

Electrotherm (India) Ltd.

Investor Presentation

Q1 June'10 (FY 2010 – 2011)



A world class engineering major, catering to manufacturing and metallurgical sector

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Electrotherm – At a Glance



Business

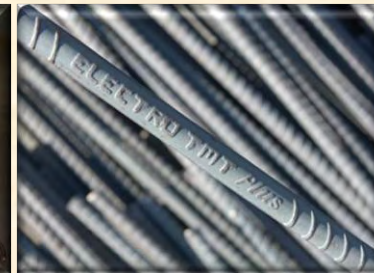
An Engineering Conglomerate with three lines of businesses – Engineering & Projects, Steel and Electric Vehicles

Size

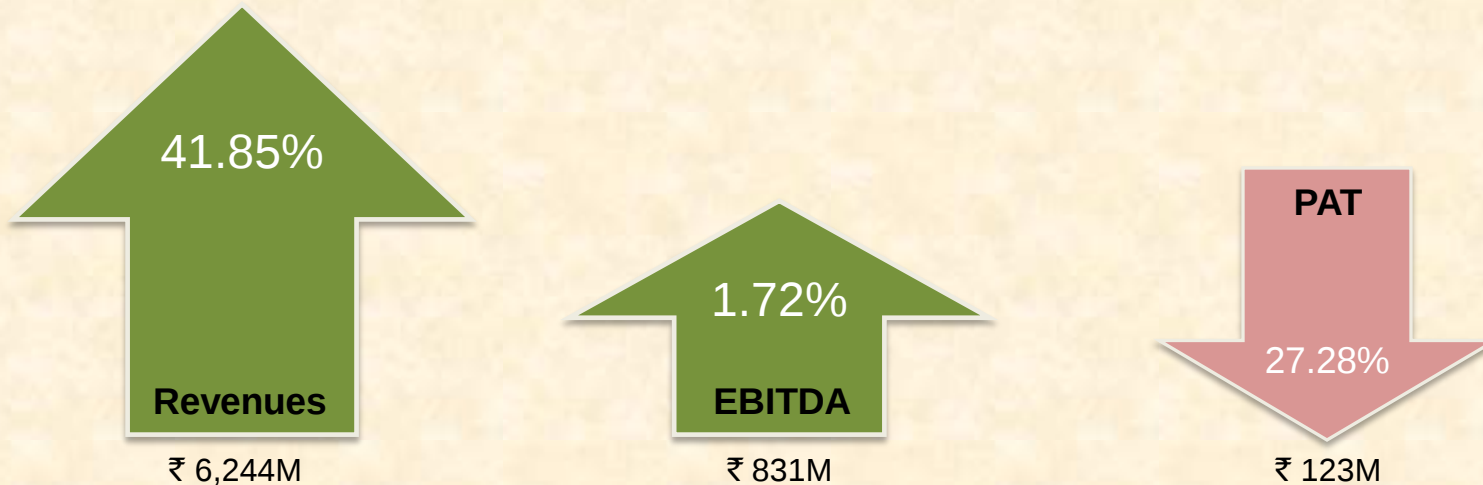
Net Revenues for FY'10 – ₹20,028 million
Market Cap of ₹3,702 million

Credentials

- ✓ Market leader with more than 60% share in Induction furnace manufacturing
- ✓ More than 50% of India's stainless steel is produced on equipments made by Electrotherm which it sells to steel manufacturing companies
- ✓ Maiden manufacturer of electric bikes in India
- ✓ Experienced & Professional Management Team; Sr. management team has an average industry experience of 14+ years
- ✓ Successful track record of entering into new business and scale them up quickly
- ✓ Clientele of over 1,500 installations; has set up more than 2000 furnaces in 30 countries
- ✓ Quality Customer Mix – Tata Motors, Essar, Reliance Industries, Larsen & Tubro, Adani Group, Ahmedabad Municipal Corporation



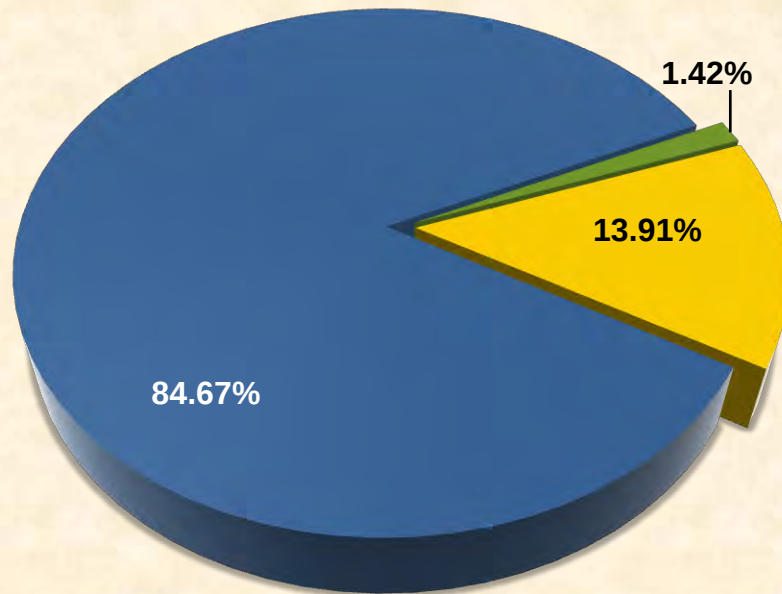
Performance Review – Q1 June 2010



- ❑ Revenues increased by 42% Y-o-Y basis, driven by increase in revenues from steel segment
 - Steel Segment witnessed a jump of 57% in revenues as the company commenced new DI Pipe plant with installed capacity of 100,000 MTPA
- ❑ EBITDA increased by 2% Y-o-Y basis, and EBITDA Margin declined to 13.31% in Q1 June'10 from 18.57% in the same period of previous year
 - EBITDA Margin declined as raw material as %age of sales increased to 67% in current quarter from 63% in Q1 June'09 quarter. Scrap, coal and iron ore are the key raw materials used by the company, which has seen a high volatility in prices in last 6 months
- ❑ Net Income declined by 27% on account of decrease in EBITDA Margins, increase in Interest expense by 10% and a 20% increase in depreciation and amortization expenses
 - D&A increased with the commencement of Phase IV of the expansion plan where in company increased the installed capacities of Blast Furnace and DI Pipe Plant by 120,000 MTPA and 100,000 MTPA respectively

Revenue Breakdown

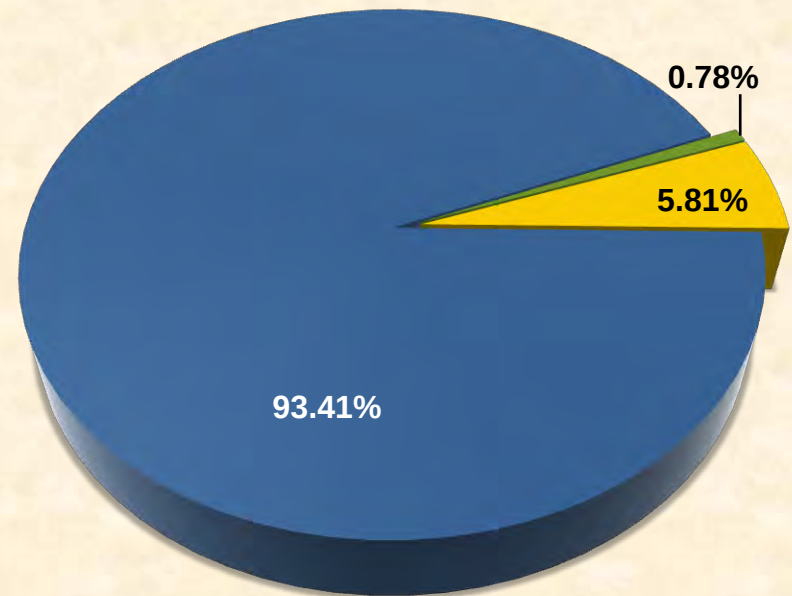
Q1 June'09



■ Engineering ■ Steel ■ Electric Vehicles

Q1 June'09 Revenues: ₹ 4,402M

Q1 June'10



■ Engineering ■ Steel ■ Electric Vehicles

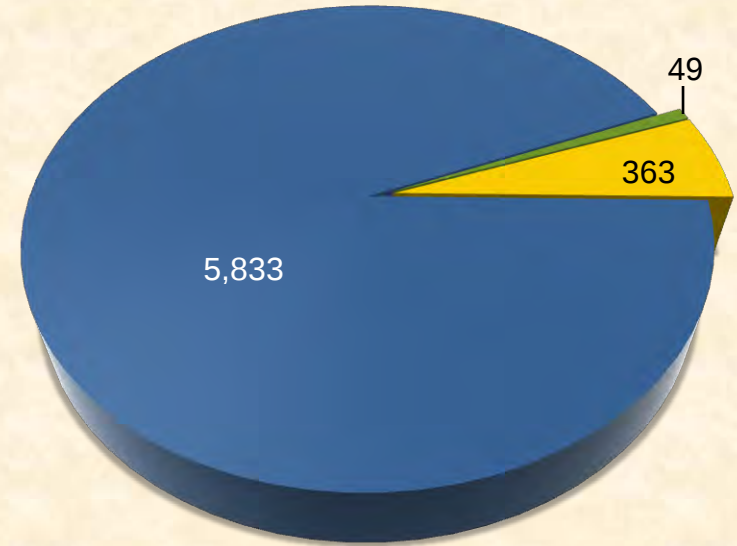
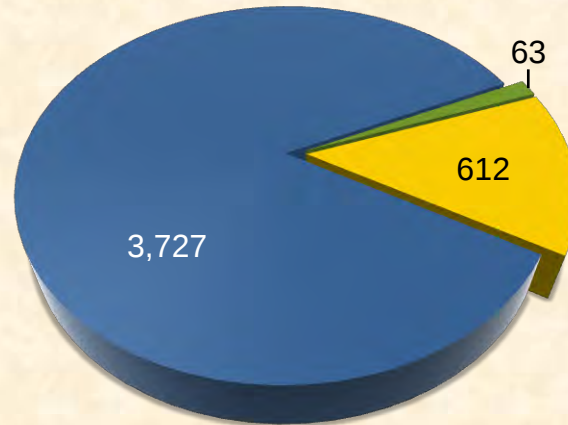
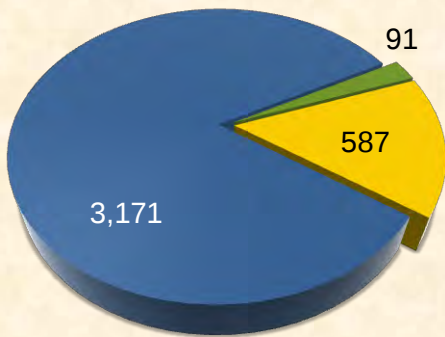
Q1 June'10 Revenues: ₹ 6,244M

Revenue Breakdown

Q1 June'08 Revenues:
₹ 3,849M

Q1 June'09 Revenues:
₹ 4,402M

Q1 June'10 Revenues:
₹ 6,244M



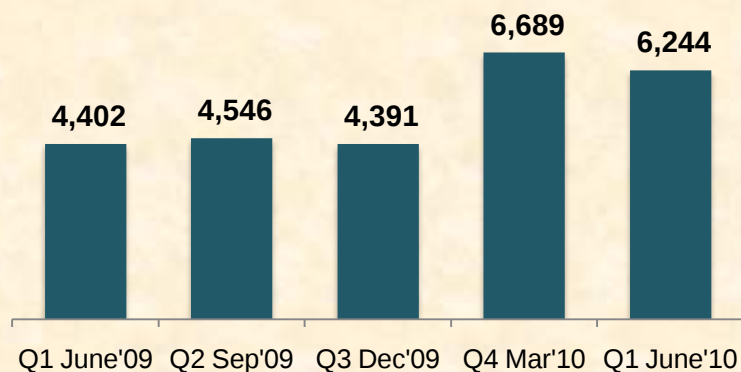
■ Steel ■ Engineering ■ Electric Vehicles

Steel Segment witnessed a jump of Y-o-Y 57% in revenues as the company commenced new DI Pipe plant with installed capacity of 100,000 MTPA

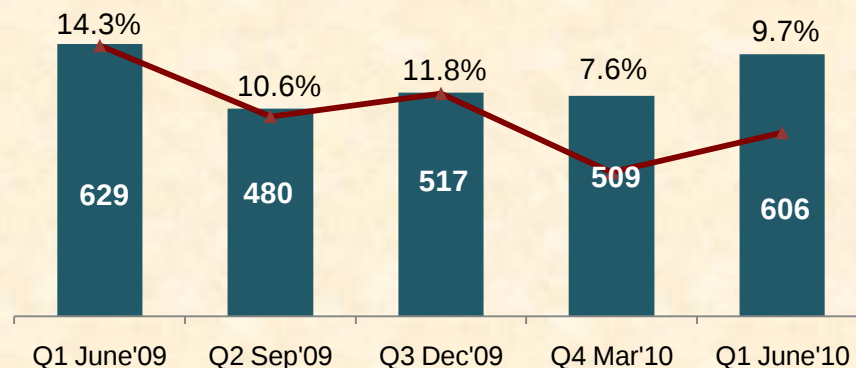
Quarter-on-Quarter Performance



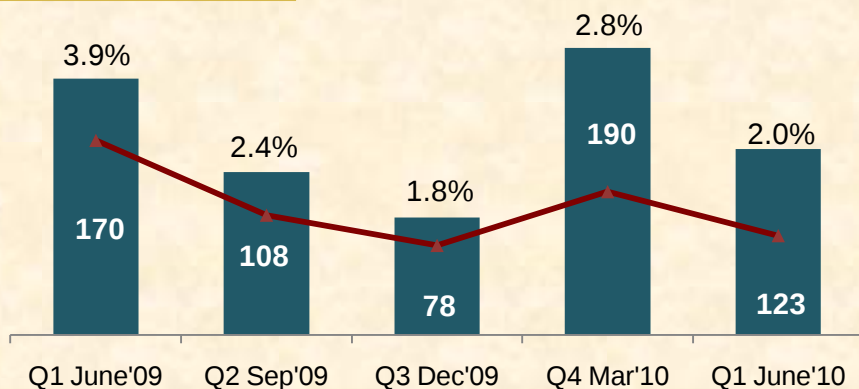
Revenue (₹ Million)



Operating Income (EBIT) (₹ Million)



Net Profit (₹ Million)



In spite of Q-o-Q decline in revenue Q1 June 2010, EBIT margins has been improved by 210 basis points.

Net Income declined in Q1 June 2010 due to increase in interest expense, which increased by 73% to ₹ 414 million.

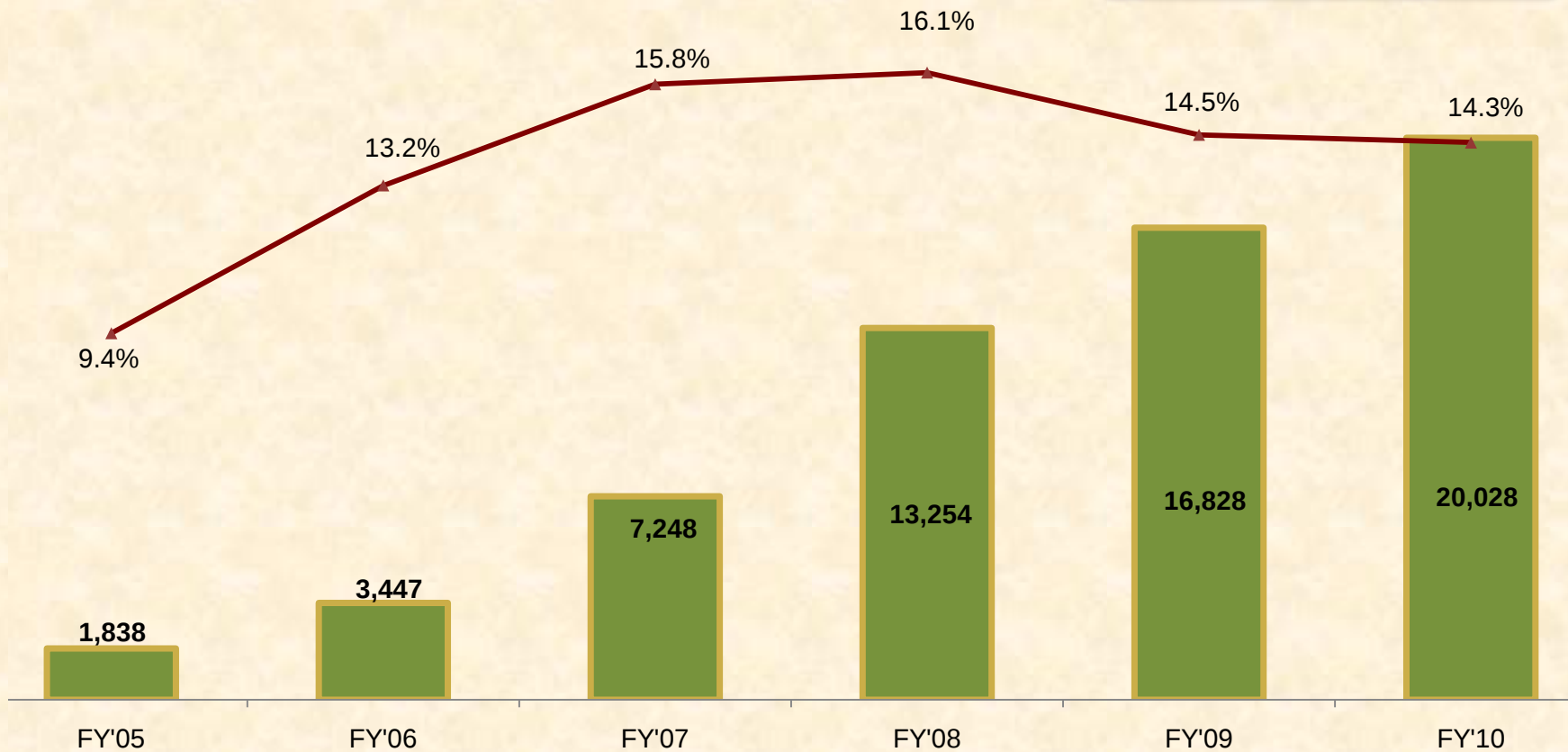
Electrotherm has commenced the Phase IV of the expansion plan where in it has increased the installed capacities of Blast Furnace and DI Pipes.

The Story So Far ...



Revenues = ₹ Million
EBITDA Margin = %age

Steady EBITDA Margins and a
whopping revenue CAGR of 61%



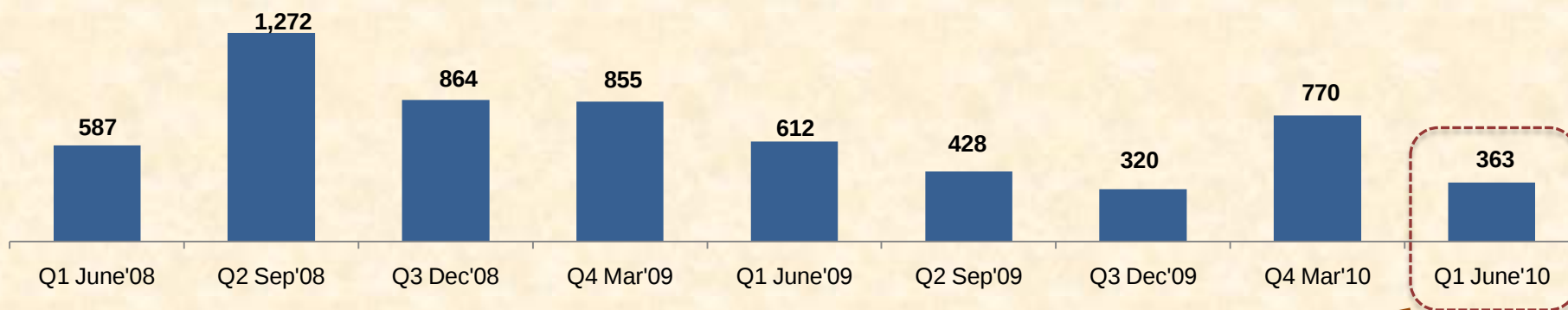
Revenue CAGR = +61%



Engineering & Project Division



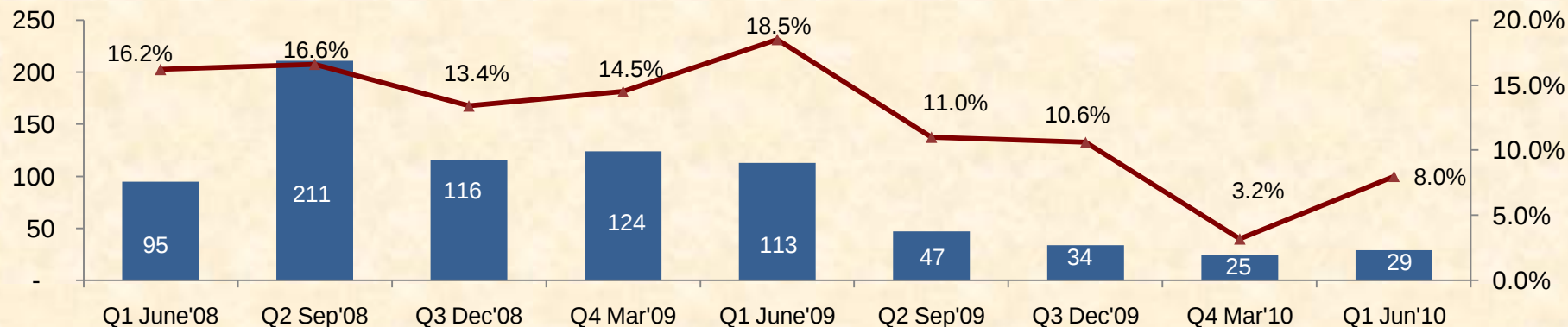
Revenues (₹ Million)



Q1 June'10 saw decline in topline as the export sales fell to just ₹60M in current quarter. Electrotherm has increased the blast furnace capacity by 120,000 MTPA in current quarter, which should lead to increase in revenues in the coming quarters.

EBIT (₹ Million)

EBIT Margin (%age)

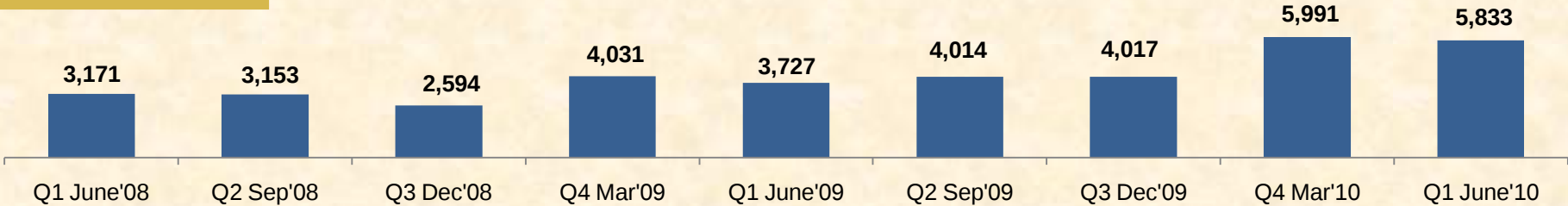




Special Steel Division



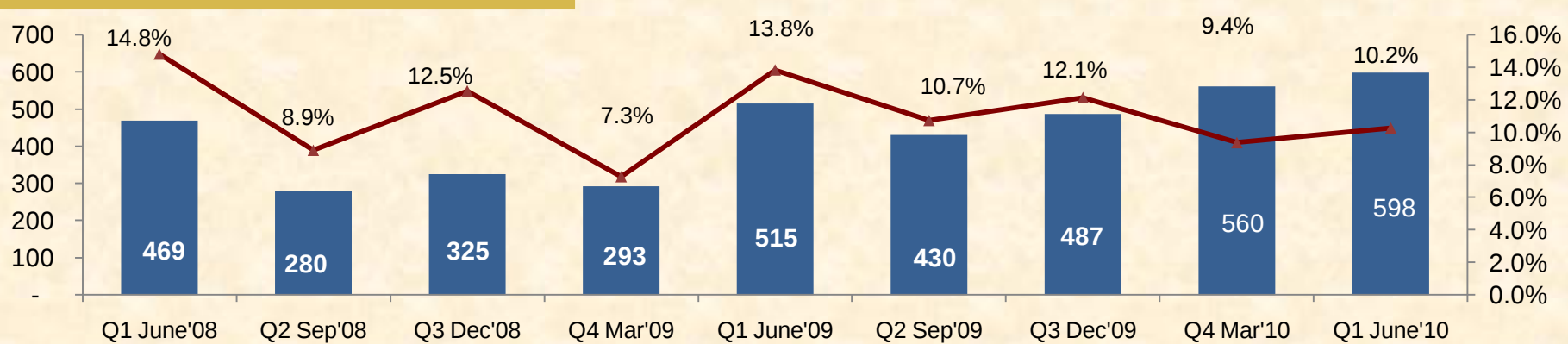
Revenues (₹ Million)



Steel segment outperformed the overall growth in topline as the phase IV of the expansion plans was initiated -

- Commencement of DI Pipe plant of project Phase IV, with installed capacity of 100,000 MTPA
- Commencement of new Sinter plant used as backward integration for Steel Unit
- Increase in capacity utilization of existing units
 - MS Billets – 27% in current quarter compared to 22% in year ago period
 - Stainless Steel & Structural – 25% in Q1 June'10 from 7% in corresponding period of last year
 - TMT Bars – 21% from 15% compared to Q1 June'09

EBIT (₹ Million) EBIT Margin (%age)

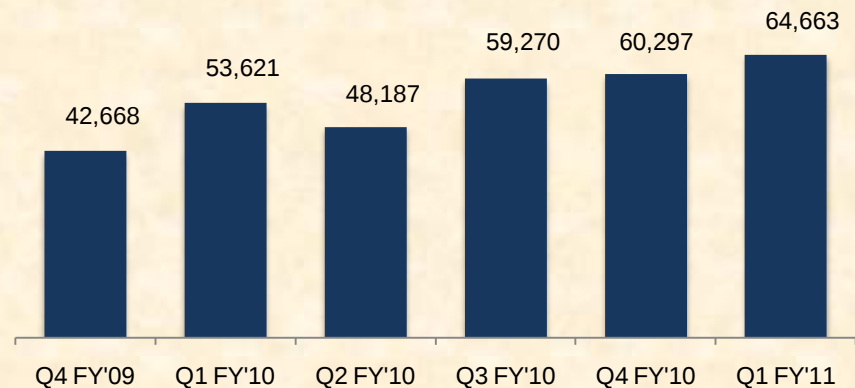




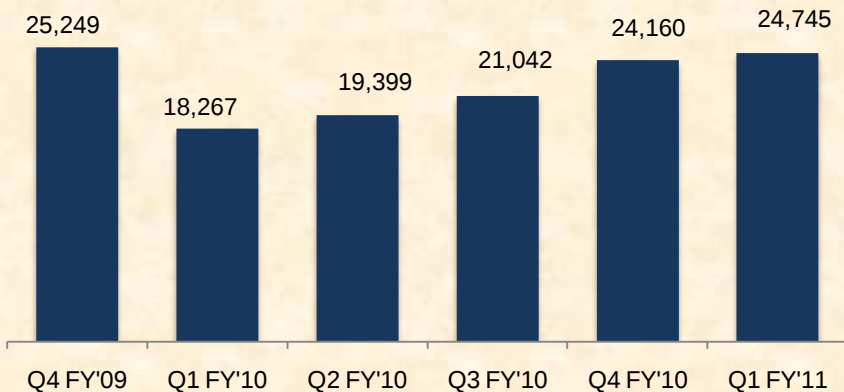
Special Steel Division



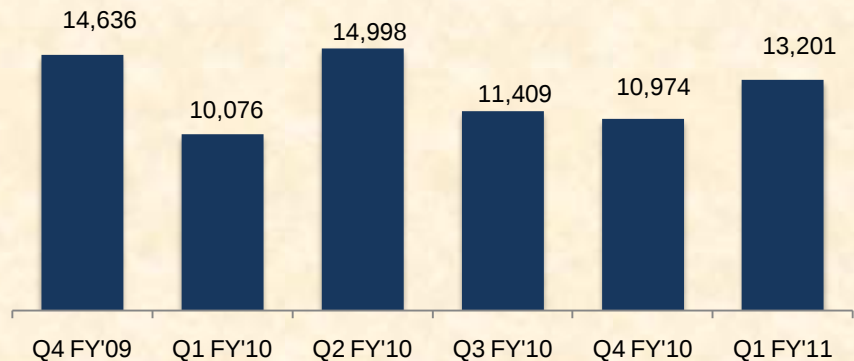
MS Billets*



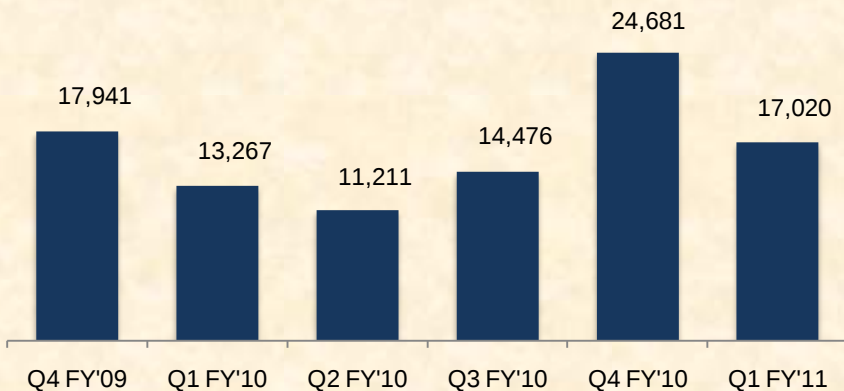
TMT Bars*



Stainless / Structural*



DI Pipes*



* Production in Metric Tonnes

Recent Acquisitions



Announcement Date	10 May 2010
Completion Date	02 June 2010
Target	Hans Ispat
Stake Acquired	100%
Deal Price	₹ 600M
Target Location	Kutch, Gujarat

Target Company at a Glance

- Electrotherm acquired 100% stake in Hans Ispat and remaining stake in Shree Hans Papers (subsidiary of Hans Ispat)
 - Hans Ispat became a wholly owned subsidiary, and Shree Hans Papers became a step down subsidiary, of Electrotherm with effect from June 01, 2010.
- Hans Ispat is engaged in manufacturing of steel products
- Founded in 12th November, 1991 and based out of Kutch, Gujarat
- Hans Ispat's SMS/ Rolling Mill – II is ideally suited for SS making . Entire SS production of 72000 MTPA will be done at Hans.

Installed Capacity

(tonnes per annum)	Capacity
Billets	84,000
TMT Rotting Mitt	120,000
SS Rolling Mill	72,000

Announcement Date	21 April 2010
Completion Date	20 May 2010
Target	Shree Ram Electro Cast
Stake Acquired	100%
Deal Price	₹850M
Target Location	Kolkata

Target Company at a Glance

- Electrotherm acquired 100% stake in Shree Ram Electrocast Pvt Ltd
- Pig iron plant of SREPL is located at Honnarhalli / Halokote village, Siruguppataluk, Bellary district in Karnataka state.
- The land available with SREPL is about 114.17 acres. 38 acres of this land is utilized for pig iron plant and the balance area is available for expansion of the plant.

Installed Capacity

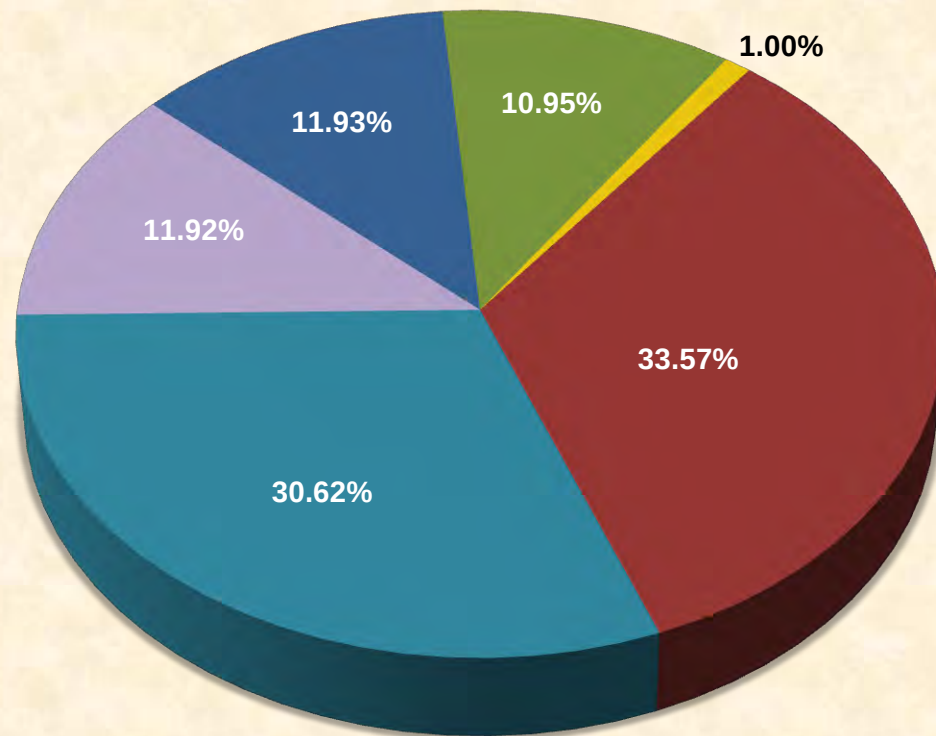
	Capacity
Pig Iron	120,000 TPA
Power Plant*	2.5MW

* Power plant in Karnataka

Shareholding Pattern...as on 30th June 2010



%age Shareholding
Total Shares: 11.48 million



Listing	BSE, NSE
Share Price	₹323
52 Week High	₹415
52 Week Low	₹231
Market Cap	₹3,702M
Enterprise Value	₹16,995M

■ Promoters ■ Body Corporates ■ Trusts ■ FIIs ■ Individuals ■ Others

Consolidated Income Statement - Abstracts



(₹ Million)	Q1 June'09	Q4 Mar'10	Q1 June'10	Y-o-Y Growth
Revenues	4,402	6,689	6,244	41.85%
Consumption of Raw Material	(3,002)	(4,401)	(4,407)	
Employee Costs	(123)	(159)	(137)	
Other Expenditure	(497)	(1,526)	(872)	
Other Income	37	42	3	
EBITDA	817	646	831	1.72%
Dep& Amortization	(188)	(136)	(226)	
EBIT	629	509	606	(3.79%)
Interest	(377)	(239)	(414)	
PBT	252	270	192	(23.93%)
Taxes	(82)	(80)	(68)	
Net Income	170	190	123	(27.28%)

Consolidated Balance Sheet – Abstracts (Mar'10)



Liabilities (₹ Million)	Mar'09	Mar'10
Pref. Share Capital	120	120
Equity Shareholders Fund	4,598	7,041
Loan Funds	12,294	15,157
Deferred Taxes	694	815
<i>Current Liabilities</i>		
Creditors	2,874	5,336
Provisions	84	115
Others	21	19
Total Liabilities	20,564	28,482

Assets (₹ Million)	Mar'09	Mar'10
Fixed Assets	10,972	15,734
Investments	22	73
<i>Current Assets</i>		
Inventories	4,522	4,841
Debtors	2,484	3,365
Cash & Bank	661	1,865
Others	1,512	2,218
Misc. Expenditure	391	386
Total Assets	20,564	28,482

(₹ Million)	Mar'09	Mar'10
Net Worth	4,087	6,535
Capital Employed	16,501	21,812

Electrotherm (India) Ltd.



Thank You

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