

2 August 2010

PRESS RELEASE

NMDC's BEST EVER FIRST QUARTER FINANCIAL PERFORMANCE

NMDC Limited achieved commendable performance for the quarter ended 30 June 2010. The Unaudited Financial Results for the 1st quarter 2010-11 was taken on record by the Board under the chairmanship of Sri Rana Som, CMD of NMDC today.

In spite of external hurdles, NMDC has displayed its resilience with its excellent first quarter results.

There is an improvement in its sales performance by 10.66 lakh tonnes (20%) during this quarter compared with its previous corresponding period performance with a significant improvement in off-take by its domestic customers.

The company could negotiate an increase of 94.36% and 99.67% increase in lump and fine ore prices respectively from its Japanese and Korean customers for the 1st quarter of 2010-11 over the prices applicable for 2009-10.

The company has however, consciously and conscientiously moderated the increase in its iron ore prices for domestic customers, keeping in view the inflationary trends in the economy. Thus, it has worked out its prices in an equitable manner and the overall increase in domestic prices compared with 1st quarter of 2009-10 works out to about 45% w.r.t Doni lump, 54% w.r.t Baila Lump and about 76% w.r.t Doni-Baila fines. Similarly, the company has, despite a further increase of 22.16% in export prices effected only an increase of 14.77% in its domestic prices in 2nd quarter beginning July 2010.

The turnover for the first quarter of financial year 2010-11 increased to Rs.2517.99 crore when compared with Rs.1278.05 crore for corresponding period of previous year, registering an increase of 97%.

For the first quarter, PBT, in comparison with that of the corresponding period of previous year, rose from Rs.1172.14 crore to Rs.2249.22 crore, registering an increase of 92% and PAT rose from Rs.773.75 crore to Rs.1504.04 crore, an increase of 94%.

The Earnings per share at Rs.3.79 per share for this quarter (compared to Rs.1.95 for 1st quarter of 2009-10) would result in Rs.15.16 EPS if annualized.

Shri Rana Som, CMD, NMDC said that Company could achieve these results due to a significant increase in its physical sales and registering a growth of 20% over the corresponding period last year. The domestic sales were increased by 29% where as exports were reduced to 36% for catering to the needs of the domestic market, improved physical performance coupled with higher prices, transparent pricing systems and improvement in evacuation by railways resulted in the company posting a net post tax profit of Rs.1504.04 crore within the 1st quarter itself.

Meanwhile the company has been pursuing all its expansion programmes.

NMDC as part of its forward integration programme and value addition has planned to set up a 3 MTPA steel plant in Chhattisgarh, 2 Pellet plants of 2 MTPA and 1.2 MTPA capacity respectively; one in Chhattisgarh and another in Karnataka. It has also taken a decision to set up a beneficiation plant for extraction of high grade iron ore concentrate from BHJ (banded hematite jasper) and BHQ (banded hematite quartz) rocks and also planning for producing iron ore nuggets, which will be a first initiative of its kind in India.

The company's 8.38% disinvestment fetched the Government of India almost rupees ten thousand crore. It had issued two bonus shares for every share held. The company continues to pay much attractive dividends even on the expanded capital base. Its contribution to the National exchequer of Rs.660.37 crore in the 1st quarter of 10-11 as compared to Rs 343.44 crore during the corresponding previous period stands to the testimony to the Navaratna Public Sector Enterprise.

NMDC as a corporate social entity shows human face towards the society which is reflected through its CSR activities. NMDC is a very special company, not merely pursuing its corporate agenda, but also ensuring that benefits the communities in and around the areas of its activities. These include the local

communities, tribal populations in particular, and for society at large. The philosophy of NMDC building 'socially congenial atmosphere for industrial growth with a human face' has been even felt and appreciated by local beneficiaries and communities.

With an aim to focus on the integrated development of the community by facilitating sustainable income generation, NMDC has prioritized works required for the locals in consultation with the State Governments and the local areas, with focus on education, health care, infrastructure, integrated development, skill development, income generation activities, hospital on wheels, etc.

In Karnataka, NMDC has started mid-day meal programme for 10,000 school children through Akshaya Patra Foundation. NMDC is constructing houses in Bellary District for 30,000 homeless slum dwellers at a cost of Rs.19.0 crore.

In the State of Chhattisgarh, NMDC has introduced a unique Scholarship Scheme covering all the tribal and SC students below the poverty line to encourage their continuation of studies beyond 8th class and to reduce drop outs. Scholarships through Banks are distributed to all the eligible tribal and SC students upto completion of professional education in directly benefitting around 19000 students in five districts of Bastar region.

The Company would be dedicating to the State of Chhattisgarh a Residential Public School for the students at Nagarnar on 17th August 2010. The residential school is expected to be inaugurated by Shri Virbhadr Singh, Hon'ble Minister of Steel and Dr. Raman Singh, Hon'ble Chief Minister, Chhattisgarh.

Kumar Raghavan
Executive Director (Corporate Communication)