

 **usha martin[®]**

***Specialty Wire Rope
Solutions Provider***

**Q4 & FY23
Earnings Presentation**

April 27, 2023

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Company Overview

Leading global and India's no.1 specialty steel wire rope solutions provider

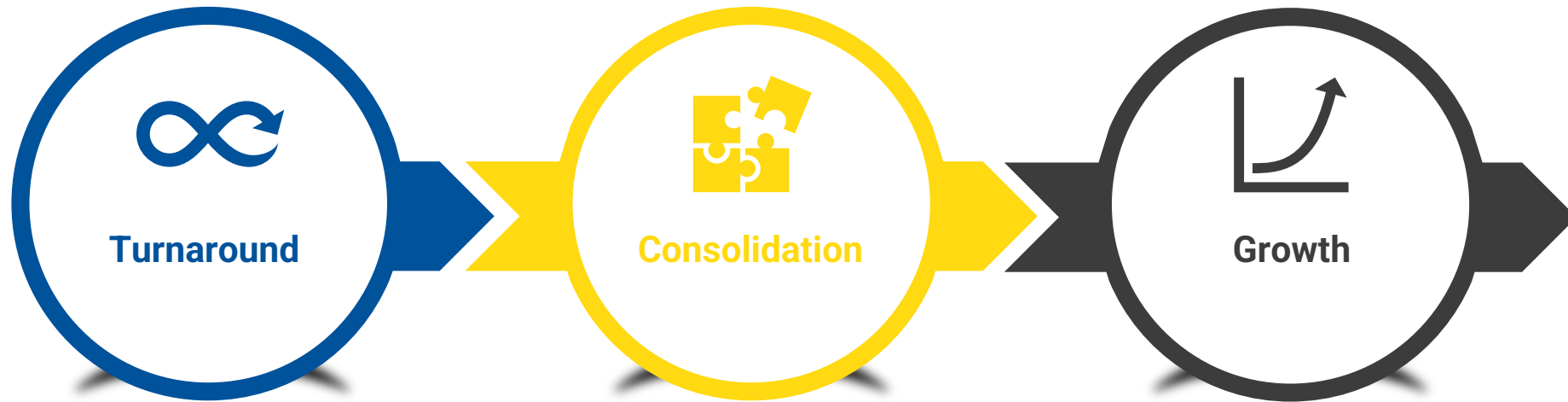


- Offering wide range of:**
- Specialty wire ropes
 - High-quality wires
 - Low relaxation prestressed concrete steel strand (LRPC)
 - Bespoke end-fittings, accessories and related services



Note: As on 31st March 2023

We are undergoing a strategic transformation and are poised for growth



- **Divestment of steel business resulting in:**
 - Sharp deleveraging
 - Reshaped balance sheet

Net debt to equity improved to 0.4x in FY20 from 4.3x in FY19

- **Renewed focus on specialty wire rope business**
- **Strategic initiatives to consolidate leadership**

**Significant earnings turnaround:
PBT improved to Rs. 346 crore in FY22 from Rs. 149 crore² in FY20**

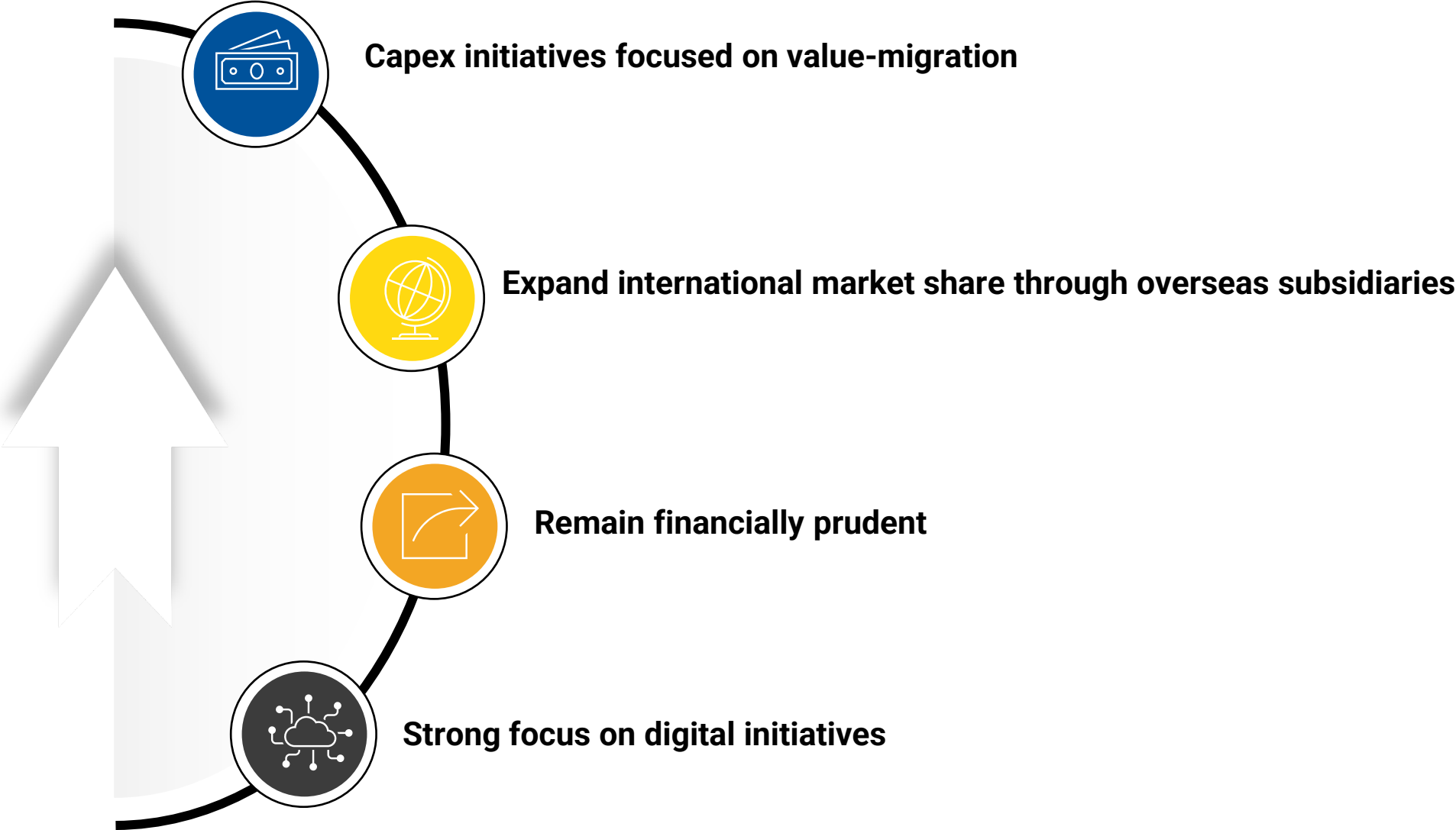
- **Value accretive capex**
- **Enhance specialty offerings across industry segments**
- **Increase geographical spread in strategic markets**
- **Drive sustainable growth**

Target to achieve topline CAGR of ~15% & Operating EBITDA margins ~18% over the next 2-3 years

Note 1: All figures mentioned in the slide are consolidated financials

Note 2: PBT from continuing operations

Multi-faceted growth strategy continue to drive our performance





Our vision echoes our long-term growth agenda

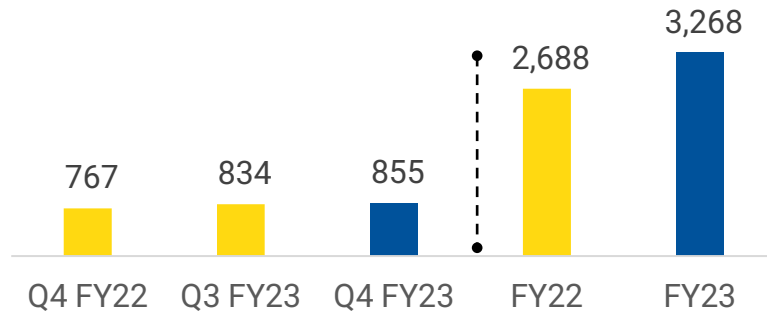
To be the global leader in the wire rope industry by delivering customer delight, adopting modern technology and ensuring sustainable growth for all of its stakeholders



Q4 & FY23 Results Overview

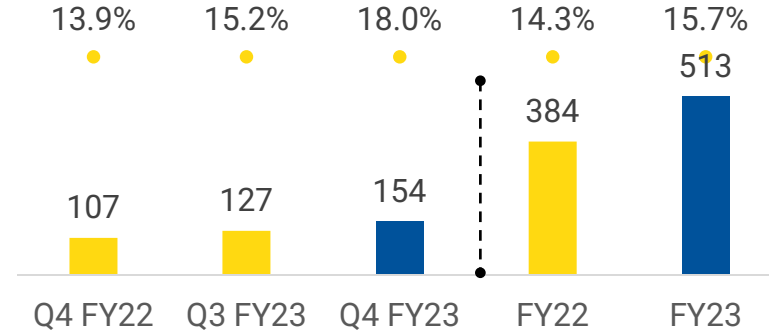
Key Financial Highlights – Consolidated Q4 & FY23

Net Revenue from operations



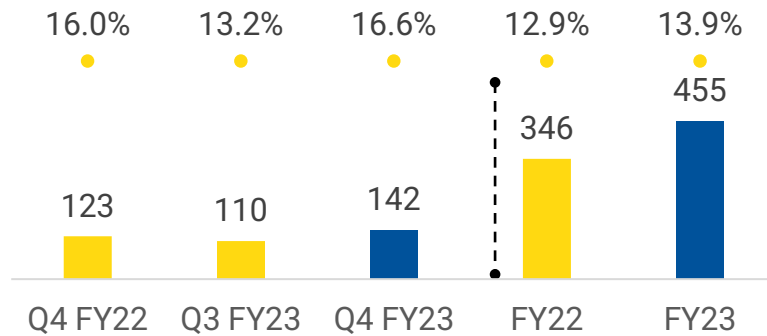
Shift (%)	QoQ: 2.6% ↑	YoY: 11.6% ↑	21.6% ↑
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Operating EBITDA



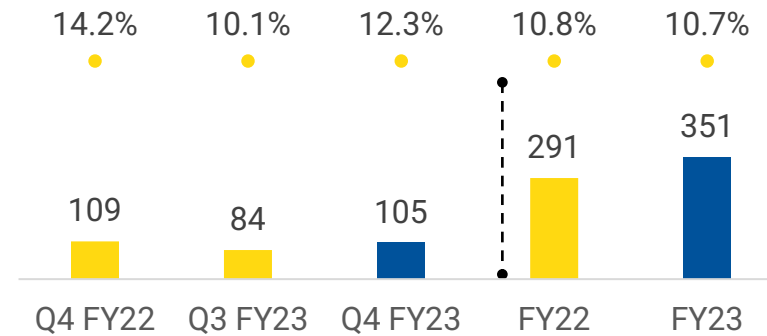
Shift (%)	QoQ: 21.2% ↑	YoY: 44.3% ↑	33.8% ↑
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PBT



Shift (%)	QoQ: 29.8% ↑	YoY: 16.1% ↑	31.5% ↑
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PAT



Shift (%)	QoQ: 25.3% ↑	YoY: (3.1%) ↓	20.3% ↑
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Note 1: All figures mentioned in the slide are consolidated financials

Note 2: Operating EBITDA & EBITDA Margins calculated without other income

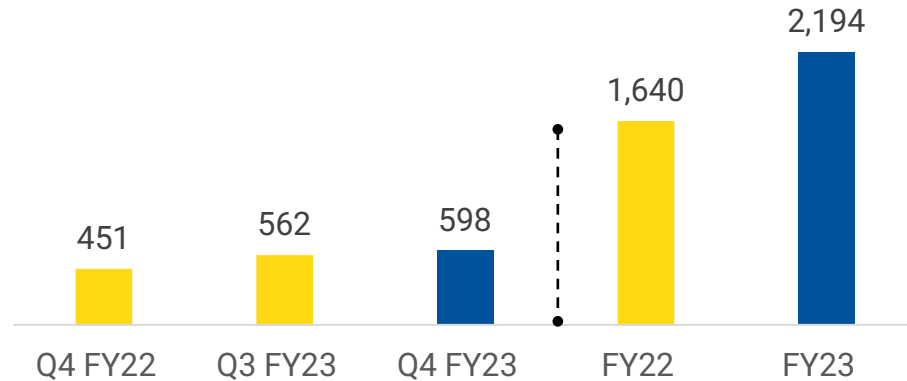
Note 3: PBT and PAT for Q4 FY22 and FY22 includes exceptional income of Rs. 31 crore

Note 4: PAT for Q4 FY22 and FY22 includes Rs. 20 crore of deferred tax credit

Segmental Revenue Overview

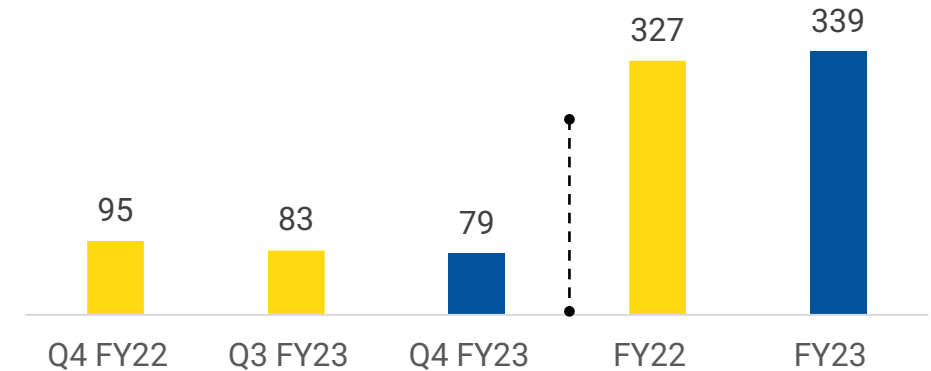
In Rs. crore

Wire Rope



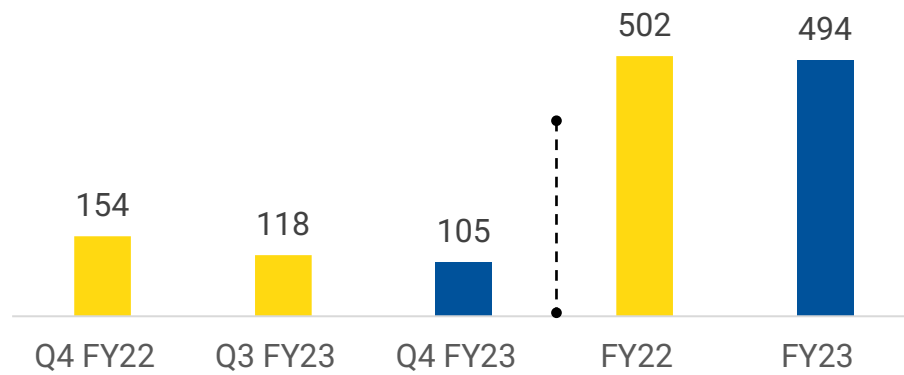
Shift (%)	QoQ: 6.4% ↑	YoY: 32.6% ↑	YoY: 33.8% ↑
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Wire & Strand



Shift (%)	QoQ: (4.8%) ↓	YoY: (16.8%) ↓	YoY: 3.7% ↑
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LRPC



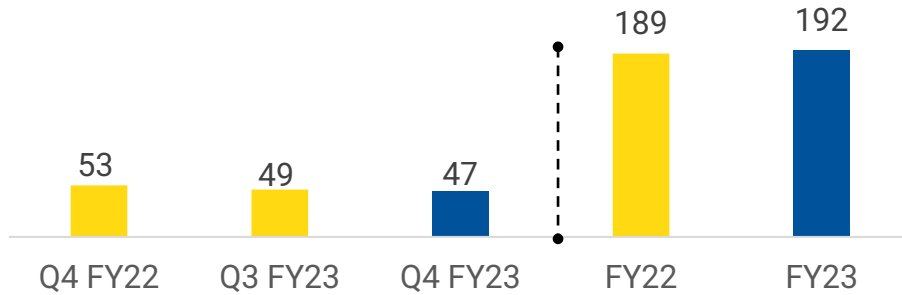
Shift (%)	QoQ: (11.0%) ↓	YoY: (31.8%) ↓	YoY: (1.5%) ↓
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- Segment wise contribution to overall sales FY23 :
Wire Rope – 67% (PY 61%); Wire & Strand – 10% (PY 12%); LRPC – 15% (PY 19%)
- Increase in rope sales in line with the Company's strategy to focus on value added products and exit low contributory segments

Note 1: All figures mentioned in the slide are consolidated financials

Key Operational Highlights – Consolidated Q4 & FY23

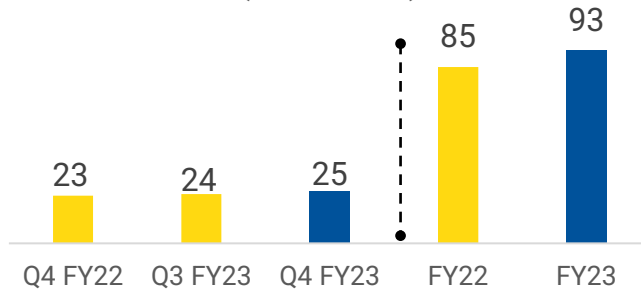
Sales Volumes¹ ('000 MT)



Shift (%)	QoQ: (4.1%) ↓	YoY: (11.3%) ↓	1.5% ↑
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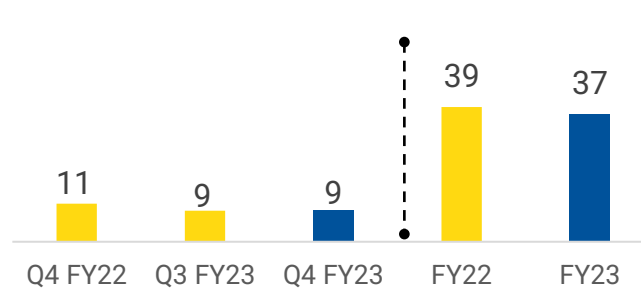
- Increase in rope volumes and marginal decrease in wire and LRPC volumes in line with the Company's strategy to focus on value added products and exit low contributory segments
- Segment wise contribution to overall volumes FY23 : Wire Rope – 49% (PY 45%); Wire & Strand – 19% (PY 21%); LRPC – 32% (PY 34%)

Wire Rope Sales Volumes ('000 MT)



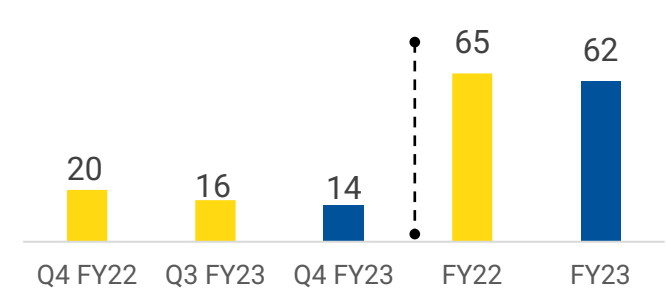
Shift (%)	QoQ: 4.1% ↑	YoY: 8.6% ↑	9.4% ↑
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Wire & Strand Sales Volumes ('000 MT)



Shift (%)	QoQ: na	YoY: (18.2%) ↓	YoY: (5.1%) ↓
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LRPC Sales Volumes ('000 MT)



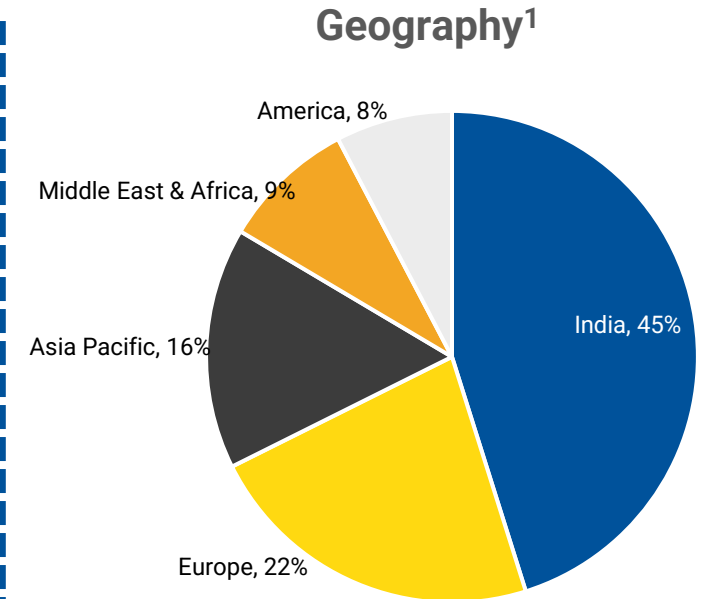
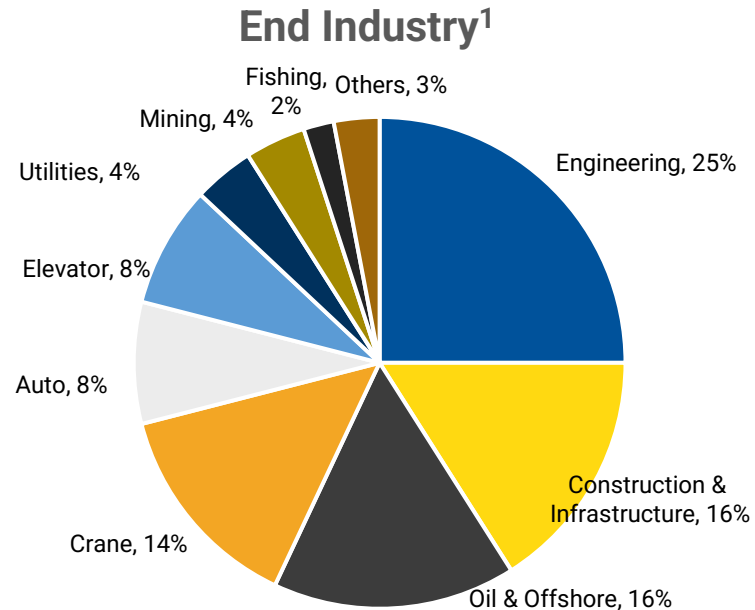
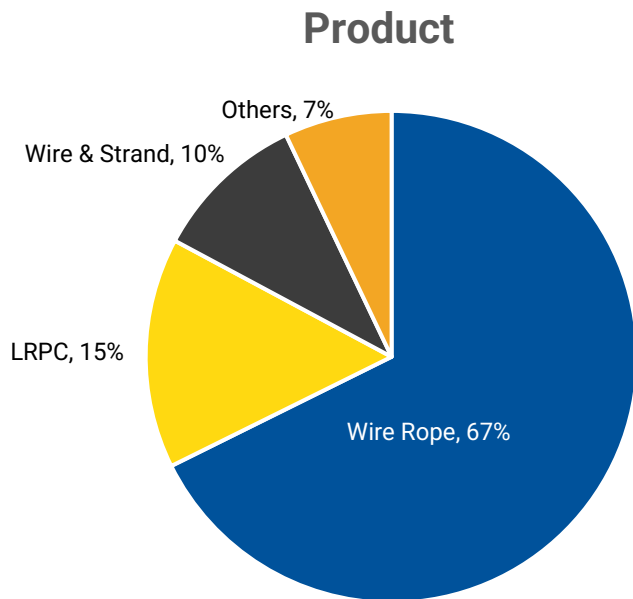
Shift (%)	QoQ: (12.5%) ↓	YoY: (30.0%) ↓	YoY: (4.6%) ↓
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Note 1: For all product segments

Note 2: All figures mentioned in the slide are consolidated volumes

Diversified presence across geographies and segments

Revenue Segmentation for FY23

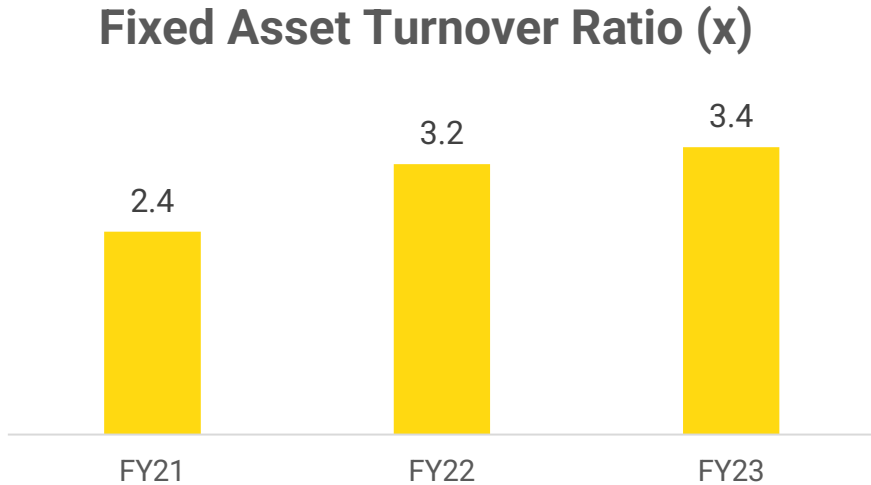
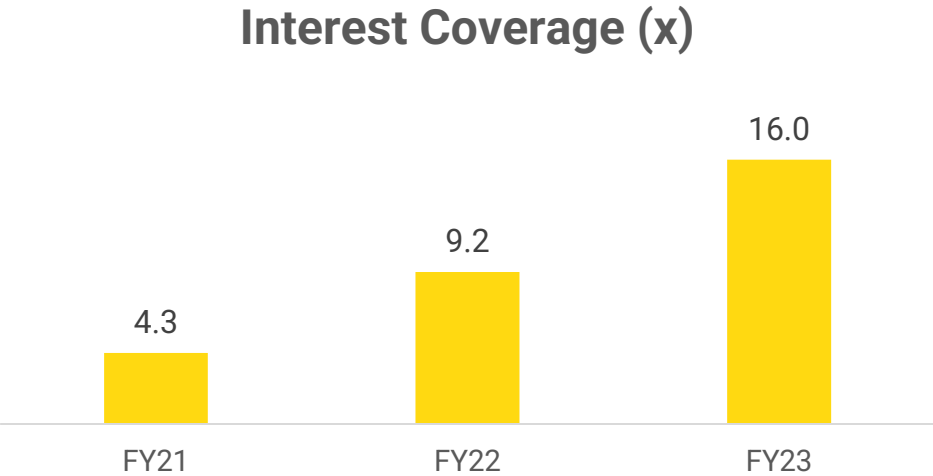
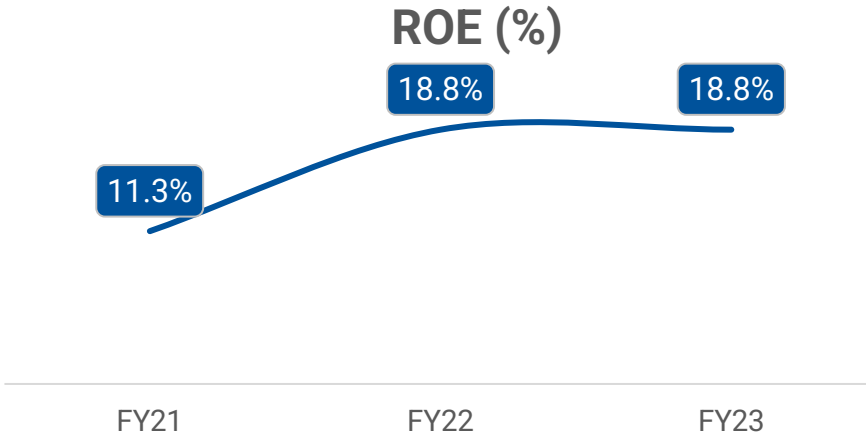
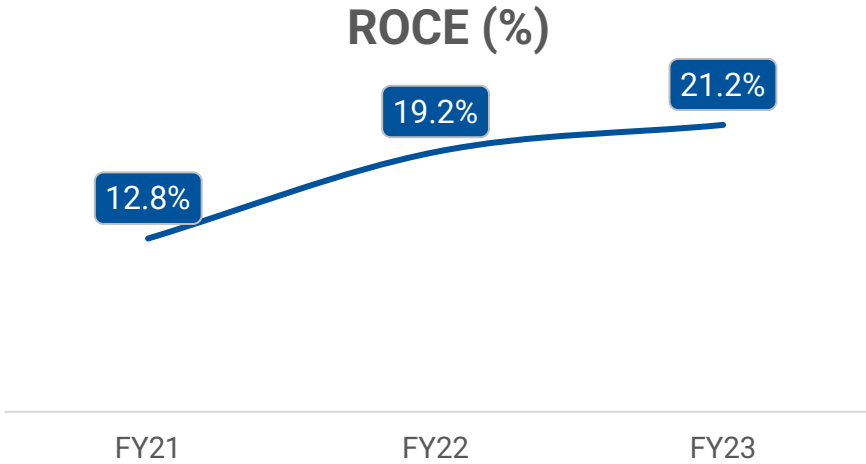


- Wire rope segments contribution to overall revenues increased to 67% in FY23 vs. 61% in FY22
 - Within Wire rope, the value-added segments (crane, oil & offshore, elevator, mining, fishing) share rose to 65% in FY23 from 59% in FY22
- Share of International business stood higher at 55% in FY23 as against 51% in FY22

Note 1: For all product segments

Note 2: All figures mentioned in the slide are consolidated financials

Profitability indicators remain strong



Note 1: All figures mentioned in the slide are consolidated financials

Discussion on Financial and Operational Performance

Net Revenues

- Revenue from operations increased by 21.6% Y-o-Y in FY23 to Rs. 3,267.8 crore. In Q4FY23, revenues stood at Rs. 855.2 crore, registering a 11.6% Y-o-Y growth
 - The Company reported an increase in revenues on account of improved realizations driven by value-added and solution-based offerings
 - FY23 topline performance was largely driven by International operations which recorded a 34% Y-o-Y increase

EBITDA

- FY23 Operating EBITDA stood at Rs. 513.3 crore as against Rs. 383.7 crore, increasing 33.8% on a Y-o-Y basis. In Q4FY23, Operating EBITDA stood at Rs. 154.0 crore, increasing 44.3% on a Y-o-Y basis
- Operating EBITDA margin for the quarter was 18.0% vs. 13.9% Y-o-Y. EBITDA margins including other income stood at 19.3% in Q4FY23 vs. 14.7% Y-o-Y
 - Strong focus on value-added products, along with efforts to enhance operational efficiencies and productivity, has enabled the Company to effectively improve its margin performance

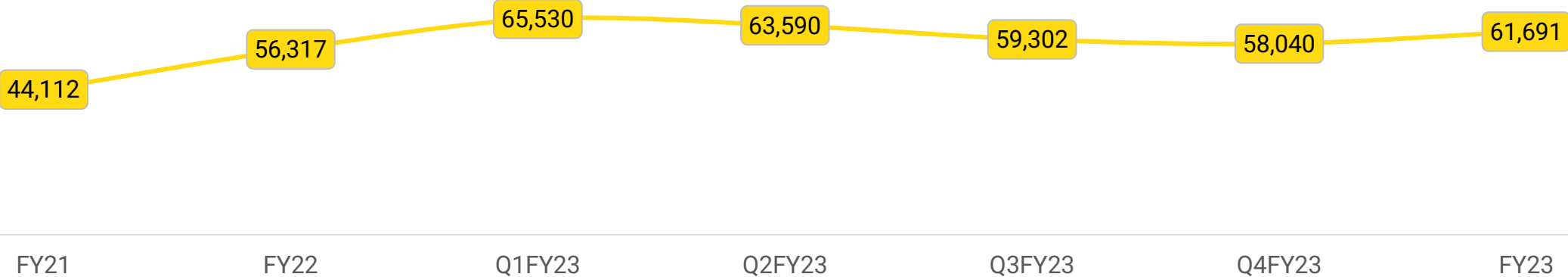
PBT & PAT

- FY23 PBT stood at Rs. 455.4 crore vs. Rs. 346.3 crore in FY22 registering a 31.5% Y-o-Y increase
 - An exceptional gain of Rs. 31.2 crore was recorded in Q4FY22
- FY23 PAT stood at Rs. 350.6 crore as against Rs. 291.4 crore in FY22, registering a 20.3% Y-o-Y increase. In Q4FY23, PAT stood at Rs. 105.3 crore as against Rs. 108.7 crore
 - PAT for Q4FY22 and for FY22 includes an exceptional gain of Rs. 31.2 crore (pre-tax) and deferred tax credit of Rs. 20 crore
- Basic EPS stood Rs. 11.51 for FY23 as against Rs. 9.56 in FY22

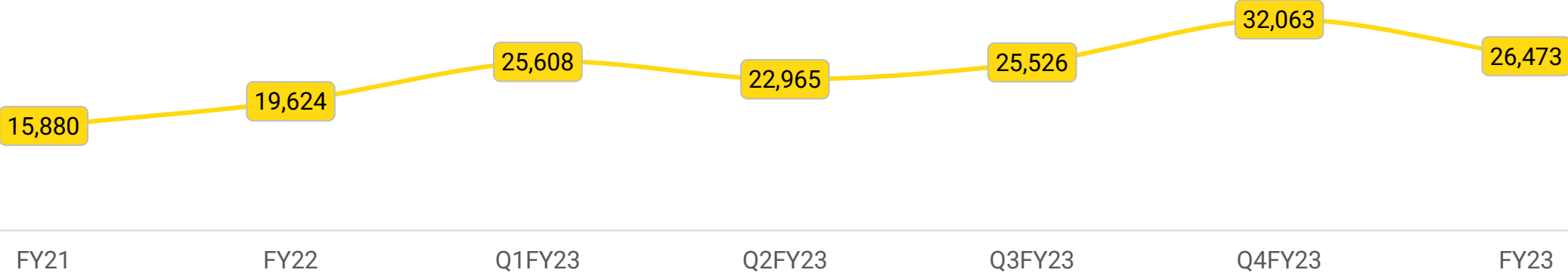
Successfully Managing Raw-Material Volatility



Steel Price/tonne (Rs.)

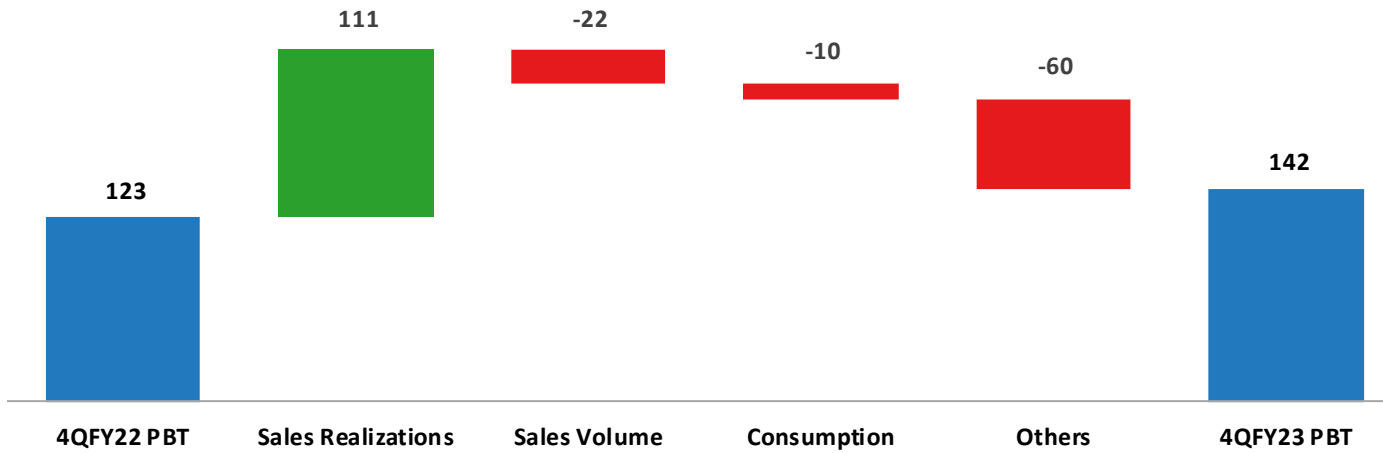
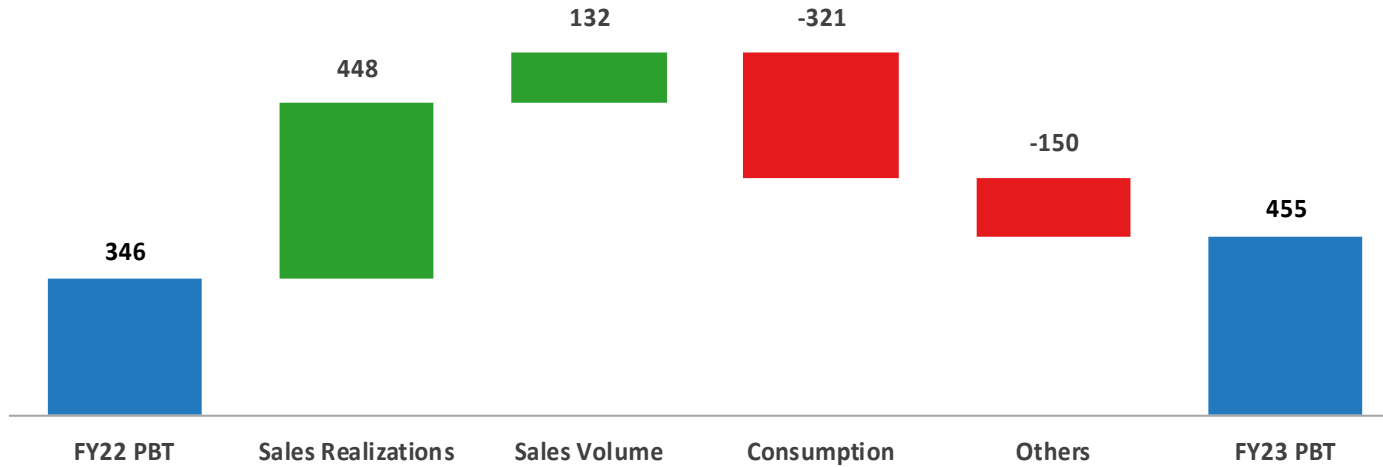


EBITDA/tonne² (Rs.)



Note 1: All figures mentioned in the slide are consolidated financials
Note 2: EBITDA calculated without other income & excluding UM Cables

PBT Bridge: Q4 & FY23



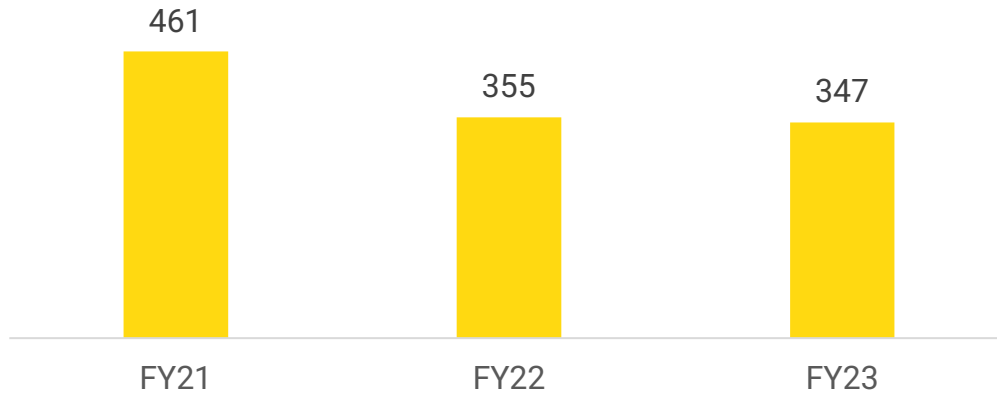
- **Sales Realizations:** Overall improvement was achieved through enhancements in the product portfolio and increased realizations from solution sales in Europe
- **Sales Volume:** Higher wire rope sales assisted sales volumes performance
- **Consumption:** Increase in consumption driven by an increase in wire rod consumption rate
- **Others:** The increase was primarily due to higher energy costs and exceptional income recorded in Q4FY22

Note 1: All figures mentioned in the slide are consolidated financials

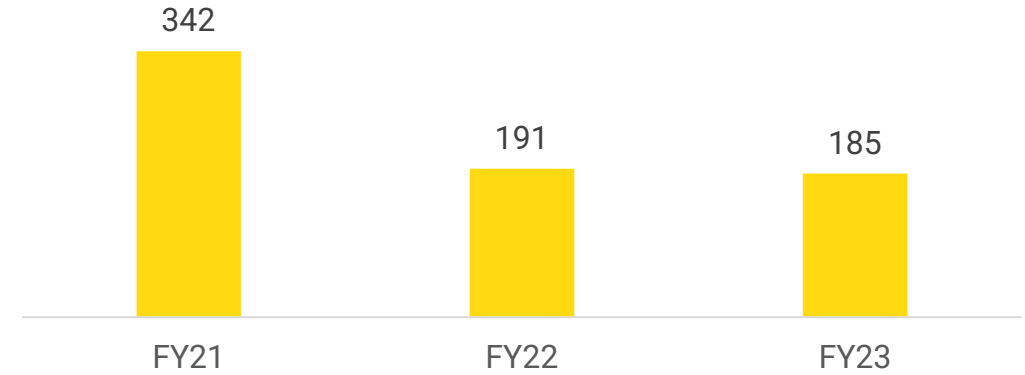
Balance Sheet remains significantly de-risked

In Rs. crore

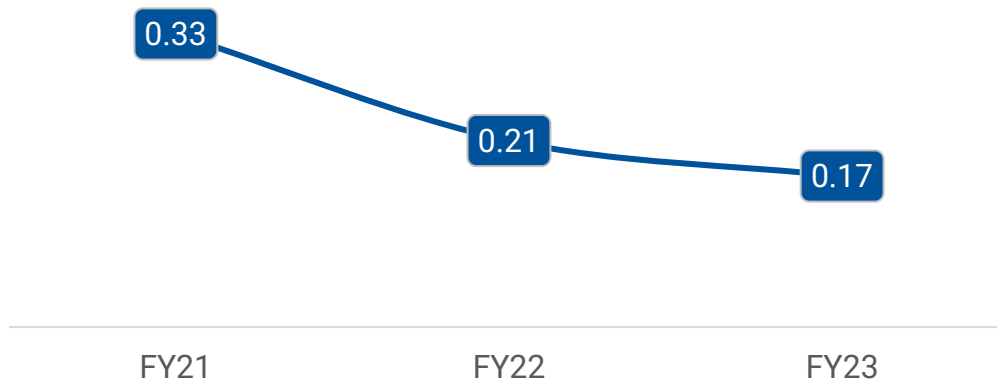
Gross Debt



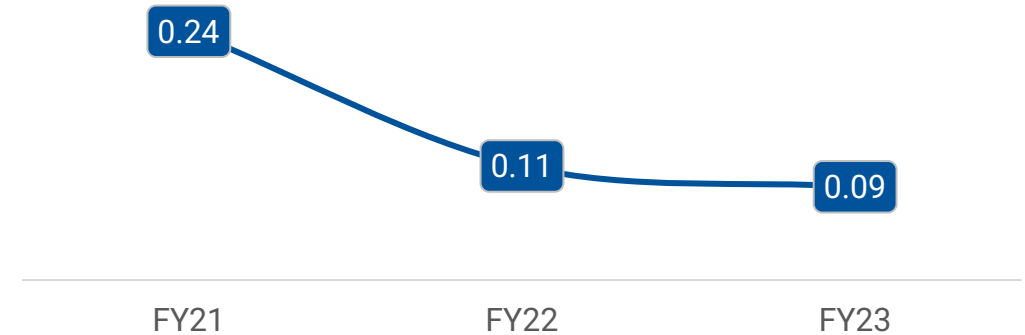
Net Debt



Gross Debt to Equity (x)



Net Debt to Equity (x)

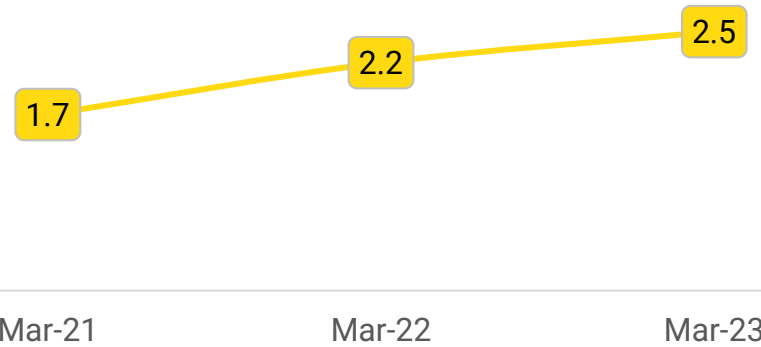


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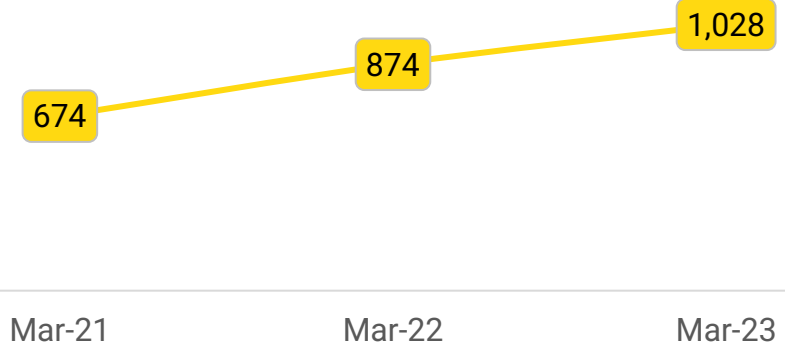
NWC to turnover steady despite increase in revenue through active rationalization of inventory

Continuous focus on optimizing working capital to reduce cash conversion cycle

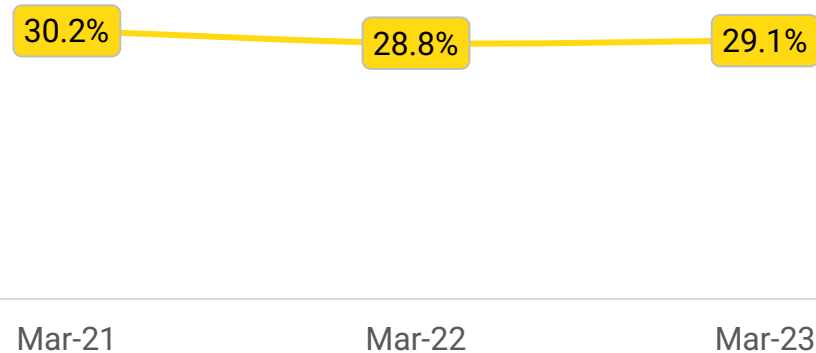
Current Ratio (x)



Net Working Capital (Rs. Crore)



Net Working Capital to Turnover (LTM, %)



Note 1: All figures mentioned in the slide are consolidated financials



Mr. Tapas Gangopadhyay

Director

Commenting on the performance, Mr. Tapas Gangopadhyay, Director said:

"We have ended the year on a strong note, delivering healthy revenue and operating EBITDA growth of 22% and 34%, respectively, during FY23. Our international operations, which made up 55% of our FY23 revenue, registered an exceptional 34% year-on-year increase in revenue. The Company not only made substantial progress in growing its international presence but also made significant strides in other strategic initiatives, including increasing its value-added offerings, expanding its global distribution network, diversifying its product portfolio and modernizing its facilities.

The ongoing strategic focus on expanding our presence across diverse critical applications and value-added solution-based offerings largely enabled us to achieve an operating EBITDA margin of 18% during Q4FY23. We are also pleased to report that the Company has made notable progress in the modernization and expansion programme of its production facilities at Ranchi, with a specific focus on value-added products such as mining ropes, non-rotating ropes, compacted ropes and plasticated ropes.

Looking ahead, we believe that Usha Martin has all the elements in place to capitalize on the increasing demand for its products, both in international and domestic markets. Our robust in-house manufacturing and R&D capabilities, strong brand recognition, diverse product portfolio, expansive global network and healthy balance sheet continue to position us well for growth. We are confident in our ability to leverage these strengths and remain committed to delivering value to our customers and stakeholders."



Annexure

Abridged Consolidated P&L Statement

In Rs. crore

	4QFY23	4QFY22	Y-o-Y Change (%)	3QFY23	Q-o-Q Change (%)	FY23	FY22	Y-o-Y Change (%)
Revenue from Operations	855.2	766.6	11.6%	833.6	2.6%	3,267.8	2,688.1	21.6%
Operating EBITDA	154.0	106.7	44.3%	127.0	21.2%	513.3	383.7	33.8%
Operating EBITDA Margin (%)	18.0%	13.9%	4.1 pps	15.2%	2.8 pps	15.7%	14.3%	1.4 pps
Operating EBITDA / ton [^]	32,063	19,331	65.9%	25,526	25.6%	26,473	19,624	34.9%
Other Income	11.3	6.2	83.6%	4.4	157.5%	28.1	35.2	-20.4%
EBITDA	165.3	112.9	46.4%	131.4	25.8%	541.4	418.9	29.2%
EBITDA Margin (%)	19.3%	14.7%	4.6 pps	15.8%	3.6 pps	16.6%	15.6%	1 pps
Depreciation	17.2	17.3	-0.8%	17.0	0.9%	67.5	69.8	-3.3%
Finance Costs	8.0	7.2	10.1%	7.6	4.1%	30.3	42.5	-28.7%
Share of profit(-) /loss(+) of joint ventures	-2.1	-3.0	30.2%	-2.9	28.7%	-11.7	-8.4	-39.8%
PBT	142.3	91.3	55.8%	109.6	29.8%	455.4	315.1	44.5%
PBT Margin (%)	16.6%	11.9%	4.7 pps	13.2%	3.5 pps	13.9%	11.7%	2.2 pps
Exceptional item	-	31.2		-		-	31.2	
PBT after exceptional income	142.3	122.5	16.1%	109.6	29.8%	455.4	346.3	31.5%
Tax	36.9	13.8	167.5%	25.6	44.4%	104.8	54.9	91.0%
PAT	105.3	108.7	-3.1%	84.1	25.3%	350.6	291.4	20.3%
PAT Margin (%)	12.3%	14.2%	-1.9 pps	10.1%	2.2 pps	10.7%	10.8%	-0.1 pps
Basic EPS (in INR)	3.46*	3.57*	-3.1%	2.76*	25.3%	11.51	9.56	20.3%

[^] Excluding UM Cables *EPS is not annualized

Abridged Standalone P&L Statement

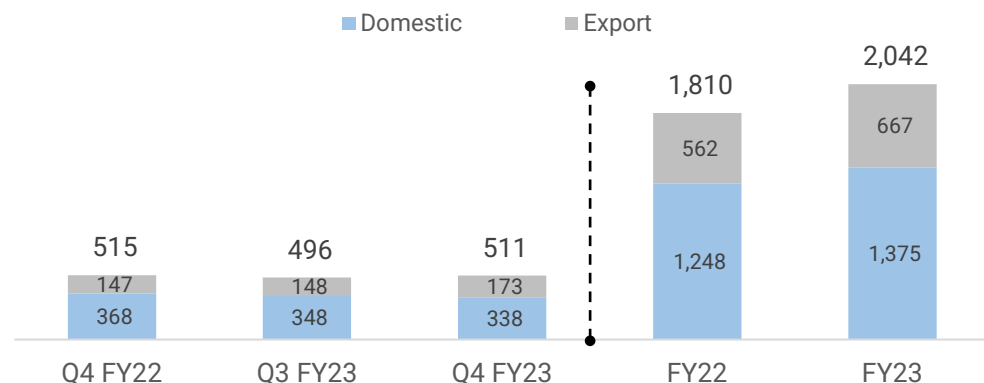
In Rs. crore

	4QFY23	4QFY22	Y-o-Y Change (%)	3QFY23	Q-o-Q Change (%)	FY23	FY22	Y-o-Y Change (%)
Revenue from Operations	511.2	514.7	-0.7%	496.1	3.1%	2,041.7	1,810.1	12.8%
Operating EBITDA	83.5	72.5	15.2%	75.8	10.2%	298.0	251.3	18.6%
Operating EBITDA Margin (%)	16.3%	14.1%	2.3 pps	15.3%	1.1 pps	14.6%	13.9%	0.7 pps
Operating EBITDA / ton	21,277	16,386	29.8%	19,027	11.8%	18,705	16,061	16.5%
Other Income	11.7	5.7	104.9%	3.9	199.7%	30.7	33.5	-8.5%
EBITDA	95.2	78.2	21.8%	79.7	19.4%	328.7	284.8	15.4%
EBITDA Margin (%)	18.6%	15.2%	3.4 pps	16.1%	2.6 pps	16.1%	15.7%	0.4 pps
Depreciation	6.5	7.7	-15.2%	6.5	0.0%	26.5	31.4	-15.5%
Finance Costs	3.7	4.9	-25.8%	3.4	6.7%	15.0	31.2	-51.9%
PBT	85.0	65.5	29.7%	69.7	21.9%	287.2	222.3	29.2%
PBT Margin (%)	16.6%	12.7%	3.9 pps	14.1%	2.6 pps	14.1%	12.3%	1.8 pps
Exceptional item	-	31.2	-	-	-	-	31.2	-
PBT after exceptional income	85.0	96.7	-12.1%	69.7	21.9%	287.2	253.4	13.3%
Tax	21.9	4.0	453.3%	17.8	22.8%	73.5	42.1	74.5%
PAT	63.1	92.7	-32.0%	51.9	21.5%	213.7	211.3	1.1%
PAT Margin (%)	12.3%	18.0%	-5.7 pps	10.5%	1.9 pps	10.5%	11.7%	-1.2 pps
Basic EPS (in INR)	2.07*	3.05*	-32.2%	1.70*	21.5%	7.01	6.94	1.1%

*EPS is not annualized

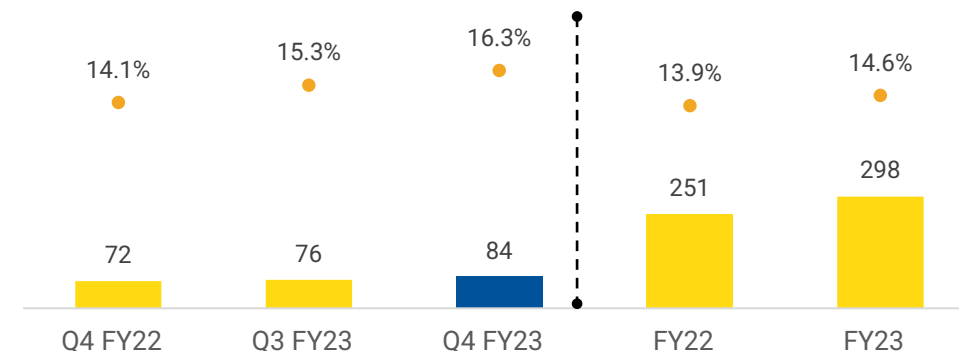
Key Financial Highlights – Standalone Q4 & FY23

Net Revenue from operations



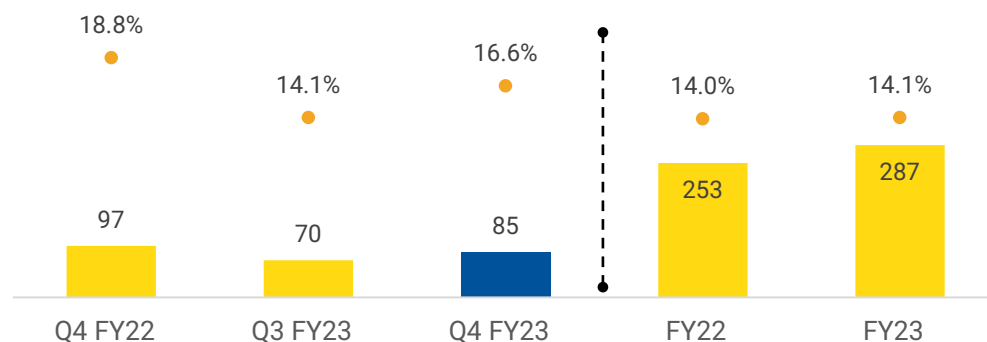
Shift (%) QoQ: 3.1% ↑ YoY: (0.7%) ↓ YoY: 12.8% ↑

Operating EBITDA



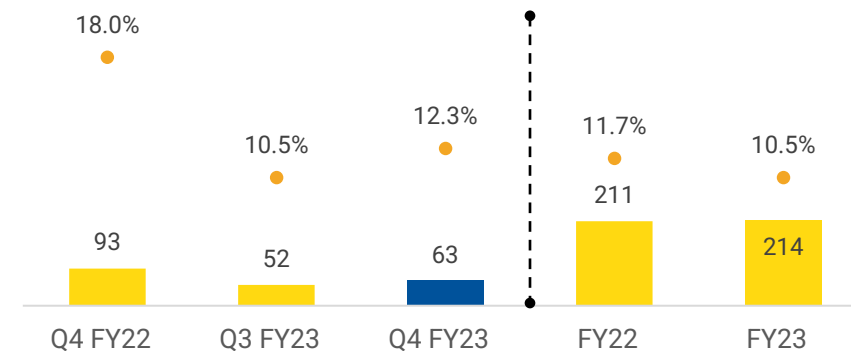
QoQ: 10.2% ↑ YoY: 15.2% ↑ YoY: 18.6% ↑

PBT



Shift (%) QoQ: 21.9% ↑ YoY: (12.1%) ↓ YoY: 13.3% ↑

PAT



QoQ: 21.5% ↑ YoY: (32.0%) ↓ YoY: 1.1% ↑

Note 1: All figures mentioned in the slide are standalone financials

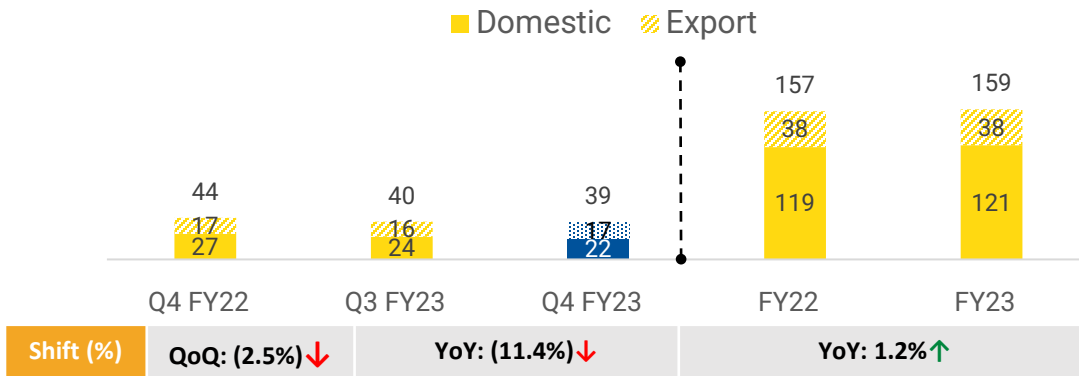
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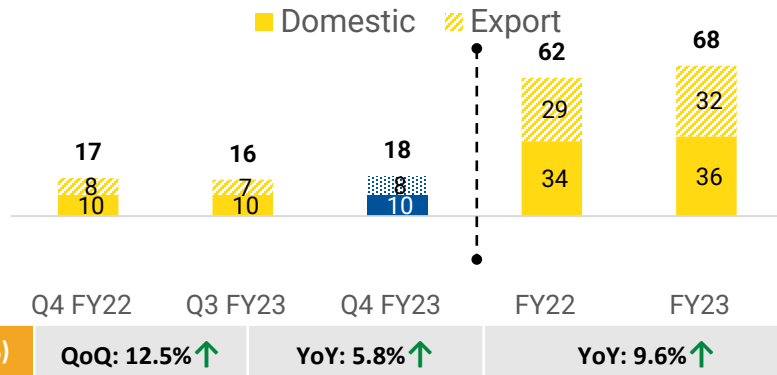
Key Operational Highlights – Standalone Q4 & FY23

Sales Volumes¹ ('000 MT)

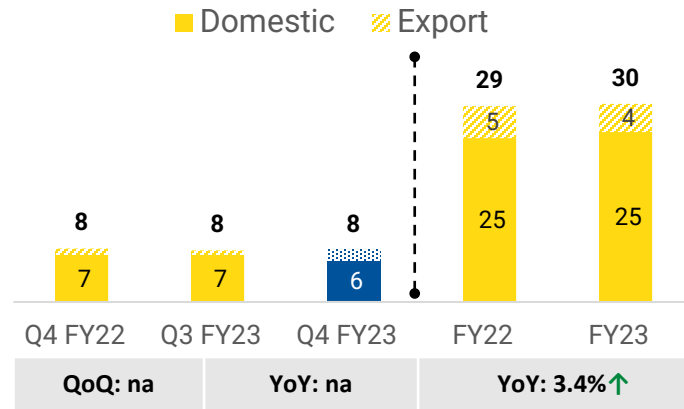


- Increase in rope volumes especially exports and marginal decrease in LRPC volumes in line with the company's strategy to focus on international markets, value added products and exit low contributory segments
- Segment wise contribution to overall volumes FY23 :
Wire Rope – 43% (PY 40%); Wire & Strand – 19% (PY 19%); LRPC – 38% (PY 41%)
- Share of rope exports increased to 32 KMT during FY23 from 29 KMT during FY22

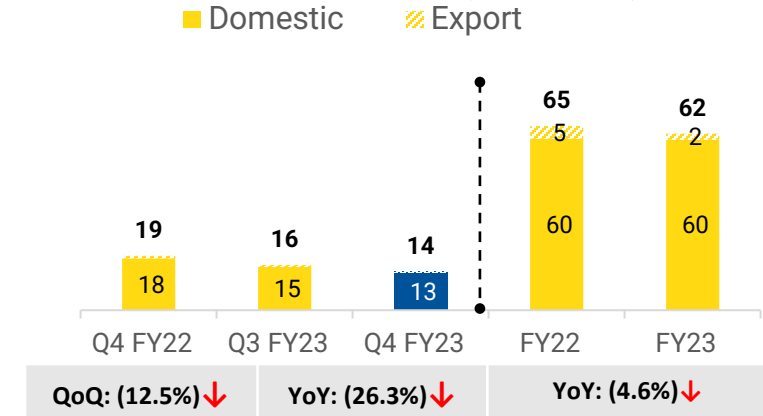
Wire Rope Sales Volumes ('000 MT)



Wire & Strand Sales Volumes ('000 MT)



LRPC Sales Volumes ('000 MT)

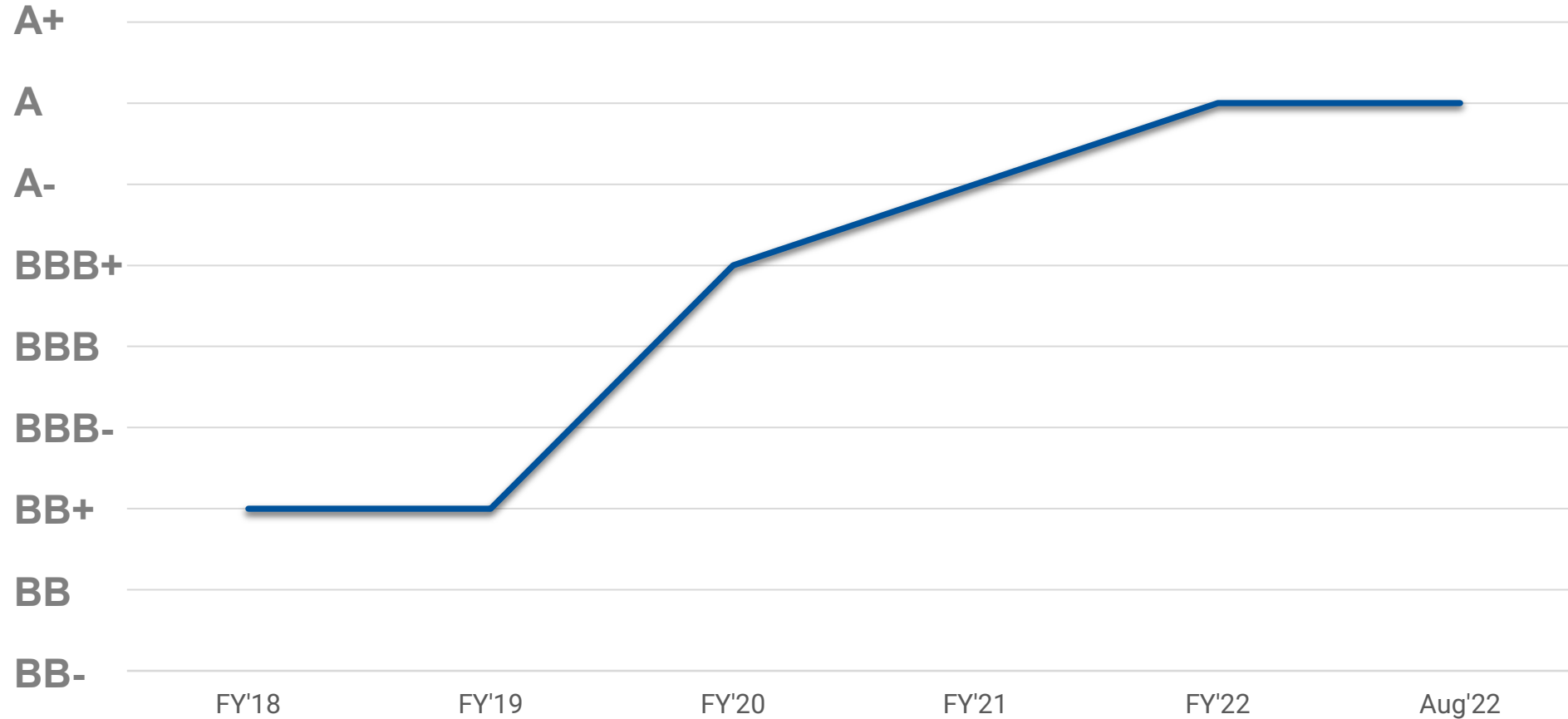


Note 1: For all product segments

Note 2: All figures mentioned in the slide are standalone volumes

Long term issuer rating at 'IND A' / Outlook : Positive

Short term issuer rating at 'IND A1'

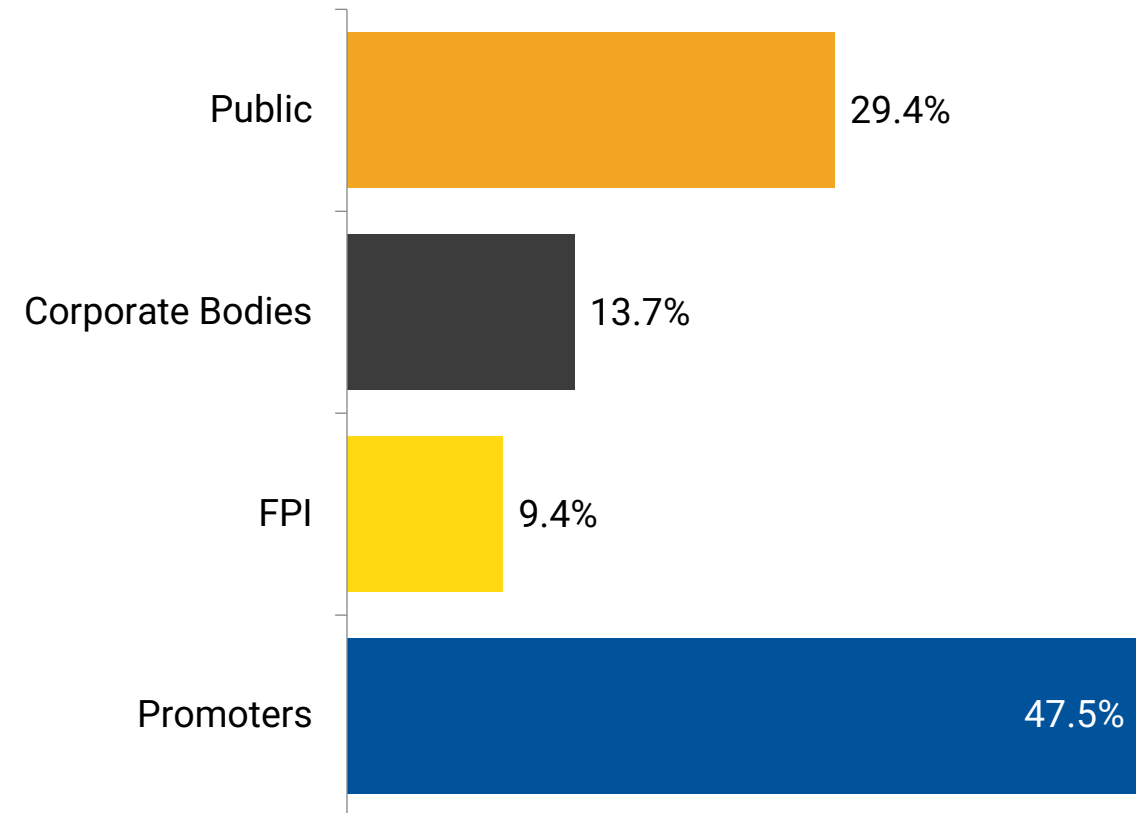


Current Rating	A
Outlook	Positive
Last Review	Aug'22

Market snapshot

Key Market Statistics	As on 31 st March 2023
BSE/NSE Ticker	517146 / USHAMART
CMP (Rs)	214.5
Market Cap (Rs Crore)	6,537
Number of outstanding shares (Crore)	30.47
Face Value	1.00
52-week High / Low (Rs)	216.3 / 105.0

Shareholding pattern as on 31st March 2023

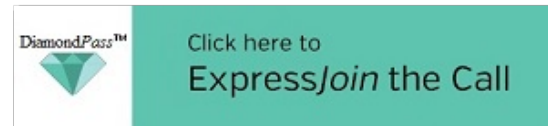


Usha Martin Ltd. Q4 & FY2023 Earnings Conference Call

Time: May 3, 2023 at 2.00 PM IST

To enable participants to connect to the conference call without having to wait for an operator, please register at the below mentioned link:

Pre-registration



You will receive dial in numbers, passcode and a pin for the concall on the registered email address provided by you. Kindly dial into the call on the Conference Call date and use the passcode & pin to connect to call

Conference dial-in Primary Number: +91 22 6280 1141 / +91 22 7115 8042

International Toll Free Number:
Hong Kong: 800 964 448
Singapore: 800 101 2045
UK: 0 808 101 1573
USA: 1 866 746 2133

Contact us

About Us:

Established in the year 1960, Usha Martin is a leading global and India's No. 1 specialty steel wire rope solutions provider. The Company is also engaged in the manufacturing of high-quality wires, low relaxation prestressed concrete steel strand (LRPC), bespoke end-fittings, accessories and related services.

Usha Martin's wire rope manufacturing facilities in Ranchi, Hoshiarpur, Dubai, Bangkok and UK produce the widest range of wire ropes that find application in various industries across the world. All of the company's facilities are equipped with the latest state-of-the-art high-capacity machines to manufacture world-class products.

Usha Martin's global R&D center located in Italy is actively engaged in designing of wire ropes and uses proprietary design software to develop products that are the best in class. The Company also has an extensive and dedicated network of distribution centers located across the globe.

Corporate Identification No: L31400WB1986PLC091621

Regd. Office: 2A, Shakespeare Sarani, Kolkata – 700 071, India

**Mr. Anirban Sanyal (Chief Financial Officer) /
Mr. Anil Kumar (Secretary to CFO)**

Usha Martin Limited

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Thank You

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