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An instinct for growth™

CONCAST

Concast Steel & Power Limited (In Liquidation)

Srikakulam Plant (Asset Lot – 3)

Confidential Asset Sale Memorandum

May 2021

Strictly Private & Confidential



Preface

As you may be aware, The Hon'ble NCLT, Kolkata Bench, vide their order dated 26th September 2018 has ordered the liquidation process to begin for the assets of Concast Power & Steel Limited ("Company") and has appointed Mr. Kshitiz Chhawchharia (Reg. No. IBBI/IPA-001/IP-P00358/2017-18/10616) as the Liquidator of the Company.

Section 35 of the Insolvency and Bankruptcy Code, 2016 ("the Code"), inter-alia, empowers the Liquidator to sell the immovable and movable property and actionable claims of a company in liquidation by public auction or private contract, with power to transfer such property to any person or body corporate, or to sell the same in parcels in such manner as may be specified.

This document is aimed at providing interested buyers key details about the Srikakulam unit (Asset lot 3) of the Company being offered for sale under liquidation process.

Currently, the assets of the Company are being offered to the interested buyers on Asset lot basis and individual assets within the Asset lot are not being offered for sale.

If the entire Asset lot is not sold within an envisaged time period then the Liquidator at his discretion may consider offering the assets under the Lot in parcels or individually.

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Abbreviations

IBC	Insolvency & Bankruptcy Code 2016	NCLT	National Company Law Tribunal
MTPA	Metric Tons Per Annum	JSG	Jharsuguda
CAGR	Compounded Annual Growth Rate	SKLM	Srikakulam
EBITDA	Earnings Before Interest Tax Depreciation and Amortization	BNK	Bankura
EBIT	Earnings before Interest & Tax	RKL	Rourkela
PAT	Profit After Tax	CBIL	Concast Bengal Industries
INR	Indian Rupees	CIL	Concast Ispat Ltd.
QC	Quality Control	DSL	Dakuni Steels Limited Srikakulam
USD	United States Dollars	SMS	Steel Melting Shop
DRI	Direct Reduced Iron	EAF	Electric Arc Furnace
MBF/ BF	Mini Blast Furnace	SCN	Show Cause Notice

Quality Asset

- ▶ Zero Waste Unit
- ▶ Integrated Steel plant with wide product portfolio
- ▶ High quality manufacturing assets with ~75% of peak historical O/P
- ▶ Captive power plant with energy efficient plant operations

Strategic Location

- ▶ Proximity to iron ore and coal mines
- ▶ Closely Connected to major modes of transport
- ▶ Available land for expansion

Customers

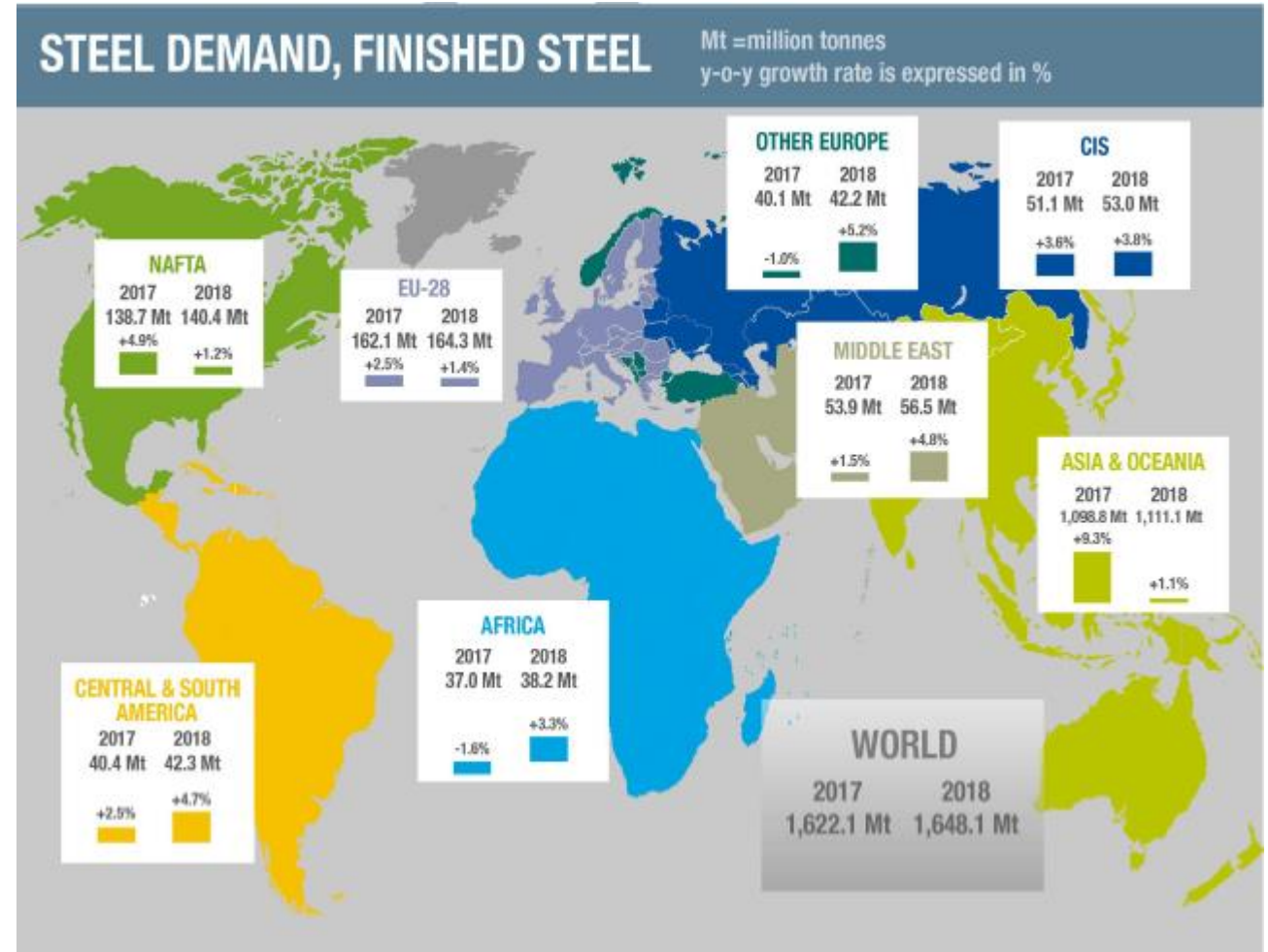
- ▶ Access to key customers in North and Andhra Pradesh in South
- ▶ Top customers include Military Engineering services (Pan India Supplier), NHAI and Jharkhand State Electricity Board

Opportunity to acquire assets at an optimal investment with a high margin, low cost manufacturing base through access to high quality manufacturing assets, strategically located to raw material sources and low cost transportation infrastructure

INDUSTRY OVERVIEW

Globally, the steel market is expected to witness moderate growth, with improved sentiment in Asia counterbalanced by a renewed demand in US and developed markets.

- ▶ Global crude steel production stood at 1691.2 Mt in 2017 indicating a YOY growth of 5.3%. All but CIS countries reported 4% growth .
- ▶ India contributed to 6%of the global steel production, with China leading the pack by 49% share of the global steel production.
- ▶ Extension of policy stimulus to sustain growth and increase in commodity prices especially in metals and crude oil expected in 2018. Growth in Global GDP expected at 3.9-4%.
- ▶ US economy has been displaying strong recovery – renewed consumer and business confidence
- ▶ Growth recovery primarily driven by :
 - ❑ Increase in global manufacturing activity
 - ❑ Resilient growth in China driven by Supply side reforms
 - ❑ Pickup in commodity prices
- ▶ India, ASEAN and MENA – expected to grow at 5-6% to be a key driver. Global Steel Demand is expected to be at 1,648 Mt in CY 2018

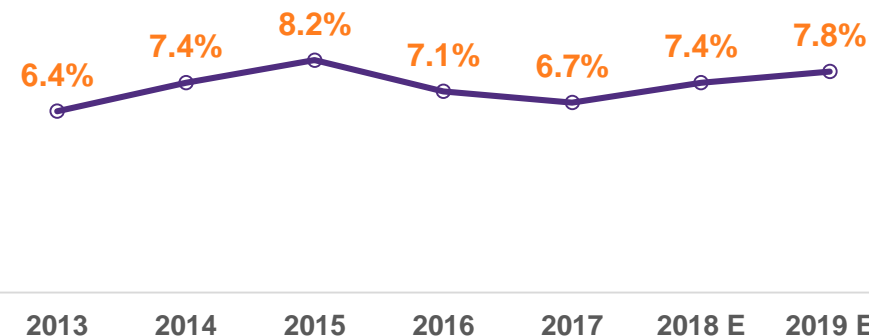


Source: The World Steel Association (worldsteel.org), Ministry of Steel, Govt. of India

State of the economy

- ▶ India is one of the important drivers of world growth. While the world economy grew by 3.2%, Indian economy expanded by 6.7% in 2017
- ▶ While the economy experienced major policy overhaul in terms of demonetization and implementation of GST, the effects have been eased and benefits have emerged making India a stronger nation.
- ▶ There has been a substantial improvement in GDP growth to 7.7% in Q4 FY2018 from 6.1% in Q4 FY2017. the growth was led by pick up in Gross fixed capital formation and private final consumption expenditure offsetting the slowdown in growth of Government final consumption expenditure and exports.
- ▶ The Index of Industrial production witnessed a rise to 4.6% in FY 2017 from a dip of 3.3% in FY 2016, led by an improvement in performance of all the sectors, namely mining, manufacturing and electricity.

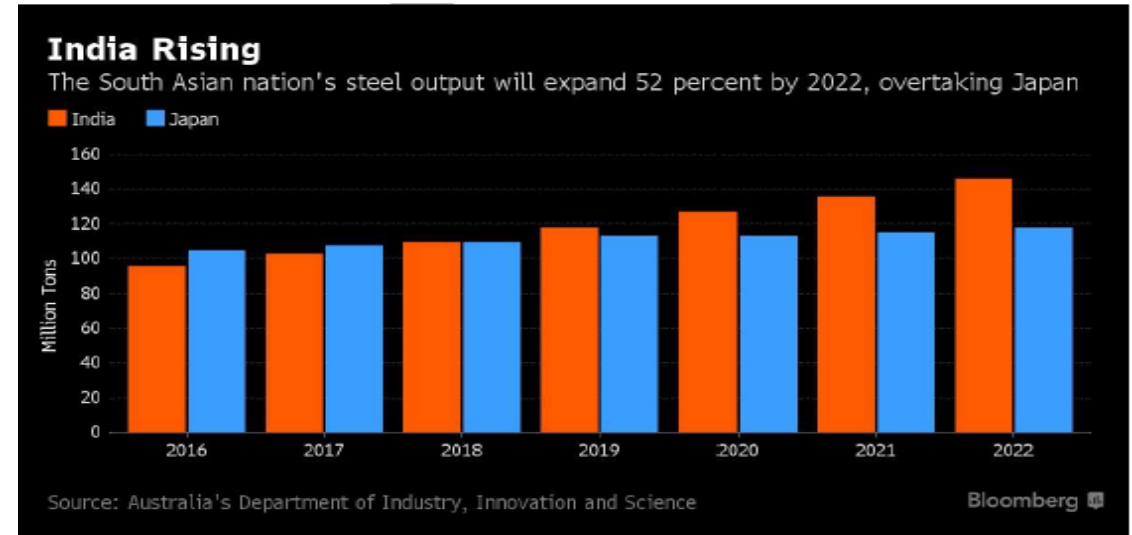
Real GDP growth



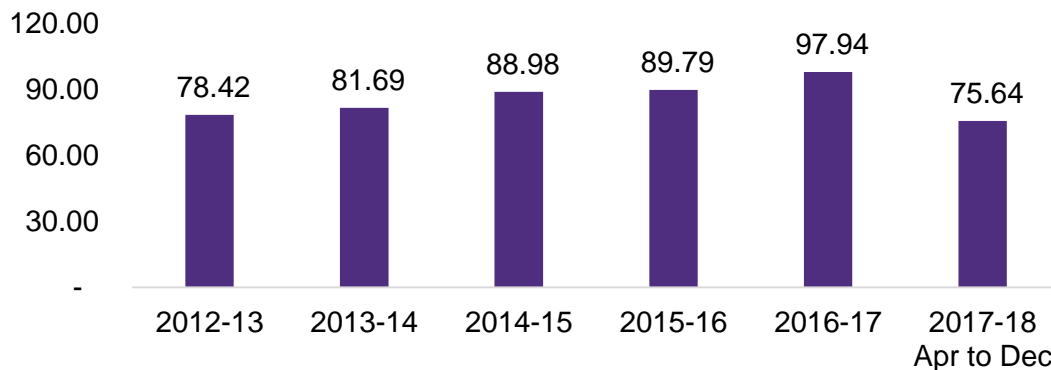
Growth of GDP and its Components (in %, Constant 2011-12 Prices, YoY)					
Components	Q4 FY17	Q1 FY18	Q2 FY18	Q3 FY18	Q4 FY18
Private Final Consumption Expenditure	4.2%	6.9%	6.8%	5.9%	6.7%
Government Final Consumption Exp.	22.5%	17.6%	3.8%	6.8%	16.8%
Exports	7.0%	5.9%	6.8%	6.2%	3.6%
less Imports	6.6%	18.5%	10.0%	10.5%	10.9%
Gross Fixed Capital Formation	6.0%	80.0%	6.1%	9.1%	14.4%
GDP	6.1%	5.6%	6.3%	7.0%	7.7%
Agriculture, Forestry and Fishing	7.1%	3.0%	2.6%	3.1%	4.5%
Industry	5.0%	10.0%	6.1%	7.1%	8.8%
Services	6.3%	9.5%	6.8%	7.7%	7.7%
GVA at Basic Prices	6.0%	5.6%	6.1%	6.6%	7.6%
GVA ex-Agriculture	5.8%	6.0%	6.6%	7.5%	8.1%

The 3rd largest crude steel producer, India is a significant market that has seen strong headwinds in the past, but recovery is on track with a positive outlook from both demand and supply aspects

- ▶ India's GDP is expected to grow at 7-7.5% in the near future Driven by increased Government spending on infrastructure and thrust on developmental projects as well as consumption led growth coupled with strong growth in service sector.
- ▶ Steel is one of the key sectors of the economy – contributing to 2% of the country's GDP and employing around 2.5 million people in steel and allied sectors.
- ▶ Currently the world's 3rd largest producer of crude steel, India is expected to become the 2nd largest globally. The country is the largest producer of direct reduced iron (sponge iron) globally.
- ▶ Crude steel production capacity increased from 97 million tons per annum in 2012-13 to 128 million by 2016-17

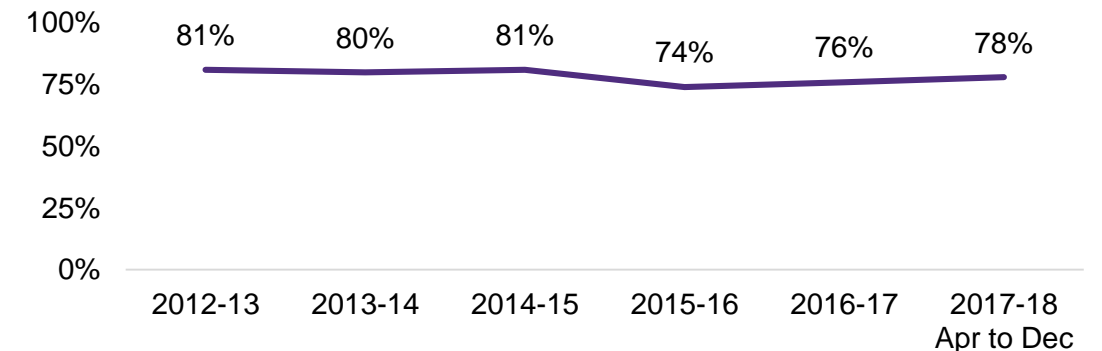


Domestic Production of Crude Steel (Million Metric Tons)



Source: The World Steel Association (worldsteel.org), Ministry of Steel, Govt. of India, FICCI

Capacity Utilization



India – Key Growth Initiatives & Outlook

Steel Production is targeted to double from current levels by 2031

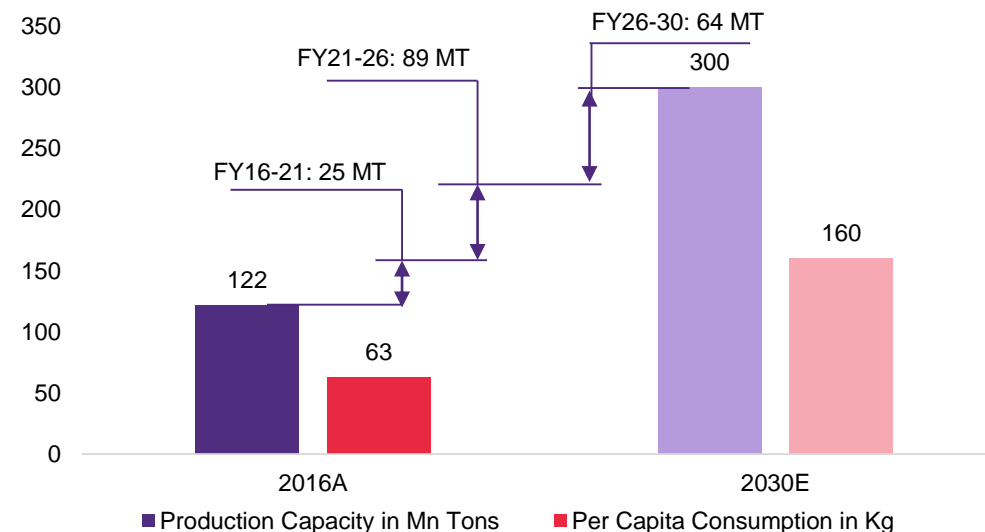
Demand & Supply

- ▶ Low per capita steel consumption is expected to continue to increase, and presents opportunities for growth in domestic market
- ▶ Infrastructure, railways, and automobile sectors expected to drive consumption
- ▶ Increased iron ore production is expected to support growing demand through reduced reliance on imported ore
- ▶ Adequate ore reserves and availability of relatively low cost manpower

Regulatory Support

- ▶ 100% FDI through automatic route
- ▶ National Steel Policy 2017 to provide support on key issues
 - Facilitate SPVs for greenfield Capex
 - Allocate water and ensure availability of litigation free land
 - Formation of steel clusters & clusters focused around major ports
 - Encourage development of alternative logistics such as slurry pipelines and conveyors
- ▶ Support to domestic industries:
 - Anti dumping duties on 47 steel products till 2021
 - Other measures include minimum import price, safeguard duty, and quality control order

Forecast – Capacity & Per Capita Consumption



Current Footprint – Production Routes

Route	Regions	Capacity
Blast Furnace	North East Chhattisgarh, North Orissa, Eastern Bihar, Western Bengal, South Gujarat, North Karnataka	50 Mn Tonnes
Electric Arc Furnace/ Induction Furnace	Southern Orissa, East Central Chhattisgarh, Eastern Gujarat, North western Maharashtra, Eastern Punjab, Haryana	74 Mn Tonnes

Source: The World Steel Association (worldsteel.org), Ministry of Steel, Govt. of India, FICCI, <https://www.alphainvesco.com/blog/steel-industry-in-india/>

BUSINESS OVERVIEW

CONCAST STEEL & POWER LIMITED – IN LIQUIDATION

Introduction

- ▶ Concast Steel & Power Limited (“CSPL” or “Concast”) is an integrated manufacturer of iron and steel products.
- ▶ Operates integrated facilities consisting of sintering plant, MBF, CCM, SMS and DRI (Direct Reduce/ Sponge Iron) units.
- ▶ Produces a variety of structural steel of standard quality for different applications such as defence, railways, infrastructure and construction industries.
- ▶ The company possesses all major product and manufacturing certifications and boasts of world class equipment and assets.

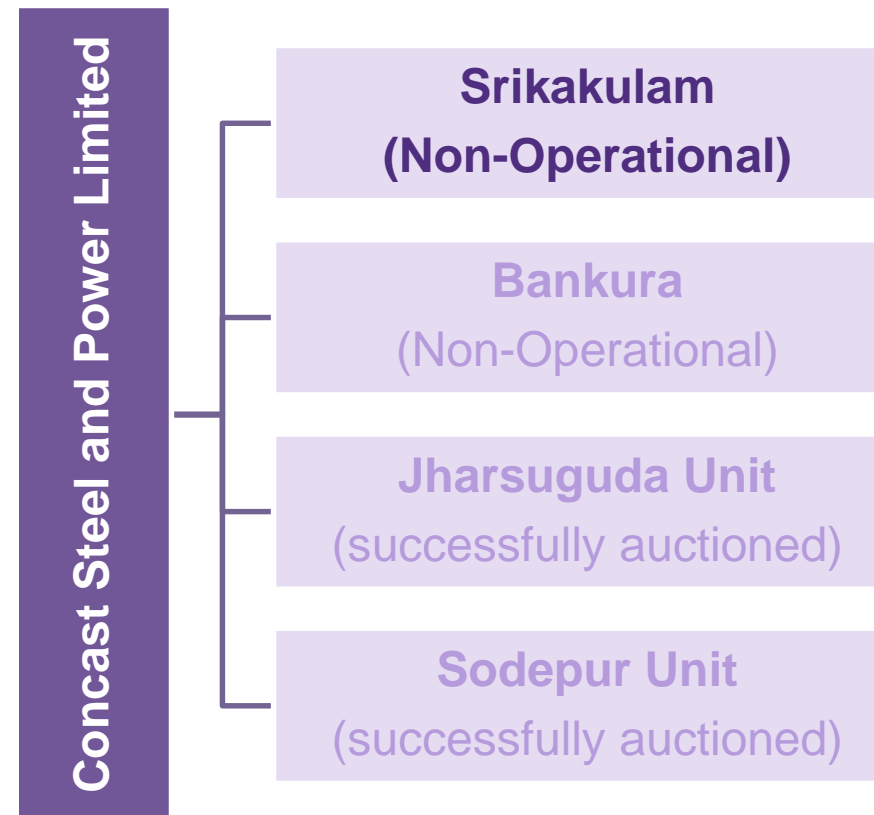
Select Clientele



Certifications



Corporate Structure



Current Status

The Hon'ble NCLT, Kolkata Bench, vide their order dated 26 September 2018 has appointed **Mr. Kshitiz Chhawchharia (Reg. No. IBB/PA-001/IP-P00358/2017-18/10616)** as the **Liquidator of the company** under the Insolvency and Bankruptcy Code, 2016 & Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016.

Product Portfolio

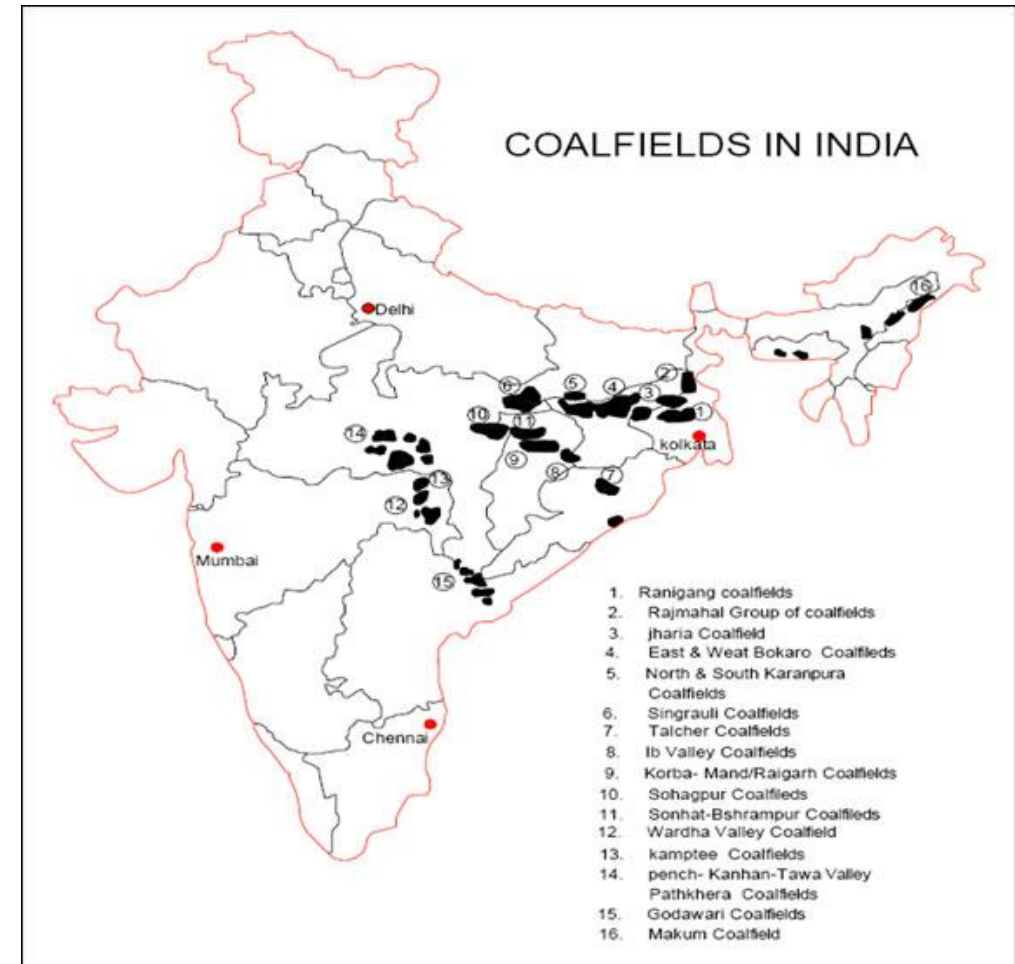


Iron Ore being one of the most important Raw Material in the Steel Industry, is available in abundance in the regions of the Company's units.

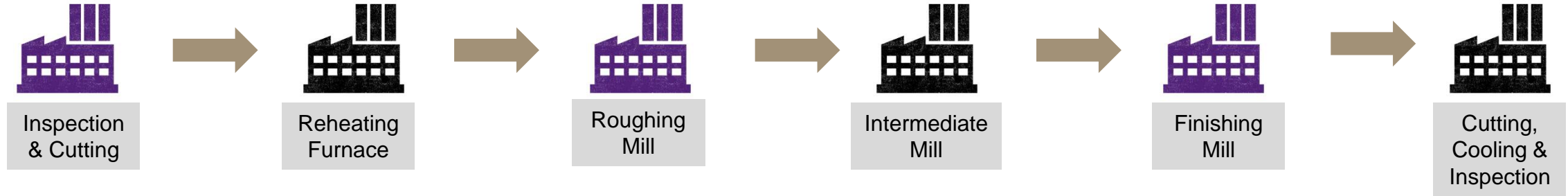
Name of the Owner	Location of Mine
M/s K.N. Ram & Co.	Roida - II
M/s Kalinga Mining Corporation.	Jurudi
M/s Kaypee Enterprises	Thakurani
M/s Mid East Int. Steel Ltd.	Roida- 1 (Sidhamath)
M/s Patnaik Minerals Pvt. Ltd	Jaribahal
M/s Sarda Mines (P) Ltd.	Thakurani Block-B
M/s Sirrajuddin & Co.	Balda Block
M/s Tarini Minerals (P) Ltd.	Deojhar
R.P. Sao	Guali
M/s Essel Mining & Industries Ltd.	Kasia
M/s Bhanja Mineral(P) Ltd	Ingani jharan
M/s M.L. Rungta	Siljora-Kalimati
M/s Mala Roy & Others	Jalhuri
M/s O.M.C. Ltd.	Roida - C
M/s Rungta Mines Ltd.	Jajang
R.B. Das	Dalpahar & Baitarani R.F.
Smt. Indrani Patnaik	Unchabali
Tarini Prasad Mohanty	Naibega & Katupali

There are numerous coalfields in the Eastern India region providing for easy & cheaper supply of coal to all the Company's units

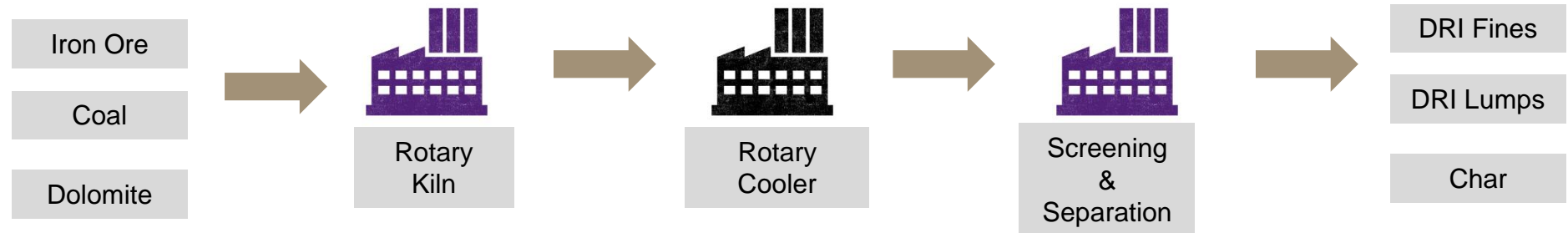
Close Proximity to Back-end supplies



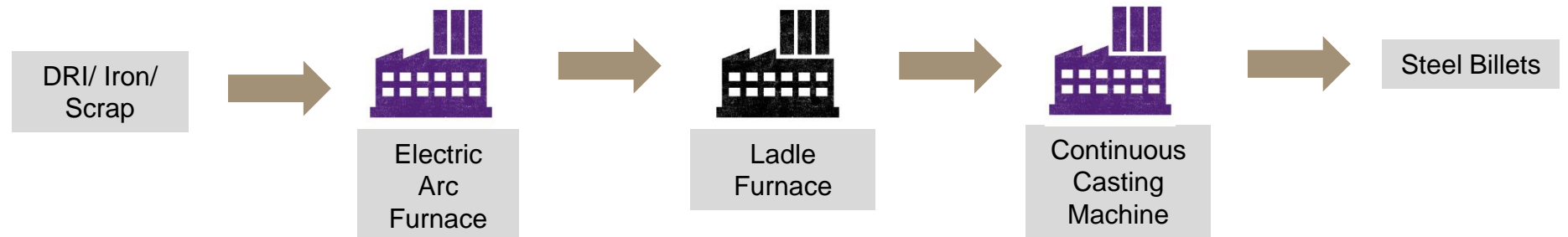
Rolling Mill



DRI / Sponge Iron



Steel Melting & Continuous Casting



- ▶ **Large Integrated Steel Producers** such as Tata Steel, SAIL and JSW have been catering to the market for quite some time now. However, a major part of the market is served by the **Secondary Producers**, whose number is estimated to be over 300 in the country.
- ▶ **Revenue from Operations and EBITDA of some key market competitors of Concast Steel and Power Limited have been provided below:**

(INR in lacs)

Revenue from Operations		
Company Name	FY17	FY15
Shyam Metals and Energy Limited	115,678	95,713
Electrosteel Limited	277,429	288,875
Adhunik Industries Limited	37,433	41,007
Shyam Sel and Power Limited	142,297	99,568
Jai Balaji Industries Limited	156,390	121,257

(INR in lacs)

EBITDA		
Company Name	FY17	FY15
Shyam Metals and Energy Limited	16,085	5,715
Electrosteel Limited	14,517	8,469
Adhunik Industries Limited	2,256	2,596
Shyam Sel and Power Limited	17,880	12,603
Jai Balaji Industries Limited	(6,521)	(13,614)



ASSET LOT - 3

SRIKAKULAM

The Hon'ble NCLT, Kolkata Bench, vide their order dated 26th September 2018 has appointed **Mr. Kshitiz Chhawchharia (Reg. No. IBBI/IPA-001/IP-P00358/2017-18/10616)** as the **Liquidator of the company** with directions to liquidate the assets of the **Srikakulam unit** as per the provisions laid under the Insolvency and Bankruptcy Code, 2016.

Introduction

- ▶ Integrated Cement Plant- Uses slag produced by pig iron plant to produce cement.
- ▶ Well connected to the Srikakulam Railway Station, National Highway, and one of the few integrated steel plants in India to be located closest to a port – Vizag port.
- ▶ Zero waste unit.
- ▶ Owned land and building.



<https://goo.gl/maps/buhCrkrzUuJ2>

Built-up area

Unit	Year of Construction	Area (in acres)
MBF Plant-Mini Blast Furnace	1993	2.02
Captive Power Plant	2009	0.24
Sinter Plant	2012	0.48
Cement Plant	1993	0.24
Miscellaneous Developments	1993	43.73
Total Built-up Area		46.72


Product Portfolio - Capacity ('000 MTPA/ MW)

Plant	Product	Operational	Peak Utilization (%)
Sinter	Sintered Ore	300	92%
MBF	Pig Iron	300	41%
Slag Cement	Cement	65	95%
CPP	Power from waste heat	5	80%


Land Details

Particulars	Area (in acres)
Total Area	46.72
Built Up Area	46.72
Vacant Land	Nil


Connectivity


Srikakulam is served by Vishakhapatnam International Airport. It is located in Vishakhapatnam. It is approx. 140 Km away from Subject Property.


~140 KM


The subject property is situated off Srikakulam-Amadalavalasa road. Srikakulam is approx. 10 Km away from subject property under valuation.

~10 KM


Dusi Railway Station is approximately 1 km from the property under valuation.

~1 KM


The subject property is 120 Km away from Visakhapatnam Port and 130 Km away from Gangavaram Port.

~120 KM

Srikakulam Plant - Location

Located in Andhra Pradesh

- ▶ Andhra Pradesh is one of the 29 states of India, situated on the southeastern coast of the country. It is bordered by Telangana in the north-west, Odisha in the north-east, Karnataka in the west, Tamil Nadu in the south and the water body of Bay of Bengal in the east.
- ▶ On 2 June 2014, the north-western portion of Andhra Pradesh was separated to form a new state of Telangana. Andhra Pradesh's longtime capital, Hyderabad, was transferred to Telangana as part of the division. However, in accordance with the Andhra Pradesh Re-organization Act, 2014, Hyderabad will remain the de jure capital of both Andhra Pradesh and Telangana states for a period of time not exceeding 10 years.

About Srikakulam

- ▶ Srikakulam district is one of thirteen districts in the Indian state of Andhra Pradesh. It is one of the 9 coastal districts, located in the extreme north eastern direction of the state. The headquarters of the district is located at Srikakulam.
- ▶ Srikakulam district occupies an area of 5,837 sq.km, and lies on 18.20° and 19.10° N latitude and 83°5' and 84°50'E Longitude. It is home to bio-pharmaceutical companies, sugar industries, paper industries, etc..

Micro Location : Dusi Village

- ▶ Dusi is a small village in Amadalavalasa Mandal of the Srikakulam district of Andhra Pradesh.
- ▶ Concast Steel & Power Limited is the only major industry in the surroundings of Dusi Village. Apart from this, there are few Rice mills in the vicinity.
- ▶ It is located about 10 kms from Srikakulam. The plant is located close to railway siding and Dusi Railway Station and is situated on the banks of Nagavali river which are added advantages to the plant.

Neighbourhood

- ▶ Contractual Laborers are available in the Dusi Village area of Srikakulam.
- ▶ **Trimex Sands Pvt. Ltd.** is an industry involved in the production of industrial minerals. It is involved in extraction, sourcing, procurement, delivery, and R&D of minerals like Barite, Bentonite, Iron Ore, Feldspar, Bauxite, Ball Clay and Kaolin which find application in Oil Drilling, Ceramic, Glass, Construction, Energy, Steel, and Fertilizer companies. This plant is situated at an approximate distance of 40 km from the subject property.
- ▶ **Kovvada Atomic Power Project** is a proposed 6,600 MW nuclear power station in the state of Andhra Pradesh, India. The project is planned over an area of 2067 acres. According to sources, close to 485 acres of land has already been handed over for the project by the Srikakulam district administration. The acquisition of the remaining 1582 acres of land was expected to be completed by October 2017. This project is situated at an approximate distance of 40 km from the subject property.
- ▶ **Visakhapatnam Steel Plant**, popularly known as Vizag Steel, is an integrated steel producer[citation needed] in Visakhapatnam, India built using German and Soviet technology. The company has grown from a loss-making industry to 3-billion-dollar turnover company registering a growth of 203.6% in just four years. Vizag Steel Plant was conferred Navratna status on 17 November 2010. Founded in 1971, the company focuses on producing value-added steel, with 214,000 tonnes produced in August 2010, out of 252,000 tonnes total of salable steel produced. It is the largest single site plant in India and Asia minor (or south and east Asia combined).

Srikakulam - Plant preview (1/3)



External View subject property



External View of subject property



External View of captive power plant.



Internal View of captive power plant



External View of Cement Plant



External view of Office at Cement Plant

Srikakulam - Plant preview (2/3)



External View of Guest House



External view of Canteen



External View of Electrical Control Room



External view of DG Room



External View of Office Building



External view of Time & Security Office

Srikakulam - Plant preview (3/3)



External View of Sinter Plant



External view of RMH Equipment



External View of MBF unit



Internal View of MBF unit

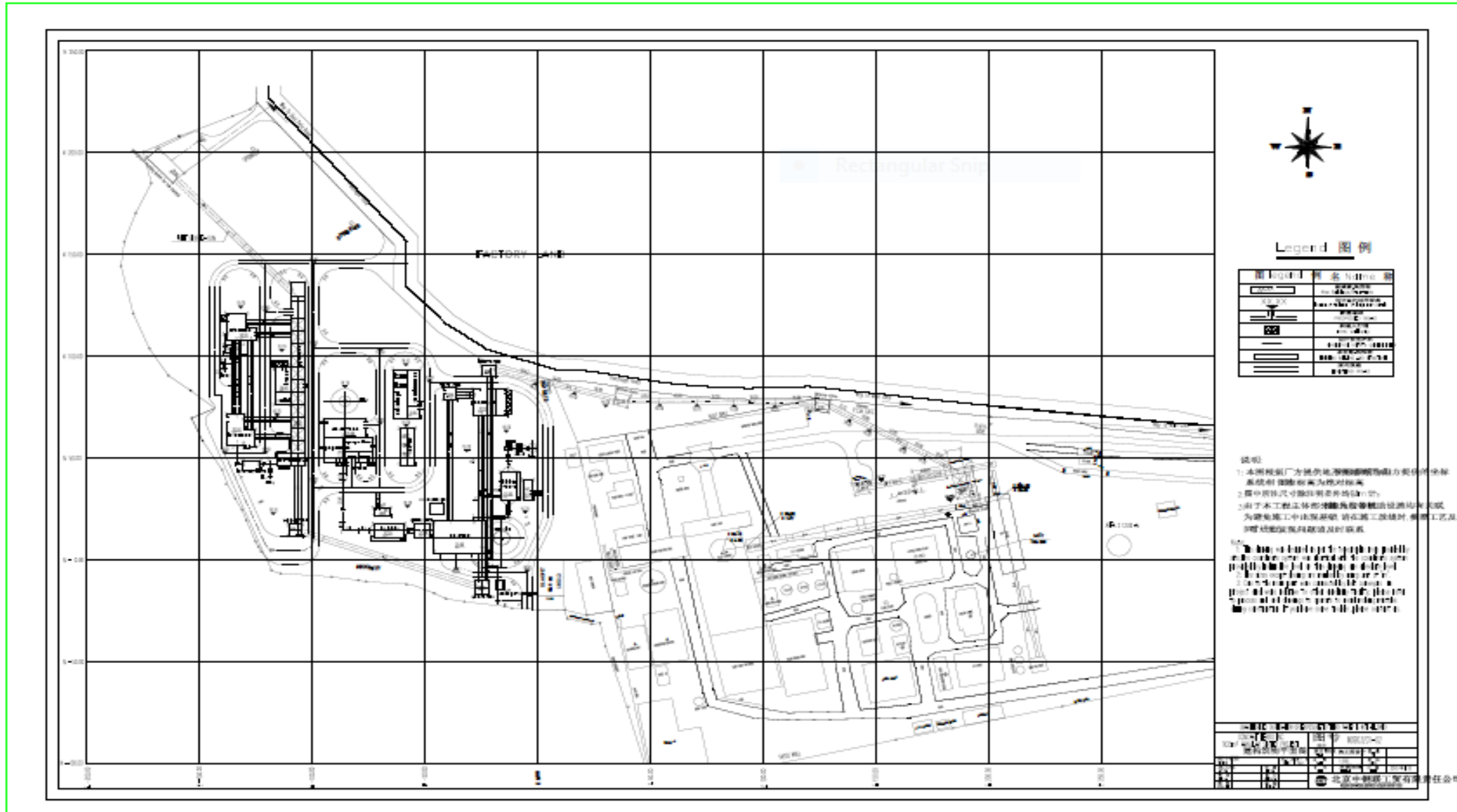


View of Entrance to subject property



View of access road to subject property

Srikakulam Plant - Layout



Srikakulam – Product Portfolio



Srikakulam - Stock Report & Licenses

Inventory Status as of 30th Sep 2018

Inventory	Raw Material
	Quantity (in MT)
Coke	744
Iron Ore	590
Lime Stone	596
Quartzite	146
Manganese	164
Iron Ore Fines	6428
Coke Fines	870
Total	9,539

Inventory	Finished Goods
	Quantity (in MT)
Pig Iron	822
Sinter	573
Scrap	286
Slag (not saleable)	64,699
Total	66,380

Licenses

Approval / License	Issuer/ Authority	Details
Pollution Certificate – Srikakulam	Andhra Pradesh Pollution Control Board	Consent No. APPCB/VSP/VZN/234/HO/CFO/2014-720 renewed up to 31/03/2022

Srikakulam : Machinery Details – Steel Melting Shop

Sr. No.	Name of the Machine	Qty	Year of Installation
A Pig Iron- Mini Blast Furnace (MBF) Division - 3,00,000 MTPA Capacity			
1	Mini Blast Furnace - Shell with Refractory, Stove, Gas cleaning Plant, Pollution Control System along with supporting accessories	1 Lot	2005
2	Top Charging Equipments	1 Lot	2005
3	Tuyere Stock Assembly	1 Lot	2005
4	Blower & Compressor System	1 Lot	2005
5	Raw Material Handling System along with conveyors	1 Lot	2005
6	Piping & Fittings along with valves & supporting structures	1 Lot	2005
7	Electrical & Automation Items including Cabling & Earthing	1 Lot	2005
8	Pig Casting Machines & Ladles including cranes and other Utility equipments	1 Lot	2005
B Sinter Plant - 3,00,000 MTPA Capacity			
9	Raw Material Handling System along with conveyors	1 Lot	2012
10	Mix Preparation System along with hoppers	1 Lot	2012
11	Suction Fans & other Utility Equipments	1 Lot	2012
12	Complete Sintering Machines	1 Lot	2012
13	Sinter Crushing Deck	1 Lot	2012
14	Sinter Cooler	1 Lot	2012
15	Sinter Screener	1 Lot	2012
16	Pollution Control System including ESP	1 Lot	2012
17	Electrical & Automation Items including Cabling & Earthing	1 Lot	2012
C Slag Cement Plant - 65,000 MTPA Capacity			
18	Slag Cement Plant - Machinery	1 Lot	2005
18.1	Ball Mill	1 Lot	2005
18.2	Main Gear Box	1 Lot	2005
18.3	Oil Pumps	1 Lot	2005
18.4	Compressor, Id Fan, Fd Fan	1 Lot	2005
18.5	Bucket Elevator	1 Lot	2005
18.6	Table Feeder	1 Lot	2005
18.7	Bag Filter Packing Machine	1 Lot	2005
18.8	Other Utility Machinery	1 Lot	2005
18.9	Electrical Items including Cabling & Earthing	1 Lot	2005
18.10	Piping & Fittings	1 Lot	2005
D Captive Power Plant (CPP) - 4.5 MW			
	Boiler: with ID & FD fans, F.W Pumps, Oil pump Station, BFG Burner, RO Plant, for feed water treatment, Chimney, etc. and other auxiliary machinery. Turbine with Alternator, AOP, BFP, Condenser, Oil centrifugal, Cooling tower with Fans – 3 Nos, MCW – pumps – 3 Nos, ACW – pumps – 2 Nos, Cooling tower makeup pumps – 2 Nos, Air compressors – 2 Nos and other auxiliary machinery. DG Set - 1000 KVa - 2 Nos. & 1250 KVA - 1 Nos. Sub- Station- 33/3.3 KV	1 Lot	2010

Thank You

Confidentiality of the Asset Sale Memorandum (“Memorandum”) and contents therein

The information and opinions contained in this Memorandum are strictly confidential. Accordingly, the contents of this Asset Sale Memorandum and any other information or opinions subsequently supplied or given to you will constitute Confidential Information. On no account may this Memorandum (or any part of it) be copied, disclosed or made available to any person other than the recipient to whom it is addressed.

Disclaimer

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In no circumstances will the Liquidator be responsible for any costs or expenses incurred in connection with any appraisal or investigation of the company or for any other costs or expenses incurred by prospective buyer.

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By requesting the Memorandum, recipients agree that they will on request, promptly return to Liquidator, this Memorandum and all further information and material, sent or made available without retaining any copies thereof or any notes, analyses or information relating thereto.

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