

18 August 2009



Electrotherm (India) Ltd

Investors Update - Q1 FY'10 (June'09)
Steady Growth In Spite of Heavy Weather

key figures Q1 30th June'09

4,402
million revenues

817
million EBITDA

170
million net profit

+14.4%
growth in revenues

+22.7%
growth in EBITDA

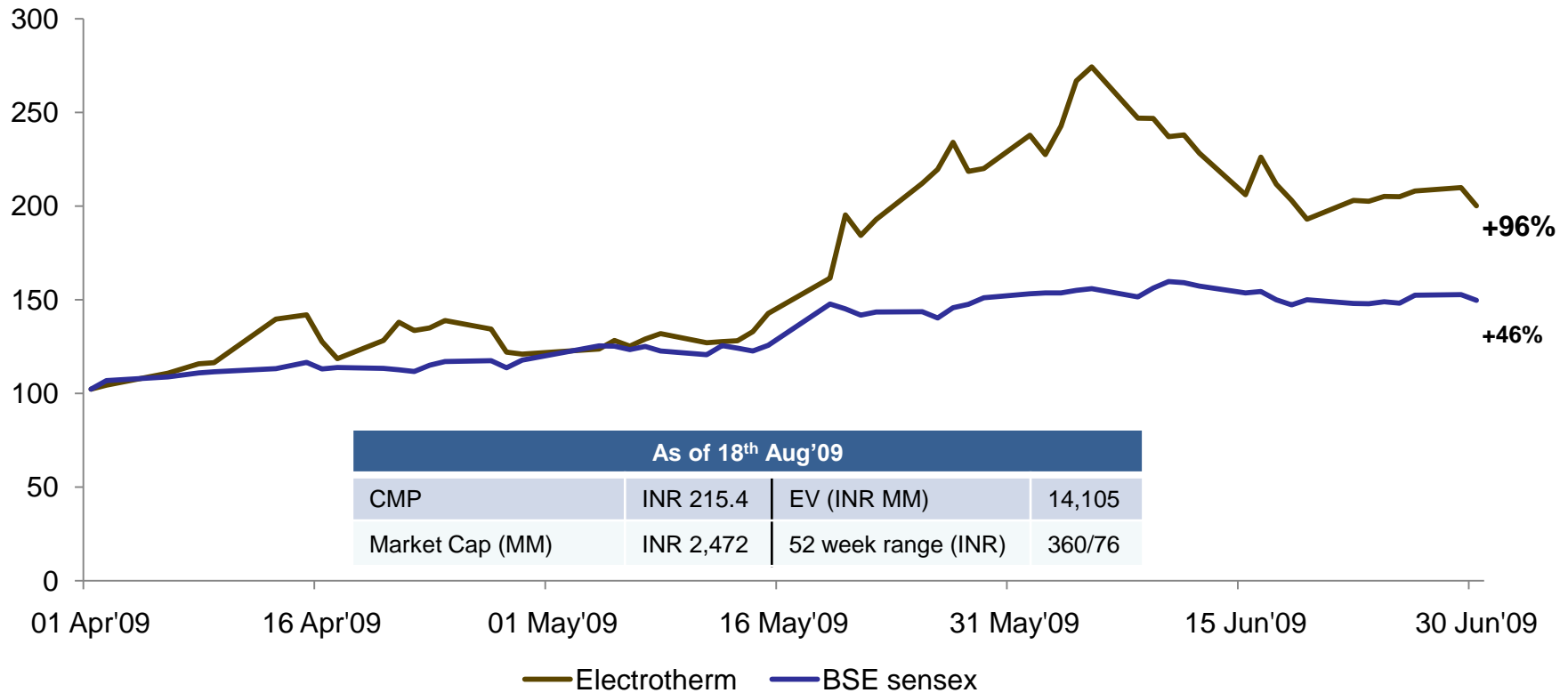
-6.1%
decline in net profit

18.6%
EBITDA margin

3.9%
net profit margin

Outshining the BSE Sensex

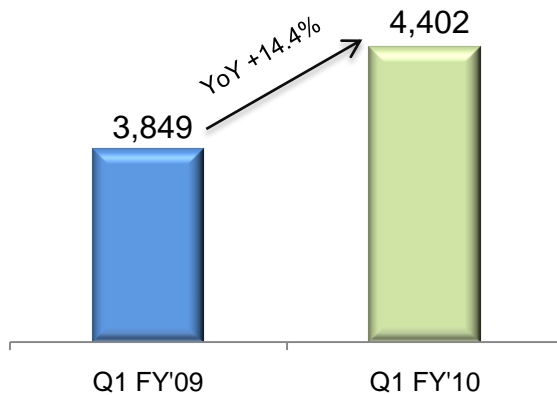
Stock performance 1st Apr'09 – 30th June'09



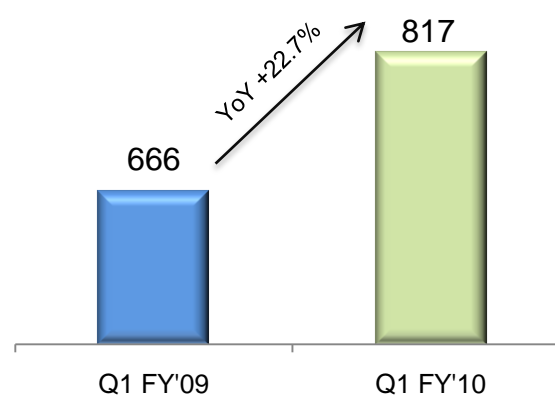
Return Analysis (%)

In %	3 Months	2 Months	1 Month
Electrotherm	+96%	62%	-16%
BSE Sensex	+46%	19%	-2%

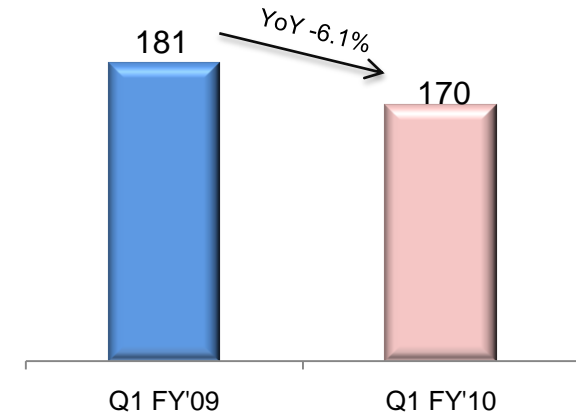
Revenue INR MM



EBITDA INR MM



Net Profit INR MM



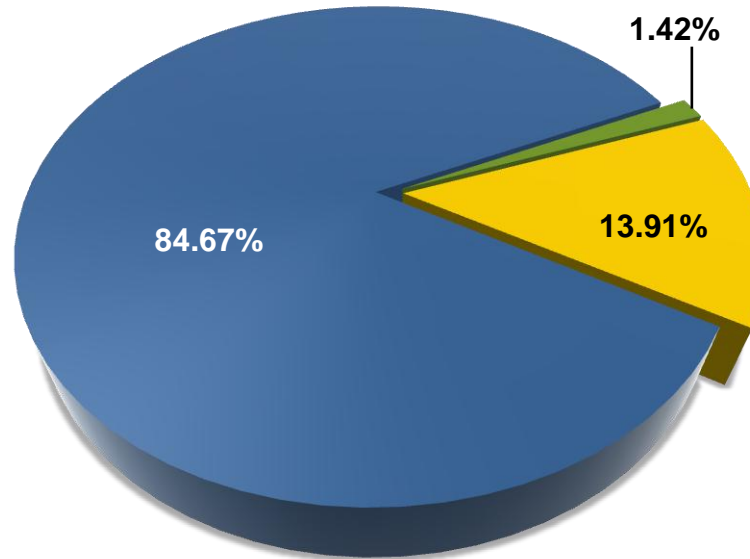
- **Net Revenues** were up INR 553MM from INR 3,849MM in Q1'09 to INR 4,402MM in Q1'FY10, graphing an upward trend of 14.4%.
 - Driven primarily by increase in sales of steel division where in spite of reduction in per ton realization to the tune of 27%-30% compared to Q1 FY'09, company has been able to boost the sales by selling increased quantity
- **EBITDA** was up INR 151MM from INR 666MM in Q1 June'09 to INR 817MM in Q1 June'10, growing at 22.7% YoY
 - EBITDA margin grew to 18.6% from 17.3% in Q1'09 primarily due to backward integration of sponge iron for steel plant and pig iron for DI Pipe plant as well as captive power plant
- **Net Profit** was slightly down by INR 11MM, declining from INR 181MM in Q1'09 to INR 170MM, falling by 6%
 - The decline was primarily driven by increased depreciation cost due to commissioning of Phase III and interest costs, as the company raised debt to nurture its expansion plans

Business Which Is Built For Growth

Steel Segment
(INR 3,727MM)

As India is once again poised for growth after the tumultuous weather, steel is one commodity which will be in high demand over the coming years. Electrotherm generates about 85% from its steel segment

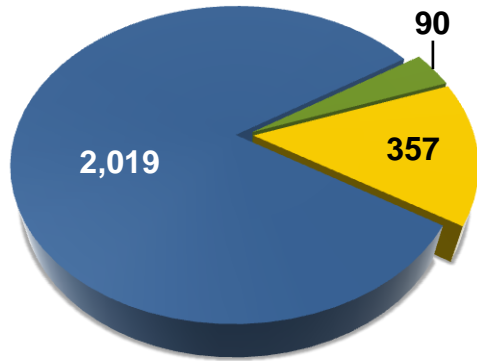
Revenue Mix



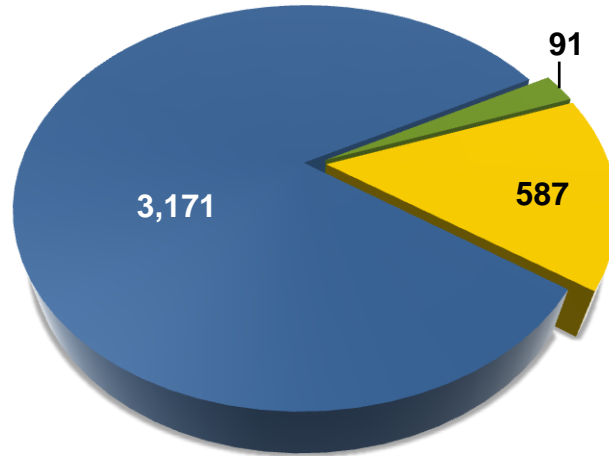
■ Engineering ■ Steel ■ Electric Vehicles

Growing Business In Spite Of Tough Headwinds

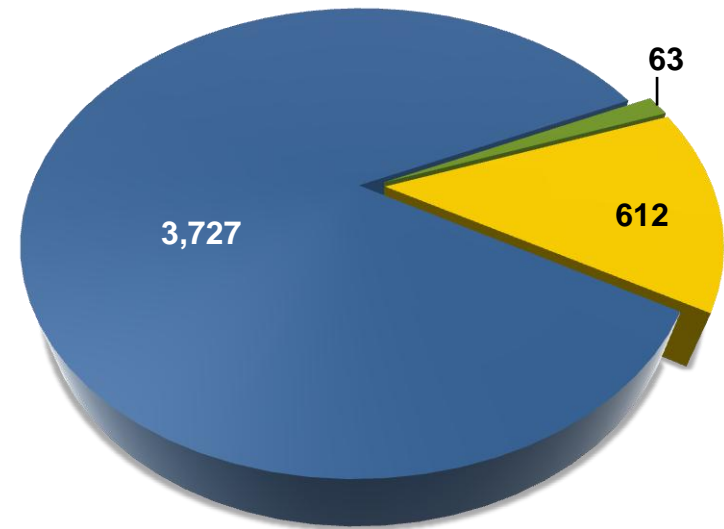
Revenue Q1 FY'08
INR 2,466 MM



Revenue Q1 FY'09
INR 3,849 MM



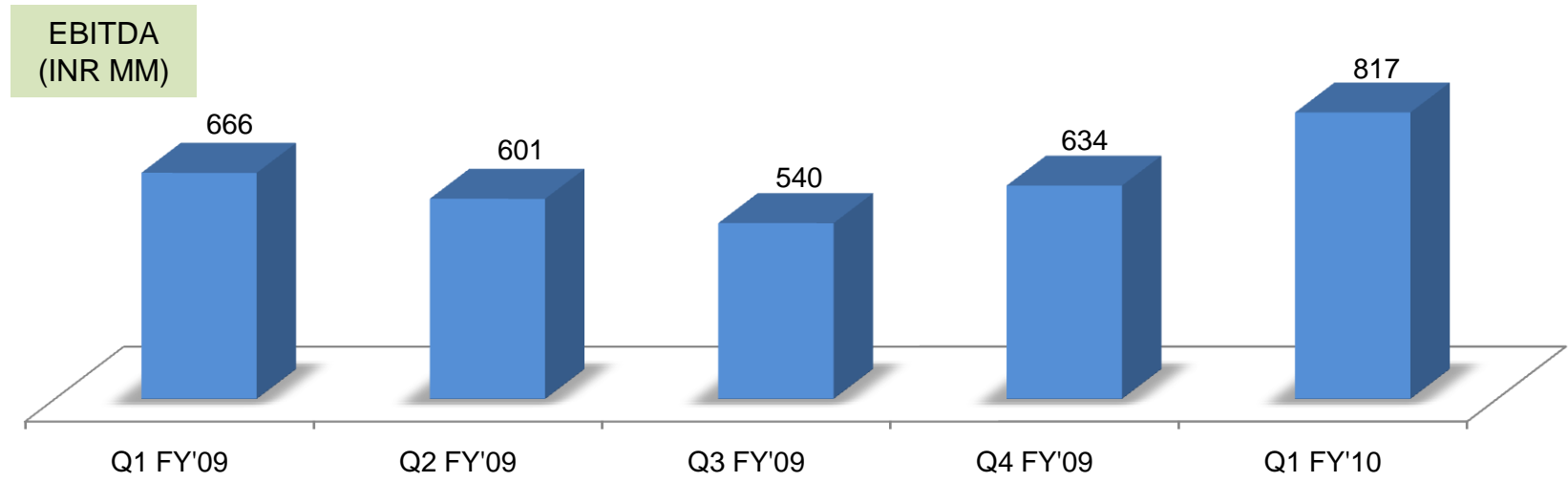
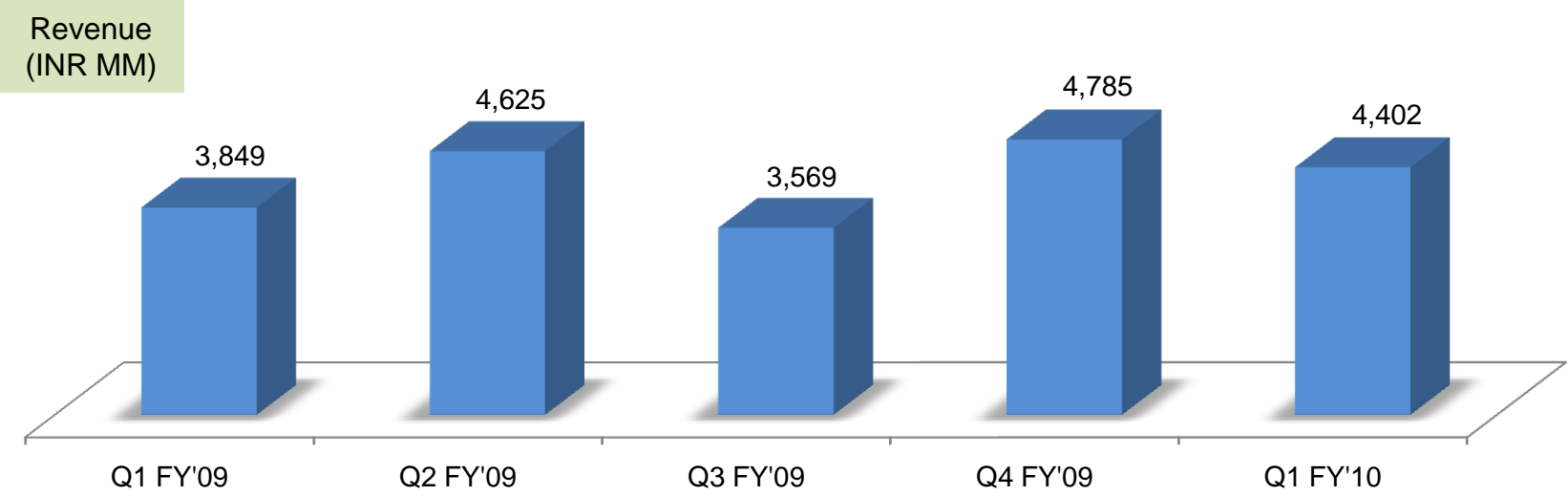
Revenue Q1 FY'10
INR 4,402 MM



■ Engineering ■ Steel ■ Electric Vehicles

Segments	Q1'09 YoY	Q1'10 YoY
Engineering	64%	4%
Steel	57%	18%
Electric vehicles	1%	-31%
Total	56%	14%

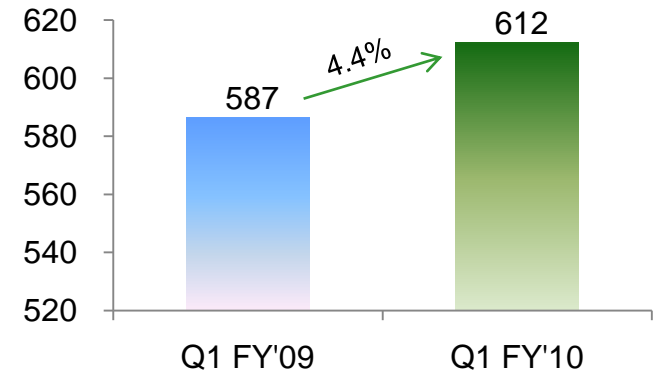
Healthy Growth and Profitability



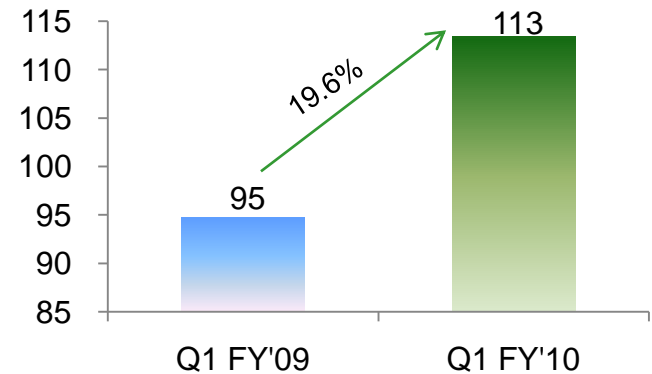
Engineering & Project Division

- **Net Revenues** increased from INR 587MM in Q1'09 to INR 612MM in Q1'10, graphing an upward trend of 4.4%
 - Driven primarily by domestic demand
- **EBIT** increased from INR 95MM in Q1'09 to INR 113MM in Q1'10, growing at 19.6% YoY
 - EBIT margin grew to 19% from 17% in Q1'09 primarily due to reduced raw material cost resulting from reduction in key raw material prices like copper, steel etc. which were at the peak in Q1 FY'09

Revenue INR MM



EBIT INR MM



Special Steel Division

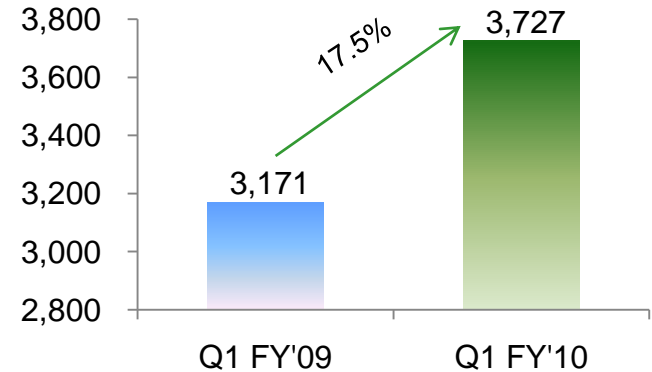
- ❑ **Net Revenues** increased from INR 3,171MM in Q1'09 to INR 3,727MM in Q1'10, graphing an upward trend of 17.5%
 - Driven primarily by selling increased quantity of steel and DI Pipes
- ❑ **EBIT** increased from INR 469MM in Q1'09 to INR 514MM in Q1 '10, growing at 9.7% YoY
 - EBIT margin reduced to 13.8% from 14.8% in Q1'09 primarily due to higher depreciation cost
 - Depreciation accounted for 4.8% of sales as compared to 2.8% in Q1 FY'09

Developments

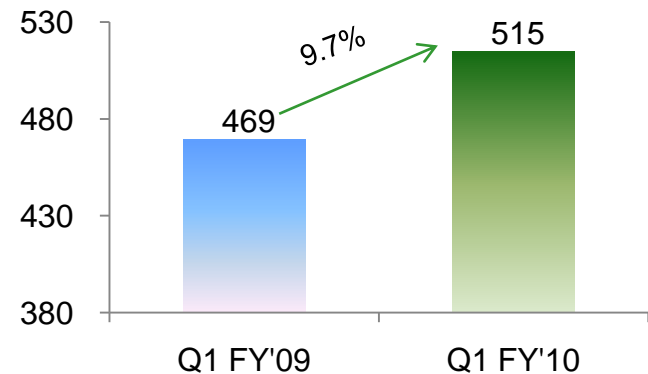
- With the additional DI Pipe capacity ready to get commission by Oct'09, the company has expanded its sales network for the same by setting up offices in 7 cities across India
- Aggressively pursuing developing sales network for CRS TMT in Gujarat



Revenue INR MM



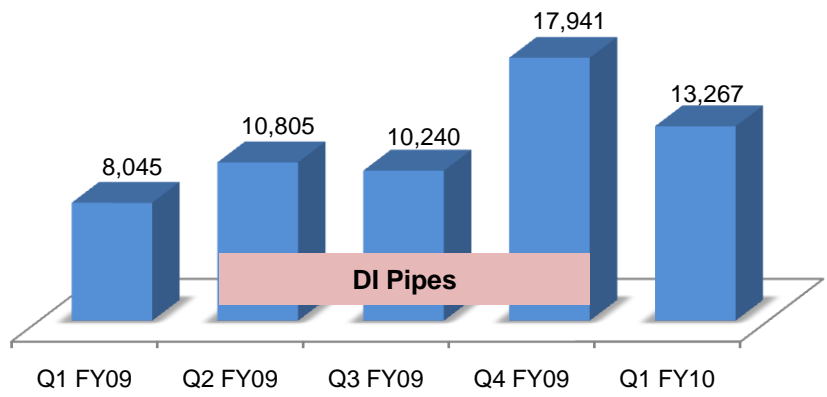
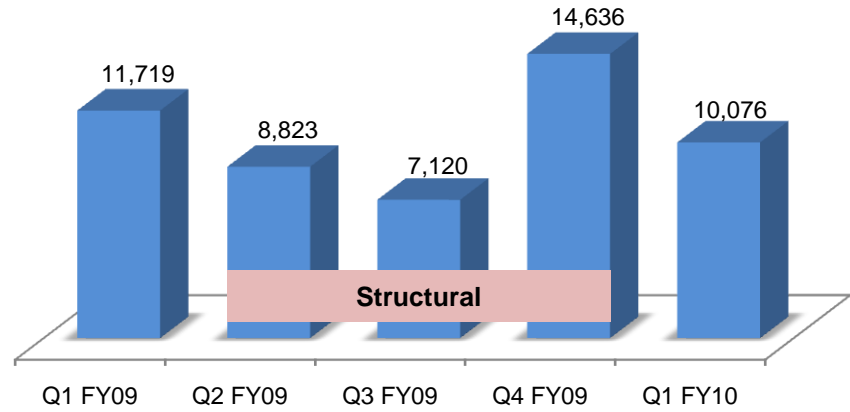
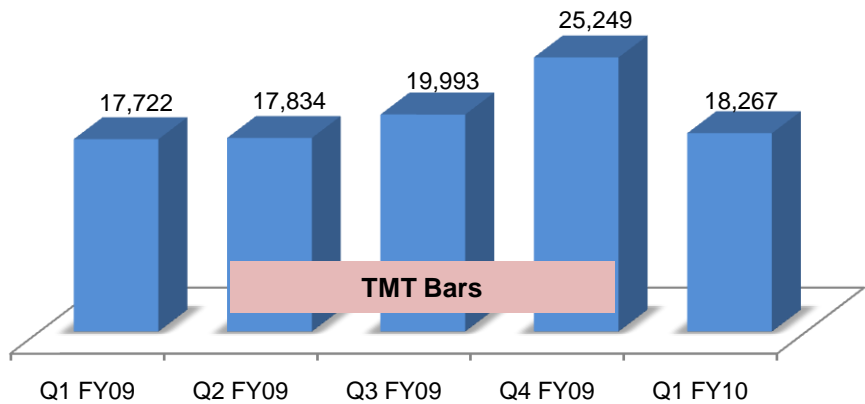
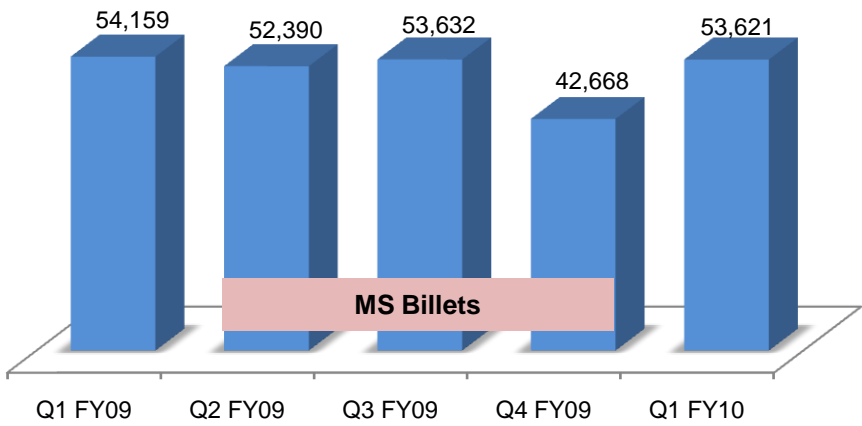
EBIT INR MM



Special Steel Segment



Production (Metric Tonne)



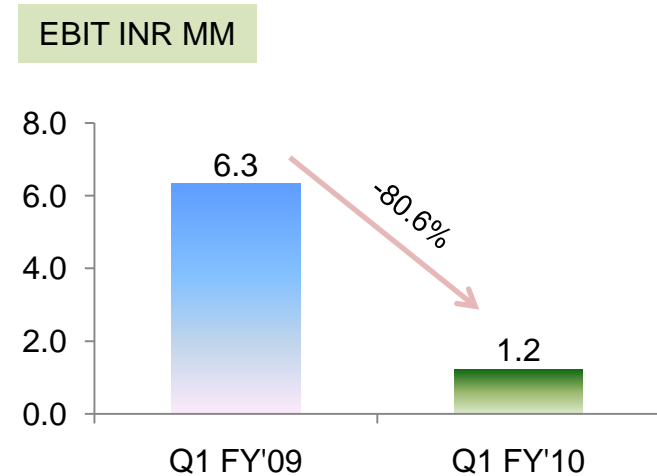
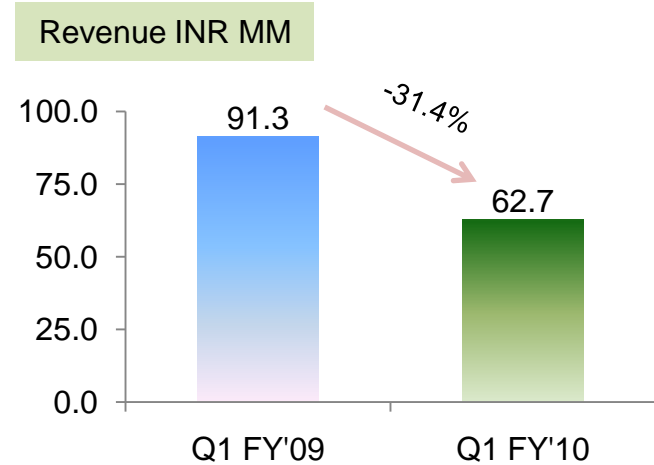
Electric Vehicles Division

- ❑ **Net Revenues** declined 31% from INR 91MM in Q1'09 to INR 63MM in Q1'10
 - Driven primarily by lower demand

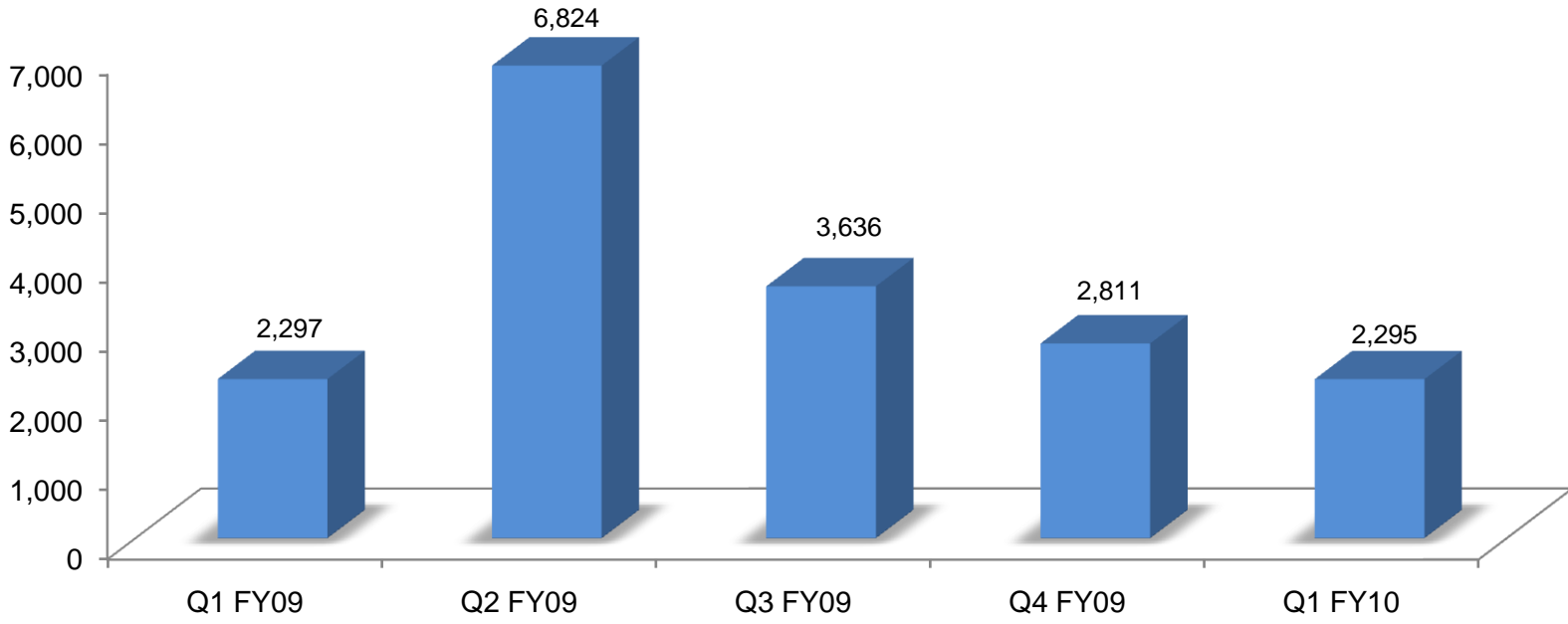
- ❑ **EBIT** declined 80% to INR 1.2MM in Q1'10 from INR 6.3MM in Q1'09
 - EBIT margin declined primarily due to increased administrative and selling expense

Developments

- Launched Yo XL (1000 W Motor, 40A Battery, 50 km speed) 1st in India

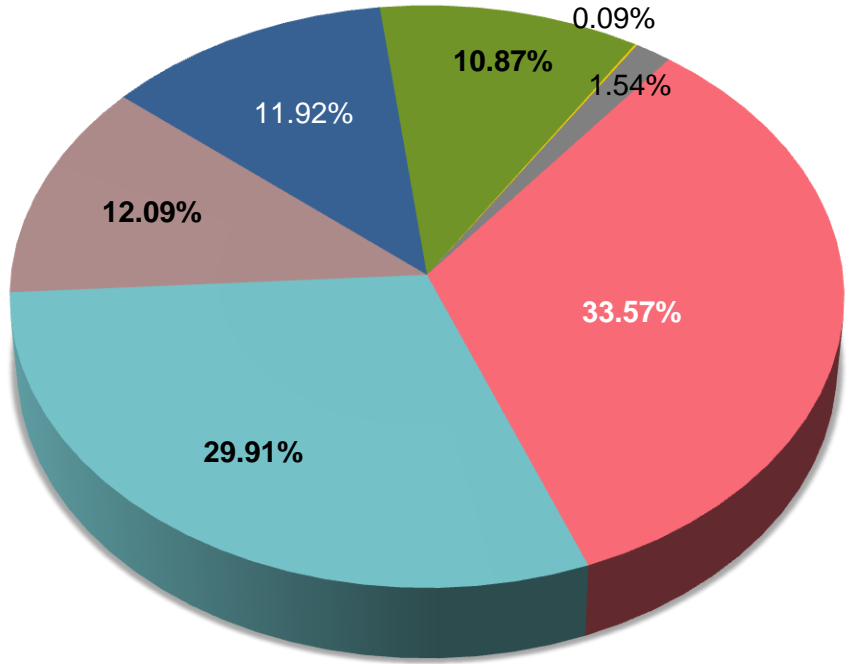


eBike Production - Volume



%age Shareholding

Shareholder Type	No. of Shares
Promoters	3,853,075
Mutual Funds	9,800
Financial Institutions	21,275
FII's	1,366,666
Body Corporates	3,432,248
Individuals	1,247,920
Trusts	1,368,333
Others	177,057
Total	11,476,374



- Promoters
- Body Corporates
- Foreign Institutional Investors
- Trusts
- Individuals
- Other Institutional investors
- Others

Shareholding Pattern %

Investors	June'08	Sep'08	Dec'08	Mar'09	June'09
Promoters (A)	29.16	32.27	32.27	33.57	33.57
Institutional Investors					
DII's	1.64	1.53	1.40	0.10	0.09
FII's	12.66	12.11	12.09	12.09	12.09
Sub Total (B)	14.30	13.64	13.49	12.19	12.18
Non Institutional Investors					
Individuals	11.90	11.52	11.47	11.60	10.87
Body Corporate	31.00	29.46	29.37	29.32	29.91
Trusts	12.48	11.92	11.92	11.92	11.92
Others	1.16	1.19	1.48	1.40	1.54
Sub Total (C)	56.54	54.09	54.24	54.24	54.25
Total (A+B+C)	100%	100%	100%	100%	100%

Clients we Serve



Hill Metals



Consolidated Income Statement



<i>Figures in INR million</i>	Q1'09	Q1'10	YoYGrowth
Total Revenues	3,848.7	4,401.9	14%
Other Income	9.6	36.9	285%
Increase (Decrease) in Stock	604.9	226.9	
Material Costs	(3,253.1)	(3,221.3)	-1%
Employee remuneration	(114.7)	(123.5)	8%
Other Expense	(429.3)	(503.7)	17%
EBITDA	666.1	817.3	23%
Depreciation & Amortization	(95.6)	(187.9)	
EBIT	570.5	629.4	10%
Finance Charges	299.1	377.4	26%
Profits Before Tax (PBT)	271.4	252.0	-7%
Taxation Charges	90.3	82.3	
Net profits	181.0	169.7	-6%
Extra Ordinary Items (Net of Tax Expense)	0.2		
Profit after Prior Period Adjustment	181.2	169.7	-6%
Basic Weighted Avg. shares (MM)	10.98	11.48	
Basic EPS (INR)	16.51	14.79	

Ratio Analysis

	Q1'09	Q1'10
EBITDA margin	17.31%	18.57%
EBIT margin	14.82%	14.30%
Net Profits margin	4.71%	3.86%



Thank You

Bhavesh Jain
Electrotherm India Ltd
bvj@electrotherm.com
+91 2717 234 553

TapanJindal
ARC Financial Services
tapan@arc-fs.com
+91 11 4562 2127

Forward Looking Statements

Certain statements in this document with words or phrases such as “will”, “should”, etc., and similar expressions or variation of these expressions or those concerning our future prospects are forward looking statements. Actual results may differ materially from those suggested by the forward looking statements due to a number of risks or uncertainties associated with the expectations. These risks and uncertainties include, but are not limited to, our ability to successfully implement our strategy and changes in government policies. The company may, from time to time, make additional written and oral forward looking statements, including statements contained in the company’s filings with the stock exchanges and our reports to shareholders. The company does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of the company.

Important Disclaimer

The information provided herein is not intended to be an offer to buy or sell, or a solicitation of an offer to buy or sell, any of the securities. Any expression of opinion obtained from or based upon sources believed to be reliable but is not necessarily complete and its accuracy can not be guaranteed. Opinions expressed herein reflect the opinion of ARC Financial Services Private Limited and are subject to change without any notice.

The company expressly disclaims all warranties, expressed or implied as to the accuracy, reliability or completeness of any investment information, research, opinion, advice or any other information provided and will not accept any liability, what so ever, with respect to the use of this document or its contents. This document shall not form the basis of and should not be relied upon in connection with any contract or commitment what so ever. The user of this document agree that any decisions made by him/her on the basis of the information provided by ARC Financial Services are done so independently, at his/her own discretion and risk and that such decisions are based on the user’s evaluation and his/her financial circumstances. The user will not hold nor seek to hold ARC Financial Services or any of its officers, directors, employees, agents, subsidiaries or affiliates liable for any trading losses or cost of damages threatened, suffered or incurred consequent upon your reliance on the information. This document is not to be reported or copied or made available to others without prior permission of ARC Financial Services Private Limited.