



Electrosteel Castings Limited

Water
Infrastructure

Mining

Steel

Corporate Presentation

September 2010



Industry Overview

Company Background

Business Strategy & Proposed Plans

Sound Financial Track Record

Associate Companies



Water Infrastructure Potential in India

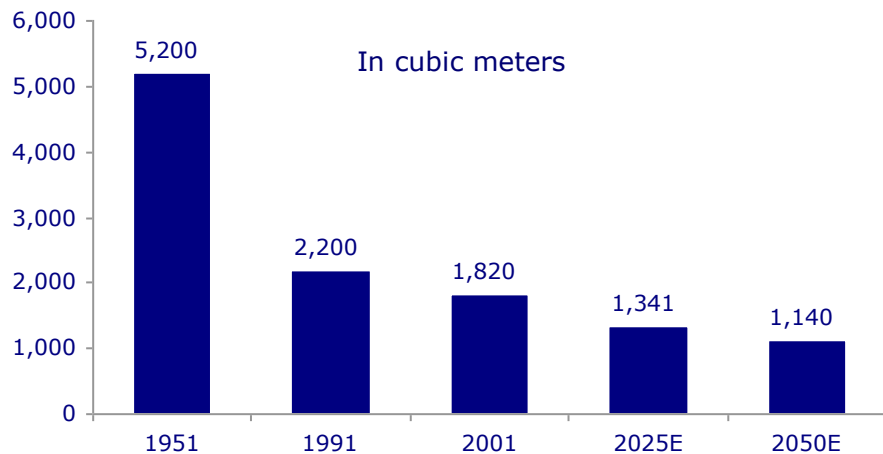
Key highlights

- Currently, 17% of the global population does not have access to water supply
- In India, 25% of rural population and 9% urban population do not have access to water supply...over 200 mn people still strive to get even drinking water
- Ductile iron pipe, which is widely used to transport water would be the direct beneficiary of investments in water infrastructure

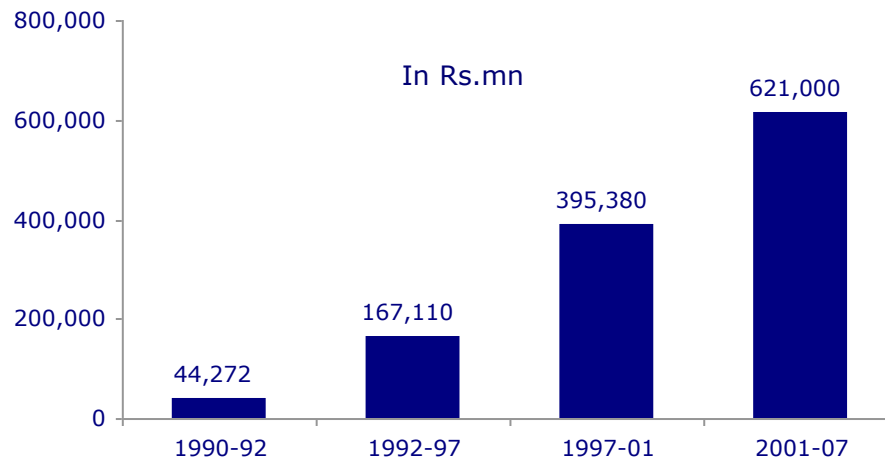
Water requirement for various sectors in India by 2050

Water requirement (bn cubic meters)			
Sector	2010	2025	2050
Irrigation	557	611	807
Drinking Water	43	62	111
Industry	37	67	81
Energy	19	33	70
Others	54	70	111
Total	710	843	1,180

Per capita availability of water in India continues to reduce



Plan-wise allocation of funds towards water management



Source: National water policy, Planning commission

The biggest beneficiary of this investment will be ductile iron pipe industry being widely used in water supply



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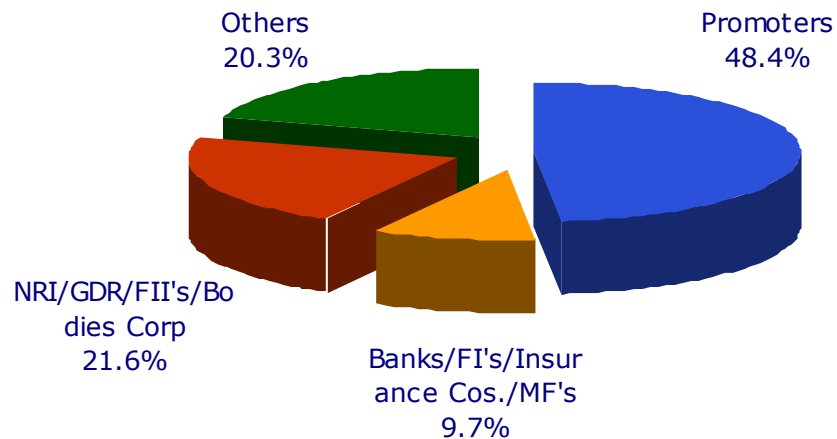


Electrosteel Casting – A Snapshot

Business Overview

- Incorporated in 1955
- Early entrant in the Ductile Iron Pipes (DI Pipes) sector in India. One of the few manufacturers of DI pipes in the world
- 16 years of experience in DI Pipe manufacturing
- Key Products: Ductile Iron Pipes, Cast Iron Pipes and Execution of Turnkey water & sewerage management contracts
- Total capacity of 280,000 TPA for DI pipes and 90,000 TPA for Cast Iron (CI) pipes
- International presence: South East Asia, South Asia, the Middle East & Gulf, Africa, Europe and US

Shareholding Pattern as on 30th June '10



Market Data (As on 16th Aug '10)

Particulars	
Price (Rs.) (FV : Re.1 each)	50.7
Market Cap (Rs. mn)	16,566
52 week high	56.2
52 week low	36.8
P/BV (FY10)	1.0
P/E (FY10)	6.9

Striving to become one of the largest, fully integrated, low cost producer of premium quality DI pipe globally



An Unrivalled Success Story

2010

QIP consisting of Rs 200 crs NCD issue and 3.35 cr warrants at issue price of Rs 3 per warrant convertible at Rs 59.58.
Modernization of Mini Blast Furnace for improved output

2009

Commissioned fourth coke oven battery resulting in additional capacity of 70,000 TPA of coke, taking the total capacity to 295,000 TPA at Haldia;
DI pipe and blast furnace capacity enhanced to 280,000 TPA and 250,000 TPA respectively

2008

Tied up US\$ 77.50 mn through ECB, commissioned 360,000 TPA sinter plant at Khardah and commissioned a 75,000 TPA coke oven battery at Haldia.

2006

Raised US\$ 75 mn through FCCB Issue
DI Pipes and Blast Furnace capacity enhanced to 250,000 TPA and 235,000 TPA respectively
Set up 12 MW Power plant and 2nd 30,000 TPA Sponge iron plant at Haldia
We have been allotted an Iron Ore mine at Kodolibad, Jharkhand and a Non Coking Coal mine in Joint Venture at North Dhadhu.

2005

US\$ 40 mn raised through GDRs, commissioned 150,000 TPA coke oven plant and 30,000 TPA sponge iron plant at Haldia.
We have been allotted a Coking Coal mine at Parbatpur, Jharkhand.

2003

DI pipes capacity expansion from 150,000 TPA to 200,000 TPA at Khardah

2002

Acquired 46% stake in Lanco Ind. Ltd. (Involved in mfg. of DI pipes, pig iron & cement)

2001

Capacity expansion of Pig Iron facility from 109,000 TPA to 200,000 TPA and DI Pipes from 120,000 TPA to 150,000 TPA

2000

DI pipes capacity expansion from 90,000 TPA to 120,000 TPA at Khardah

1999

DI pipes capacity expansion from 60,000 TPA to 90,000 TPA at Khardah

1996

Pig Iron production facility setup at Khardah with a capacity of 109,000 TPA

1994

Set up DI Pipe plant facility at Khardah with a capacity of 60,000 TPA



Group Structure

Electrosteel Castings Limited

Facilities

Khardah

- DI Pipe – 280,000 TPA
- Pig Iron – 250,000 TPA
- Sinter – 360,000 TPA
- Power Plant – 3.75 MW
- DI Fittings – 5,000 TPA

Haldia

- Coke – 295,000 TPA
- Sponge Iron – 60,000 TPA
- Power Plant – 12 MW

Elavur

- CI Pipes – 90,000 TPA

Parbatpur

- Coking Coal Mine – Geological Reserves of 231.2 mn MT
- Coal Washery – 2 mn TPA

Kodolibad

- Iron Ore Mine (allotted, lease yet to be granted)

Joint Venture (49%)

North Dadhu

- Non Coking Coal Mine (ECL's share - 120 mn MT)

Subsidiaries

Wide distribution through subsidiaries

Electrosteel Europe SA (100%)

Marketing of products in Italy, France, Spain, Portugal, Poland & Germany

Electrosteel UK Ltd (100%)

Marketing of products in UK

Electrosteel Algeria SPA (100%)

Marketing of products in Algeria

Electrosteel USA (100%)

Marketing of products in USA

Singardo Int'l Pte Ltd (60%)

Marketing of products in Singapore, Indonesia, Brunei & Malaysia

Associates

Electrosteel Steels Ltd (42.02%)

- SPV to set up 2.2 mn TPA integrated steel cum DI Pipe Plant
- Total project cost of Rs.73,620 mn
- ECL equity contribution of Rs.7,000 mn (as on August 20th, 10)

Lanco Industries Ltd (48.54%)

- ECL acquired 46% stake in the company in 2002
- Having an Installed Capacity of:
 - DI Pipes-180,000 TPA
 - Pig Iron – 150,000 TPA
 - Cement – 90,000 TPA
 - Coke – 150,000 TPA



Key Strengths

* Catering to water infrastructure industry

- * High growth potential due to increased investments in the sector

* One of the leading players in DI pipes

- * A niche technology to produce strong, long-lasting, corrosion resistant pipes

* Global Footprint

- * DI Pipes Exports account for ~34% of DI Pipes turnover
- * Subsidiaries in US, UK, France/Spain, Algeria and Singapore

* Integrated business model

- * The company manufactures DI pipes and undertakes EPC contracts for water and sewerage infrastructure projects

* Robust Financials

- * The company has always maintained a healthy financial position



* Integrated Production Facilities

- * Coke Oven Plants
- * Captive Power Plants
- * Sinter Plant, Sponge Iron Plant & Pig Iron Plant
- * DI/CI Pipe Plants

* Backward Integration Measures-

- * Development of Coking Coal Mines
- * Development of Iron Ore Mines (Proposed)

* Strategic Location of facilities

- * Mines located in Jharkhand
- * Plants located at Haldia and Khardah in West Bengal and at Elavur in Tamil Nadu

* Best management practices- quality related

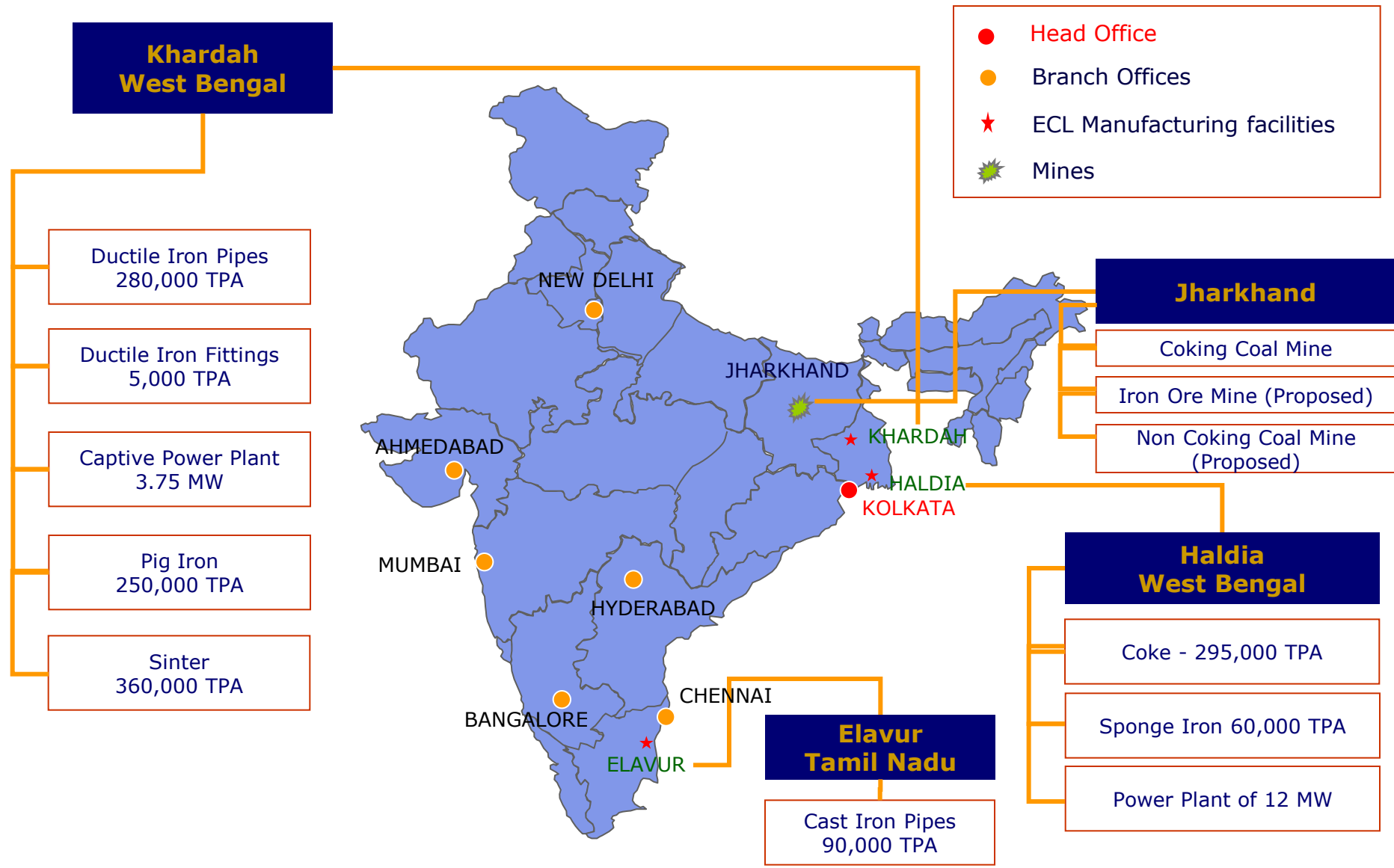
- * Total Productive Maintenance and Total Quality Management techniques implemented at facilities

* Experienced management team

- * Promoters have decades of experience in the industry



Strategic location of manufacturing facilities and major offices

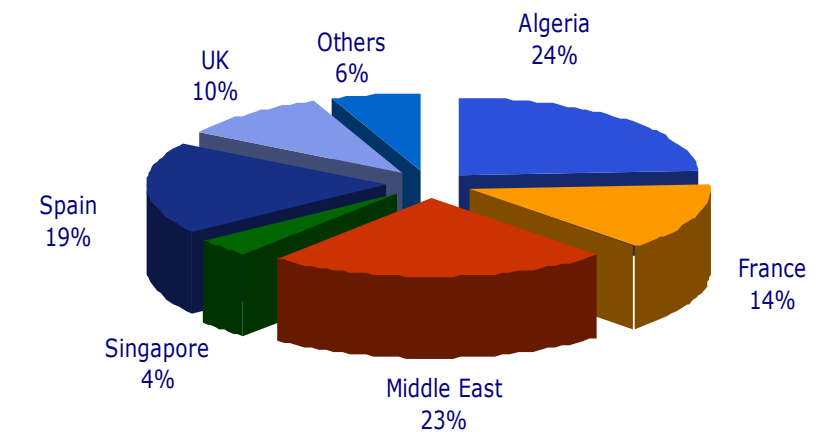




Exports – Sustained Growth (Standalone)

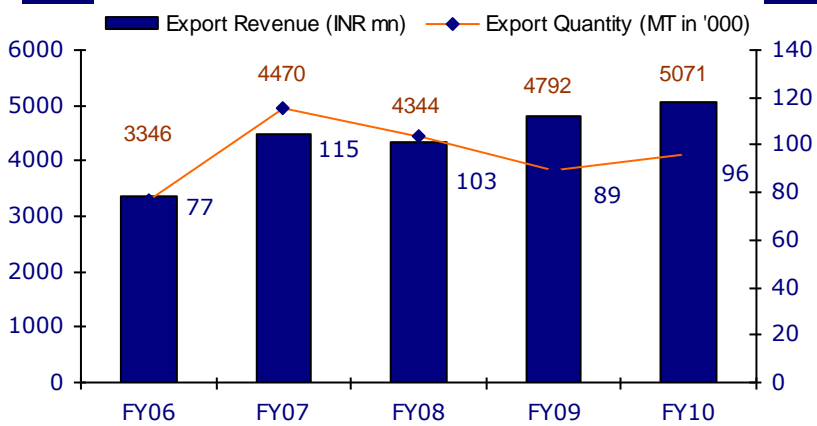
- ECL believes that it has positioned itself in the international markets as a high-quality DI pipes manufacturer
- Increased its presence & reach by setting up foreign subsidiaries; developed strong relations with customers abroad
- Penetrated markets worldwide
 - Developed European markets – UK, Spain, France, Portugal
 - African market - Algeria
 - Asian markets – Singapore, Hong Kong, Mauritius, Sri Lanka, Bangladesh, Qatar, Bahrain
 - Exploring USA markets
- European (43%), Asian (33%) and African (24%) markets account for majority of exports (Company estimates)

Export sales by geography (FY10)



Source: Company

Export sales growth



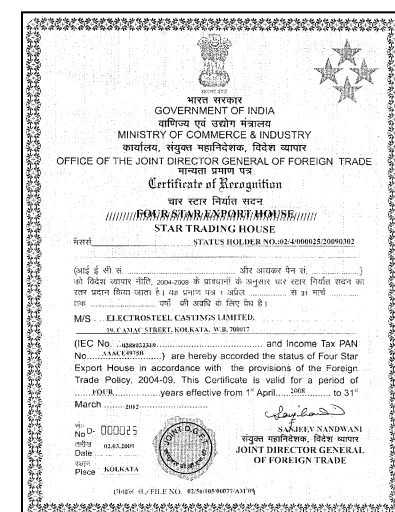
Well positioned to exploit the market potential in European, USA and Asian markets

All figures are on standalone basis



Awards & Recognitions

- Implemented Total Productive Maintenance (TPM) and Total Quality Management (TQM) techniques at its facilities
- Received Prestigious accreditation by the National Accreditation Bureau of Laboratories, indicating the highest quality control capabilities
- The company has been recognized in Environment Management System Standard ISO: 14001-2004
- Awarded the status of a 'FOUR STAR EXPORT HOUSE' by Joint Director General of Foreign Trade, Ministry of Commerce & Industry, Government of India
- Various international agencies like BSI Product Services of UK have endorsed the quality of ECL's products



Electrosteel Products endeavor to bring the highest International Quality which has been acknowledged by the Customers Worldwide



Eminent Non-Executive Directors

Non Executive Directors

Mr. P. K. Khaitan (Chairman)

- Chairman & Director since 1972 and legal luminary with extensive experience in the fields of commercial and corporate law, tax law, restructuring and demergers
- Member of the Bar Council of India, Bar Council of West Bengal, the Incorporated Law Society of India and the Indian Council of Arbitration

Dr J. J. Irani (Director)

- Serves on the board of Tata Sons and ex MD of Tata Steel Limited
- Fellow member of the Institute of Metals, Institution of Engineers, All India Management Association, member of expert committee to review & recommend development of Indian coal sector

Mr. Naresh Chandra (Director)

- Eminent & experienced IAS officer (retired) and has held important roles in Indian Civil Service
- Chairing government committee on 'Corporate Governance'

Mr. Binod Khaitan (Director)

- Director since 1975
- An experienced business professional & associated with various charitable and social organizations

Mr. S.Y. Rajagopalan (Director)

- Worked as Whole time Director of the company since 1988 to 2007
- Has extensive experience in corporate and related laws and finance affairs

Mr. M.B.N. Rao (Director)

- Former Chairman & Managing Director of Canara Bank
- Has held position of Chairman of The Indian Banks' Association, chairman of various companies engaged in Banking, Insurance, Mutual Funds, and Merchant Banking



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Business Strategy

Objectives

Strategy

Reduce production cost with continuing focus on quality, modernization and backward integration

- Coking Coal mine
- Iron Ore mine
- Railway sidings for better & economical transportation infrastructure

Enhance Market Leadership

- Achieving higher production efficiency in DI pipes and fittings
- Focus on expanding presence in domestic and overseas markets
- Continue to focus on quality, execution and timely delivery of products
- Maintain a strong, team-oriented and customer friendly culture

Investment in Steel Project through Associate Company

- Take advantage of Electrosteel Brand for Steel products
- Enable optimum utilization of mining resources for ECL
- Achieving stronger financial position for the group



Natural Resources

	Coking Coal Mine	Iron Ore Mine	Non Coking Coal Mine - JV (49%)
Location	Parbatpur, Jharkhand (Jharia Coalfield Belt)	Kodolibad, Jharkhand (Near Chiria Mine)	North Dhadhu Coal Block, Latehar Dist., Jharkhand, India
Geological Reserves	231.2 mn MT	91.2 mn MT	120 mn MT (49% share)
Type of Mining	Mainly Underground	Open Cast	Open Cast
Status Updates	<ul style="list-style-type: none">Final statutory clearances received;Coal Production from few Local Seams has started;Coal Washery plant with capacity of 2 mn MTPA is in place.	<ul style="list-style-type: none">Forest Clearance from MOEF is yet to be received;Mining Lease execution would be done after MOEF clearance.	<ul style="list-style-type: none">JV company has purchased the Geological Report for the mine.Requisite Bank Guarantee has been submitted to the Ministry of CoalMining Lease application has been made. Mining plan is being submitted to the Ministry of Coal
Team	Mr. R. S. Singh, Whole time Director, ex-Tata Steel with 38 years of mining experience is heading the Mining Department with experienced professional team		

Commencement of these Mines will add significant value to the Group



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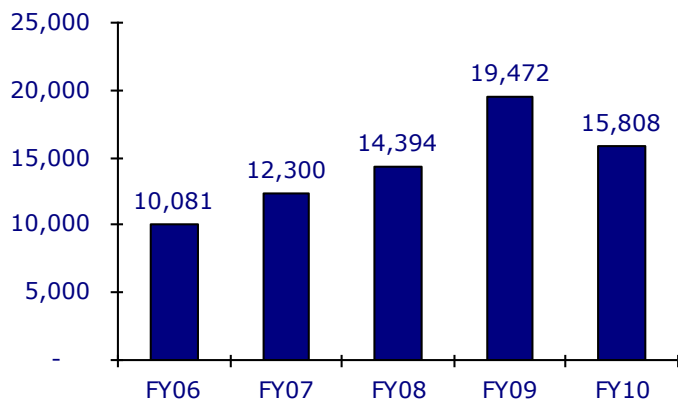
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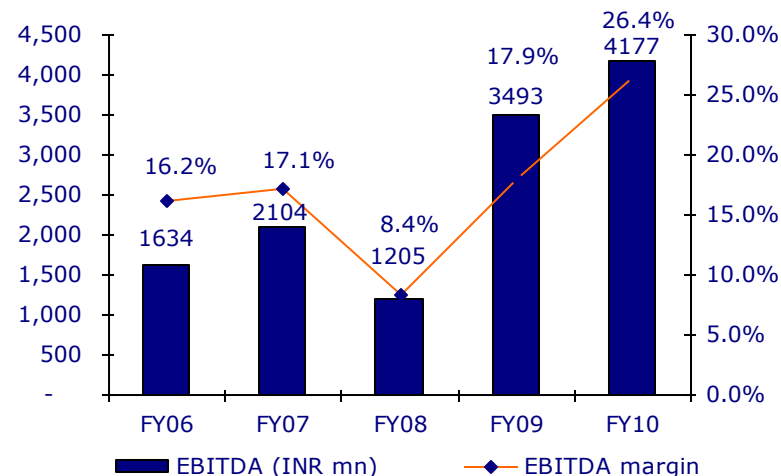


Continuing Growth

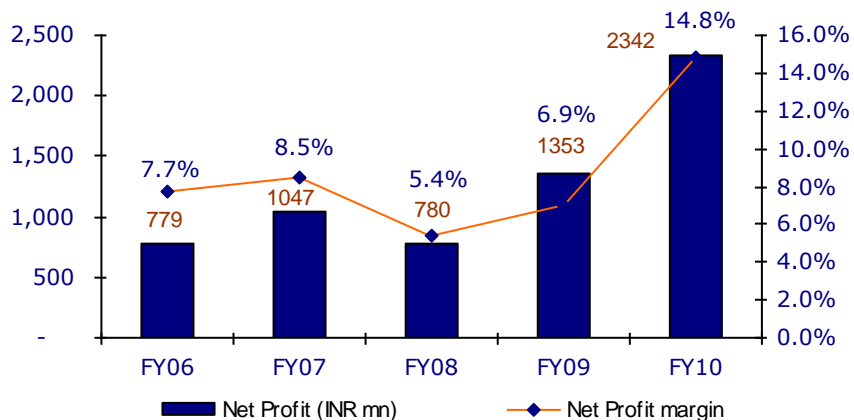
Net Sales (Rs.mn)



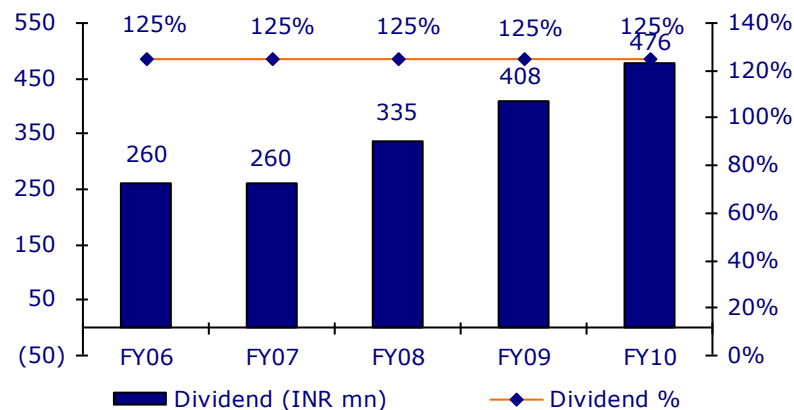
EBITDA & EBITDA margins (Rs.mn)



Net Profit & Net Profit margins (Rs.mn)



Dividend (Rs. mn) & Dividend Payout



ECL has consistently grown over last five years

All figures are on consolidated basis

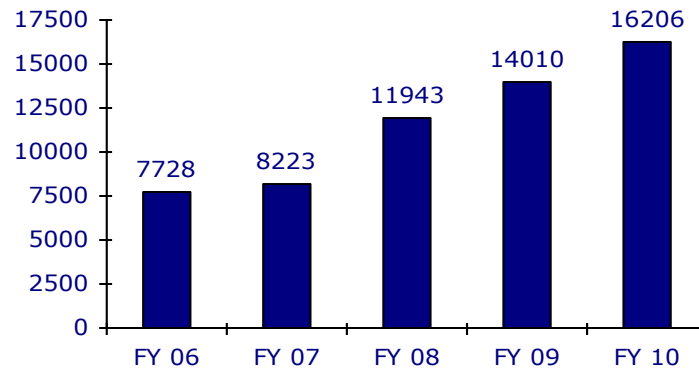


Strong Financials

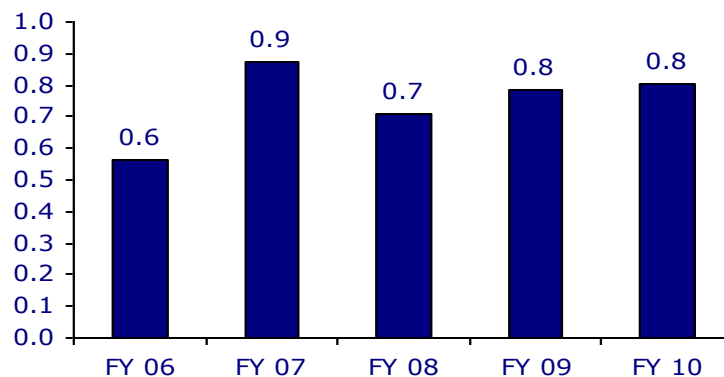
Capitalization Structure

March, 2010	Rs mn
Short term debt	
- Secured	2,325
- Unsecured	761
Long term debt	
- Secured	8,979
- Unsecured	918
Total Debt	12,982
Shareholders' Funds	
- Equity Share Capital	327
- Reserves & Surplus	15,880
Total Shareholders' Funds	16,206
Total Capitalization	25,023

Shareholders Fund (Rs.mn)



Total Debt : Equity ratio



ECL has maintained a healthy balance sheet



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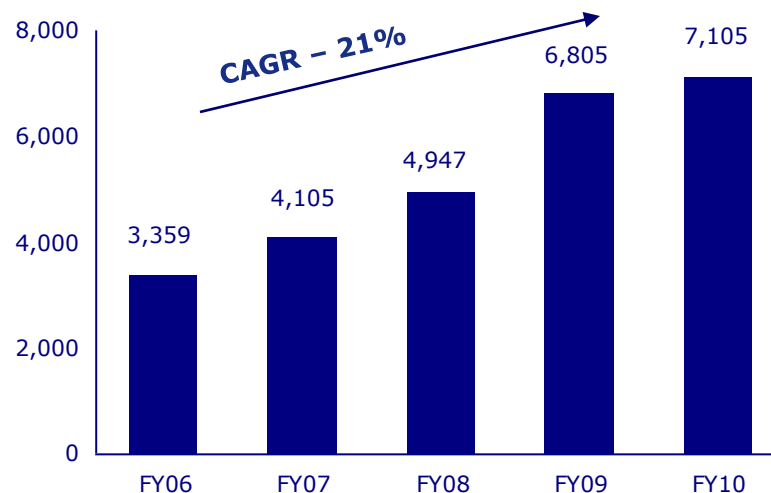


Lanco Industries Limited

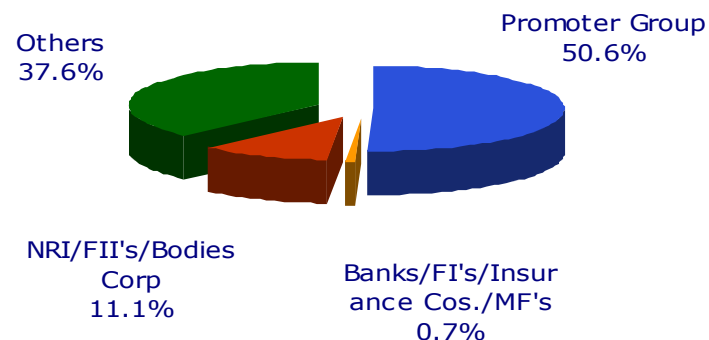
Business overview

- Presently engaged in manufacture of DI pipes, pig iron and cement catering to the domestic market
- Electrosteel acquired 46% stake in FY02 for US\$ 14.8 mn
- Manufacturing Capacity: D.I. Pipes – 180,000 TPA, Pig Iron – 150,000 TPA, Cement 90,000 TPA, Coke – 150,000 TPA and CPP of 12MW based on waste heat recovery
- Current market cap of Rs.2,368 mn (as of August 16th,10); Electrosteel Casting presently holds 48.54%

Sales growth (Rs.mn)



Shareholding pattern as on 30th June '10



After acquisition, the capacity of DI Pipes has gradually increased from 60,000 MTPA in 2002 to 180,000 MTPA in 2009

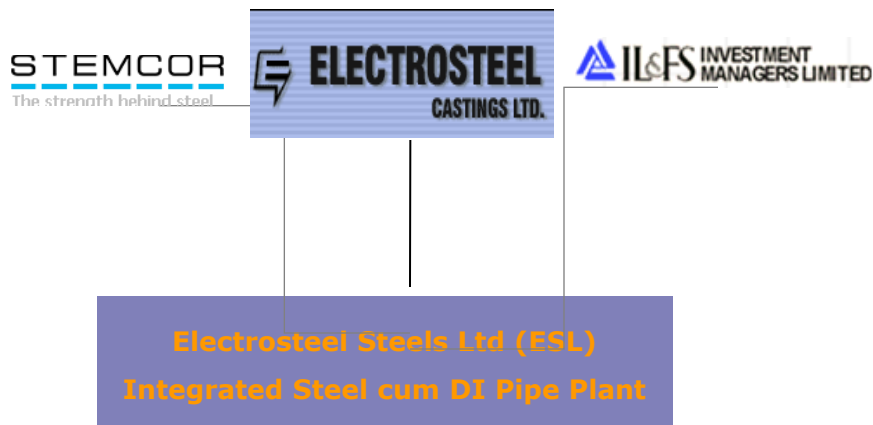


Electrosteel Steels Limited

Business overview

- Setting up a 2.2 mn MTPA Integrated steel plant including DI pipes and captive facilities like pellet, sinter, coke oven, and power plant at Siyaljori (near Bokaro) in Jharkhand, India
- Raw material supply: 20 year long term agreements with ECL owned iron ore & coking coal mines from date of commercial production
- Captive power plant (CPP) to serve 108 MW of energy requirements
- Project Financing:
 - Cost of the project is Rs.73,620 mn "Financial Closure achieved"
 - Equity - Rs.19,150 mn, Debt - Rs.54,470 mn. Equity of Rs 16,657 mn already invested in the project
- Present Status:
 - Land Acquired – 1723.44 acres of land acquired which would be sufficient for both current project and future expansion
 - Equipments ordered and started receiving delivery
 - Construction work at site in advanced progress
 - Implementation Schedule – Project commercial operation date (COD) is October 2010 for First Blast Furnace

Holding structure



Brief background of other investors

Stemcor

- One of the leading international providers of marketing, finance and logistical services to steel industry; equity investor in ESL

IL&FS Investment Managers (IIML)

- Private Equity Investment arm of Infrastructure Leasing & Financial Services Limited (IL&FS); equity investor in ESL



Project Details

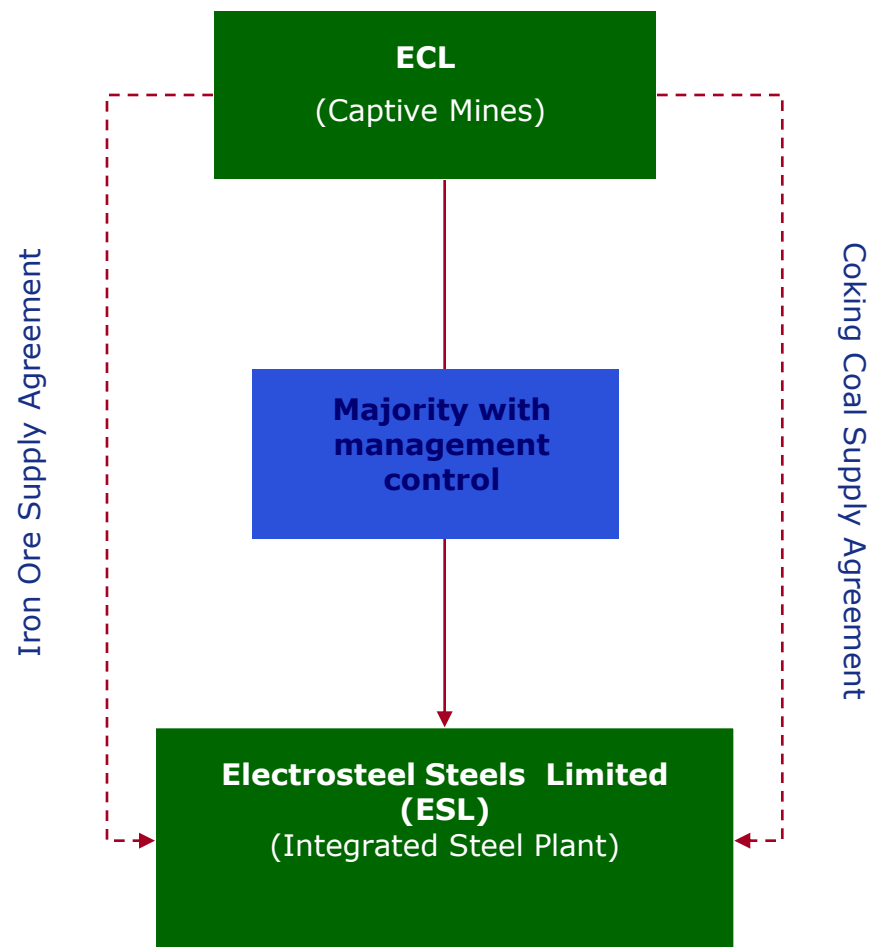
Location	Siyoljori village in Bokaro district of Jharkhand. The site is 22 kms from Bokaro and 52 kms from Dhanbad
Land Status	The company has 1723.44 acres of land under possession. The company would use around 900 acres for the current 2.2 MTPA plant while the rest will be used for future expansion
Raw Materials Procurement	Iron Ore – To be procured from ECL mines in Kodolibad which is 230 kms away Coking Coal – 30% of the requirements to be procured from ECL owned mines situated in Parbatpur which is 6 kms from site. Limestone – Would be procured locally and from Dubai and Thailand Dolomite – Would be procured from Birmitrapur region
Technology	The company has adopted Chinese technology and Shandong Metallurgical Design Institute (SDM) has been entrusted with basic and detail design & engineering. SDM is the associated design company of Laiwu Steel & Jinan Steel, who produces about 20 MTPA steel in China
Water Source	Damodar River which is 8 km from the plant
Power	Captive 120 MW and balance from DVC in Dhanbad which is located 52 kms from the plant
Railway Station	Telgharia Station which is 6 kms away from the plant
Talent Pool	Sourced from nearby areas such as Jamshedpur, Durgapur, Bhubaneswar & Raipur



Project Structure

- Project housed under ESL
- ESL has a long term Raw Material supply agreement with ECL, at cost plus basis, thus making the project a fully integrated steel project
- SDM to provide project implementation and ECL to provide management expertise

- Stemcor is a Strategic Investor
 - ▶ Off take agreement for international marketing
 - ▶ Supplier of part equipments and support in project implementation and technology selection





Significant Milestones Achieved

Permit	Approving Authority	Coking Coal	Iron Ore
Mine Allocation	Ministry of Coal	✓	✓
Approval of Mining Plan	Ministry of Coal	✓	✓
SPCB Clearance	JSPCB	✓	✓
Environmental Clearance	MoEF	✓	✓
Railway Transport Clearance	Railway Board	✓	✓
Forest Clearance	MoEF	NA	Forest Diversion Proposal already submitted
Signing of Mining Lease	State Govt of Jharkhand	✓	Shall be executed after receipt of Forest Clearance



Project Facilities

Technological Facilities	Capacity
Coke oven	252 ovens
Sinter plant	2 x 105 m ²
Pellet Plant	1.2 MTPA
Blast furnace	2 x 1050 m ³ 1 x 350 m ³
CPP	2X60MW
Basic oxygen furnace	2 x 60/65 t
Ladle furnace	1 x 65 t
Billet casters	2 x 5 strand
Rebar mill	0.7 MTPA
Wire rod mill	0.5 MTPA
DI pipe plant	0.33 MTPA
Desulphurisation Plant	
Lime & Dolo plant	1 x 800 t/d 1 X 150 t/d
Air Separation Plant (O ₂ plant)	1X24000m ³ /hr

Product Details

Capacity (MTPA)	Product
0.5	Wire Rods in coil form 5.5-16.0 mm diameter
0.7	Reinforcement bars in straight lengths and bundled 8-32 mm and plain rounds up to 60 mm in diameter
0.33	Ductile Iron pipes
0.27	Commercial Billets
0.40	Pig Iron

Wire Rods



Reinforcement Bars



DI Pipes



Thank You