

# PROJECT STARK

2017



# ESSAR STEEL INDIA LIMITED

2017



# Key Investment Highlights

**Among India's largest single location integrated flat steel producer**

**Reputed clientele**  
in both domestic and international markets

Iron-making capacity of **10 MTPA** with upstream and downstream linkages

**Access to high quality iron ore** and proximity to vast quantities of low grade fines

**State of the art**  
modern and strategically located manufacturing facilities

**Extensive distribution reach** & service centres situated in steel consumption intensive locations

**Wide product range** across the entire basket of flat steel products

**Potential to expand existing capacities**


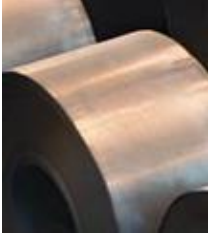




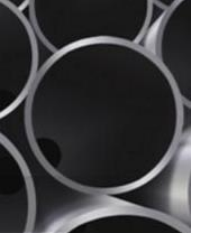
**Approvals & Certifications**

# Business Overview

## Background

- Incorporated in 1976, Essar Steel India Limited (“ESIL” or the “Company”) is an integrated steel producer with an installed iron making capacity of ~10 MTPA and steel making capacity of 9.7 MTPA
- Raw material facilities located at Dabuna (beneficiation) in Odisha and Kirandul (beneficiation) in Chhattisgarh supply iron ore slurry to port based pellet plants at Paradip in Odisha and Vizag in Andhra Pradesh respectively
- The Company has state of the art integrated steel manufacturing facilities with strategic port access at Hazira, Gujarat
- Product portfolio includes hot rolled, cold rolled, galvanised and colour coated coils, plates, pipes, shot blasted and primed plates, factory welded beams, burnt-to-shape plates, trapezoidal blanks and chequered plates
- ESIL’s downstream facilities are located at Hazira (Gujarat) and Pune (Maharashtra). The Company has a 5 MTPA distribution and processing facility covering seven key industrial hubs at Hazira, Pune, Chennai, Indore, Bhuj, the Bahadurgarh, Kolkata in India and an international location Indonesia.

## Product Portfolio

Product	Pellets	Hot rolled	Cold rolled	Galvanized	Color coated	Plates	Pipes
							
<b>Capacity (MTPA)</b>	14.0 MTPA <sup>a</sup>	6.1 MTPA <sup>b</sup>	2.0 MTPA <sup>c</sup>	1.0 MTPA	0.4 MTPA	1.5 MTPA	0.6 MTPA
<b>Sub-categories</b>	DR Grade	Thickness: 0.8-25 mm	Thickness: 0.4-3.2 mm	Thickness: 0.18-3 mm	Thickness: 0.25-1.2 mm	Thickness: 5-150 mm	LSAW & HSAW <sup>d</sup> Diameter: 406-1524 / 3048mm
	BF Grade	Width: 800-2,000 mm	Width: 200-1,600 mm	Width: 200-1,340 mm	Width: 600-1,310 mm	Width: 1,100-4,900 mm	

Source: Company website, publicly available information  
a. Additional 6.0 MTPA in Project Stage b. Additional 1.0 MTPA in Project Stage c. Total Pickling capacity 2.55 MTPA d. With Pipe Coating facility

# Integrated Manufacturing Set-up

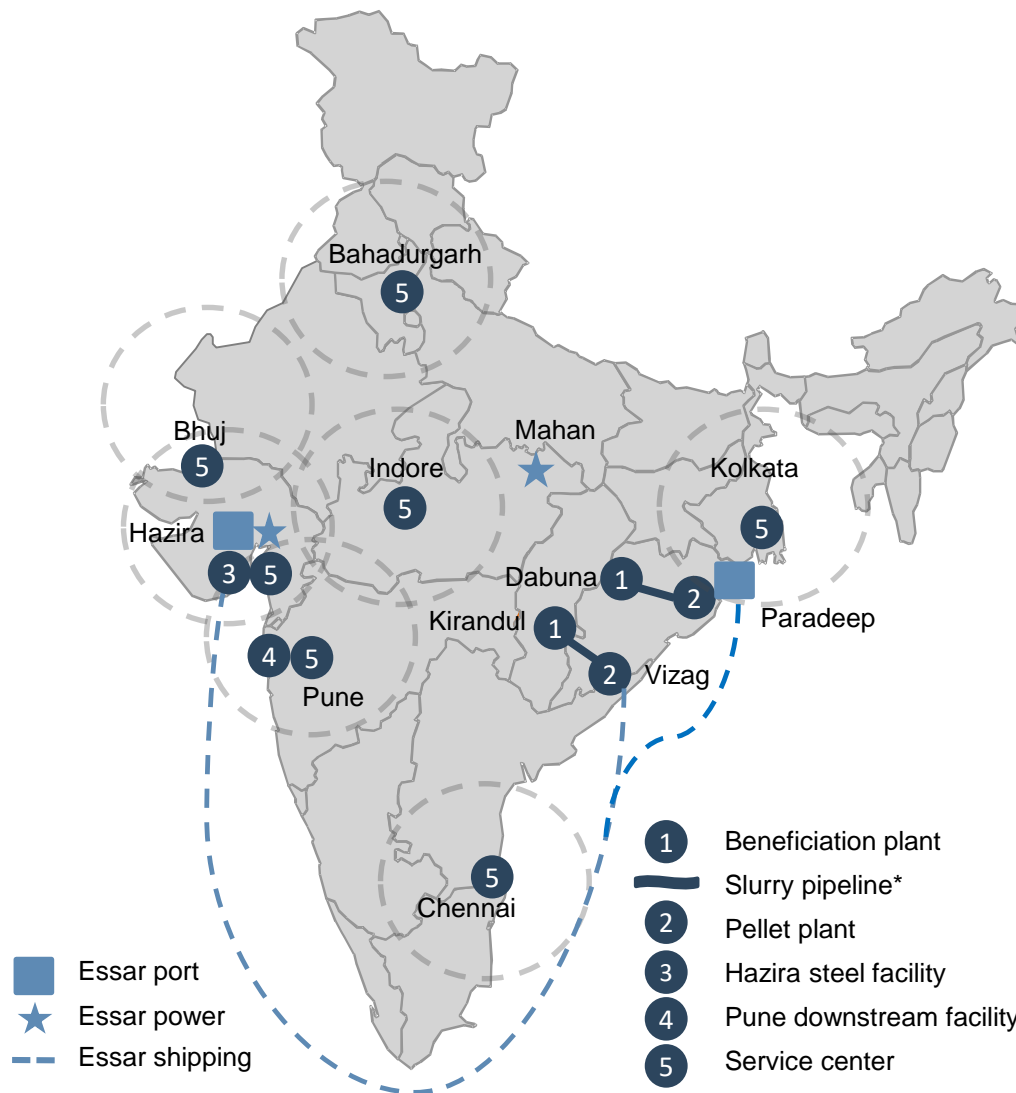
1 Access to high quality iron ore fines & proximity to vast quantities of low grade fines



2 Raw material security with largest pellet capacity in India



Access to dedicated port infrastructure – ease of movement for raw material & finished goods



3 Among India's largest single location flat steel producer



4 Complete Basket of flat steel Products



5 Service centers situated in steel intensive locations



# Consolidated Financial Snapshot

## Income Statement

INR mn	FY 13	FY 14	FY 15	FY 16
<b>Net Sales<sup>#</sup></b>	<b>157,124</b>	<b>137,259</b>	<b>146,929</b>	<b>143,814</b>
Gross Profit	<b>28,930</b>	<b>19,790</b>	<b>32,708</b>	<b>14,891</b>
Gross Profit (%)	18.4%	14.4%	22.3%	10.4%
<b>EBITDA</b>	<b>14,340</b>	<b>5,854</b>	<b>21,414</b>	<b>2,401</b>
EBITDA (%)	9.1%	4.3%	14.6%	1.7%
Depreciation & Amortization	18,138	11,997	9,116	18,467
<b>EBIT</b>	<b>(3,798)</b>	<b>(6,142)</b>	<b>12,299</b>	<b>(16,066)</b>
Interest expense	(26,399)	(40,762)	(36,471)	(41,855)
Investment and Interest income	1,671	1,963	6,247	4,730
Other Income / expenses	(35,678)	30,006	26,285	(33,711)
<b>PBT</b>	<b>(64,204)</b>	<b>(14,935)</b>	<b>8,360</b>	<b>(86,902)</b>
<b>PAT</b>	<b>(51,047)</b>	<b>(10,547)</b>	<b>4,665</b>	<b>(57,953)</b>
PAT (%)	(32.5%)	(7.7%)	3.2%	(40.3%)

## Balance Sheet

INR mn	FY 13	FY 14	FY 15	FY 16
<b>Net Worth</b>	<b>40,478</b>	<b>54,017</b>	<b>103,060</b>	<b>46,170</b>
Short Term debt	43,662	16,519	50,721	100,527
Long Term Debt	254,091	325,255	269,776	211,597
Current Maturities	54,056	33,826	28,790	60,713
<b>Total debt</b>	<b>351,809</b>	<b>375,600</b>	<b>349,287</b>	<b>372,837</b>
Other Liabilities*	128,365	164,626	223,662	230,309
<b>Total Liabilities</b>	<b>520,652</b>	<b>594,243</b>	<b>676,009</b>	<b>649,316</b>
<b>Total Fixed Assets</b>	<b>377,340</b>	<b>445,597</b>	<b>497,325</b>	<b>490,188</b>
Non-Current Investments	11,682	7,179	5,130	4,416
Deferred Tax Assets	17,527	25,590	20,864	48,663
Long Term Loans	7,490	7,654	8,680	6,383
Cash & cash equivalents	7,965	11,008	10,970	8,229
Other Assets <sup>^</sup>	98,648	97,215	133,040	91,437
<b>Total Assets</b>	<b>520,652</b>	<b>594,243</b>	<b>676,009</b>	<b>649,316</b>
<b>NWC as a % of Net Sales</b>	<b>(19%)</b>	<b>(16%)</b>	<b>(11%)</b>	<b>(106%)</b>

Source: Company website, publicly available information;

\*Excluding borrowings; ^Excluding cash and equivalents

#Excluding other income & including income from management services