

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 : L13100AP1958 GOI 001674

No. 18(1)/2019- Sectt

7<sup>th</sup> May 2019

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 Road Show scheduled to be held on 10<sup>th</sup> May 2019 at Singapore, 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





**NMDC LIMITED**

(A Govt. of India Enterprise)

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

***May 2019 (Singapore)***





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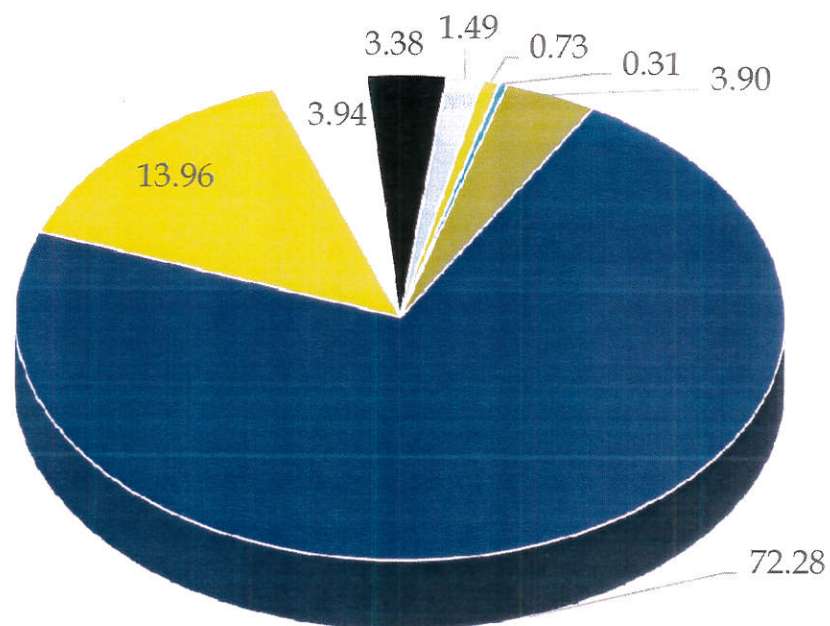
## Company's Overview





# Shareholding as on 30-03-2019

Market Cap: US \$ 4.6 bn



## Key Shareholders Other Than GoI as on 30.03.2019

Key Shareholders Other Than GoI as on 30.03.2019	% Shareholding
LIFE INSURANCE CORPORATION OF INDIA	12.9%
LICI NEW ENDOWMENT PLUS-GROWTH FUND	2.03%
ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED	1.17%
EDGBASTON ASIAN EQUITY TRUST	0.79%
VANGUARD EMERGING MARKETS STOCK INDEX FUND	0.42%

- Central Government
- Insurance Companies
- FII/FPI
- Financial Institutions/Banks
- Mutual Funds
- Corporate Bodies
- Trusts
- Others

**The Government of India is the major shareholder of the company, currently holding 72.28%**

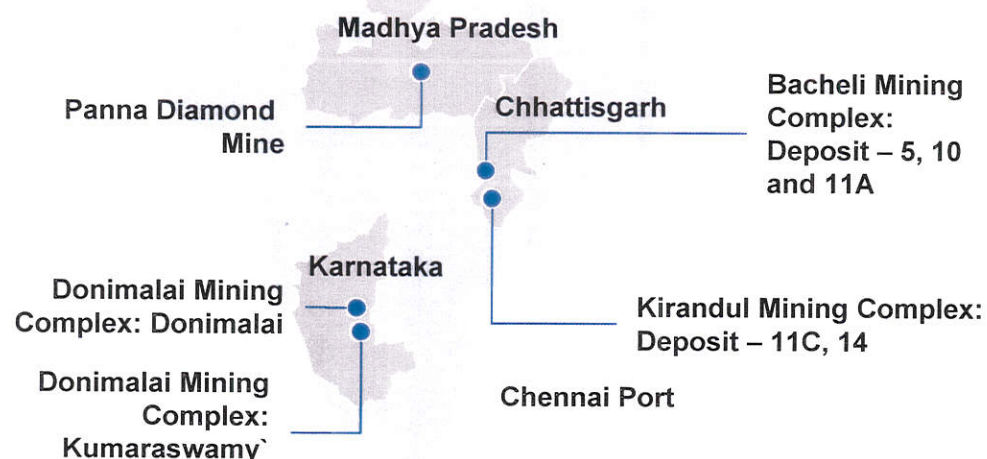
@ US \$ = INR Rs 70  
Market Data as on 05.04.2019



# Largest Producer Of Iron Ore In India

*In FY 2013-14, NMDC's production exceeded 30.00 MT for the first time since inception.  
Produced 34 MT in 2016-17 and 35.5 MT in FY 2017-18*

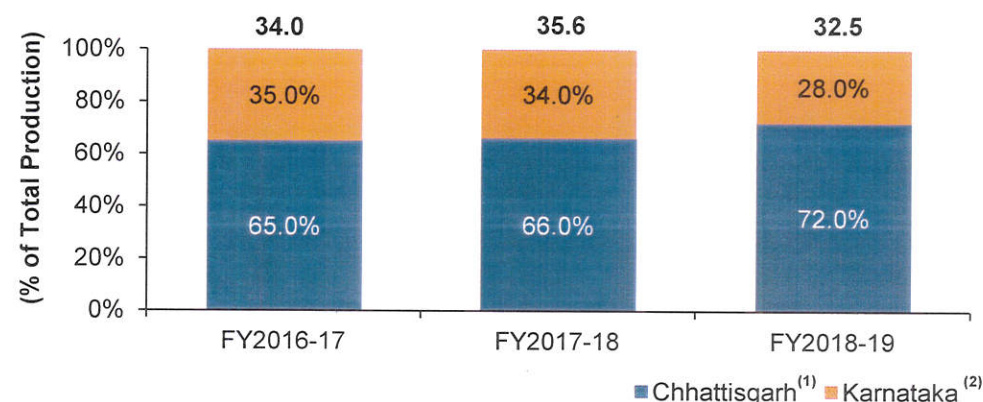
## Location of NMDC's principal mining facilities



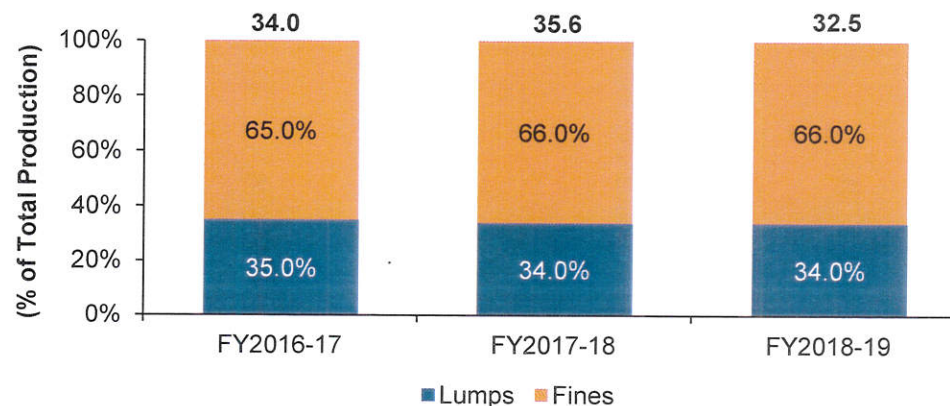
- (1) Includes Bacheli and Kirandul mining complexes  
(2) Includes the Donimalai mining complex

Figures for 2018-19 are provisional.

## Historic production at key mining locations



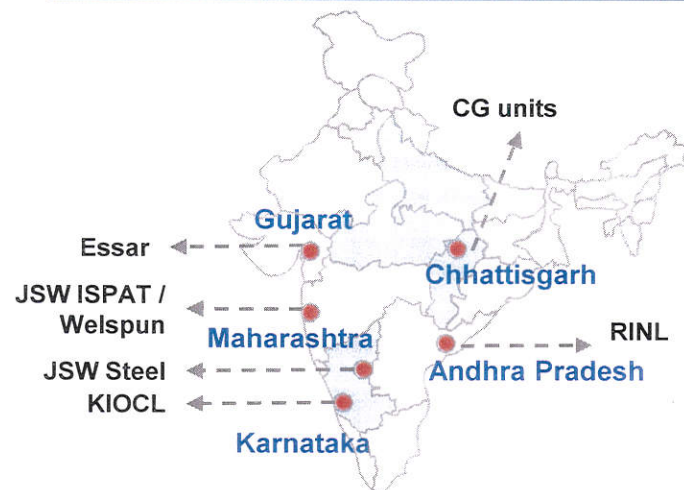
## Composition of iron ore production



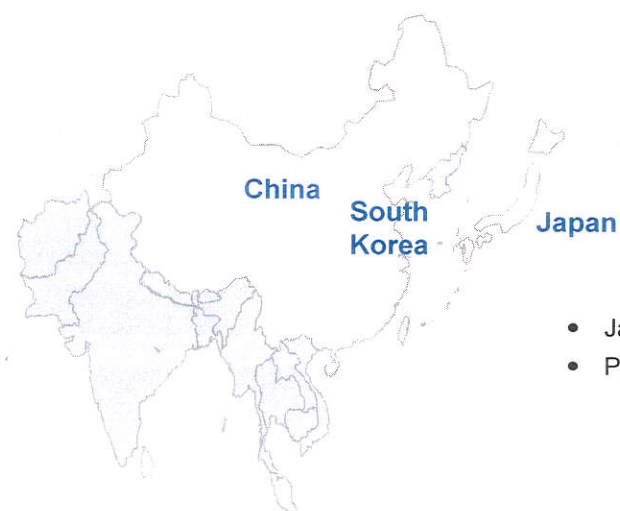


# Strong Domestic and International Customer Base

## Key domestic customers

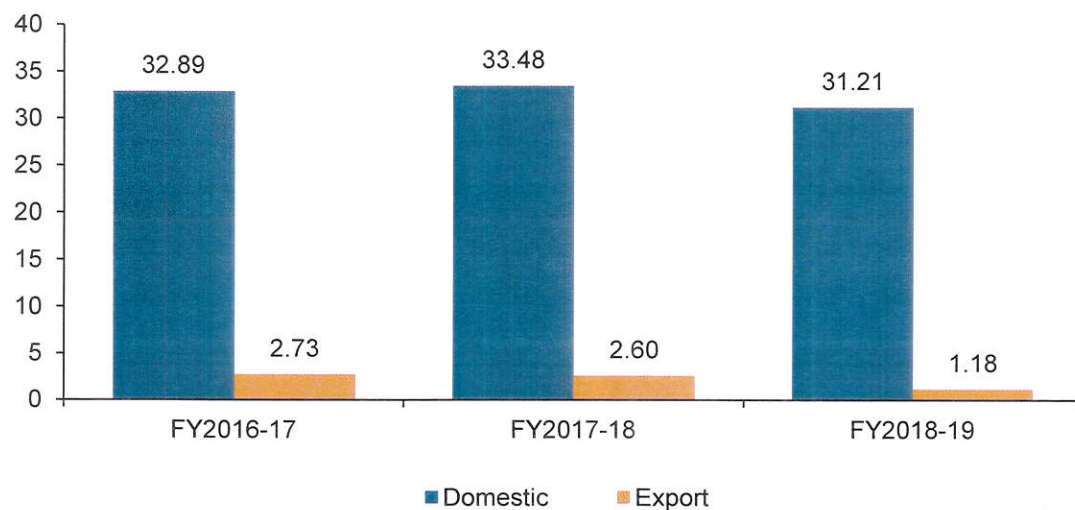


## Key international customers



- Japanese steel mills (LT contract)
- POSCO, South Korea (LT contract)

## Offtake in domestic and export markets (mt )



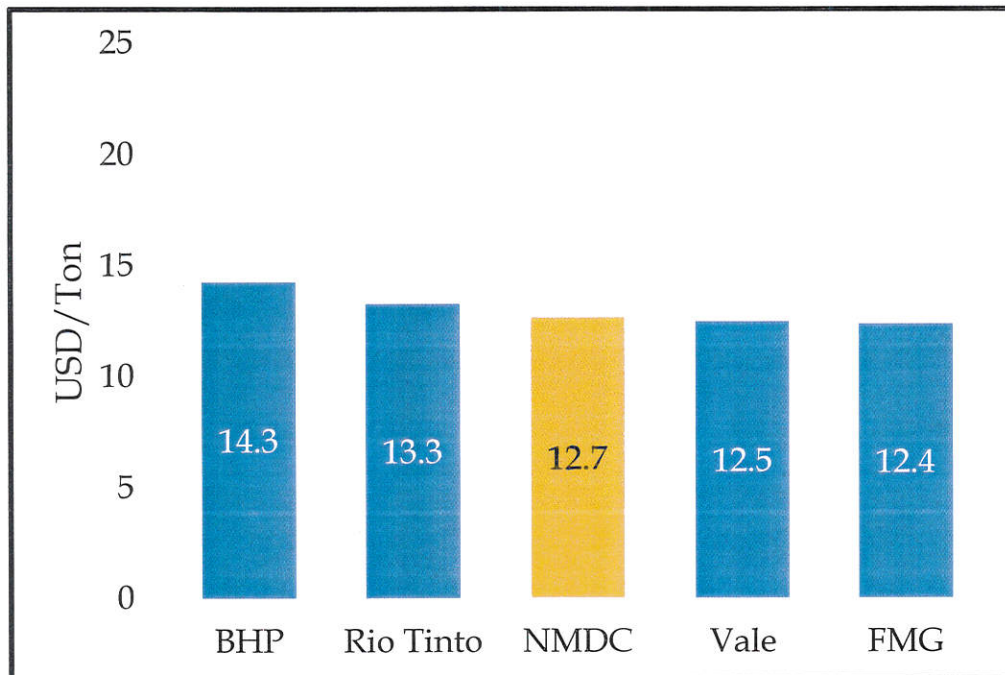
- Long Term Contracts with Key International Customers
- Prices are fixed quarterly benchmarked to prices of Platts Fe 65%

Figures for 2018-19 are provisional.

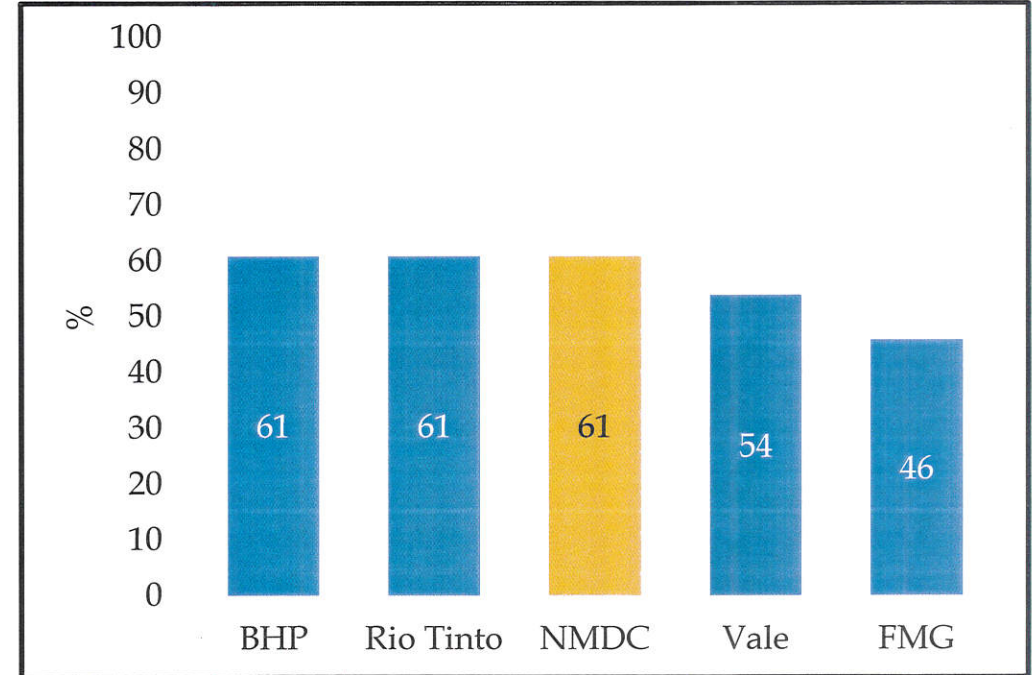


# Operational Excellence

Operating C1 cost per ton (USD)



EBITDA Margins (%)

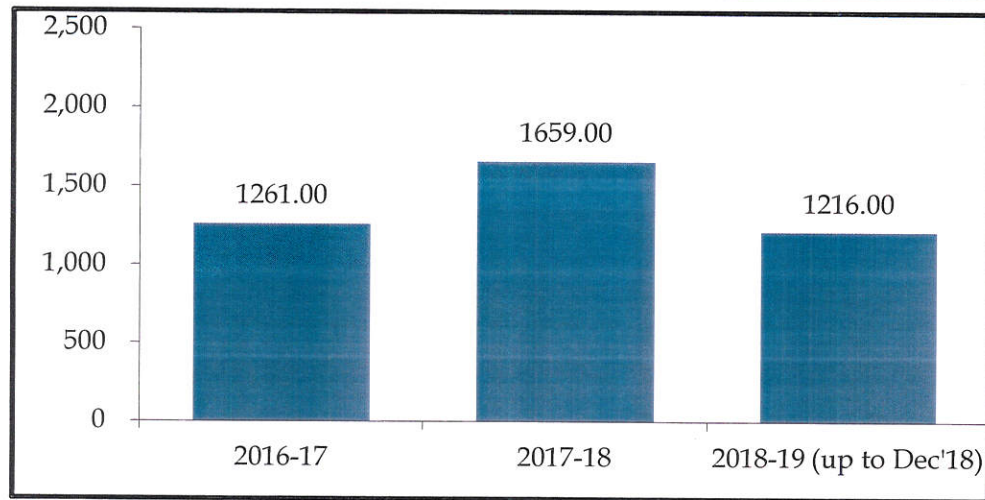


- Access to relatively large talent pool in India
- Stability / predictability of certain expenses e.g.
  - Wage increases governed by periodic long term settlements
  - Long term arrangements/contracts with OEMs for maintenance of HEMs
  - Outsourcing of non-core services.
- Proximity of expansion projects to existing mines enabling lesser investment and fungibility of resource pool

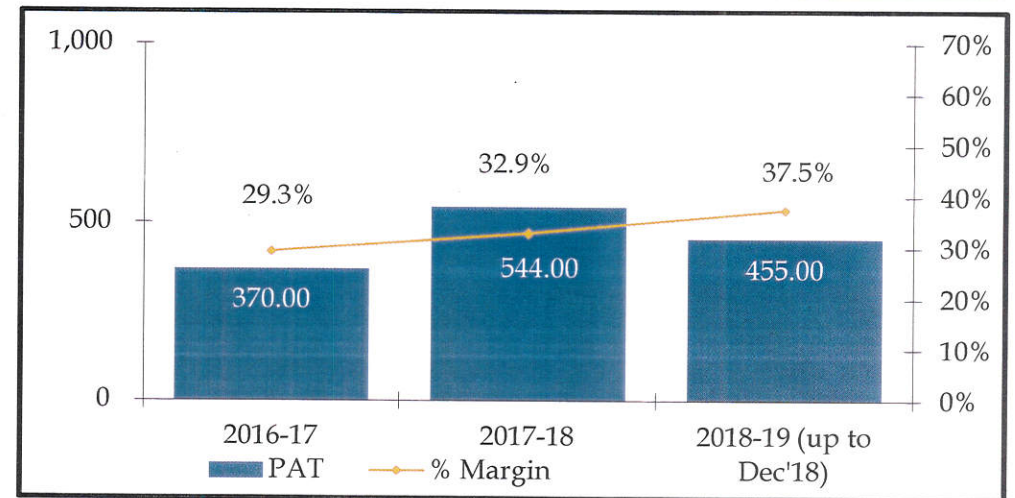


# Robust & Sustained Financial Performance

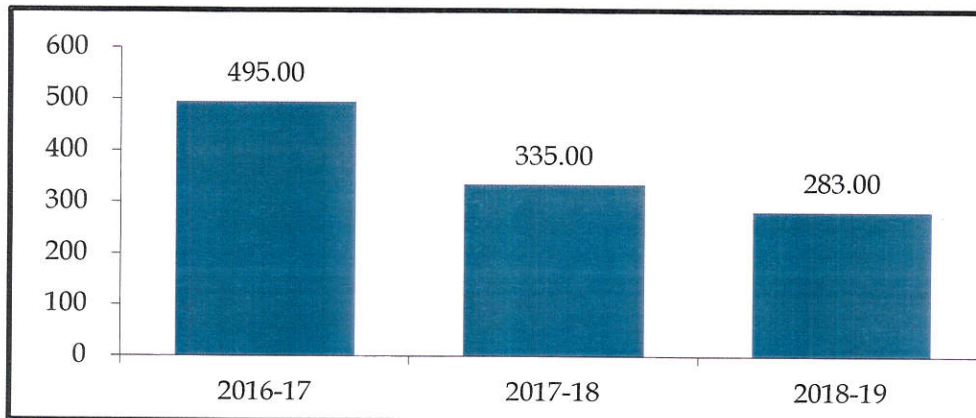
Revenue (US\$mm)



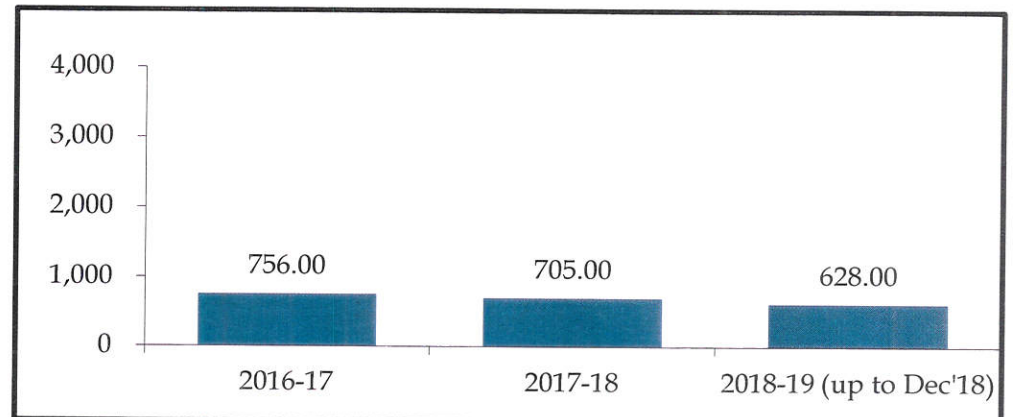
PAT (US\$mm)



Capital expenditure (US\$mm)



Net Cash (US\$mm)





# Best Quality Large Asset Base

## Iron Ore Reserves and Resources of NMDC Limited as on 1.4.2018 as per UNFC (Cut off Grade - 45% Fe)

Iron Ore Tenement	Total Reserves		Resources		Grand Total (Reserve+ Resource)		ML Valid up to	Complex
	Qty	Fe%	Qty	Fe%	Qty	Fe%		
Chhattisgarh								
Deposit 5	253.08	67.75	99.42	58.02	352.50	65.01	31.03.2020	Bacheli Complex
Deposit-10	210.91	62.52	110.53	61.96	321.44	62.33	31.03.2020	
Deposit -11A	87.64	65.38	89.42	61.51	177.06	63.43	10.09.2037	
Deposit -11B	193.88	66.63	184.30	61.81	378.18	64.28	10.09.2037	Kirandul Complex
Deposit -11C(Part)	48.64	64.48	17.38	59.60	66.02	63.20		
Depoit11	330.15	65.98	291.10	61.58	621.25	63.92		
Deposit-14	362.19	64.18	105.33	59.72	467.52	63.18	31.03.2020	
Deposit-14NMZ	162.56	65.55	78.66	61.74	241.22	64.31	31.03.2020	
Subtotal Chhattisgarh	1,318.89	65.22	685.04	60.86	2,003.93	63.73		
Karnataka								
Donimalai	133.00	64.45	18.00	-	151.00	64.45	03.11.2038	Doni Sector
Kumaraswamy	140.57	62.11	72.00	-	212.57	62.11	17.10.2022	
Subtotal Karnataka	273.57	63.25	90.00	-	363.57	63.25		
Total NMDC	1,592.46	64.88	775.04	60.86	2,367.50	63.65		
Under Joint Venture -NMDC-CMDC Ltd. (NCL)								
Deposit 13	324.69	67.24	37.64	67.01	362.33	67.22	09.01.2067	
Subtotal NCL	324.69	67.24	37.64	67.01	362.33	67.22		
Total	1,917.15	65.28	812.68	61.14	2,729.83	64.13		



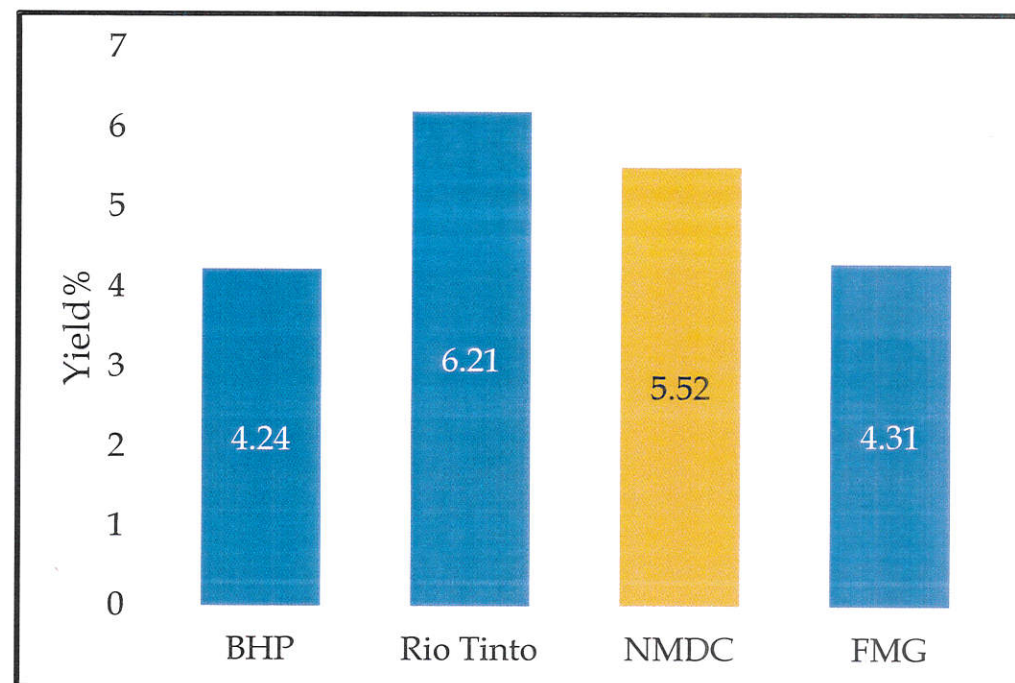
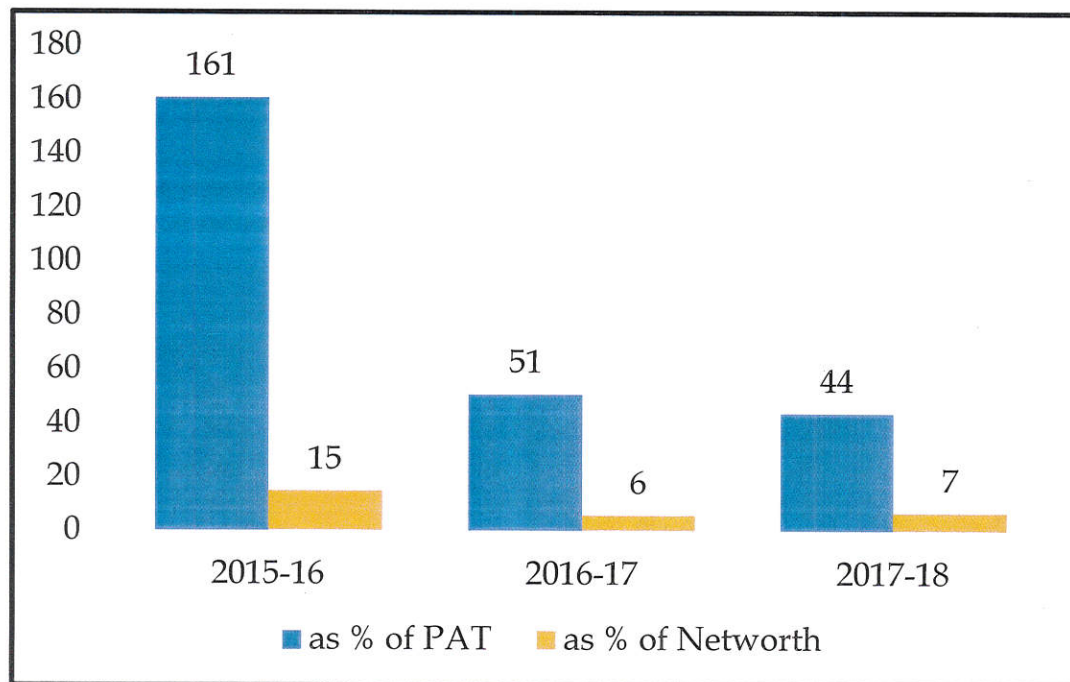
# Expansion Plan

Sectors	Mining Capacity (MTPA)		Evacuation Capacity (MTPA)		Mode of Evacuation
	Existing	Ramp up by FY'22	Existing	Ramp up by FY 22	
Bailadila Sector (Existing Mines)	29	38	28	40	Railways
			3	3	Road
Bailadila Sector (New Mines)		15	8	8	Essar's Slurry Pipeline
			-	15	NMDC's Slurry Pipeline
Donimalai Sector	14	14	14	14	Road & Railways
<b>Grand total</b>	<b>43</b>	<b>67</b>	<b>53</b>	<b>80</b>	

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.



# Dividend Payment and Yield

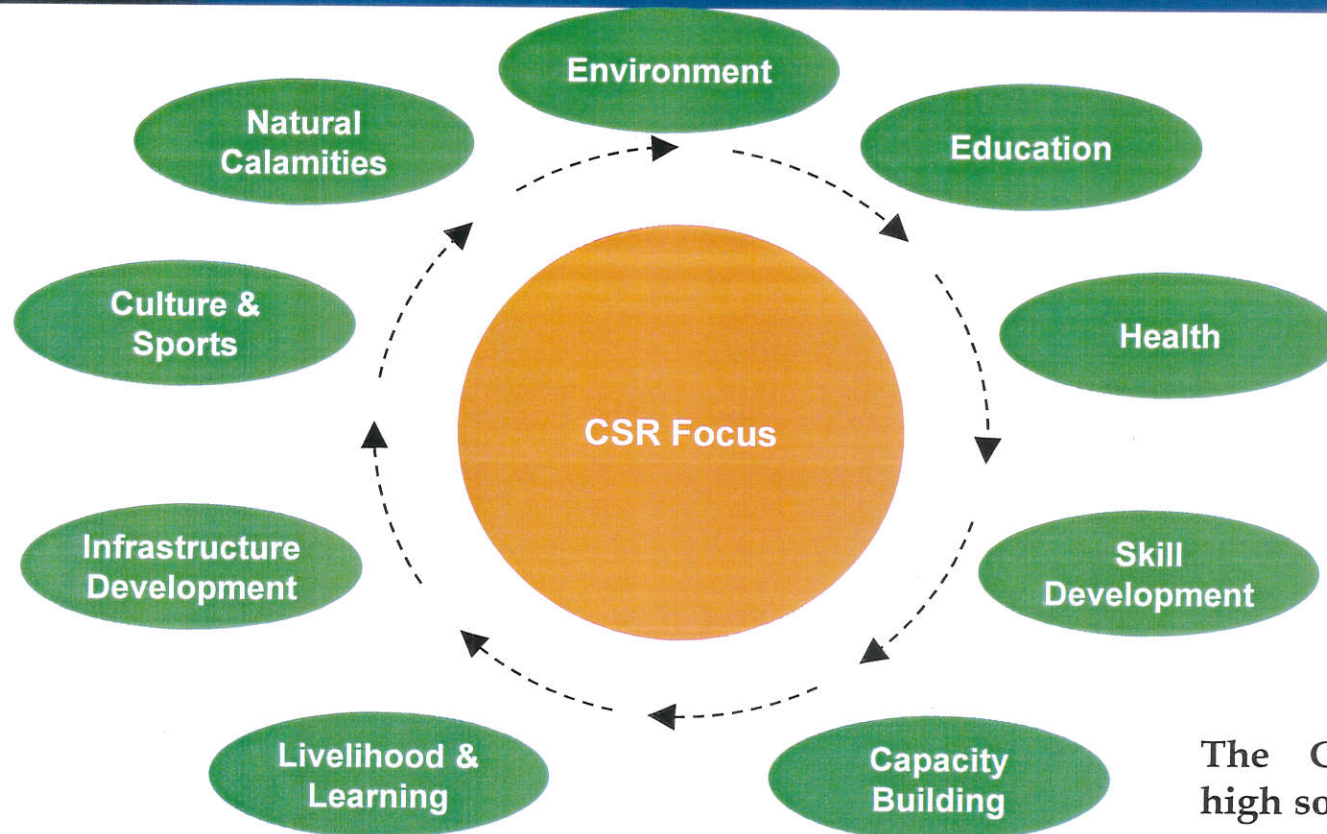


As per Government of India Guidelines on dividend, every Government company shall pay minimum annual dividend @ 30% of PAT or 5% of Networth, whichever is higher.

With the current expansion plan the operative excellence at which the company is functioning, the dividend yield is likely to double even if there is no capital appreciation in stock. And if the stock prices doubles, the investor can maintain the same dividend yield.



# Corporate Social Responsibility (“CSR”) initiatives



The Company is having high social acceptance in the area where its mining units are located.

- NMDC's CSR goals aim at emancipation, improvement in the standard of living and quality of life of its stakeholders towards nation building.
- The approach is holistic and oriented towards community and stakeholders
- CSR model integrated into business strategy
- Recognition by Govt. of India as the Best Continuous Consultative CSR Model



# Superior Corporate Governance Standards

## COMMITTEES:

- i) AUDIT COMMITTEE: Majority Members are Independent Directors and also Chaired by an Independent Director
- ii) NOMINATION & REMUNERATION COMMITTEE - Consist of three Independent Directors with Director Personnel as a special invitee
- iii) CSR & SUSTAINABILITY COMMITTEE - Headed by an Independent Director
- iv) RISK MANAGEMENT COMMITTEE - consists of all the Functional Directors (excluding CMD)
- v) SHAREHOLDERS INVESTORS GRIEVANCE/ STAKEHOLDERS COMMITTEE - consists of Chairman of Audit Committee, Director Finance and Director Production

## OTHER AREAS:

- i) Internal Code of Conduct for Prevention of Insider Trading
- ii) Financials audited by Independent Auditors & additionally Audited by Government Auditor too i.e., C&AG.
- iii) Independent Vigilance Department and Whistle Blower Mechanism
- iv) Right to Information Act which promotes transparency and accountability
- v) Apart from the above, mechanism like Integrity Pact, Fair Practice code etc are also in place.
- vi) Performance Review Mechanism by the Government.





## Favorable Regulatory Environment







# MM (D&R) Amendment Act, 2015 – Opportunities

- All Mining allocation to be done through auction route.
- NMDC (being a Government company), under section 17A(2A) of MMDR Act, 2015 is allowed acquire mines without auction.
- For private miners renewal of leases expiring by 2020 is only through auction route.
- The Act provides for extension of existing leases to Govt. Companies for further period of 20 years without auction.
- NMDC's Deposit 11 leases already got extended as per MMDR Act upto 2037.
- Hence, NMDC shall continue to operate its existing iron ore mines after Mar 2020 under Merchant mining category.





# National Steel Policy, 2017 – opportunities for NMDC

- NMDC being largest iron ore player with integrated mining solutions is better positioned to take advantage of opportunities in iron and steel industry which is **expected to grow with CAGR of 7.4%**.
- Targeted Increase in steel capacity by more than double at 300 mtpa requires raw material of about **437 mtpa** and provides fillip to iron ore industry and NMDC with a current market share of 15-18% has **great opportunity** to ramp up its production.
- Increase in Demand for Pellets, Coking Coal and Manganese provides diversification opportunities for NMDC.
- Opportunity to Geographically expand into new regions like Odisha and Jharkhand due to increased steel demand.





# National Mineral Policy, 2019 – opportunities for NMDC

- NMP 2019 states that “Efforts shall be made to grant mining the status of industry”.
- NMP, 2019 reinforces the core competency of NMDC in exploration as it provides edge over other mining companies through Right of First Refusal at the time of auction or seamless transition from RP to PL to ML or auctioning of composite RP cum PL cum ML in virgin areas on revenue sharing basis.
- NMP 2019 has stressed on “Development and installation of innovative, eco-friendly and efficient modes of evacuation like slurry pipelines and close loop conveyors shall be promoted and encouraged”. This is already in practice in NMDC and NMDC has established a benchmark for other Mining Companies.





## Industry Outlook





# Focussing on Business & Industry update

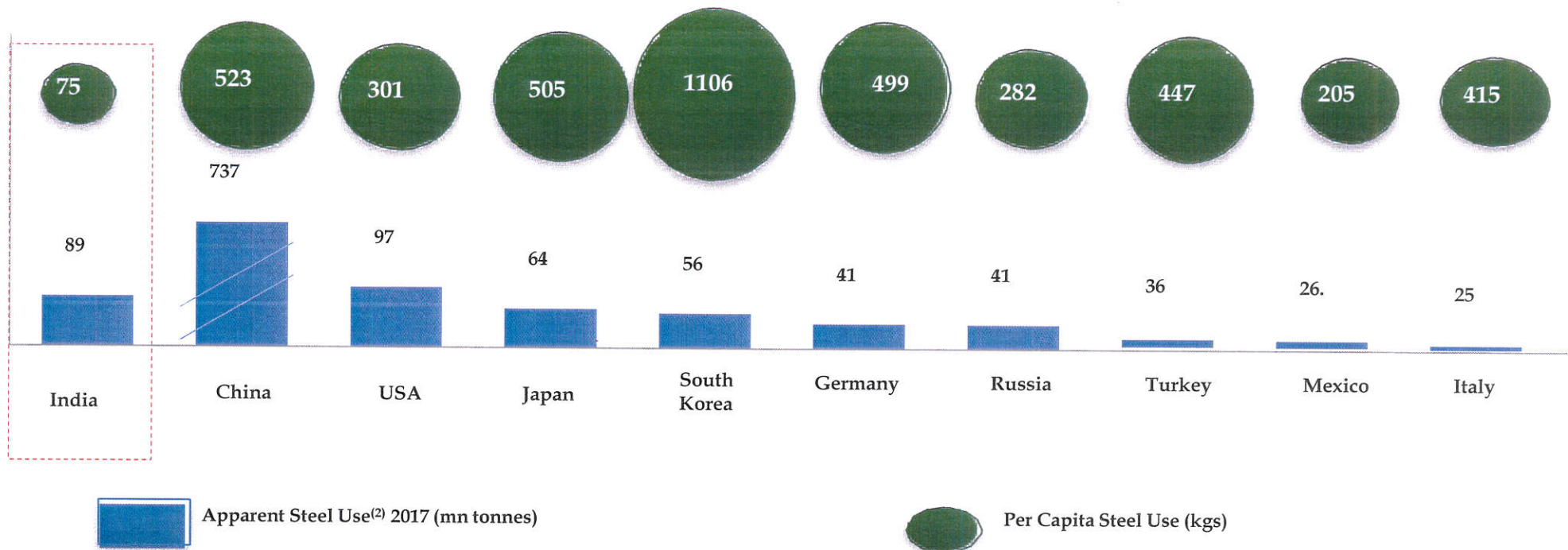
## INDIAN STEEL (FY'18)

- India's capacity of crude steel increased from 22 MTPA in FY'92 to 122 MTPA in FY'16. CAGR of 5.1% till 2000 & CAGR of 8.3% from 2000 to 2016. From 2010 to 2016, capacity increased from 75 to 125 MTPA @ 8.8% CAGR.
- Crude steel production capacity reached 137.98 MT, a growth of 7.6 per cent.
- Total finished steel production was 102.34 MT, an increase of 4.5 per cent.
- India was a net exporter of total finished steel.
- India is the largest producer of direct reduced iron (DRI) in the world.
- The Govt. targets 300 MT capacity by 2030.
- The steel sector contributes to nearly 2% of the country's GDP and employs over 6 lakh people.
- Per capita Steel consumption is 75 kg against world's 225 kg, which shows that Indian Steel Industry has the opportunity for growth in terms of steel consumption.



# Indian Steel and Iron Ore Sectors - Positive Outlook

One of the Largest Users of Steel but Low Steel Penetration Levels<sup>(1)</sup>



- With per capita steel consumption of 75 Kgs against the world average of 225 Kgs, there is a huge potential for growth as steel penetration is significantly low.

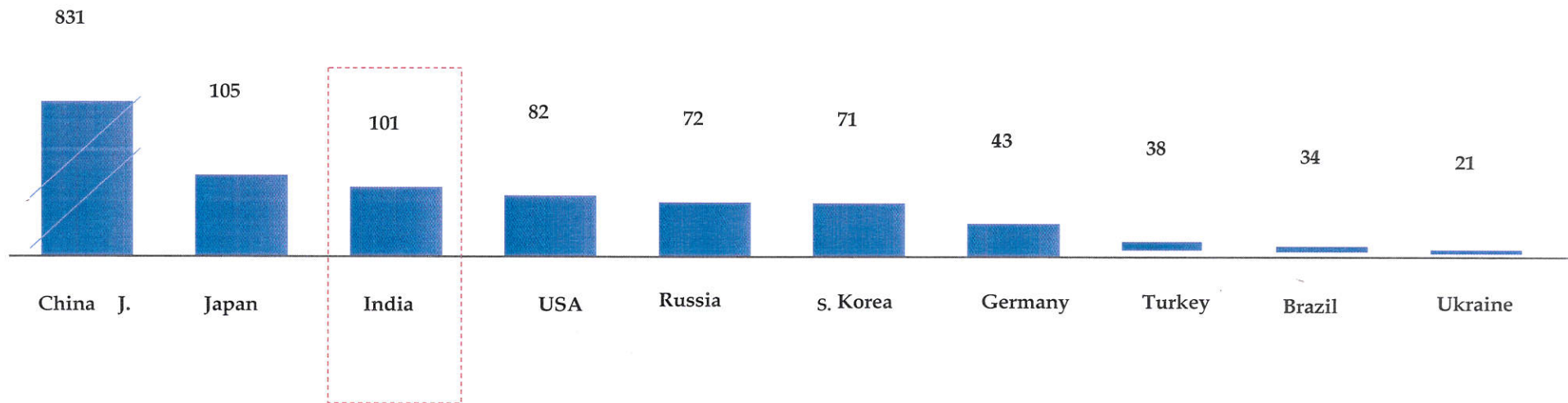
Notes: 1. World Steel Association. 2. Apparent steel use is defined as sum of net industry shipments within a given country, plus its imports minus exports. 3. World Steel Association and street research. 4. National Steel Policy, 2017



# Indian Steel and Iron Ore Sectors - Positive Outlook

3<sup>rd</sup> Largest Producer of Steel (CY17)<sup>(3)</sup>

(mn tonnes)



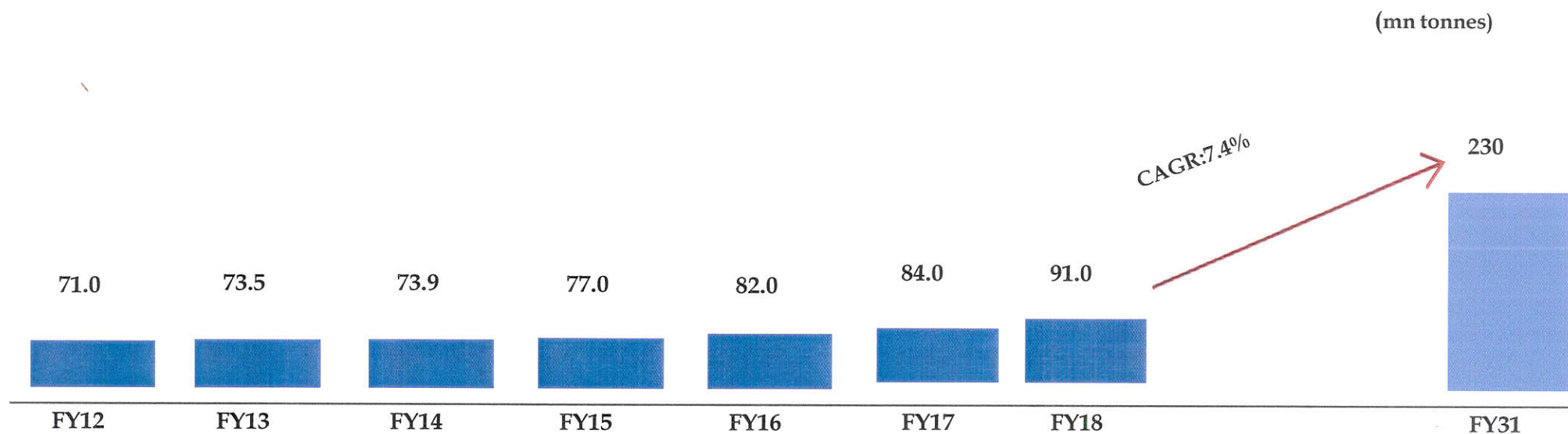
2<sup>nd</sup> largest as per 2018 data

Notes: 1. World Steel Association. 2. Apparent steel use is defined as sum of net industry shipments within a given country, plus its imports minus exports. 3. World Steel Association and street research. 4. National Steel Policy, 2017



# Indian Steel and Iron Ore Sectors - Positive Outlook

India Steel Consumption is Expected to Grow at a CAGR of ~7.4% -over the next 12 years



Consumption in terms of Crude Steel: 255 MTPA

Notes: 1. World Steel Association. 2. Apparent steel use is defined as sum of net industry shipments within a given country, plus its imports minus exports. 3. World Steel Association and street research. 4. National Steel Policy, 2017



The background is a collage of various industrial and construction scenes. In the top left, a large yellow conveyor belt system is shown. To its right, there's a complex of pipes and machinery. The bottom left features a power plant with cooling towers. The bottom center shows a drilling rig. The bottom right includes a large excavator and a building with 'NINDC' on its roof. A large blue gradient rectangle is centered over the collage, containing the text 'THANK YOU' in white serif font.

# THANK YOU