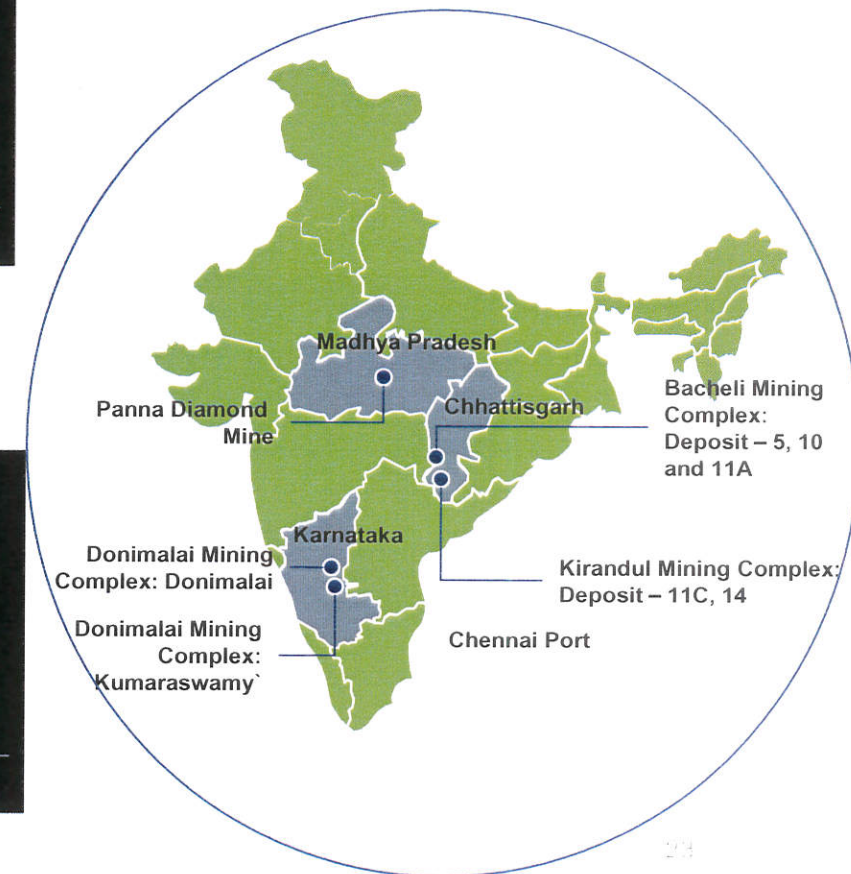
Source: NMDC Reports and PwC Analysis

## NMDC revenue growth driven by large best quality asset base



Source : NMDC Reports and PwC analysis

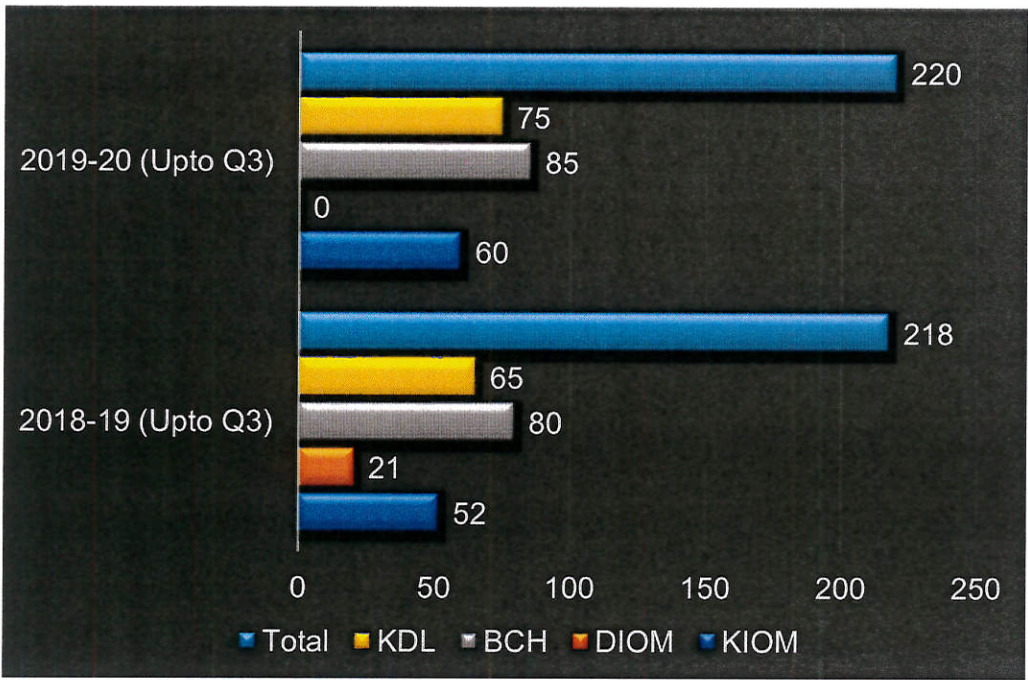
### Location of NMDC's mining facilities



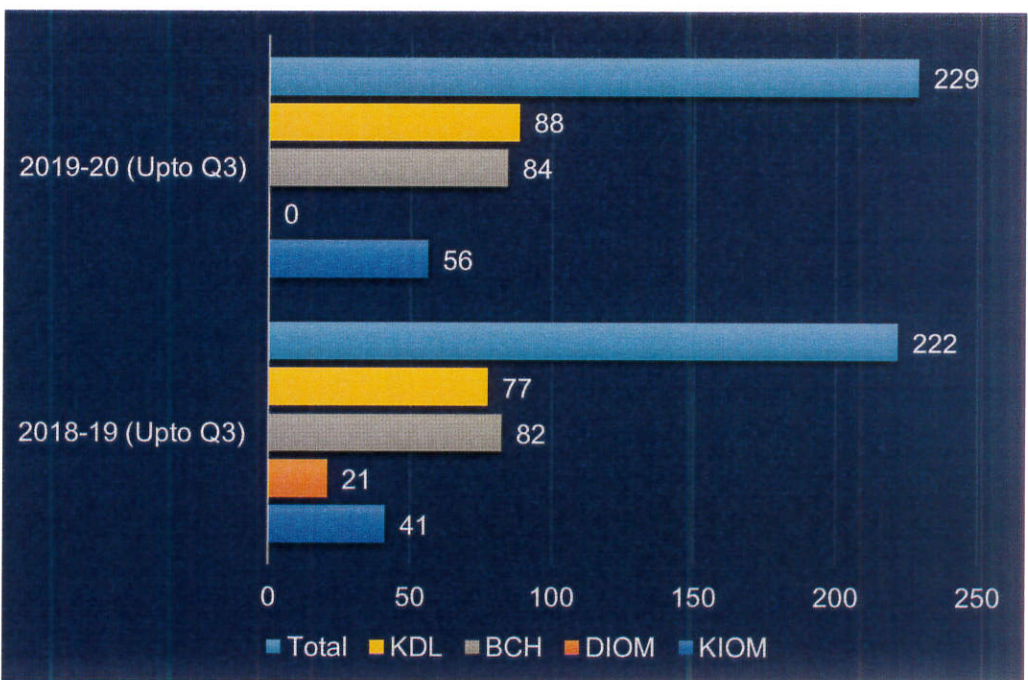


Consistent high production and sales of iron ore are drivers for NMDC Profitability

Iron Ore Production (LT)

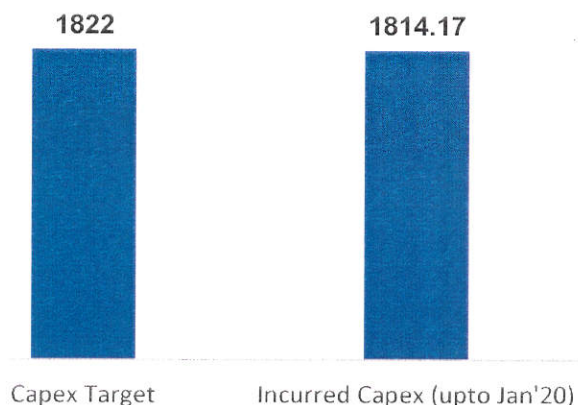


Iron Ore Sales (LT)



Source : NMDC Reports and PwC analysis

## Capital Expenditure up- to January, 2020 and Expansion Schemes



- ❑ NMDC has already incurred the targeted capital expenditure for FY 2019-2020 (up-to Jan'20), and is expected to incur additional 500 Crores by 31<sup>st</sup> March, 2020.

### Major Scheme – wise Capital Expenditure planned to be incurred in future

Schemes	Estimated Cost (INR crores)	Cumm. Till Date (INR crores)	Status
3 MTPA Steel Plant at Chhattisgarh	23,140	16,468.33	CONTINUING
Slurry Pipeline (Phase- I)	2,907	140.23	CONTINUING
3 <sup>rd</sup> Screening plant and augmentation of loading facilities at Kirandul	1,207	104.12	CONTINUING
5 <sup>th</sup> Screening Line SP-2 and 310 DH Conveyor upgradation at Kirandul	24.83	17.51	CONTINUING
Crushing Plant and Downhill Conveyor system of BLD 14	560.23	0.73	CONTINUING
Screening Plant II at Donimalai	399.75	0.00	NEW
Chigargunta- Bisanatham Gold Block, Chittor District, Andhra Pradesh	421.48	0.00	NEW
Slurry Pipeline (Phase-II)	6,000	0.00	NEW
<b>TOTAL</b>	<b>34,660</b>	<b>16,731</b>	



# Section 3



Future Plans



## Ramping up Mining and Evacuation capacities

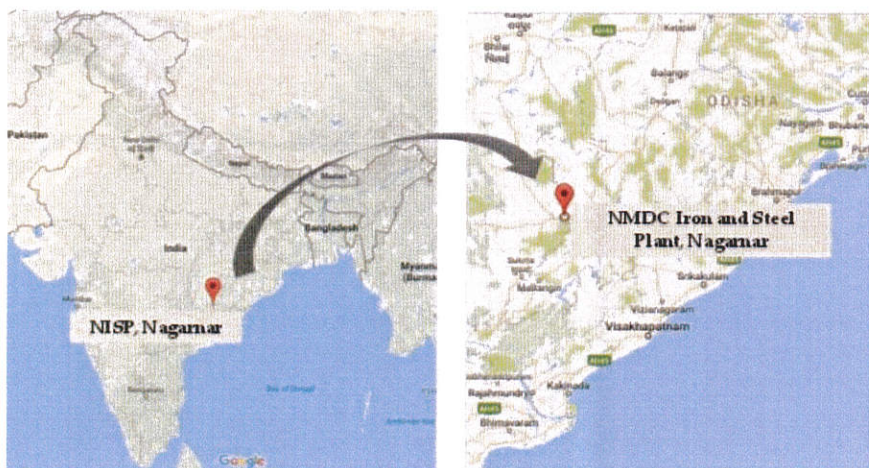
Sectors	Mining Capacity (MTPA)		Evacuation Capacity (MTPA)		Mode of Evacuation
	FY'21 (E)	Ramp up by FY'24	FY'21 (E)	Ramp up by FY 24	
Bailadila Sector (Existing Mines)	34	34	28	40	Railways
			1	1	Road
Bailadila Sector (New Mines)	-	16	8	8	Essar's Slurry Pipeline
			-	14	NMDC's Slurry Pipeline
Donimalai Sector	14	17	14	17	Road & Railways
Grand total	48	67	51	80	

NMDC has planned for sufficient evacuation capacity to meet the requirements of production ramp up from various capex projects like Screening Plant at Kirandul and Donimalai, Downhill Conveyor upgradation etc.



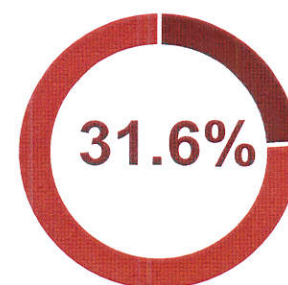
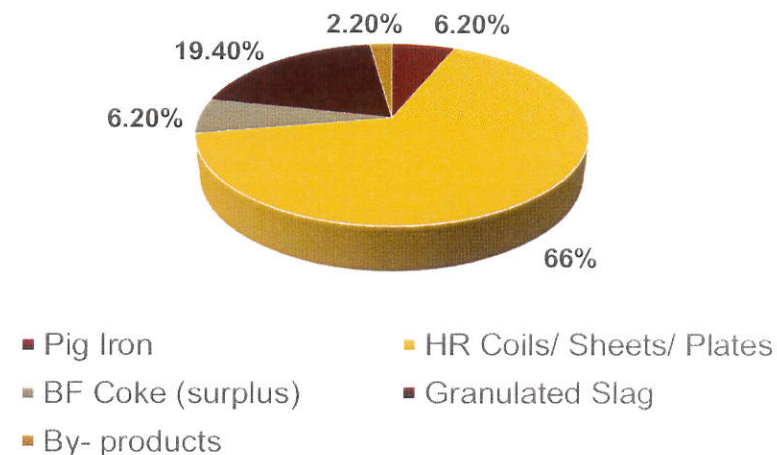
## Diversification: Forward-integrate to value added businesses (Pellet, Steel)

### NMDC Iron and Steel Plant (NISP), Nagarnar

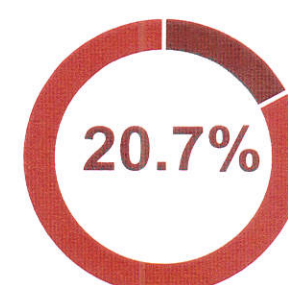


The NMDC Iron and Steel Plant (NISP) is located in the Bastar district of Chhattisgarh., about 16 km in North- East direction from Jagdalpur town. The Plant is located 1 Km north of the National Highway No. 63. Amaguda railway station. Visakhapatnam port is the nearest port located at a distance of about 350 km from the site.

#### Product mix including by-products



EBITDA MARGIN



PROFIT MARGIN

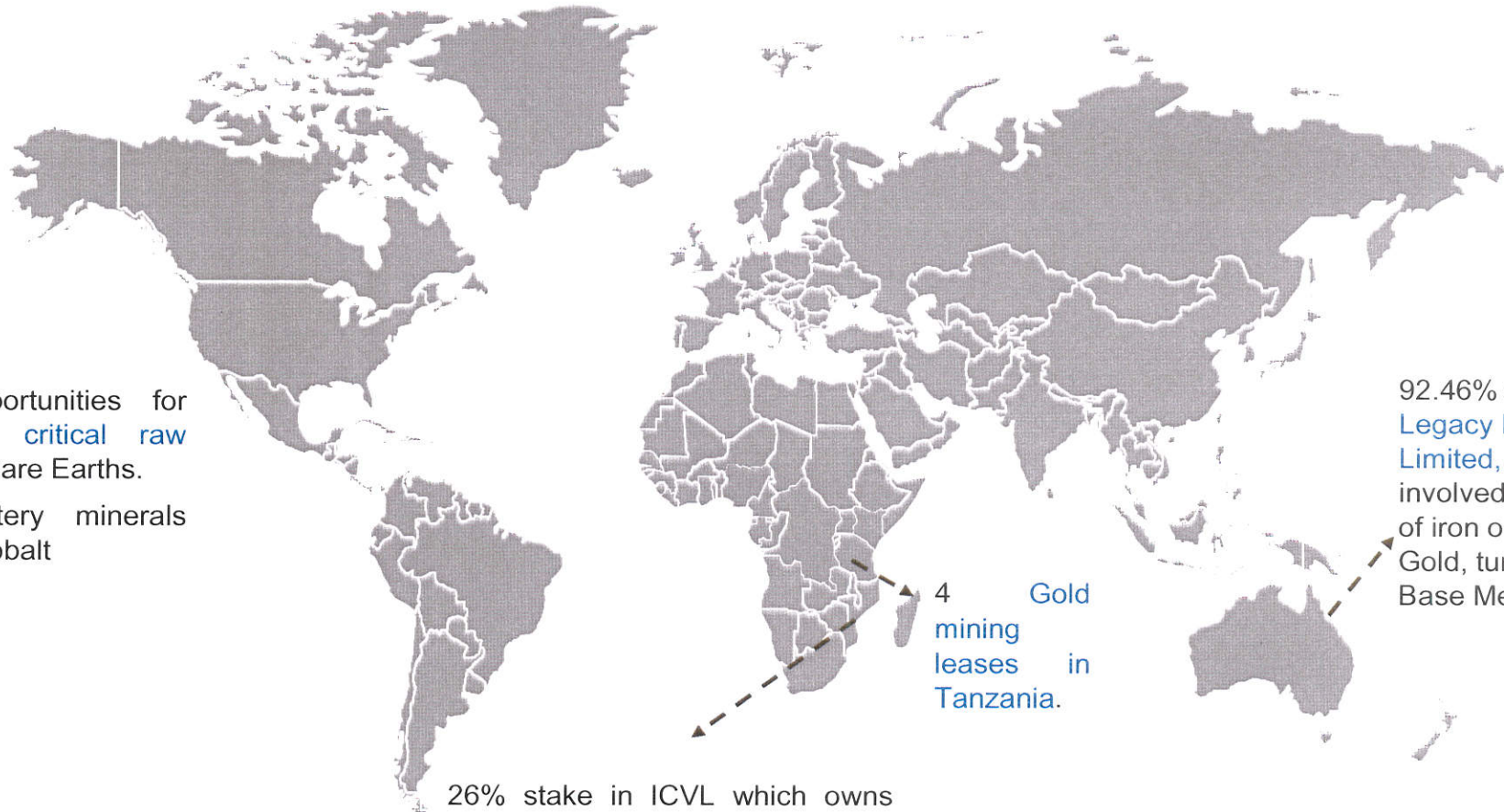


## Diversify into strategic and critical raw materials required by the nation and other commodities



Exploring opportunities for strategic and critical raw materials like Rare Earths.

Exploring battery minerals like lithium & cobalt



26% stake in ICVL which owns coking coal deposit in Mozambique,

4 Gold mining leases in Tanzania.

92.46% stake in Legacy Iron Ore Limited, Australia - involved in exploration of iron ore, Nickel, Gold, tungsten and Base Metals.



## Diversification into commercial Coal Mining

Recently, NMDC has also been awarded Rohne coking coal block and Tokisud coal block, hereby expanding the business portfolio from Iron ore to coal as well.

### Rohne Coking Coal Block

- Total Lease Area- 1245 Ha
- Mining Capacity- 8 MTPA
- Stripping ratio: 3.09 cum./ tonne
- **Expected Annual Revenue- Rs 1,482 crores**
- **EBITDA- INR 534 crore**
- **Investment: 2,278 crores (including washery)**

### Tokisud Coal Block

- Total Lease Area- 585.18 Ha
- Mining Capacity- 2.32 MTPA
- Stripping ratio: 2.83 cum./ tonne
- **Expected Annual Revenue- Rs 500 crores**
- **EBITDA- INR 276 crore**
- **Investment- ~451 crores**



# Section 4

Achiviements, Awards and Recognition





## Major Achievements During FY 19- 20



### *Operations*

- 2.76 LT higher production of Iron ore.
- Highest ever production & Dispatch from Kirandul & KIOM
- Highest ever dispatch from Bailadila Sector



### *Technology*

- NMDC Adopting SAP as ERP solution in Kalpatru
- Competitive advantages to NMDC by harnessing technologies such as IOT, AI, Data Analytics making NMDC a technology leader



### *Investments*

- Expansion to Coal mining through Rohne and Tasra blocks allocation.
- Extension of leases of 4 Bailadila iron ore mines for 20 years
- IBM approved mining plan for production enhancement from KIOM



### *Awards*

- NMDC received the prestigious S&P Platts Global Metals Award 2019 under CSR
- Hon'ble VP of India presented "Best Supporting organisation to Quality Circle Movement
- Innovative Stakeholders Interface Award under SCOPE Corporate excellence



### *Other Aspects*

- Ministry of Mines has amended the 'MMDR act 2015 with regard to renewal of mining leases allocated to Government Companies.
- The company has adopted Ind AS 116 "Leases" Effective from 1st April 2019



## Accolades received for exemplary work



### Awards and Recognition

- Platts Global Metal Awards 2018 & 2019 at London
- Navratna status in 2008
- National safety award conferred by President of India
- 5 star rating to mines by Ministry of Mines.
- Governance now Public service undertaking award
- “PSU Award 2018- Metals & Minerals” by Dun & Bradstreet
- Hindustan Ratan Award- Best Financial
- CSR Leadership Award 2018
- India Green Energy Award, 2018
- Greentech HR Platinum Award 2018



*Only company to receive the prestigious S&P global PLATTS metals award 2019 in corporate social responsibility category for two times in a row.*



## Spreading Smile through ethos of sustainable development



NMDC has put a complete ban on single-use plastic in all its offices and projects.



NMDC has spent USD 10.5 million for plantation as part of its green initiatives during FY2016 to FY2019.



NMDC has spend an average of USD 26 Million per year towards **CSR initiatives** from FY2015 to FY2019.

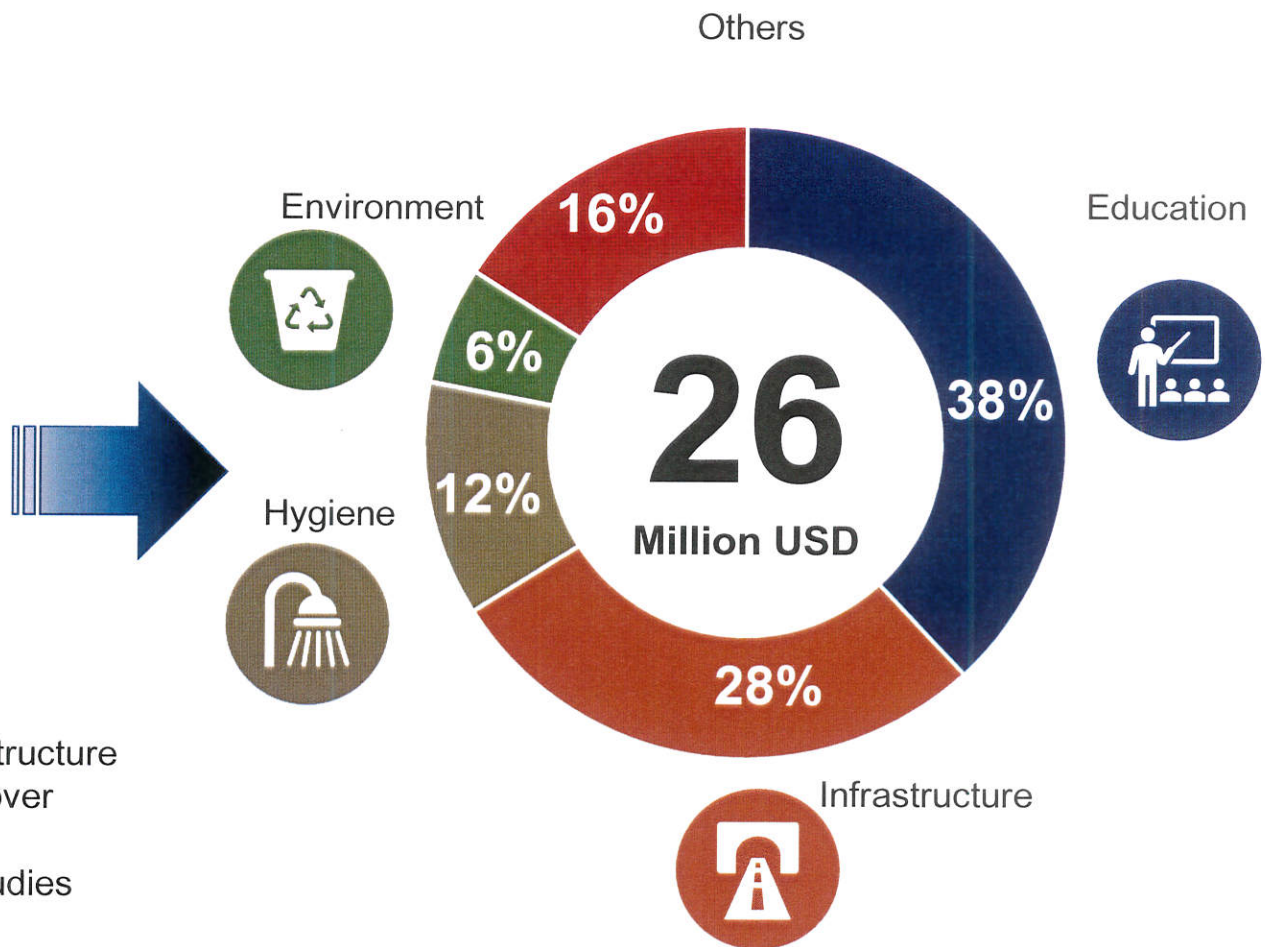


First organization to bag the S&P Global Metals awards in CSR category for two consecutive years (FY2018 and FY2019).



NMDC is improving educational infrastructure and providing necessary facilities for over **29000** students with a view to provide conducive environment to continue studies and enhance overall learning.

Conversion rate of INR to USD: 1 USD = 70 INR





# Partnering with local communities

## Eco-friendly Miner



- 5 Star ratings for Mines wrt to sustainability from Government of India
- All projects of NMDC ISO14001 certified
- 3<sup>rd</sup> party monitoring of air quality, water quality, noise & vibration

## Care for Health



- NMDC operates full-fledged hospitals at projects
- All projects are OHSAS 18001 certified
- Hospital on wheels
- Free medical treatment of employees
- Free medical treatment to local community at projects' hospitals.

## Education



- Shiksha Sahayog Yojana: Scholarship scheme for tribal students.
- Balika Shiksha Yojana: Sponsoring 40 tribal girls to Nursing courses
- Education Hub: partnered with Govt. of Chhattisgarh for creation of Education Hub
- Construction and operation of polytechnic .



**Transformational leadership  
backed by innate risk-taking  
ability, the discovery of new  
horizons of growth**

**HARNESSING TECHNOLOGY**



# NMDC's Transformational change brought about by axes of changes

- ❑ Implementation of fleet management systems, ERP implementation, Enterprise data hub implementation

- ❑ R&D Centre declared as a "Centre of Excellence" by UNIDO
- ❑ Improvement of screening efficiency, utilization of waste slimes for production of pellets, improvement of flowability of materials through chutes



- ❑ Upskilling its manpower through skill development program at projects, trainings and seminars
- ❑ Culture building program for improving happiness and state-of-mind of employees

- ❑ Capacity enhancement and augmentation
- ❑ Renewal of mining leases
- ❑ Diversification into steel and pellets
- ❑ Foraying into commercial coal mining
- ❑ Exploring opportunities for strategic and critical raw materials assets such as Rare Earths, battery minerals such as lithium & cobalt



## RESPONSIBLE MINING THE INNATE CULTURE

## SUSTAINABILITY

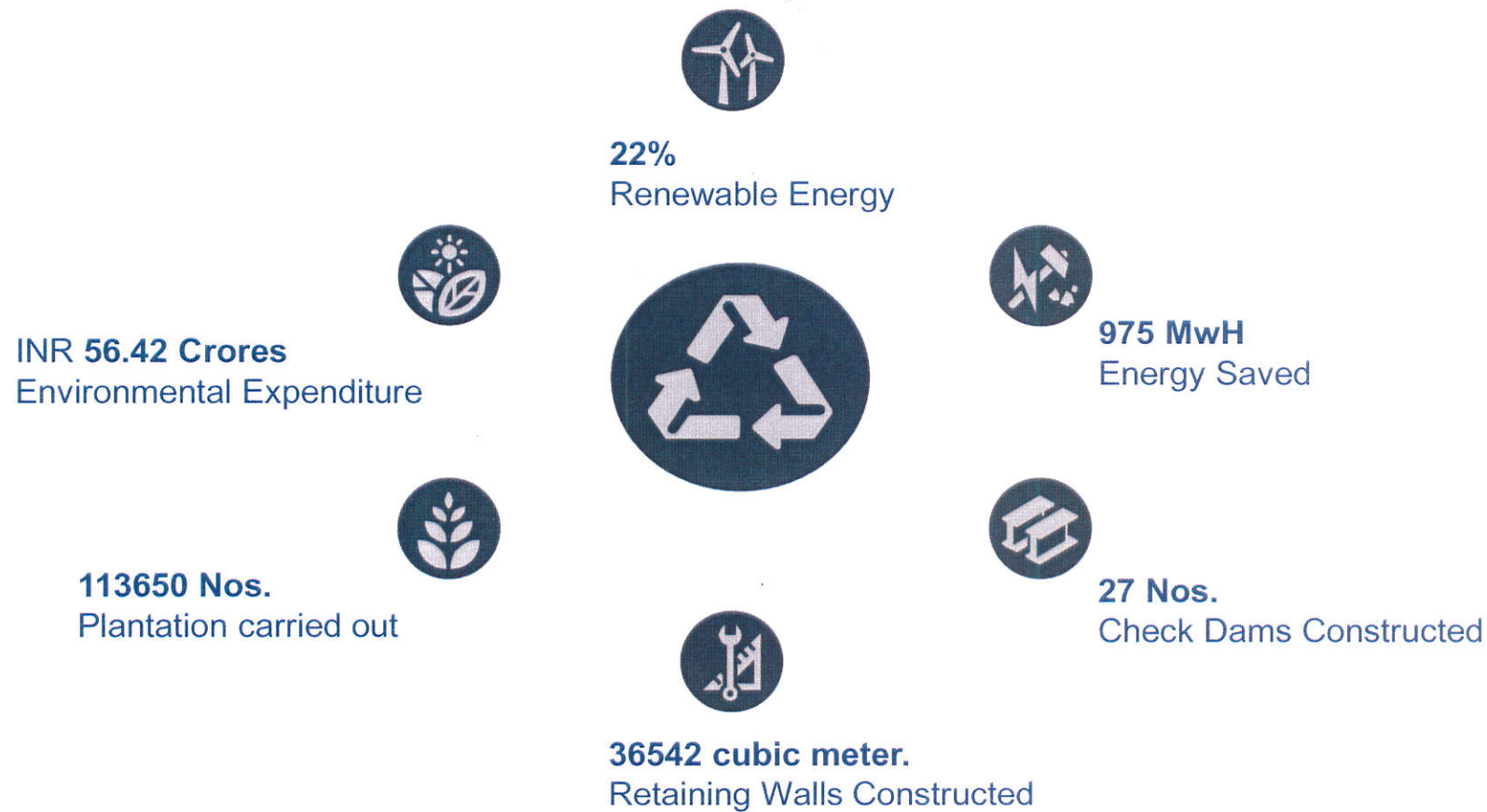


Scientific Mining  
Social Responsibility  
Climate Protection  
Biodiversity Conservation  
Economic Development





# Transitioning Towards a Carbo-Neutral Economy





THANK YOU

