



TATA SPONGE IRON LIMITED

Investor Presentation January 2019



Stock Code: **BSE - 531010** **NSE - TATASPONGE** **Bloomberg - TTSP:IN**

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Certain numbers in this presentation have been rounded off for ease of representation.

Company Overview

Financial & Market Performance

Part of Tata Group : “Leadership with Trust”

Since 1868: 150 years of Excellence

A GLOBAL ENTERPRISE

-  **Highly reputed Group** in India with market capitalization of **~USD 145bn⁽¹⁾** (29 listed entities)
-  **100+** operating Companies with products & services spread across six continents
-  **Global leader** across several sectors: IT & Communications, Automotive, Consumer & Retail Products, Materials, Energy, Chemicals, Services
-  Over **695,000** employees
-  Group revenue of over **~USD 100bn** with **over ~60%** generated in geographies other than India
-  With around **4mn** shareholders across Group’s listed Companies

UNIQUE TRUST STRUCTURE



One of India’s oldest non-sectarian philanthropic organisations

Supporting and driving innovation in the areas like Natural Resources Management, Education, Healthcare, Livelihood, Nutrition, Arts & Culture through grant making, direct implementation and co-partnership

Major Ownership



Tata Sons is the promoter of major operating Tata companies

- Holds stake in operating companies and supports their growth
- Promotes new enterprises

The owner of Tata brand and all Tata trademarks, registered in India and around the world

Select Large Group Companies

Group’s Presence across Diversified Sectors

Manufacturing	IT & Communications	Defence & Aerospace	Services
Realty & Infrastructure	Consumer & Retail	Financial Services	

Source: Tata Group presentation, (1) Data as of January 21 2019
Exchange rate used: USD 1 = INR 71.42

Company: Overview

One of India’s largest merchant sponge iron manufacturers⁽¹⁾

Business Overview

- Subsidiary of Tata Steel, world’s 10th largest steel maker by crude steel production volume in 2017⁽²⁾
- Primarily engaged in the manufacture using TDR technology and sale of sponge iron
- Also engaged in generation (for captive & third party sale) of power utilizing the waste heat emanating from the sponge iron production process (Green Power Generation)
- Organized synergistically with Tata Steel
- FY18 consolidated revenues from operations of c. INR 817 cr with EBITDA%(excl. Other Income) of 22% and 9MFY19 consolidated revenues from operations of c. INR 738 cr
- Profit generating operations with consistent Dividend paying history in the preceding 15 years.
- Current market capitalization: INR 11.5bn⁽³⁾



Significant Installed capacity



Sponge Iron



Power Plant

- Manufacturing capacity of 390,000 MTPA
- Environmental clearance to enhance production to 465,000 MTPA
- Generation capacity of 26 MW
- Captive use & Third party sale
- Green Power

Core Strengths

- Close proximity to Raw material (Iron Ore) availability
- Consistent Product Quality
- Long standing customer relationship management practices
- Strong and experienced management team and work force.
- Infrastructural facilities to support manufacturing and delivery of finished products
- Fair, transparent and ethical business practices
- Efficient environment and waste management systems
- Competent, motivated and engaged workforce, resulting in lower attrition
- Deep community relationships

Source:
 (1) Sponge Iron Manufacturer's Association
 (2) World Steel Association
 (3) Data from www.bseindia.com as on Jan 22 2019

Strategically Located Plant . . .

Provides Significant Operational and Logistical Advantage

- Located in Bileipada near Joda in the Keonjhar district of Odisha.
- Proximity to road and railway networks helps in cost effective transportation of raw materials and product dispatch.
- Provides a significant strategic advantage in form of access to iron ore mines nearby
- Further, we believe quality of iron ore procured are superior in chemical and physical properties enabling the Company to produce higher quality sponge iron

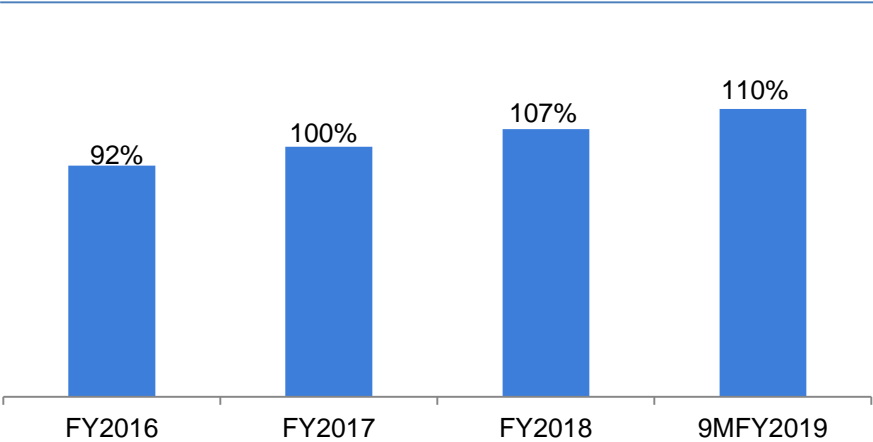
...with Technological Advancement

Leading to Delivering High Quality Products creating Strong Market Recognition as a Branded Sponge Iron player



Resulting in Track Record of Operational Excellence

Increasing Capacity Utilisation Levels



Industry Recognitions

- CCQC 2018 Gold Awards for Quality in 2018
- CII ER SHE Excellence Award 2017-18 as "Winner" under category "Manufacturing-Large Scale"
- CII ER Annual Productivity Award 2017-18 as 'Champion' under "Category A"
- BE Star Awards from CII & Institute of Quality in 2017
- CMO Asia's 8th Best CSR Practices Award in 2018
- TPM Excellence Award (Category-I) for Japan Institute of Plant Maintenance in 2012

Mr. T.V. Narendran*
Chairman



- Mechanical Engineer from REC (NIT), Trichy & MBA from IIM Calcutta
- 30+ years of experience in metals and mining, currently CEO & MD of **Tata Steel Ltd.**

Mr. Dipak Kumar Banerjee
Independent Director



- Chartered Accountant with a Bachelor's degree in Commerce (*Honours*) from Calcutta University
- 40+ years of experience; previously worked with LIC and Hindustan Unilever

Mr. P.C. Parakh
Independent Director



- Post Graduate from IIT (*Roorkee*), a retired IAS officer of the Andhra Pradesh cadre
- Instrumental in developing Hyderabad as an important investment destination

Dr. O. N. Mohanty
Independent Director



- B.Tech & M.Tech in Metallurgical Engg. from IIT Kharagpur, Doctoral degree from University of Karlsruhe, Germany
- Worked as a faculty at IIT, GOI as Director Scientist and later as Director of R&D at **Tata Steel Ltd.**

Mr. Manoj T Thomas
Independent Director



- Faculty member at XLRI, teaching Strategic Management & Resource based Strategy
- Before XLRI, worked with various organisations in different research and consulting capacities

Dr. Sougata Ray
Independent Director



- Former Dean of IIM C, currently a professor of Strategic Management & faculty member on the Board of Governors
- 30+ years of experience in diverse roles

Mr. Koushik Chatterjee*
Non-Executive Director



- Chartered Accountant & a commerce graduate from Kolkata University
- With 23+ years of experience, currently Executive Director and CFO of **Tata Steel Ltd.**

Mr. Bimlendra Jha*
Non-Executive Director



- B.Tech Ceramics with a PGDBM –Finance from XLRI Jamshedpur
- With 28+ years of experience, currently serves as a Vice President at **Tata Steel Ltd.**

Mrs. Meena Lall
Non-Executive Director



- With an LLB and B.Sc, comes with diverse experience in the domain of legal and compliance.
- Joined **Tata Steel Ltd.** In 1990 post a stint of practice in the High Court

Mr. Sanjay Kumar Pattnaik
Managing Director



- Graduate in Mining Engg. With an advanced management programme from CEDEP-INSEAD, France
- Joined **Tata Steel Ltd.** in 1983 and has served various positions since then

* Inducted on **Tata Sponge Board** w.e.f January 12, 2019

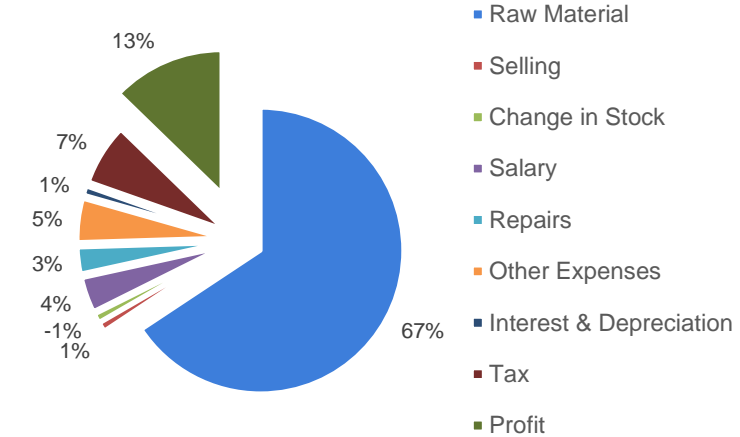
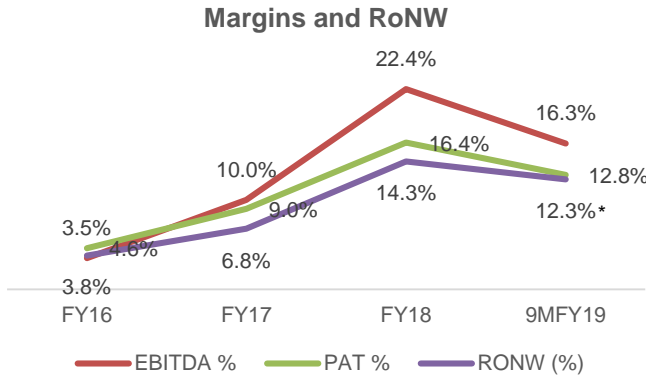
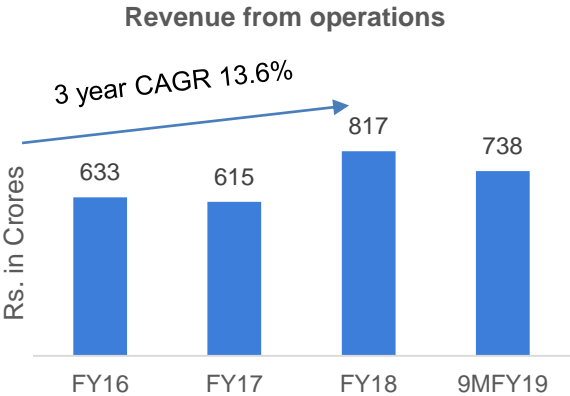
Company Overview

Robust Financial & Market Performance

Robust Financial Performance

Growing revenue coupled with phenomenal growth in margins and returns over years

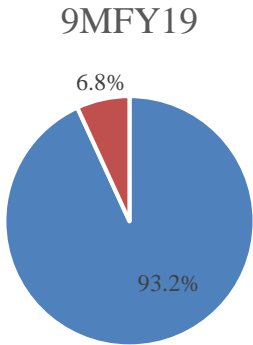
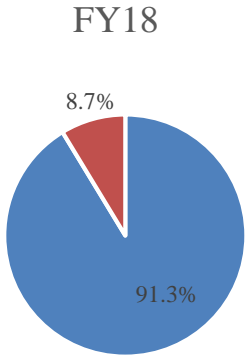
Revenue distribution (9MFY19)



EBITDA excluding Other Income and EBITDA % calculated on Revenue from Operations
 PAT % calculated on Total Revenue
 *Assuming annualized PAT & adjusted net worth

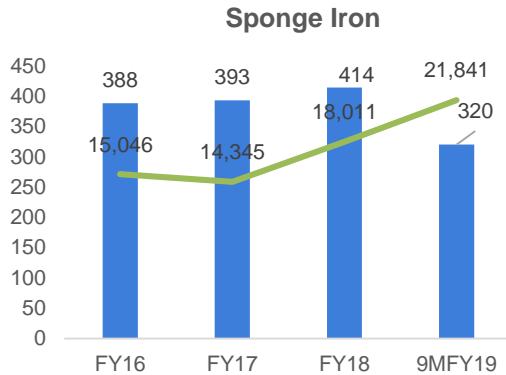
Segmental Revenue Contribution

Key Performance Indicators

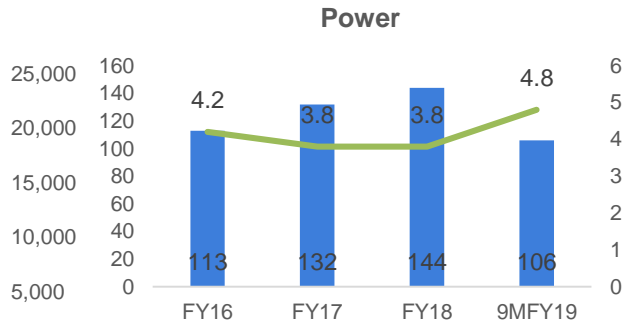


■ Sponge Iron ■ Power

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■ Sales Volumes (kt) ■ Net Realizations (Rs/t)

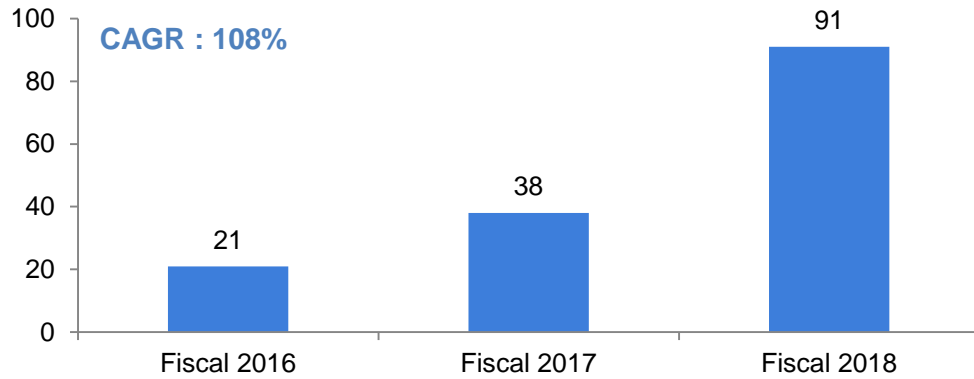


■ Sales Volumes (mn units)
 ■ Realizations (Rs/unit)

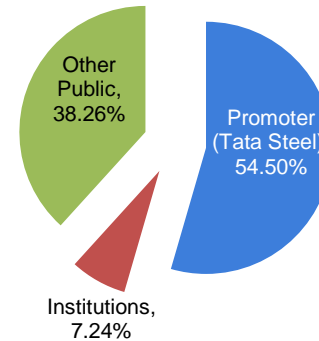
Tata Sponge Iron Ltd

	FY18	Q1FY19	Q2FY19	Q3FY19
Production (KT)	417	117	95	109
Delivery (KT)	414	115	93	111
Revenue from Operations (Rs Crs)	817	261	216	261
EBITDA (Excl. Other Income) (Rs Crs)	183	60	30	30
EBITDA Margin (%)	22%	23%	14%	12%
Other Income(Rs Crs)	43	12	15	16
Total PBT(Rs Crs)	210	69	41	42
PAT(Rs Crs)	141	46	27	27
PAT Margin (%)	16%	17%	12%	10%

EPS increased consistently

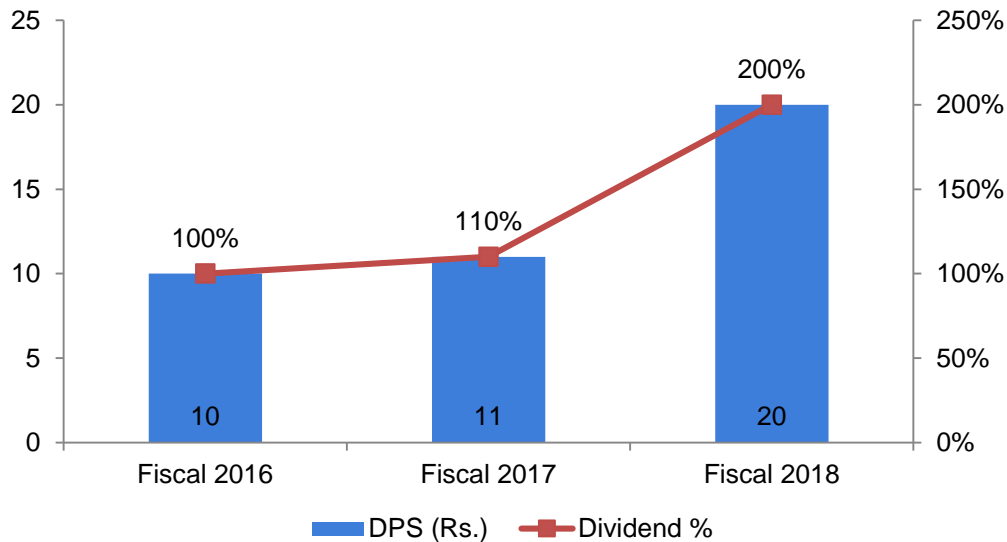


Shareholding Pattern (As on December 31, 2018)



Shareholder Category	No. of Shares	% Holding
Promoter (Tata Steel)	83,93,554	54.50%
Public	70,06,446	45.50%
- Institutions	11,13,971	7.23%
- Others	58,92,475	38.26%
Total	1,54,00,000	100.00%

Consistent Dividend Track Record



Share Price Performance



Thank You