



# NMDC LIMITED

(A Government of India Enterprise)

*PDAC Convention 3-6<sup>th</sup> March 2013,  
Toronto Canada*

# NMDC LIMITED : AN OVERVIEW



- 1** Pioneer In The Indian Mining Industry
- 2** Largest Producer Of Iron Ore in India By Volume
- 3** Access To Abundant High Quality Iron Ore Reserves
- 4** Low-cost Producer Of Iron Ore
- 5** Strong Demand Potential
- 6** Focused Expansion Plans
- 7** Strong In-house Technical Capabilities
- 8** Strong Financial Performance
- 9** COMMITTED MANPOWER AND HARMONIUS INDUSTRIAL RELATIONS



# Pioneer In The Indian Mining Industry

- NMDC was established in 1958 with the objective of exploration and exploitation of minerals
- Government of India enterprise with the govt. owning 80% stake in its paid up share capital
- NMDC has a market cap of US \$ 11,601 mn<sup>(1)</sup> and is listed on the NSE, BSE, DSE, BGSE, CSE & MSE
- Largest merchant iron ore miner in India with current iron ore capacity of 32mtpa and plans to increase it to 40 mtpa by FY 2015
- Iron ore reserves of 1,360.6 mt<sup>(2)</sup> as of January 1, 2010 (primarily comprising hematite) (JORC Complaint)
- Iron ore reserves of 1963.8 MT<sup>(3)</sup> as on 01.04.2012 (UNFC)
- Sales have increased at a CAGR of ~19% over the last 5 years and the company has consistently made profits over the same period

## Established Track Record In Execution

- Strong in-house capability to undertake exploration
- Highly mechanized operations with ISO 9001-2000 certified mines

## Experienced Management Team

- Board has significant experience in leadership roles
- Management team with significant mining expertise

## Operational Excellence

- “Navratna” status provides significant operational flexibility
- Operates the only mechanised diamond mine in India
- Core EBITDA margins of 79%

## Value Additions

- BHJ beneficiation plant being setup at Donimalai mine with a feed capacity of 0.36mtpa
- Pellet plants being setup – 1.2mtpa (Donimalai); 2mtpa (Nagarnar)
- 3.0mtpa integrated steel plant being setup in Chhattisgarh

## Investing for the Future

- Focus on process improvements / diversification through R&D
- ISO 9001-2008 certified R&D Centre
- Global Exploration & Investigation Centre at Raipur for investigation of minerals
- Diversifying through backward and forward integration initiatives

## “Sustainable Growth”

- Proven track record in sustainable development /environment protection
- Investments in renewable energy
- Tree plantation, tailing dams and check dams at all projects

(1) Market Cap as of January 30, 2013; INR 53.365 = US \$ 1

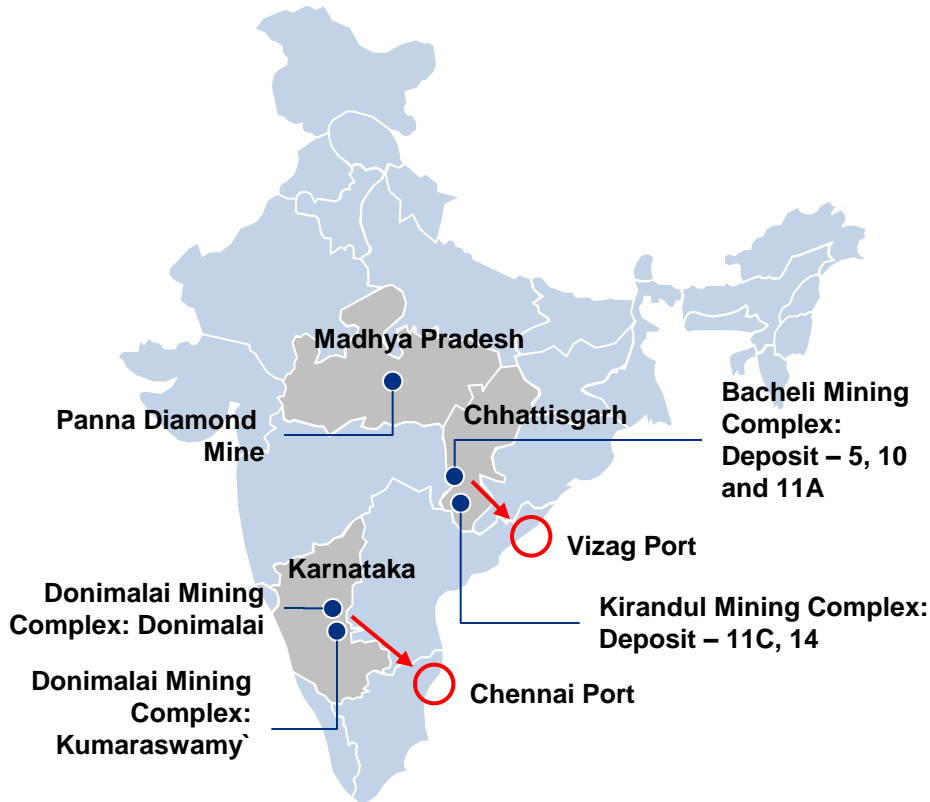
(2) Source: Behre Dolbear report dated January 29, 2010

(3) Source : NMDC UNFC Codified

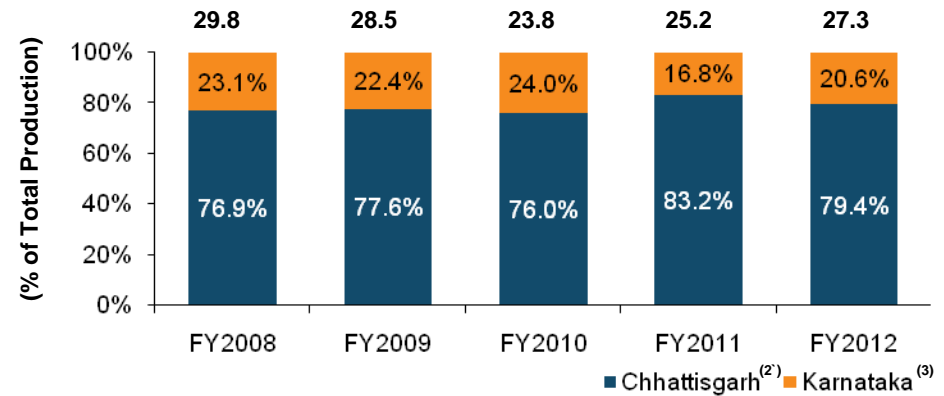
# Largest Producer Of Iron Ore In India

In FY 2012, NMDC contributed 16.1%<sup>(1)</sup> of India's total iron ore production amounting to 27.3mt of iron ore

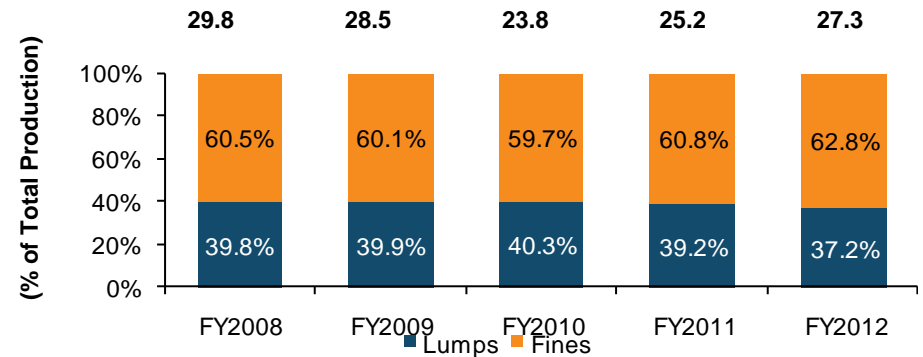
## Location of NMDC's principal mining facilities



## Historic production at key mining locations



## Composition of iron ore production



Note: Throughout the presentation the financial year runs from April 1 to March 31 i.e. FY2012 refers to twelve months ending March 31, 2012

(1) Based on India's FY12 Iron Ore Production of 169.7mt as per Ministry of Steel press release dated August 27, 2012

(2) Includes Bachelu and Kirandul mining complexes

(3) Includes the Donimalai mining complex

# Access To High Quality Iron Ore Reserves And Resources

Total Iron Ore Reserves and Resources of 1,360.6 mt<sup>(1)</sup> as on 01.01.2010

mt = Million Tonnes

| Iron Ore Tenement     | Proved Ore Reserve |       | Probable Ore Reserve |       | Total Ore Reserves (mt) | Measured Mineral Resources |       | Indicated Mineral Resources |       | Inferred Mineral Resources |       | Total Mineral Resources (mt) | Grand Total (mt) |
|-----------------------|--------------------|-------|----------------------|-------|-------------------------|----------------------------|-------|-----------------------------|-------|----------------------------|-------|------------------------------|------------------|
|                       | mt                 | Fe%   | mt                   | Fe%   |                         | mt                         | Fe%   | mt                          | Fe%   | mt                         | Fe%   |                              |                  |
| Deposit - 5           | 38.7               | 65.3% | 182.2                | 66.9% | 220.8                   | -                          | -     | -                           | -     | -                          | -     | -                            | 220.8            |
| Deposit - 10          | 140.1              | 66.0% | -                    | -     | 140.1                   | -                          | -     | 42.0                        | 61.2% | 14.5                       | 64.5% | 56.5                         | 196.6            |
| Deposit - 11*         | 140.4              | 66.2% | -                    | -     | 140.4                   | 17.0                       | 64.6% | -                           | -     | -                          | -     | 17.0                         | 157.4            |
| Deposit - 13          | 319.6              | 67.2% | -                    | -     | 319.6                   | -                          | -     | -                           | -     | -                          | -     | -                            | 319.6            |
| Deposit - 14          | 130.1              | 64.7% | -                    | -     | 130.1                   | -                          | -     | -                           | -     | 19.5                       | 64.7% | 19.5                         | 149.7            |
| Deposit - 14 NMZ      | 60.6               | 65.9% | -                    | -     | 60.6                    | 3.0                        | 65.5% | -                           | -     | -                          | -     | 3.0                          | 63.6             |
| Deposit - 4           | -                  | -     | -                    | -     | -                       | 105.0                      | 65.5% | -                           | -     | -                          | -     | 105.0                        | 105.0            |
| <b>Chhattisgarh</b>   | <b>829.5</b>       |       | <b>182.2</b>         |       | <b>1,011.7</b>          | <b>125.0</b>               |       | <b>42.0</b>                 |       | <b>34.0</b>                |       | <b>201.0</b>                 | <b>1,212.7</b>   |
| Donimalai             | 17.6               | 66.8% | -                    | -     | 17.6                    | -                          | -     | -                           | -     | -                          | -     | -                            | 17.6             |
| Kumaraswamy           | 130.4              | 64.0% | -                    | -     | 130.4                   | -                          | -     | -                           | -     | -                          | -     | -                            | 130.4            |
| <b>Karnataka</b>      | <b>147.9</b>       |       | <b>-</b>             |       | <b>147.9</b>            | <b>-</b>                   |       | <b>-</b>                    |       | <b>-</b>                   |       | <b>-</b>                     | <b>147.9</b>     |
| <b>Total Iron Ore</b> | <b>977.4</b>       |       | <b>182.2</b>         |       | <b>1,159.6</b>          | <b>125.0</b>               |       | <b>42.0</b>                 |       | <b>34.0</b>                |       | <b>201.0</b>                 | <b>1,360.6</b>   |

*NMDC has access to large reserves of high grade iron ore, predominantly greater than 64% Fe content*

(1) Source: Behre Dolbear report dated January 29, 2010; Reserves as on 01.01.2010

\* Tenement 11 consists of Deposit 11A, 11B & part of 11C

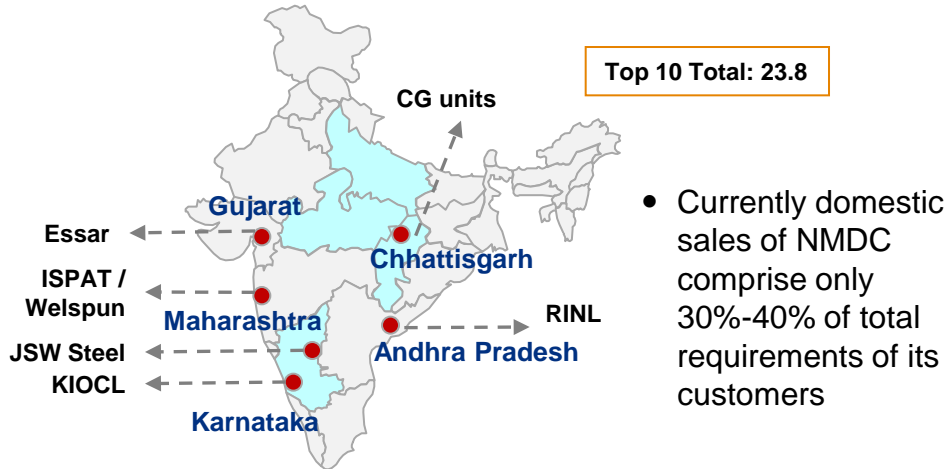
# Summary of Iron Ore Reserve & Resources as on 01.01.2010 under JORC and Iron Ore Reserve & Resources as on 01.04.2012 under UNFC at 55% Fe cut-off

| Tenement                        | Under JORC as on 01-01-2010 |              |                          | Under UNFC as on 01-04-2012 |              |                          |
|---------------------------------|-----------------------------|--------------|--------------------------|-----------------------------|--------------|--------------------------|
|                                 | Reserves                    | Resource     | Total Reserve / Resource | Reserves                    | Resource     | Total Reserve / Resource |
|                                 | Mt                          | Mt           | Mt                       | Mt                          | Mt           | Mt                       |
| Deposit - 5                     | 220.8                       | 0.0          | 220.8                    | 217.7                       | 46.5         | 264.2                    |
| Deposit -10                     | 140.1                       | 56.5         | 196.6                    | 236.4                       | 0.0          | 236.4                    |
| Deposit -11                     | 140.4                       | 17.0         | 157.4                    | 177.2                       | 33.1         | 210.3                    |
| Deposit - 14                    | 130.1                       | 19.5         | 149.6                    | 378.8                       | 71.3         | 450.1                    |
| Deposit -14 NMZ                 | 60.6                        | 3.0          | 63.6                     | 156.8                       | 50.3         | 207.1                    |
| Deposit - 4                     | 0.0                         | 105.0        | 105.0                    | 107.6                       | 14.5         | 122.1                    |
| Deposit - 13                    | 319.6                       | 0.0          | 319.6                    | 319.6                       | 0.0          | 319.6                    |
| <b>Sub-total - Chhattisgarh</b> | <b>1011.6</b>               | <b>201.0</b> | <b>1212.6</b>            | <b>1594.1</b>               | <b>215.7</b> | <b>1809.8</b>            |
| Donimalai                       | 17.6                        | 0.0          | 17.6                     | 24.0                        | 0.0          | 24.0                     |
| Kumaraswamy                     | 130.4                       | 0.0          | 130.4                    | 130.0                       | 0.0          | 130.0                    |
| <b>Sub-total - Karnataka</b>    | <b>148.0</b>                | <b>0.0</b>   | <b>148.0</b>             | <b>154.0</b>                | <b>0.0</b>   | <b>154.0</b>             |
|                                 |                             |              |                          |                             |              |                          |
| <b>GRAND TOTAL</b>              | <b>1159.6</b>               | <b>201.0</b> | <b>1360.6</b>            | <b>1748.0</b>               | <b>215.7</b> | <b>1963.8</b>            |

Note : 1) The UNFC Reserves/Resources as on 01-04-2012 have been evaluated by the Technical Wing of NMDC.

# Strong Domestic And International Customer Base

## Key domestic customers (FY2012 offtake in mt)



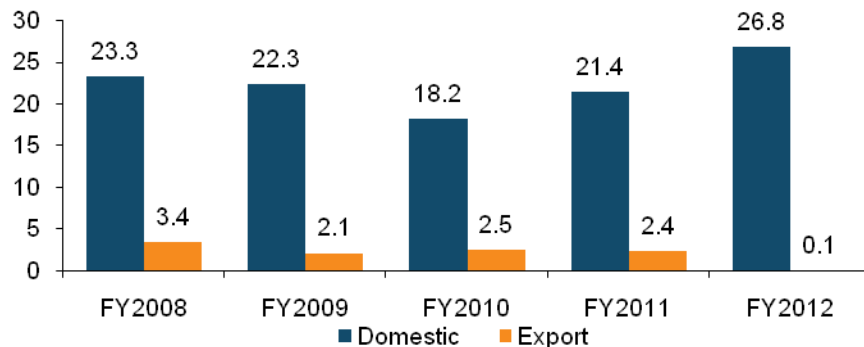
## Key international customers

- Japanese steel mills (LT contract)
- South Korean steel mills (LT contract)
- Chinese (spot basis)

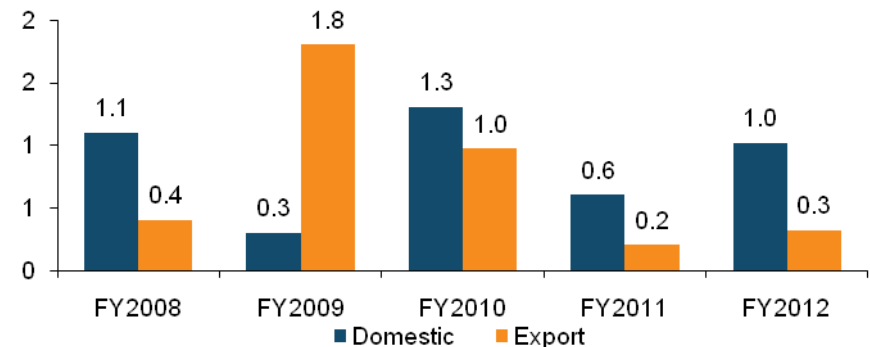


**In FY2012 domestic markets comprised 99% of total sales volume whereas exports to international customers contributed 1% of total sales volume**

## Long term offtake in domestic and export markets (mt)



## Spot sales in domestic and export markets (mt)





# OVERSEAS EXPLORATION CARRIED OUT

**SYRIA - IRON ORE AND GOLD**

**BHUTAN - GYPSUM**

**MADAGASKAR - GOLD**

**NAMIBIA - TANTALITE**

**TANZANIA - GOLD**



# Focused Expansion Plans

## Business strategy

### Organic Expansion

- Deposit 11B – 7 mtpa
- Kumaraswamy – 7 mtpa
- Deposit 10 & 11A – Capacity augmentation from 5 to 7 mtpa
- Overall capacity to increase to 48 mtpa by FY2015E from 32 mtpa currently

### Forward Integration

- Value addition to iron ore
- BHJ beneficiation at Donimalai
  - Pellet plants– 1.2mtpa (Donimalai); 2mtpa (Nagamar)
  - 3.0mtpa integrated steel plant in Chhattisgarh

### Diversification

- Gold exploration in Tanzania
- Acquisition of coal tenements by Legacy
- Development of 2 coal blocks allotted by the Ministry of Coal

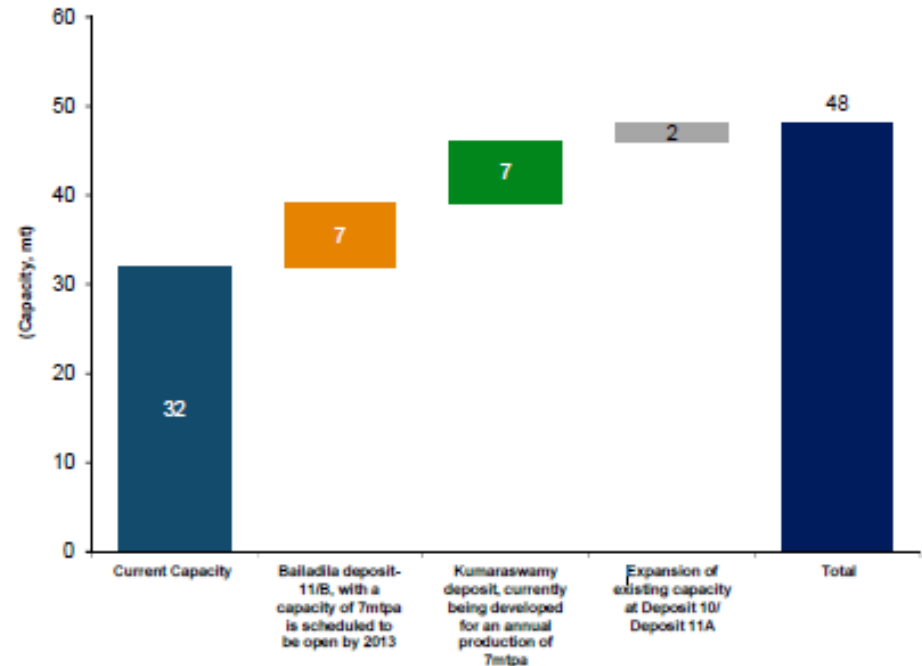
### Inorganic Growth

- Acquired 50% equity stake in Legacy Iron Ore, Australia
- Leveraging Legacy as a vehicle to acquire coal assets in Queensland
- Signed exclusivity agreements for an iron ore asset in Brazil and a met coal asset in Russia
- JV with Kopano for acquisition of mineral assets in South Africa

### Backward Integration

- Exploration / prospecting including assistance to governments, fuel security and power generation

## Expansion Plans



- Focused strategy to become a leading global player in iron ore with capacity additions
- Plans to ramp-up to 48 mtpa capacity

# Technical Capabilities

## Resource Planning

- Strong in-house capability to undertake exploration to expand its resources as well as to diversify its production
- Drilling division at Raipur for exploratory drilling works has been strengthened to take up strategic exploration in mineral rich states at no cost to the State Governments
- NMDC currently employs 47 geologists and has the necessary equipment and infrastructure for its exploration activities
- Owns eight core drill machines for exploration purposes and 2 additional drill machines are under procurement

- As a result of exploration and development activities, the Company has applied for and been granted mining leases for diamonds, limestone and magnesite in India
- Secured a prospecting license, a retention license and 4 mining licenses for gold in Tanzania

## Research & Development

- Research and development (R&D) division established in 1970, located at Hyderabad, undertakes in-house and external research work
- Has been undertaking technology development projects related to mineral processing, flow sheet development, mineralogical studies, project development and product development
- R&D centre has been named as a 'Centre of Excellence' in the field of mineral processing by UNIDO
- R&D Centre is ISO 9001:2008 certified
- R&D is being strengthened for providing continuous support to production projects and also to support steel manufacturing plans

- Beneficiation of iron ore of Fe content of 45% into high grade iron ore concentrate of Fe content >64% through a plant being set up at Donimalai in Karnataka
- Setting up pellet plants for conversion of slimes and value addition of the Company's existing products
- R&D has received 3 US patents (Amorphous Silica, Sodium Silicate and Zeolite-A)
- R&D centre is capable of doing mineral beneficiation/ agglomeration for all minerals except coal and gas
- R&D centre has pilot scale facility (300 tpa) to produce sponge iron (carbon free) nano powder from blue dust

# Technical Capabilities (cont'd)

## Engineering & Project Management

- Excellent team of experienced engineers and managers for NMDC's various expansion plans, from concept to commissioning
- The team prepares project reports containing detailed estimates, implementation schedules and the techno-economic viability of projects
- About 40 engineers under various disciplines like mechanical, electrical, civil, electronics, instrumentation, metallurgy and mineral processing
- Project management team has state-of-the-art project management tools for effective time, cost and resource management

- 11B mining project with a 3.5 km long downhill regenerative conveyor having multiple horizontal and vertical curves (under development)
- Kumaraswamy mining project with a 5 km long downhill regenerative conveyor having multiple horizontal and vertical curves (under development)
- 1.2 mtpa pellet plant at Donimalai (under development)
- 2 mtpa Beneficiation plant at Bacheli, Slurry Pipeline between Bacheli and Jagdalpur and 2 mtpa pellet plant at Jagdalpur (under planning)

# Human Resources

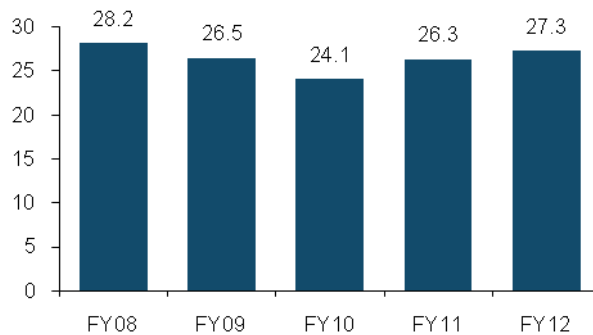
- Technically and professionally qualified employees
- Very congenial industrial relations scenario; proactive trade unions
- Adherence to UN global compact principles; HR systems and practices in place
- Excellent work culture and proactive people management practices

- High employee productivity; profit per employee of Rs. 16.7 mn for year ended March 31, 2012
- Total employee strength of [**~6000**] as of quarter ended September 30, 2012

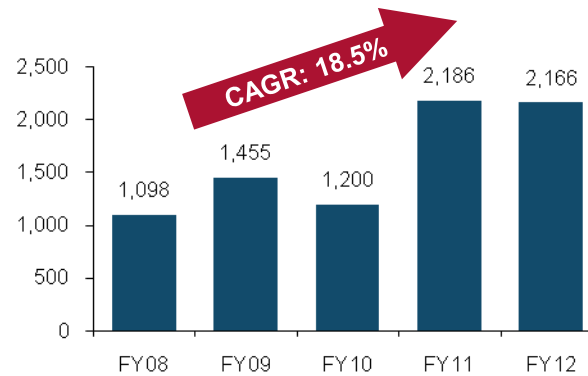


# Strong Financial Performance

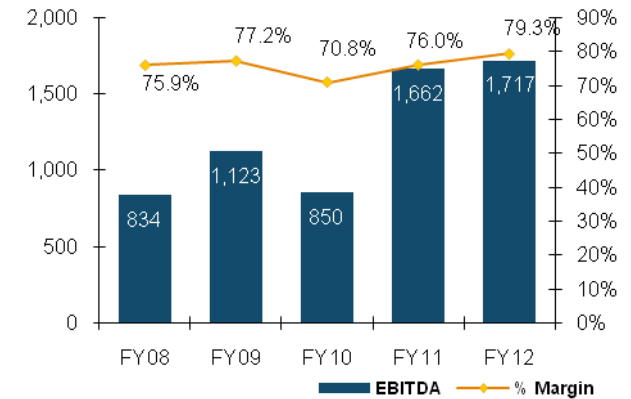
### Sales (mtpa)



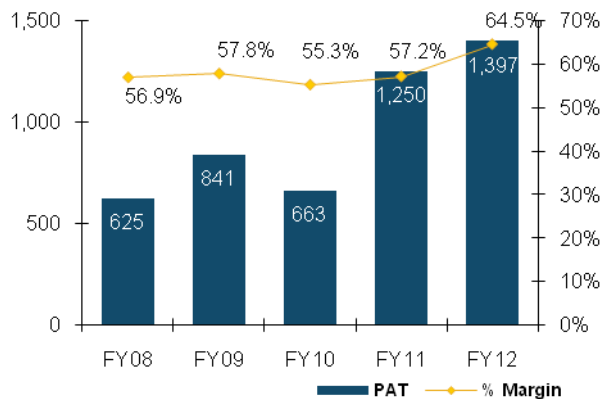
### Revenue (US\$mn)<sup>(1)</sup>



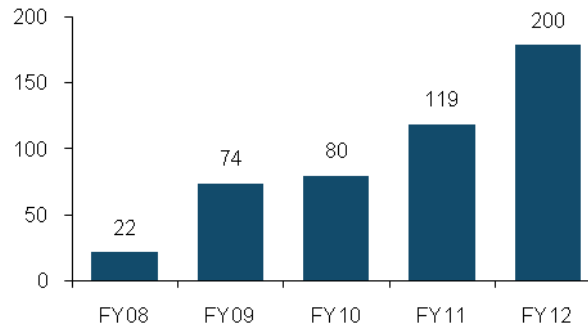
### EBITDA (US\$mn)<sup>(2)</sup>



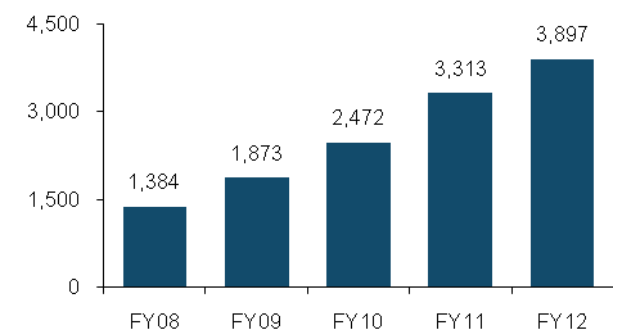
### PAT (US\$mn)



### Capital expenditure (US\$mn)<sup>(3)</sup>



### Net Cash (US\$mn)



**Pursuant to guidelines issued by the Ministry of Finance, the minimum amount of dividend required to be declared by the Company is the higher of 20% of equity or 20% of profits after tax**

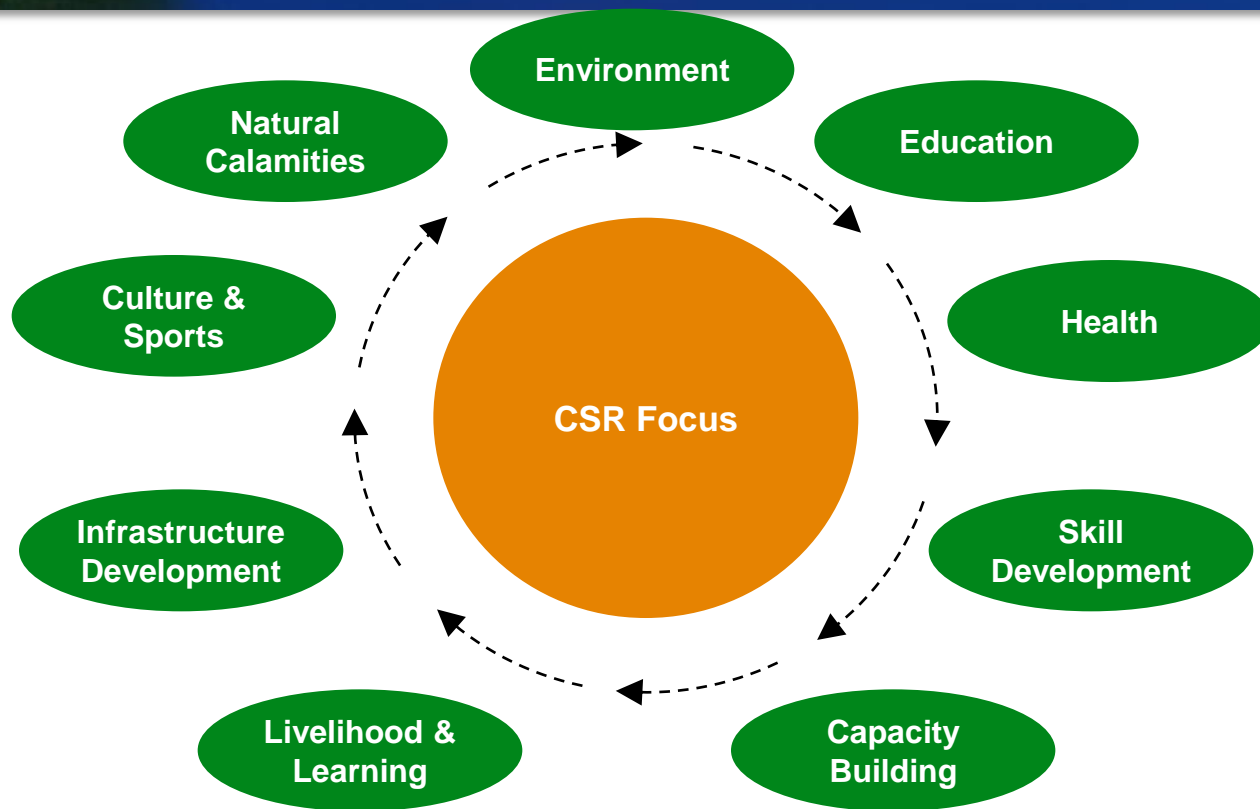
Exchange rate used for conversion: INR 52= US\$ 1

- (1) Excludes other income and stock adjustments
- (2) Revenue Less Total Expenses (excl. D&A and Interest Expense)
- (3) Change in Fixed Assets + CWIP

# FINANCIAL PERFORMANCE (FY 2012)

- n **NMDC'S NET WORTH AS ON 31 MARCH 2012 WAS US\$ 4603 MILLION(INR 24,396 CRORE)**
- n **PAYING DIVIDEND CONTINUOUSLY FOR THE PAST TWO DECADES. FOR THE FY 2012 PAID A DIVIDEND OF 450% ON EQUITY AMOUNTING TO US\$337 MILLION (INR 1784 CRORE)**
- n **TURNOVER FOR FY 2012 WAS US\$ 2125 MILLION (INR 11,262 CRORE)**
- n **PROFIT AFTER TAX(PAT) FOR FY 2012 WAS US\$ 1371 MILLION(INR 7,265 CRORE)**
- n **AGAINST THE FACE VALUE OF INR 1 PER SHARE, NMDC'S BOOK VALUE PER SHARE WAS INR 61.53 AS ON 31 MARCH 2012 AND EARNING PER SHARE WAS INR 18.33 FOR FY 2012.**

# Corporate Social Responsibility (“CSR”) initiatives



- NMDC’s CSR goals aim at emancipation, improvement in standard of living and quality of life of stakeholders towards nation building.
- The approach is holistic and oriented towards community and stakeholders
- UN Global Compact Principles & UN Millenium Goals are part of the CSR framework
- CSR model integrated into business strategy
- Recognition by Govt. of India as the Best Continuous Consultative CSR Model

# Invitation for Business Partnership

- NMDC Ltd invites venture capitalists and exploration companies which are technically competent as partners for forming J.V and participate in grassroot exploration stage up to detailed exploration in the fields of Iron Ore, Gold, Diamond, Coal, PGE, Nickel, Rock Phosphate, Potash etc. on mutually agreed terms and conditions for exploration outside India.
- After detailed exploration the potential areas can be transferred to NMDC by the JV as per mutually agreed terms and conditions.
- NMDC is also looking for technical collaboration for exploration in respect of the PL's held / applied in India and abroad.
- Looking for outsourcing various activities in respect of Projects under construction /commissioning /conceptualization.
- These may include : Preparation of Mining Plan & Scheme of Mining, Planning and Design Engineering, preparation of Bankable Feasibility Report, etc.
- NMDC is interested in associating with international mining companies with relevant experience for acquiring mineral deposits in India and abroad.





*Thank You*

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