# STEEL AUTHORITY OF INDIA LIMITED

## PERFORMANCE HIGHLIGHTS

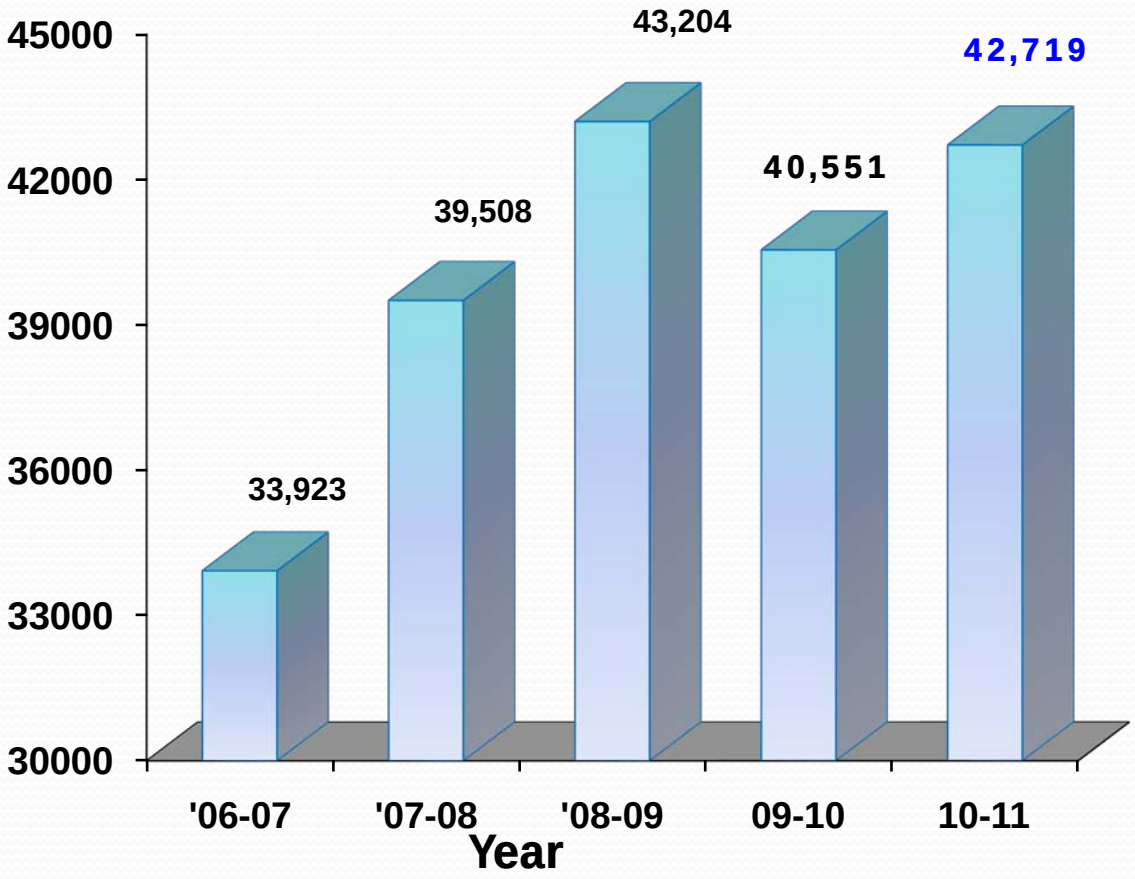
## FY11 - (Audited)

# Contents

- ✓ Performance
- ✓ SAIL's Expansion Plan
- ✓ CSR & Environment Management
- ✓ Awards & Accolades

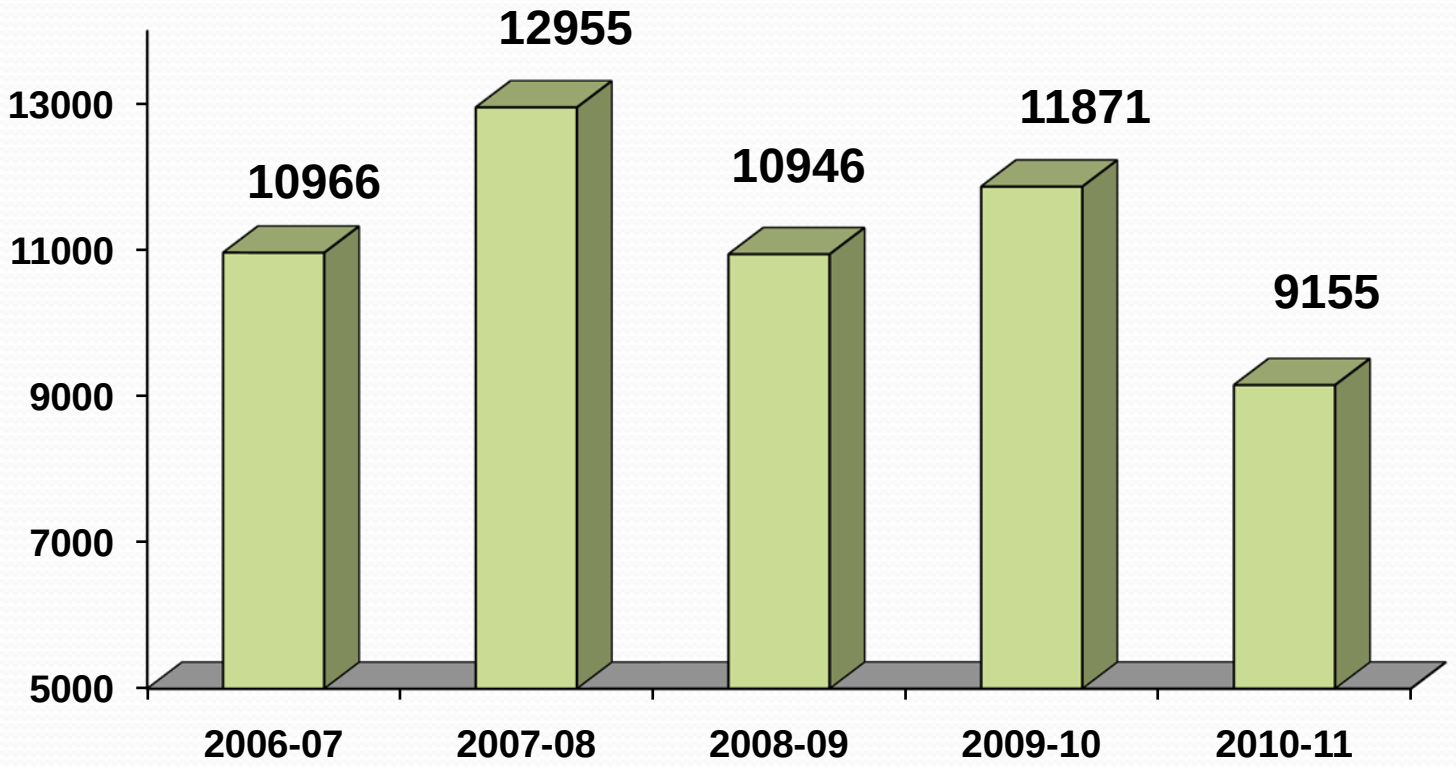
# Net Sales

**Unit : Rs Crore**



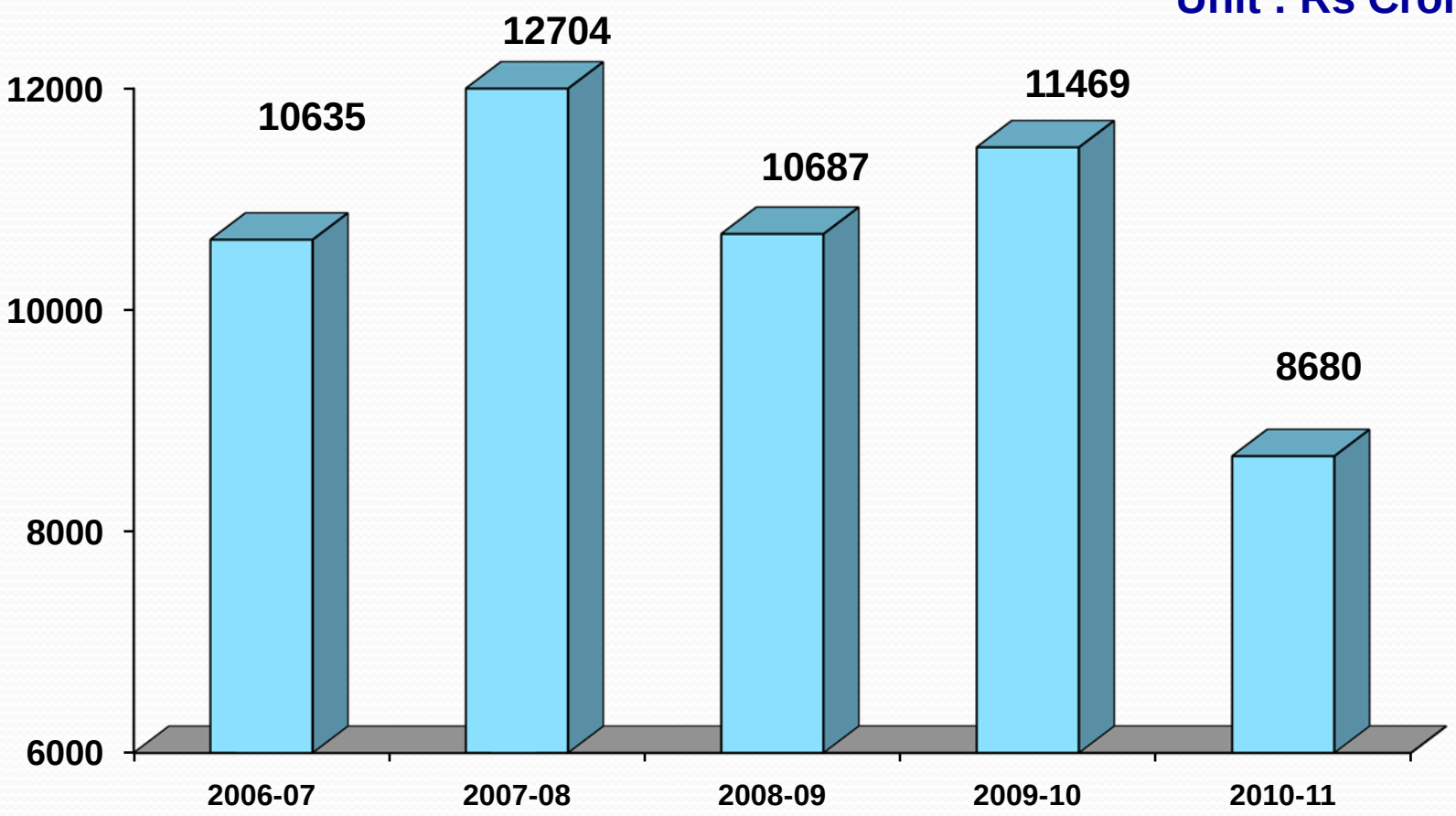
# Earning Before Interest Depreciation and Tax

Unit : Rs Crore



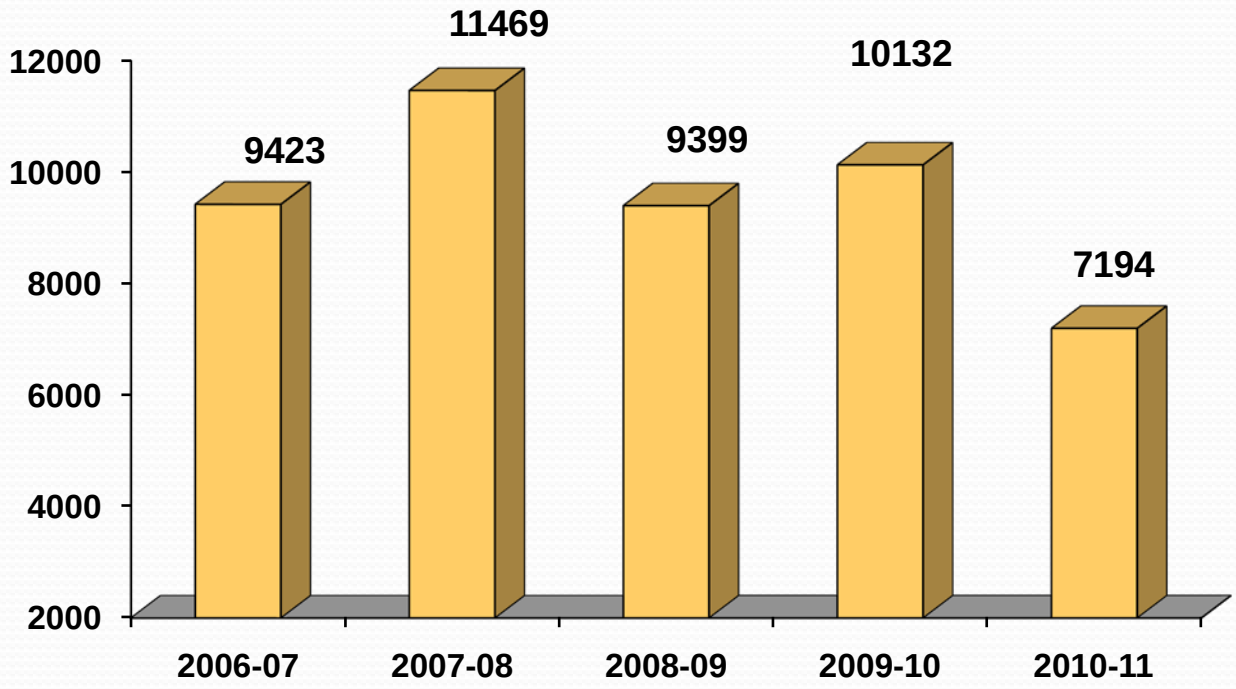
# Cash Profits

Unit : Rs Crore



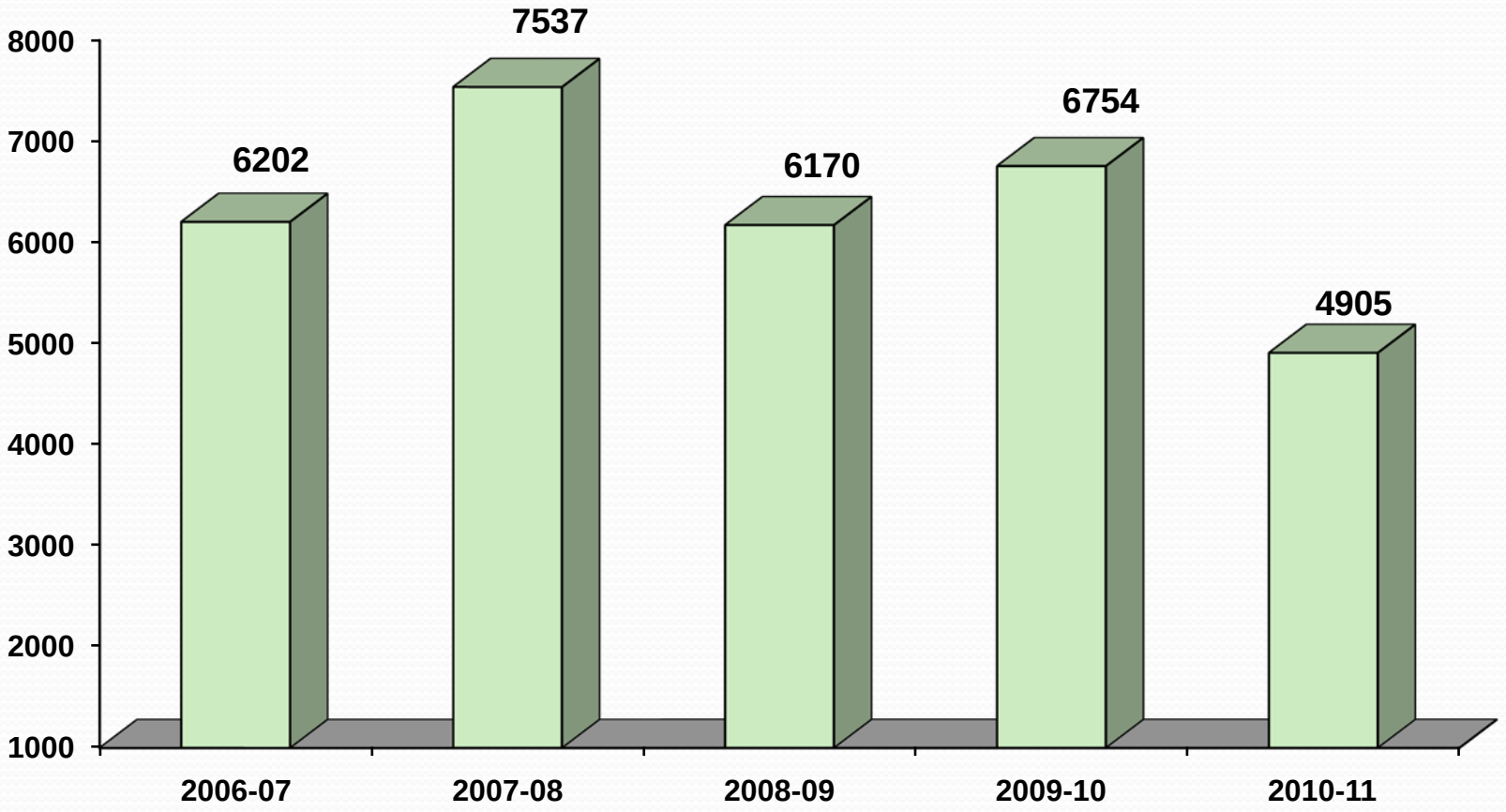
# Financial Performance

**Profit Before Tax (Amount in Rs. Cr.)**



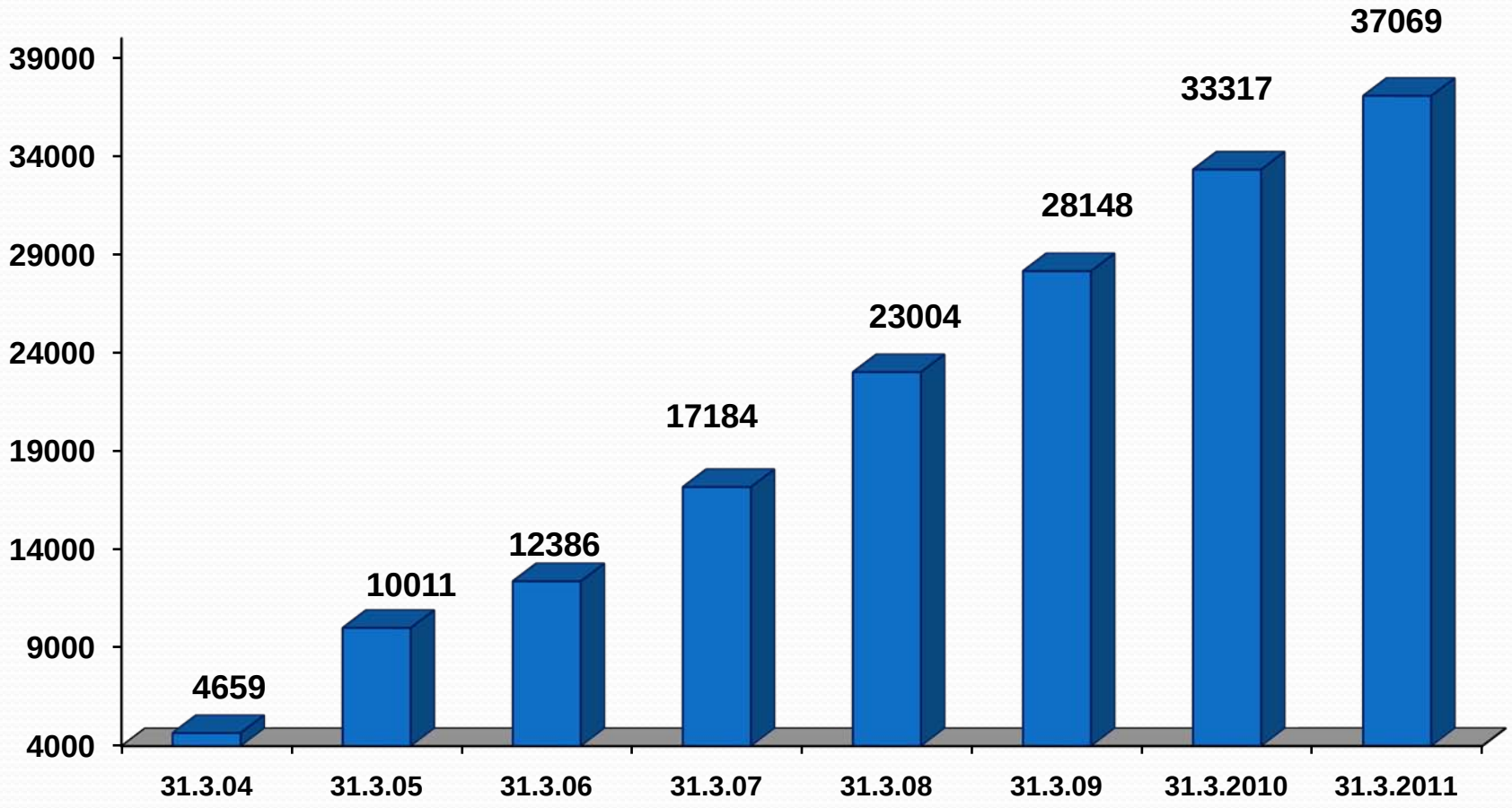
# Financial Performance

**Profit After Tax (Amount in Rs. Cr.)**



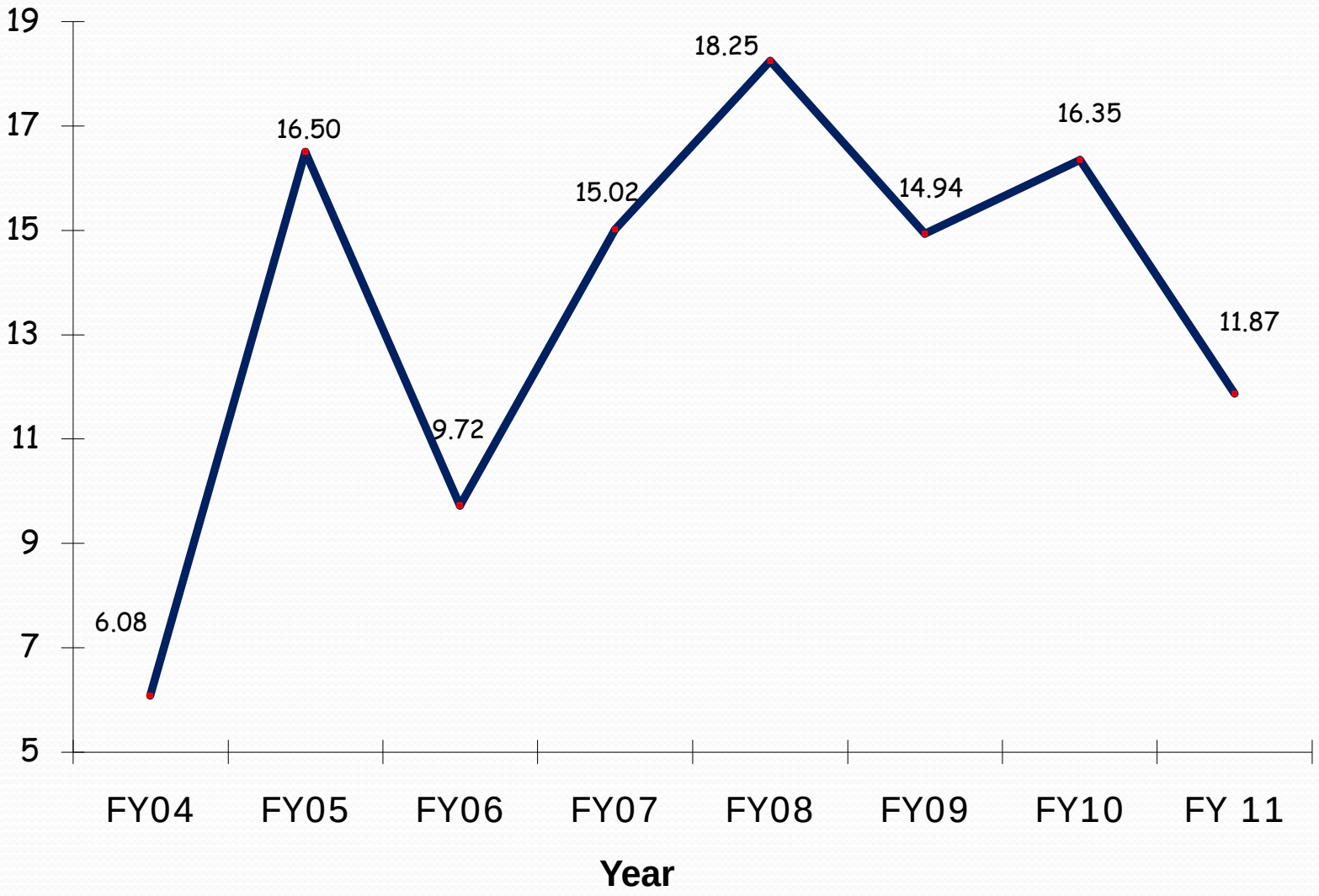
# Net Worth

**Unit : Rs Crore**

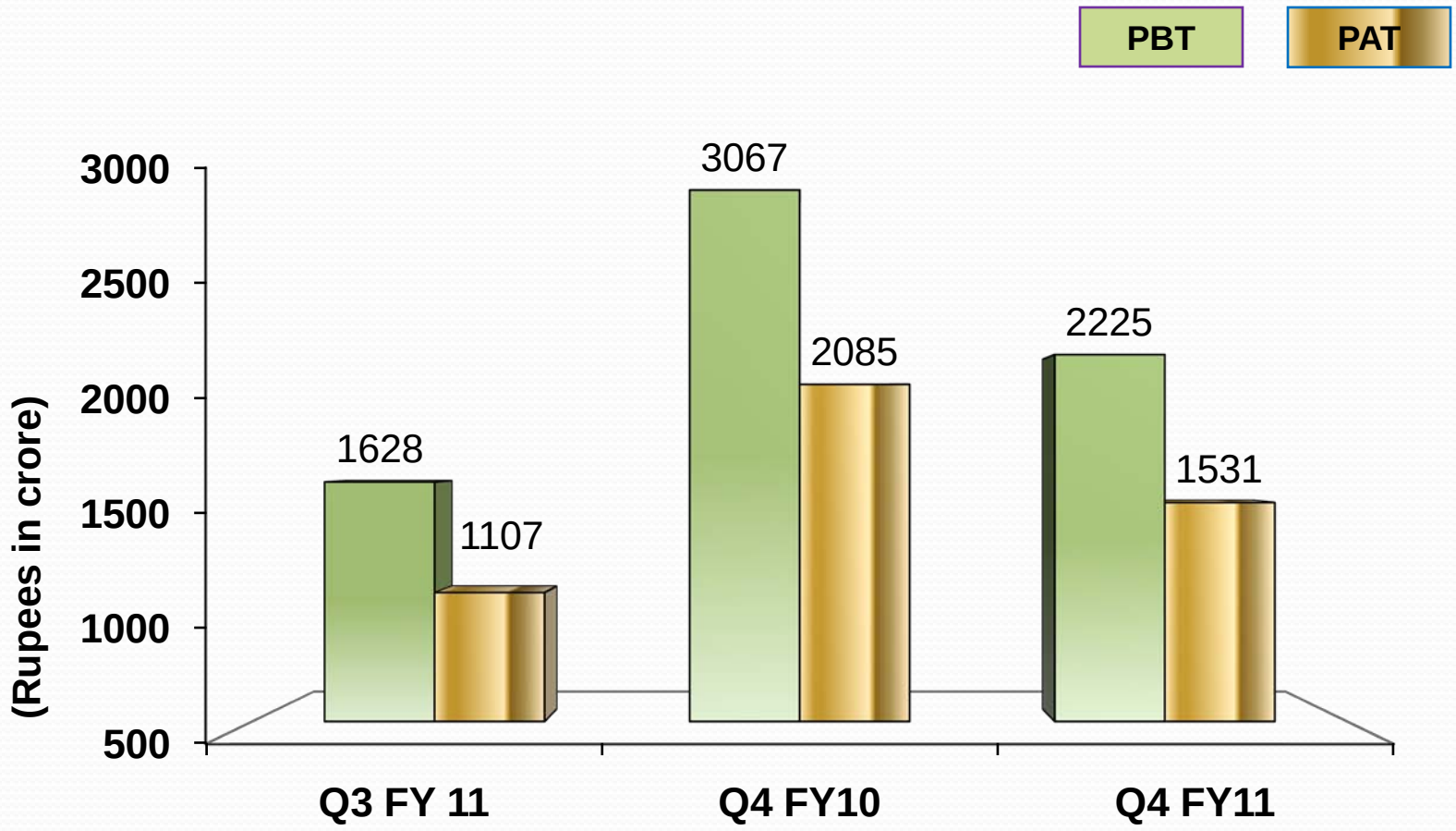


# Earning per Share

Amount in Rupees



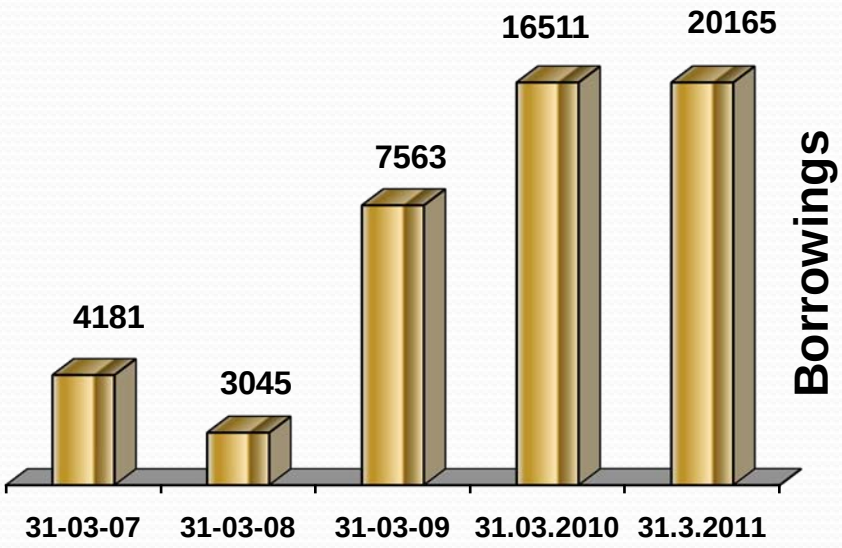
# Quarter-wise Profit

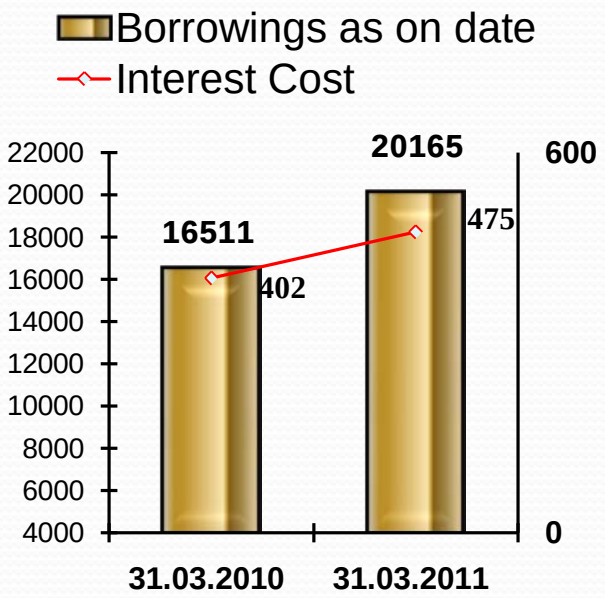


# Borrowings

**Unit : Rs Crore**

## Borrowing Annual



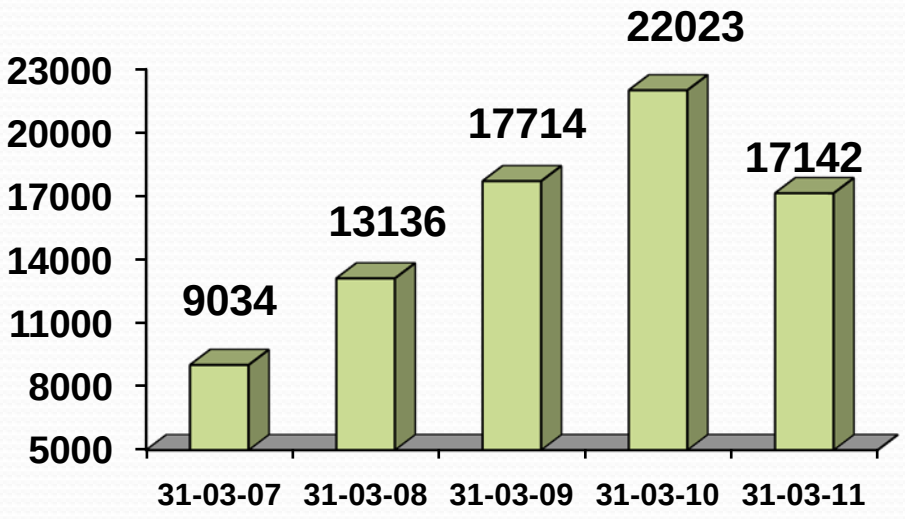

➢The ongoing capex is being financed through debt-equity ratio of 1:1

| Year | 31-03-2010 | 30-06-2010 | 30-09-2010 | 31-12-2010 | 31-03-2011 |
|---|---|---|---|---|---|
| D/E Ratio | 0.50 | 0.52 | 0.38 | 0.39 | 0.54 |

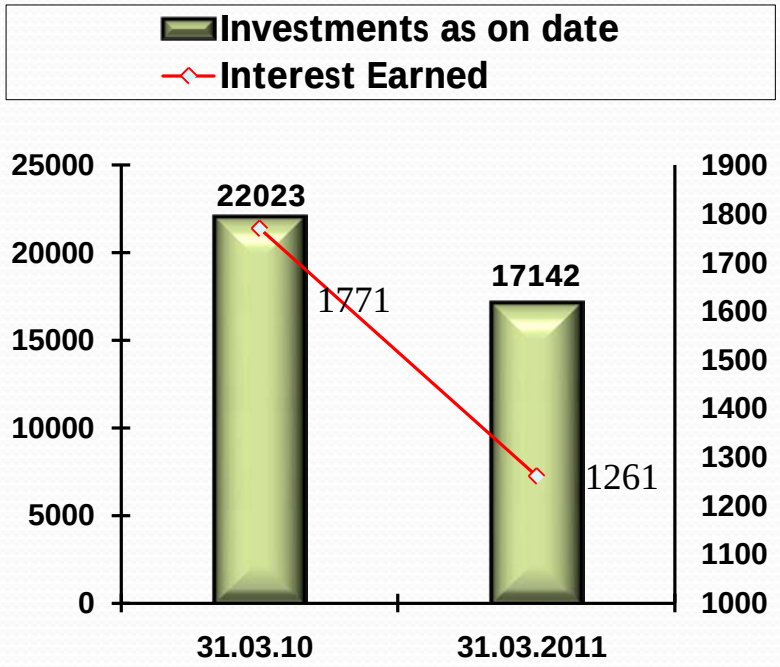
# Investments

**Unit : Rs Crore**

## Investments Annual




Short Term Investment in Banks



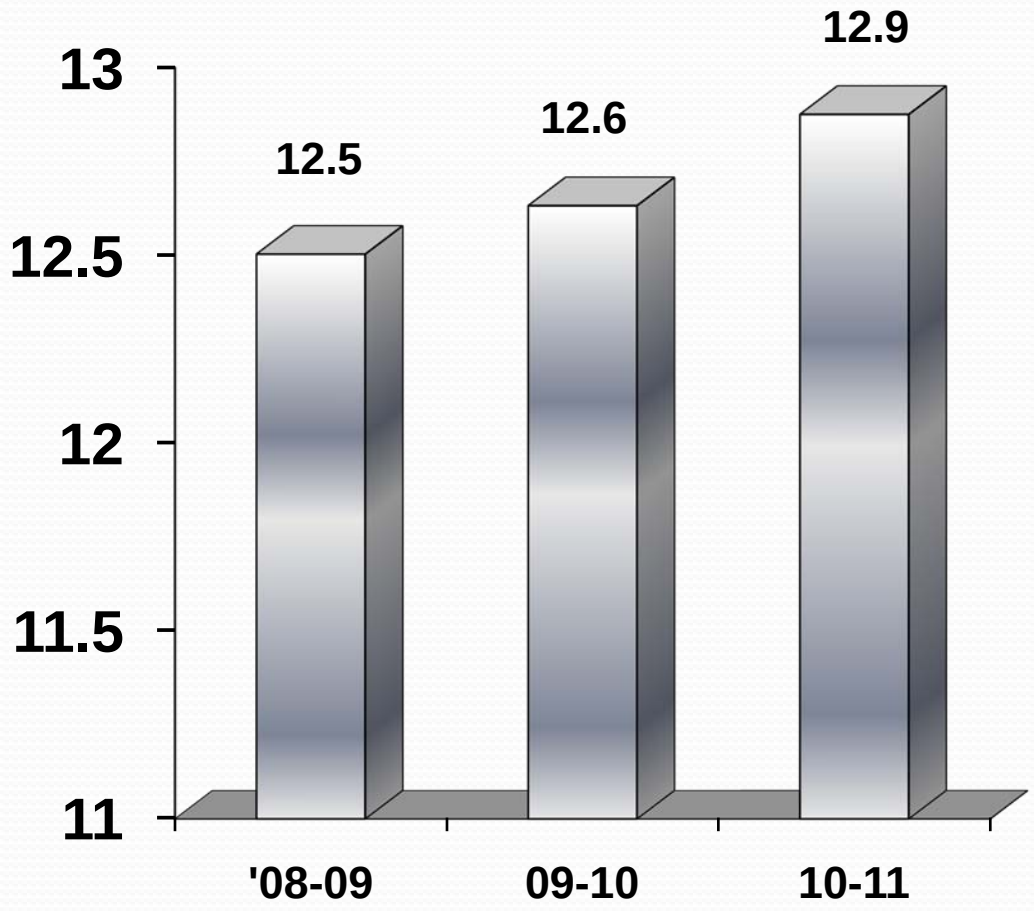
# Performance Highlights – FY 11

- ✓ Hot Metal production of 14.9 million tonne. Average Capacity utilisation: 108%
- ✓ Crude Steel production of 13.8 million tonne. Average Capacity utilisation: 107%
- ✓ Saleable Steel production of 12.9 million tonne. Average Capacity utilisation: 116%
- ✓ Production through Continuous Concast route 9.3 million tonne. Average Capacity utilisation:133%

# Saleable Steel Production

**Including Special Steels Plants**

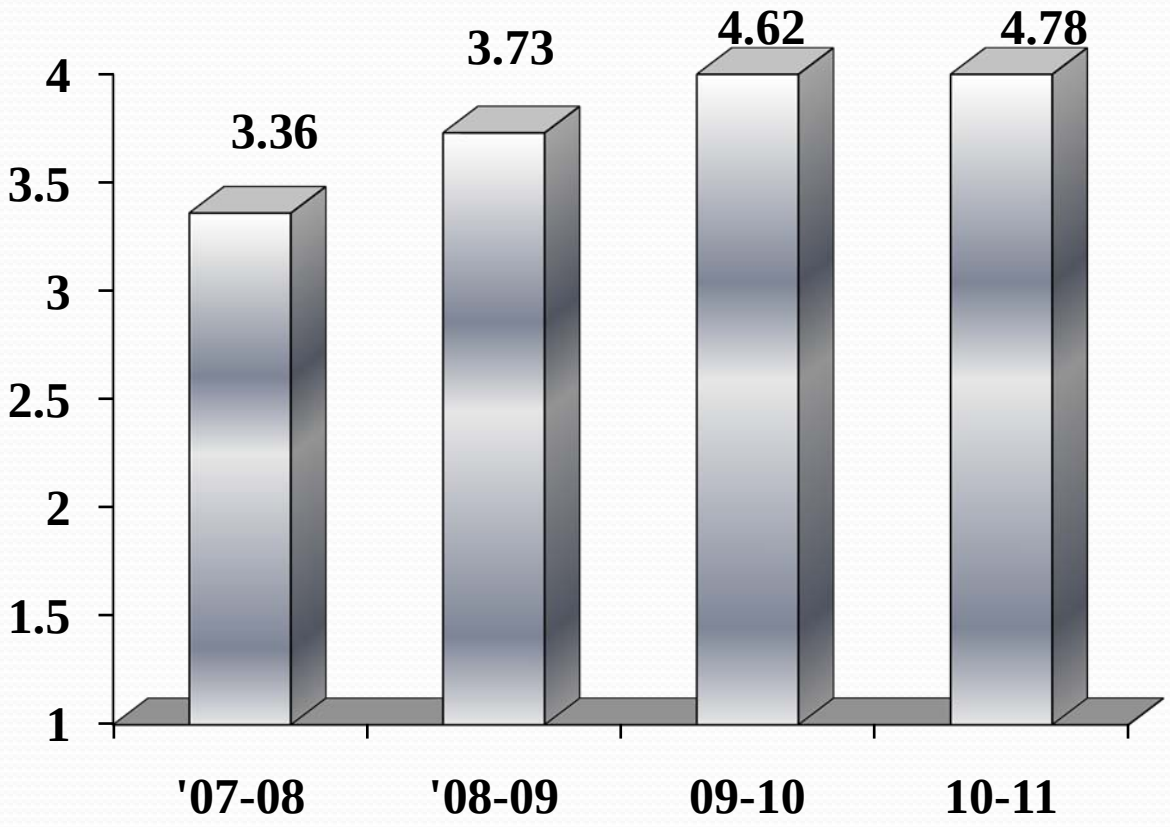
in Million Tonne



# Special Steel Production

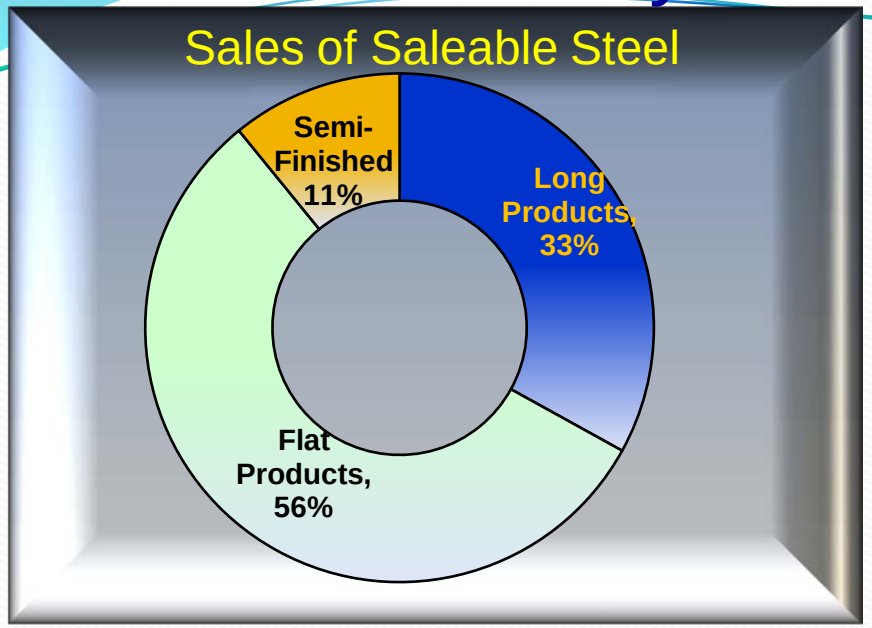
(in Million Tonne)

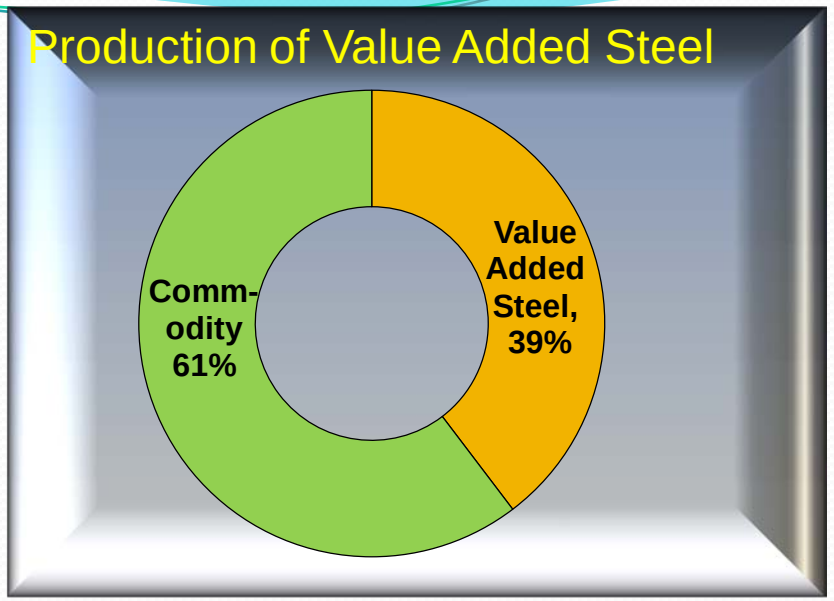
**Production of Value added products of 5 ISPs**

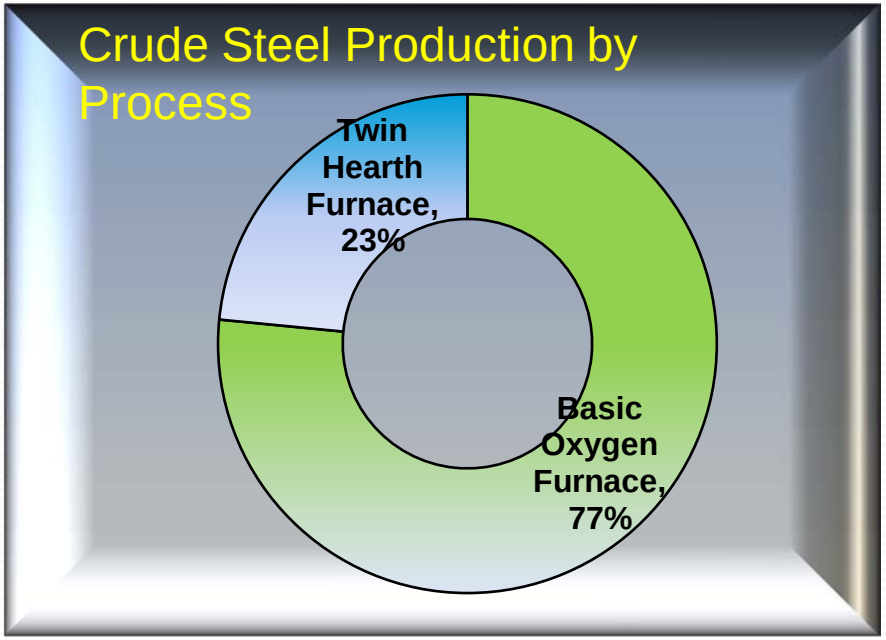


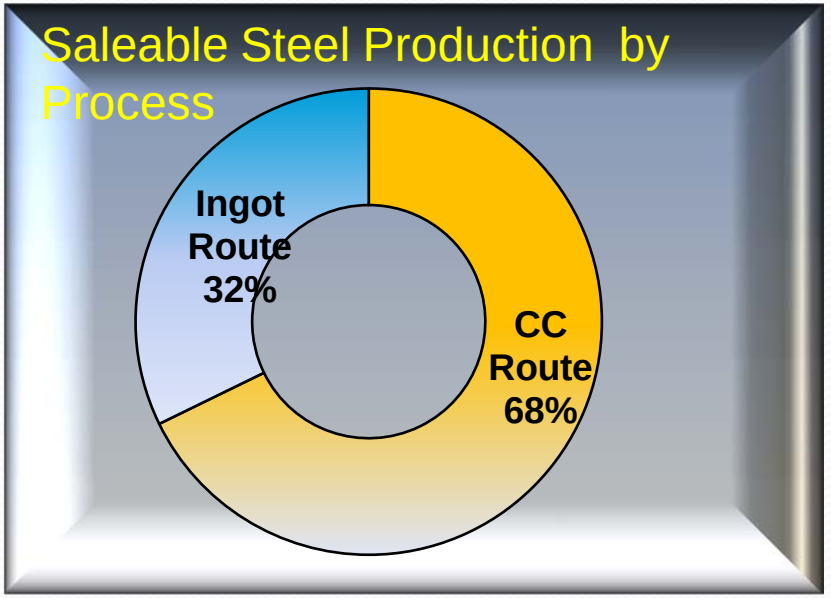

**Special Steel Production constitutes 39% of Total Production.**

# Production by Process and Sales Mix: FY11



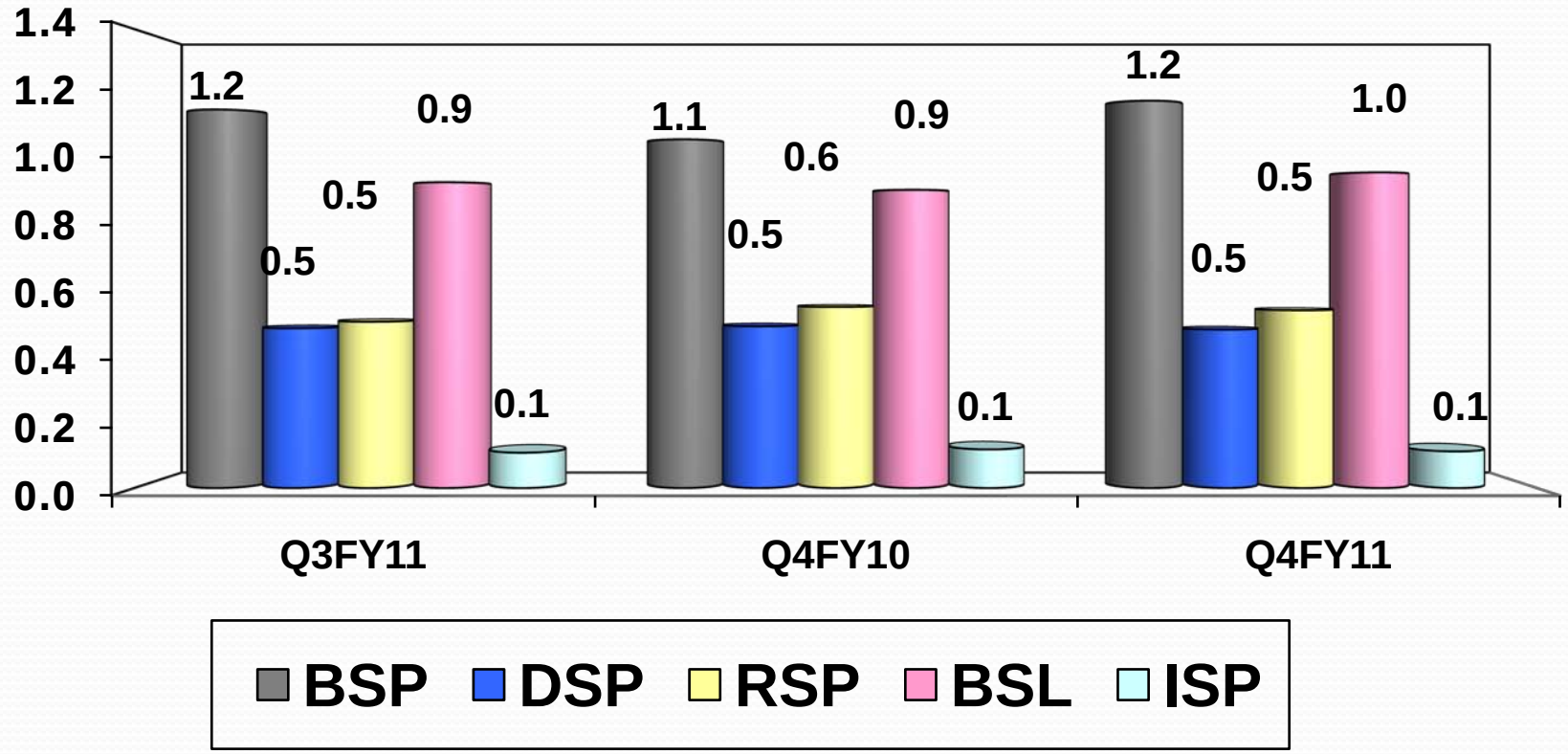



# Saleable Steel Production

## Five Integrated Steel Plants

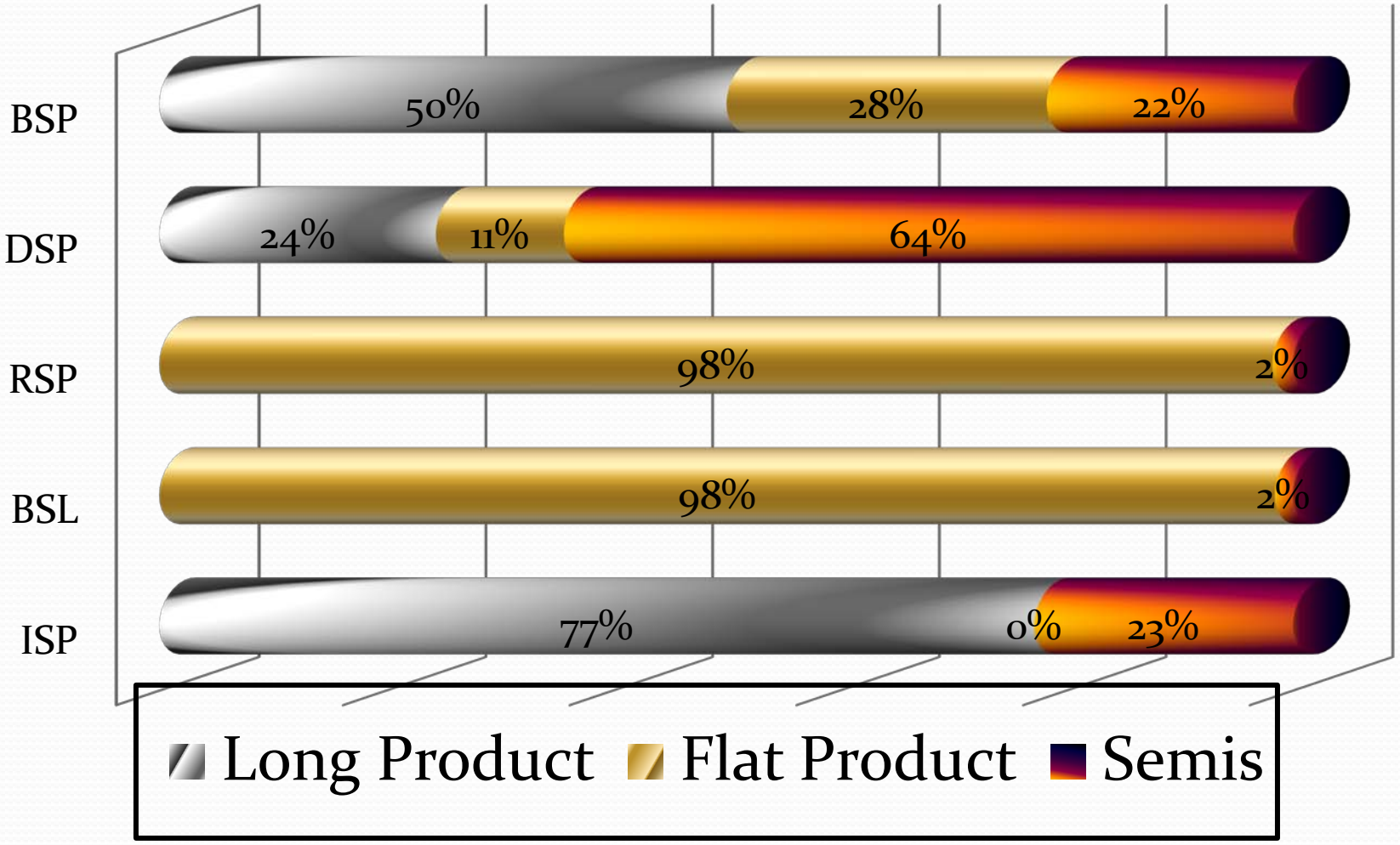
**Plant-Wise, Quarter-Wise**

**(in million Tonne)**



# Product Mix: Production Five Integrated Steel Plants

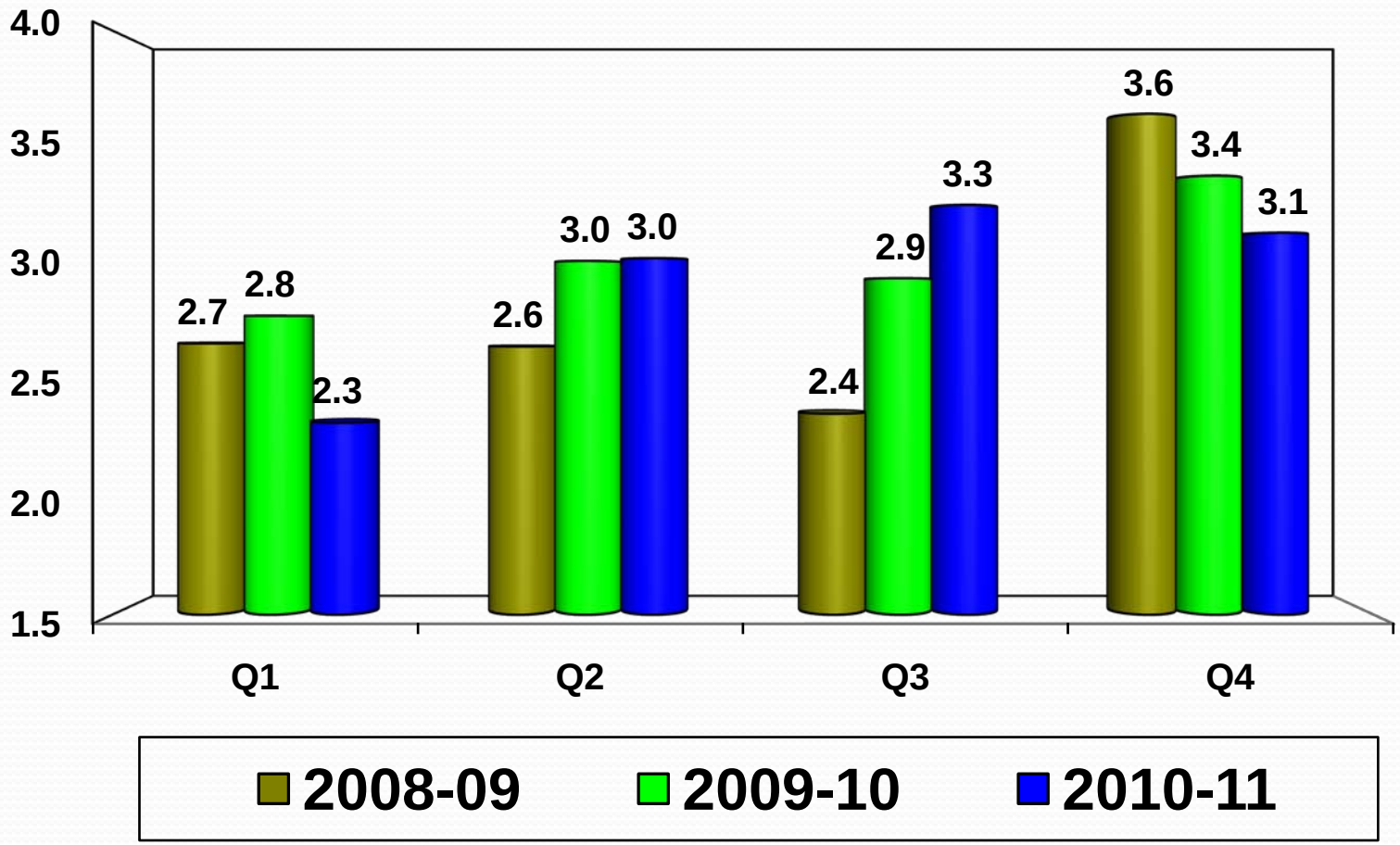
In thousand tonne



# Saleable Steel Sales Volume

## Including Special Steel Plants

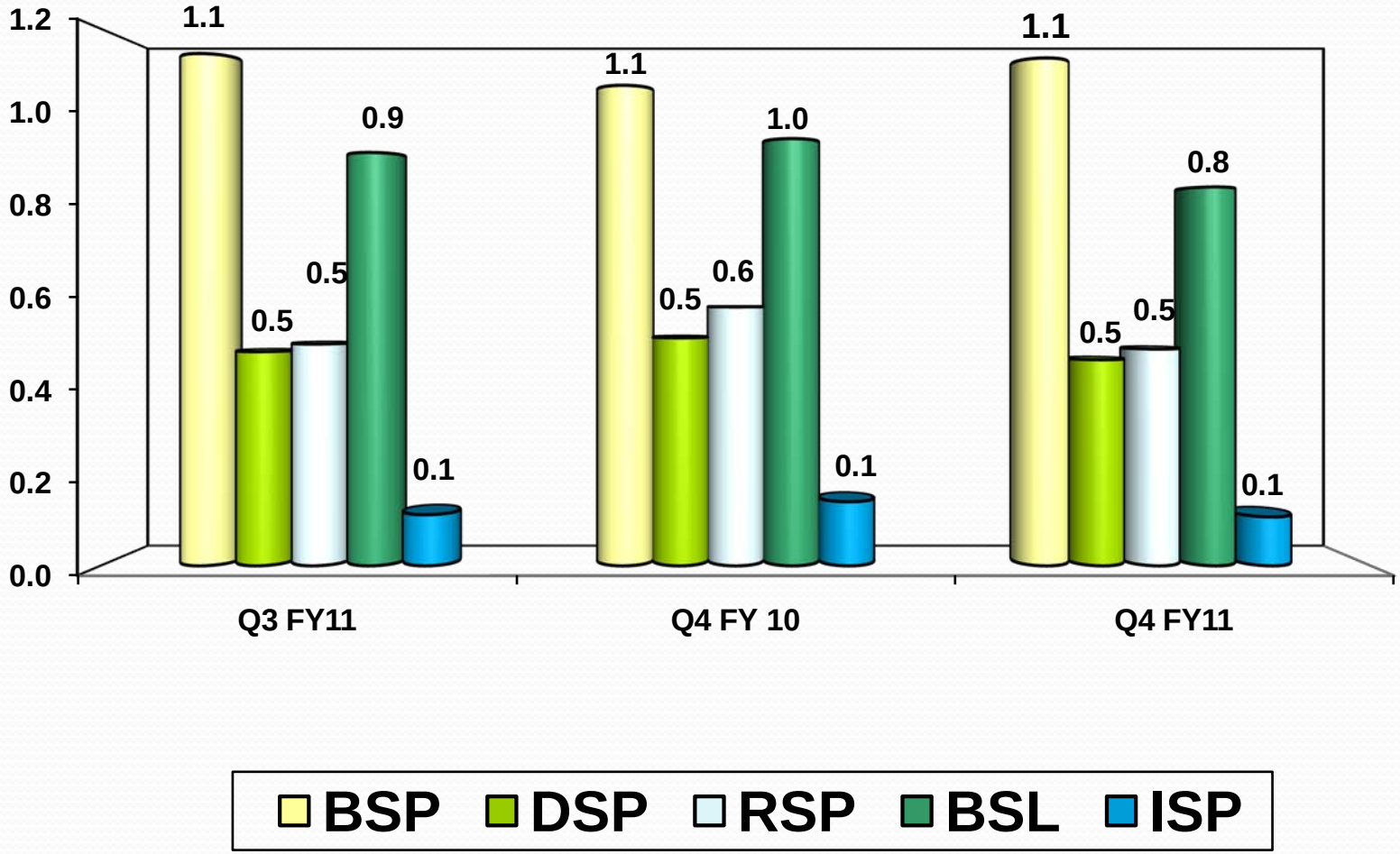
(In Million Tonne)



# Saleable Steel Sales Volume

**(In million tonne)**

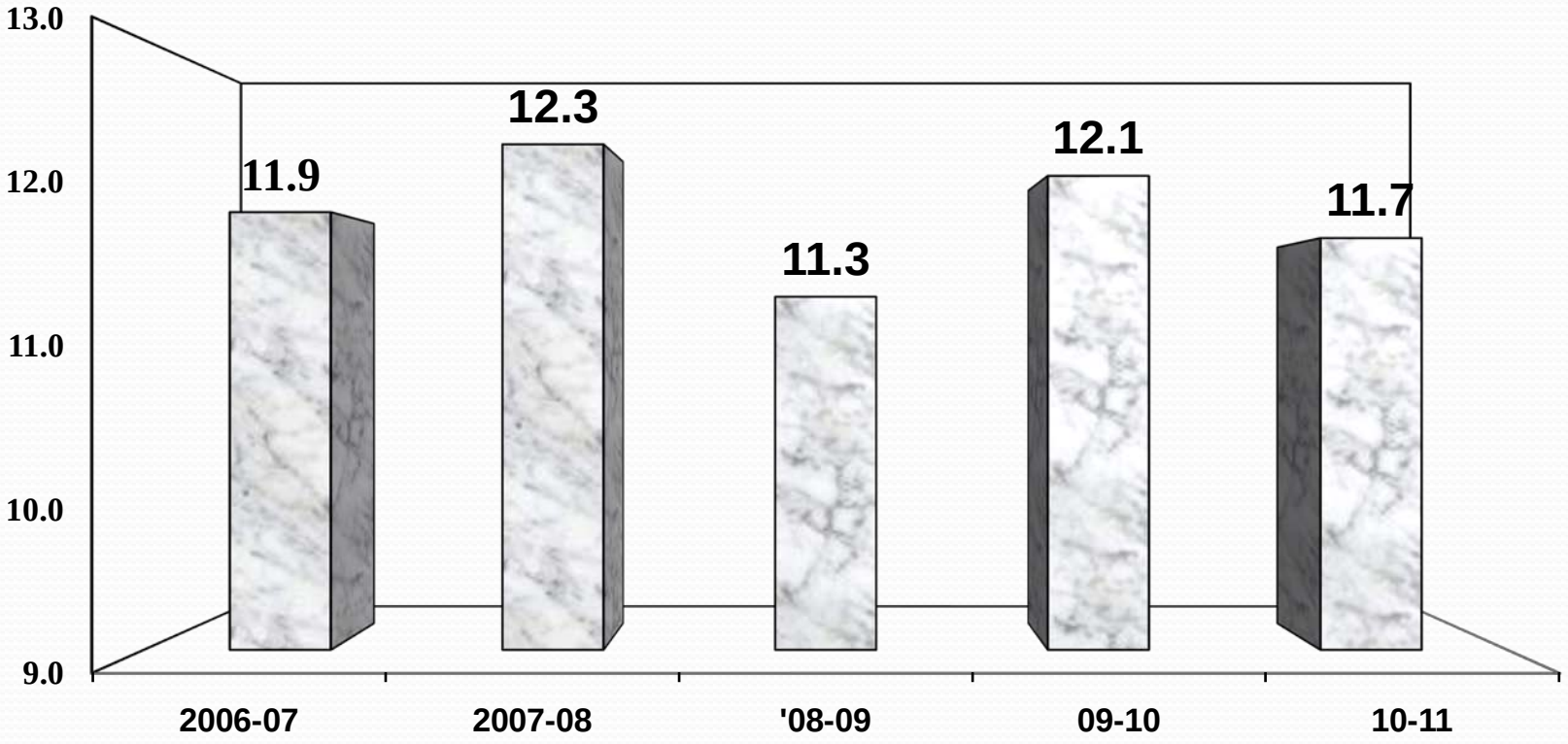
Plant-wise -Five Integrated Steel Plants



# Saleable Steel Sales Volume

## Including Special Steel Plants

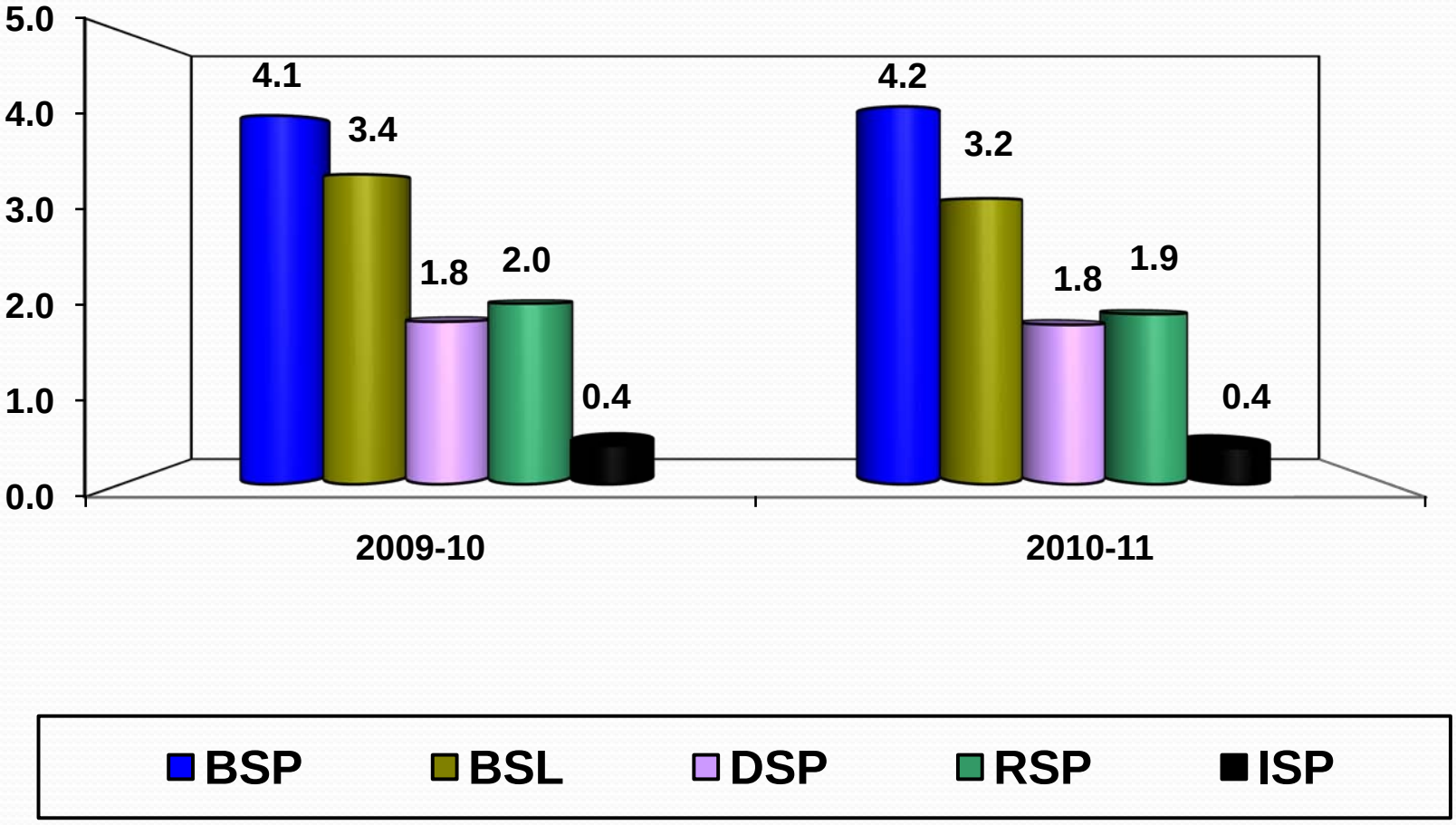
(in million tonne)



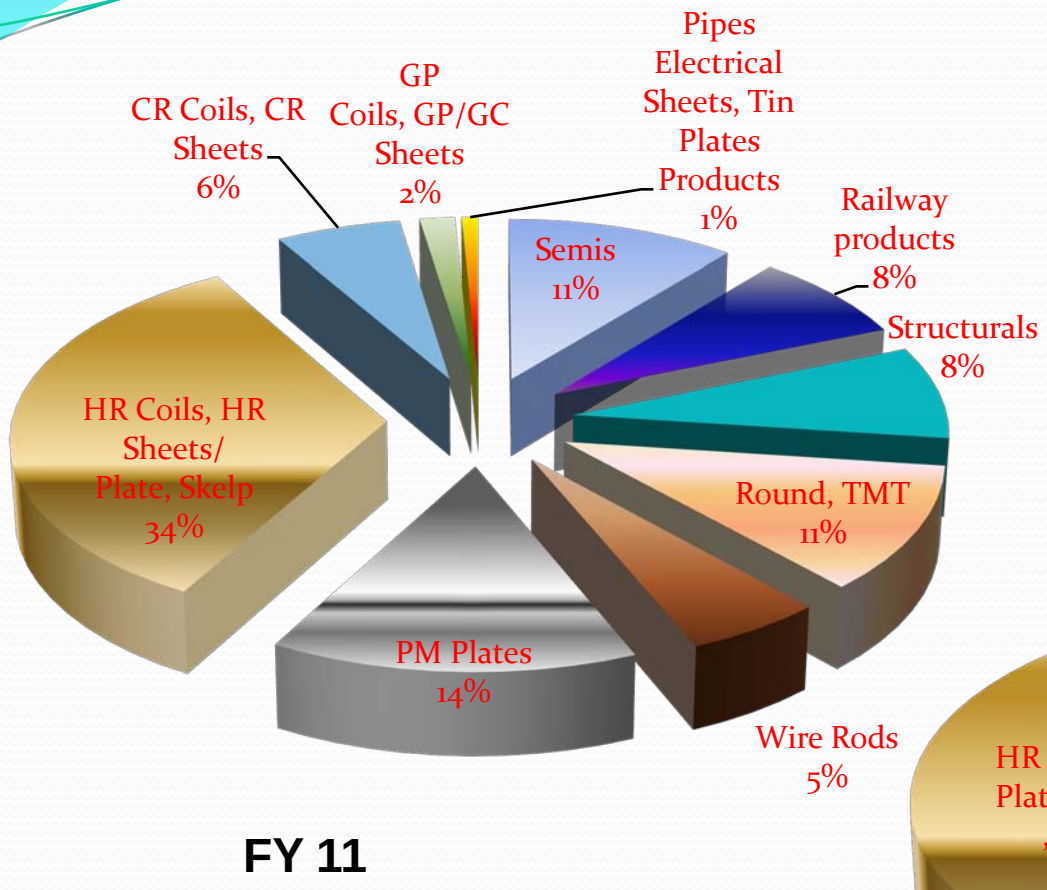
# Saleable Steel Sales Volume

**Plant-wise**

**(In Million Tonnes)**

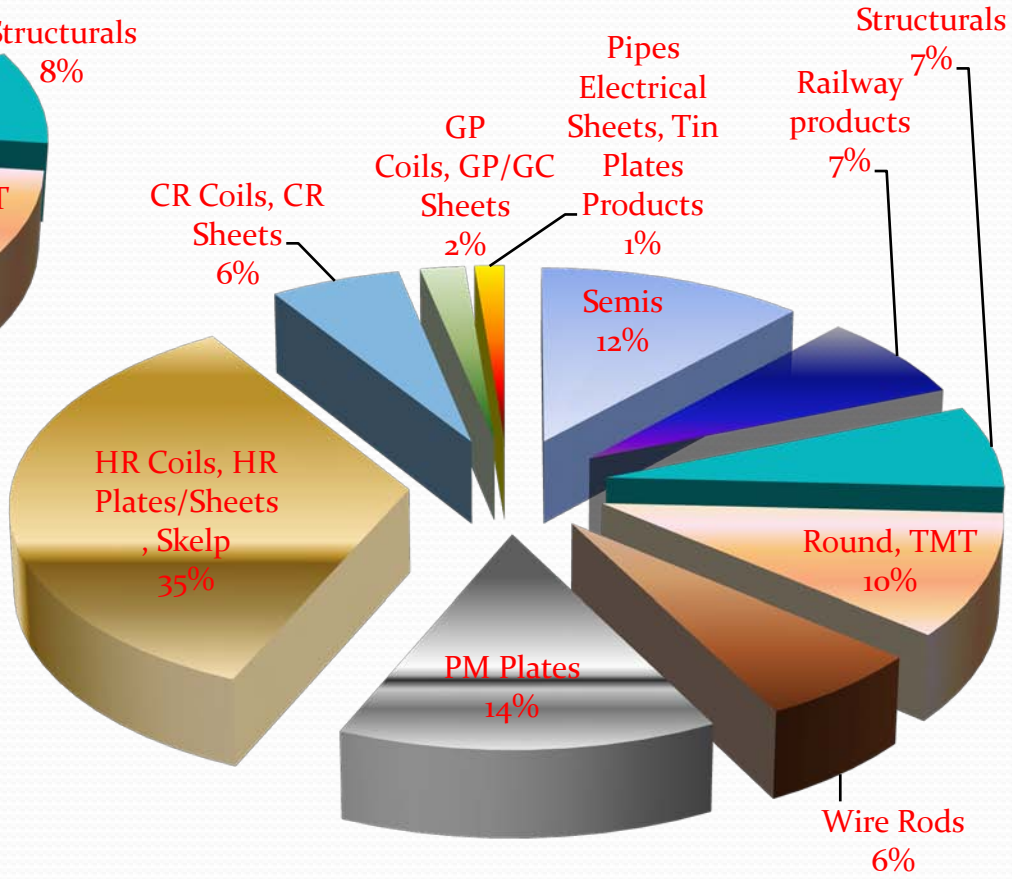


# CATEGORY WISE SALES VOLUME (%)

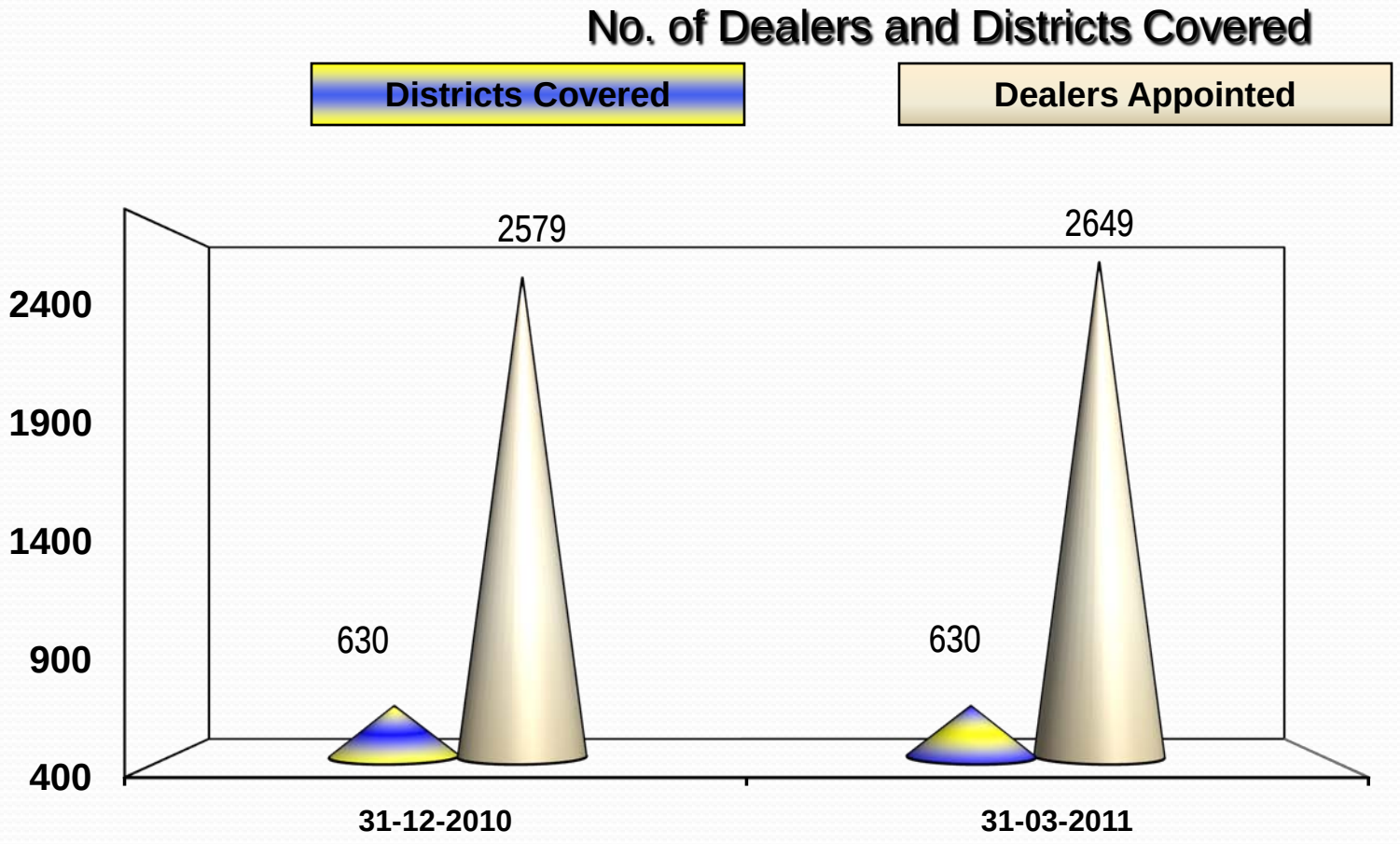



FY 11

FY 10

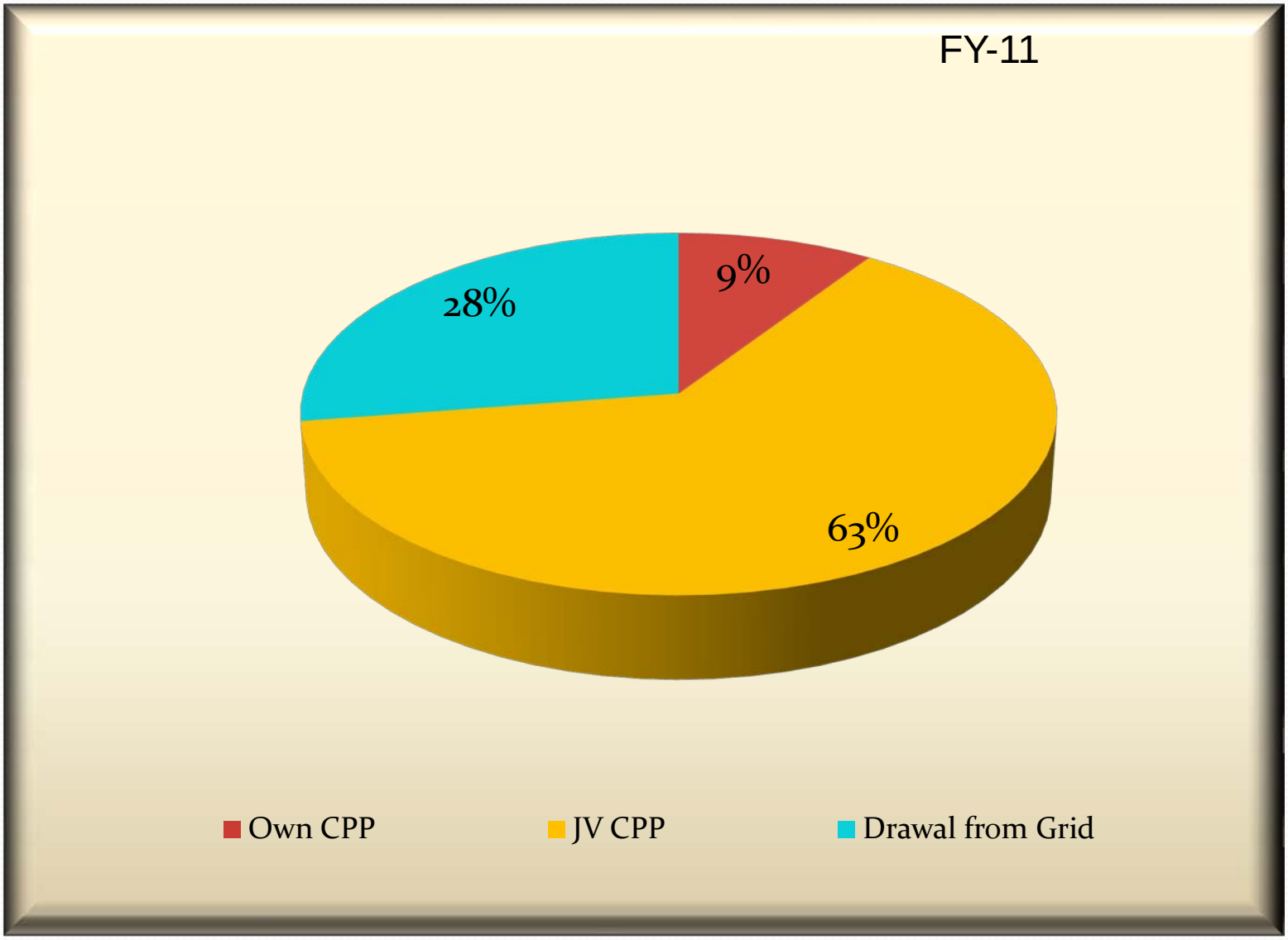


# Sales through Dealers Network



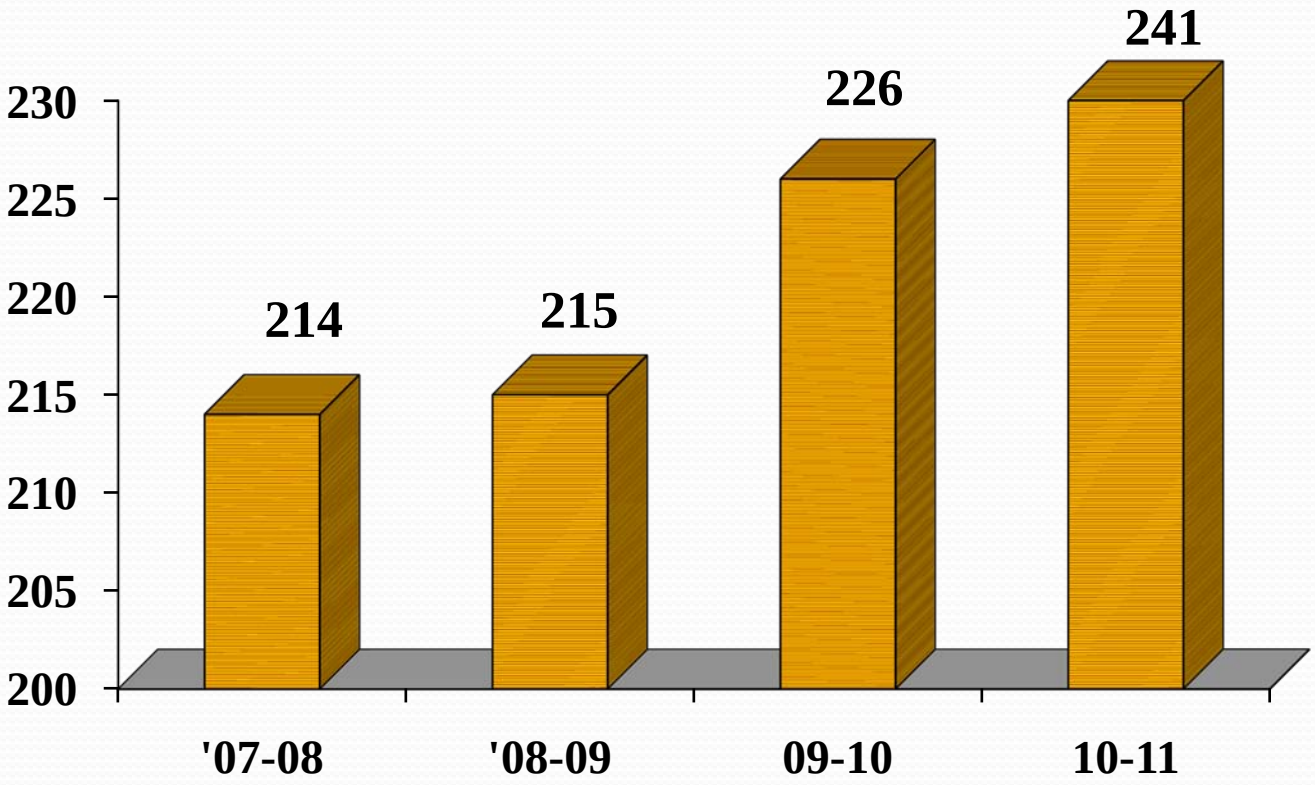

- **Sales through dealer's network during FY11 : 5.81 lakh tonne**

# Captive Power Generation and drawal from Grid



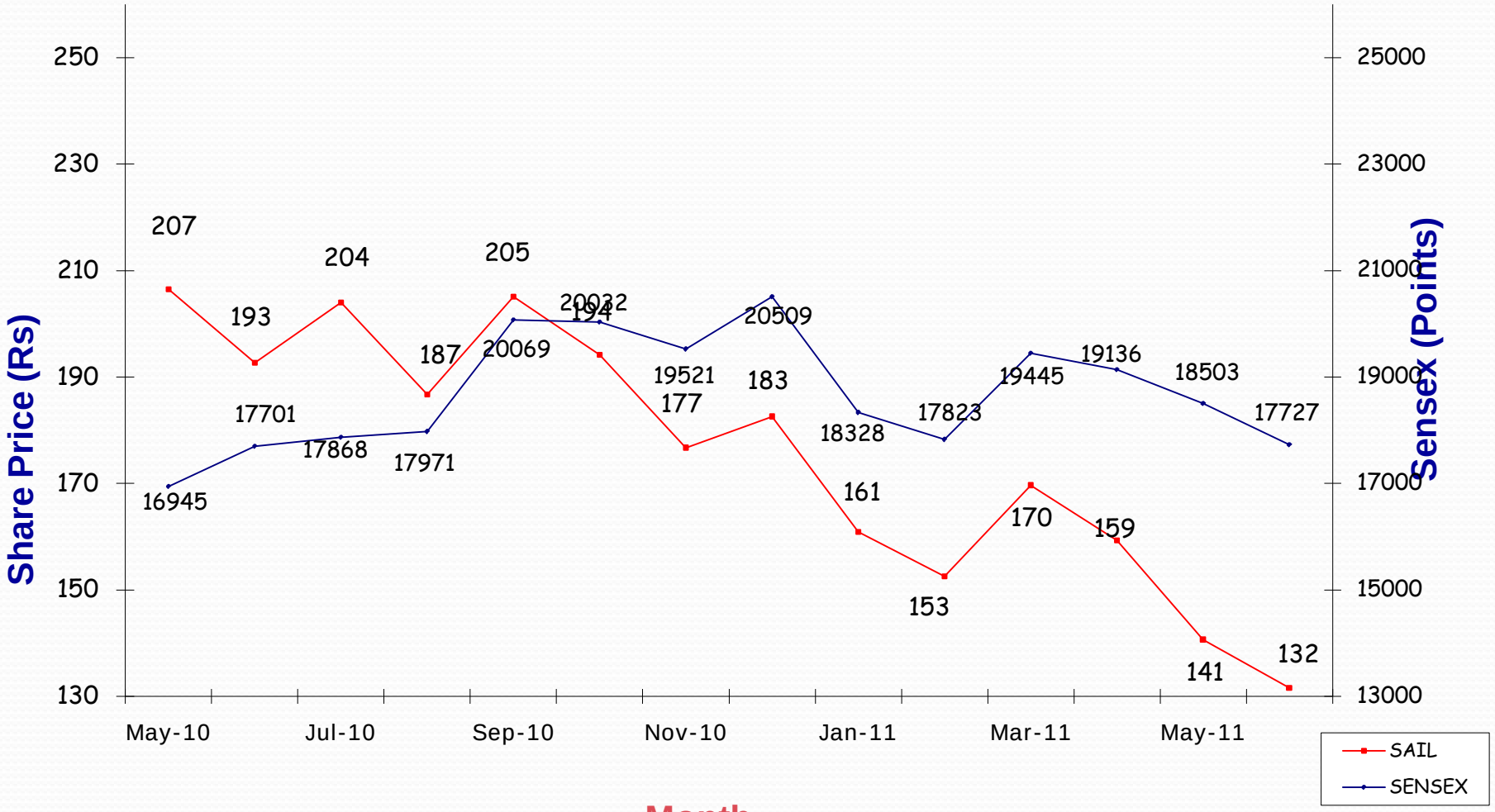
# Labour Productivity

Tonne Crude Steel /man / year




- Net Manpower reduction 5475 over 31.03.2011
- Current manpower 111 Thousand as on 31.03.2011

# Performance of SAIL Share price vis-à-vis Sensex




**Closing Share Price & Sensex as on the last day of the month except on June23,2011**

# Dividend

Amount in Rs. Crore

| | Interim % | Final % | Total % | Dividend | Dividend Tax |
|---|---|---|---|---|---|
| 2010-11 | 12% | 12%* | 24%* | 991* | 161* |
| 2009-10 | 16% | 17% | 33% | 1363 | 228 |
| 2008-09 | 13% | 13% | 26% | 1074 | 181 |
| 2007-08 | 19% | 18% | 37% | 1528 | 259 |
| 2006-07 | 16% | 15% | 31% | 1280 | 197 |

***Proposed Final Dividend subject to approval of shareholders**

# EXPANSION AND MODERNISATION PLAN

# SAIL's Expansion Plan

| Particulars | Million Tonne | |
|---|---|---|
| | Actual Production 2010- 11 | After Ongoing Expansion |
| Crude Steel | 13.76 | 21.4 |
| Saleable Steel | 12.87 | 20.2 |

# Expansion Plan : Technological Shift

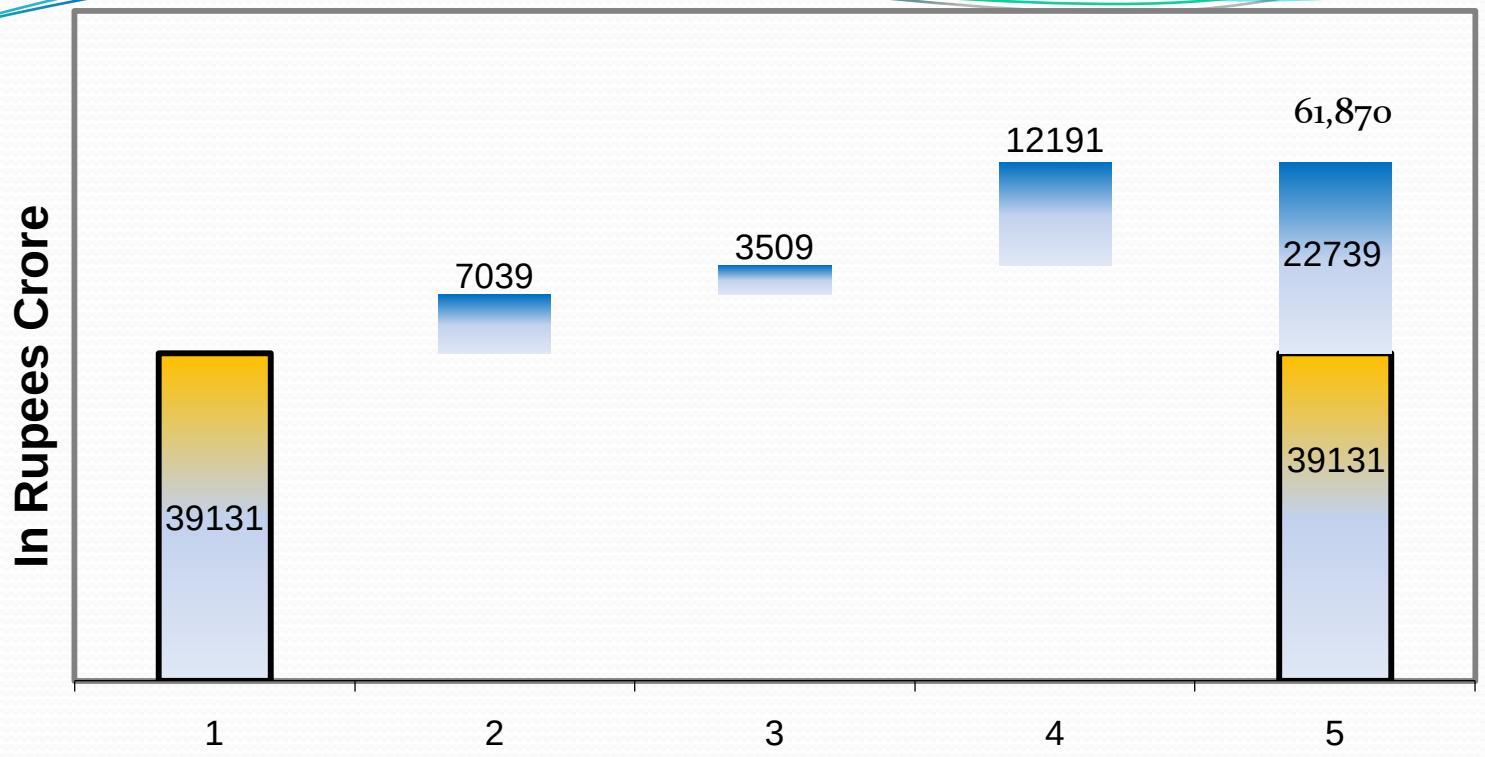
| Technology | Current Status | After Expansion |
|---|---|---|
| BOF Steel making | 78% | 100% |
| CC Route | 68% | 100% |
| Pelletisation Plant | No | Yes |
| Coke Dry Quenching | No | Yes |
| Top Pressure Recovery Turbine | No | Yes |
| Auxiliary Fuel Injection in BF | Partial coverage | Full coverage |
| Desulphurization of Hot Metal | Partly | 100% |
| Thin Slab Casting - Compact Strip Mill | No | Yes |
| Beam Blank Casting | No | Yes |
| Coupled Pickling & Tandem Mill | No | Yes |
| Beneficiation Plant | Partial | Full |

# Ongoing Projects

- The ongoing expansion has been planned to achieve saleable steel production of 20.23 million tonne, at a cost of Rs. 39,131 crore (USD 8.7 billion) approximately.
- In addition, following capex has also been planned for schemes, as given hereunder:

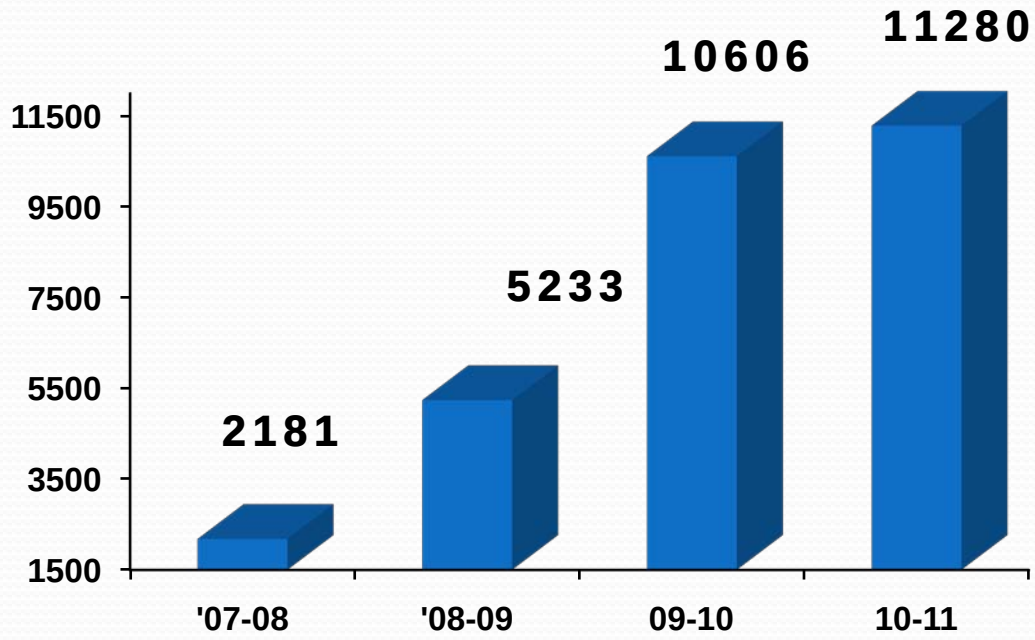
| Scheme | Estimated cost |
|---|---|
| Value Addition/ Product-mix Improvement | Rs. 7,039 crore (USD 1.5 billion) |
| Technological Upgradation/ Moderanisation | Rs. 3,509 crore (USD 0.8 billion) |
| Sustenance including debottlenecking, AMR and Environment | Rs. 12,191 crore (USD 2.7 billion) |
| Augmenting Raw Material from existing Mines & Development of new mines | Rs.10,264 crore (USD2.2 billion) |

# Ongoing Projects




| | |
|---|---|
| **1** | **Expansion of Existing capacity** |
| **2** | Value Addition/ Product-mix Improvement |
| **3** | Technological Upgradation/ Moderanisation |
| **4** | Sustenance including debottlenecking, AMR and Environment |
| **5** | Total estimated cost |

# Capital Expenditure on Expansion and Moderanisation




Amount in Rs. Crore

- ✓During FY11, an amount of Rs. 11,280 crore has been spent towards capital expenditure.
- ✓Cumulative Capex till March 2011 Rs. 29,300 crore.
- ✓Capex Plan 2011-12 is Rs. 14,337 crore approximately.

# Ongoing Projects

- Orders for Rs.52,000 crore have already been placed for various Modernisation & Expansion Projects/ Sustenance Schemes.
- Various options for raising fund to finance the capex plan are being explored.
- To facilitate the expenditure of expansion and moderanisation, SAIL Board has taken a decision to raise a part of its cost through Follow on Public Offer (FPO).
  - 10% of prepaid-up equity capital shall be issued in the market as FPO, in two tranches of 5% each.
  - GoI also proposes to divest shares equal to 10% of prepaid- up capital, in two tranches, along with above FPO.
  - The Empowered Group of Ministers shall consider the economic environment before approving the time and price of issue.
  - BRLMs have been appointed for the 1st tranche.

# Ongoing Projects

## Expected Outcome

- ✓ Production through twin-hearth furnace route to be replaced by BOF – LD Converter route.
- ✓ Production through Ingot - teeming route to be replaced with Continuous cast production route.
- ✓ Enhancement of **Production Capacity by addition of three new 4060 m³ Blast Furnace**
- ✓ **Increased Market Share**
- ✓ **World Class Technology and Products**
- ✓ **Improved Product mix/** proportion of **value added products to increase**
- ✓ Complete elimination of **Semi-finished steel**
- ✓ Enhanced **Pollution control** measures, with **environmental conservation**

# Ongoing Projects

## The Products to be added:

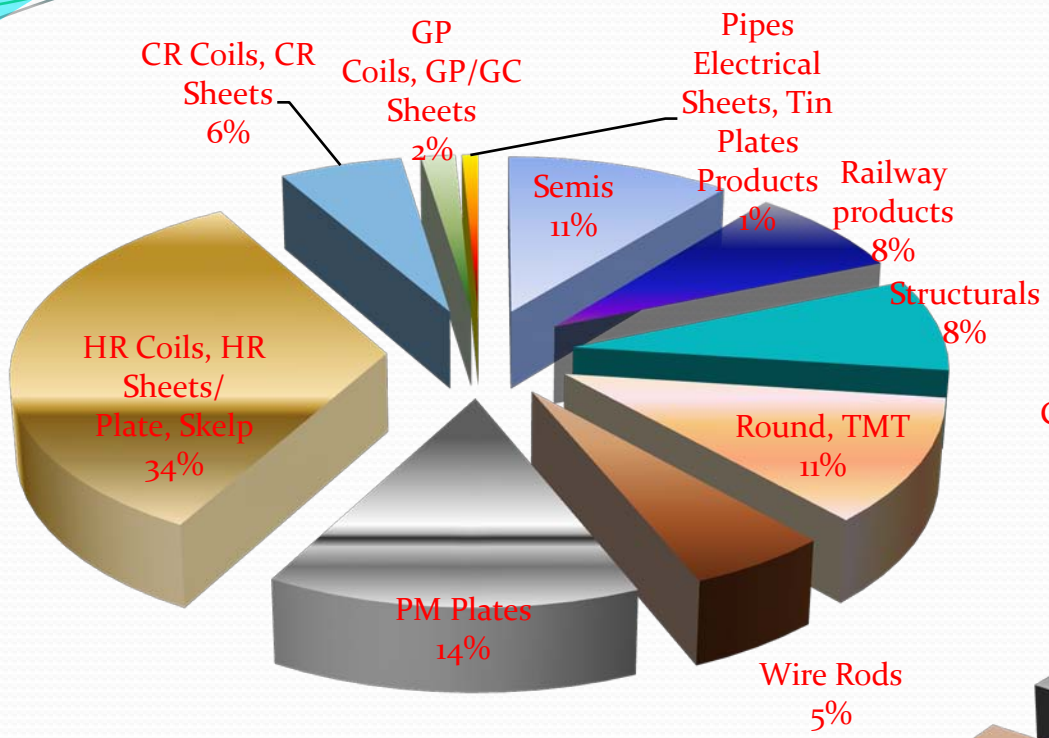
- ✓ Auto grade CR Products, Galvanized Coils/ Sheets
- ✓ Plates/ Pipes to meet up to API 100 Grade specification
- ✓ Universal Beams/ Heavy Beams in the sizes up to 1100 mm to support increasing Infrastructural requirements
- ✓ Rails for Metro-Railways
- ✓ Increased production of Rails and wheels to meet the increasing requirements of Indian Railways
- ✓ Quantum jump in Rounds and Structural production leading to elimination of entire semi-finished steel
- ✓ Wider Plates in the size of 4300 mm

# Capacity increase after Expansion

| Plant | Hot Metal (MT) | | Crude Steel(MT) | | Saleable Steel(MT) | |
|---|---|---|---|---|---|---|
| | 2010-11 | After Expansion | 2010-11 | After Expansion | 2010-11 | After Expansion |
| BSP | 5.7 | 7.5( 7.5) | 5.3 | 7.0( 7.0) | 4.6 | 6.5 (6.5) |
| DSP | 2.1 | 3.5(2.5 ) | 2.0 | 3.0(2.2 ) | 1.9 | 2.8 (2.1) |
| RSP | 2.3 | 4.5(4.5 ) | 2.2 | 4.2(4.2 ) | 2.0 | 4.0 (4.0) |
| BSL | 4.1 | 7.4(5.8 ) | 3.6 | 7.0(4.6 ) | 3.4 | 6.5 (4.2) |
| ISP | 0 .5 | 2.9(2.9) | 0.4 | 2.5(2.5) | 0.4 | 2.4 (2.4) |
| VISL | 0.1 | 0.3 (0.3) | 0.1 | 0.3 (0.3) | 0.1 | 0.2 (0.2) |
| ASP | | - | 0.2 | 0.4 (0.4) | 0.2 | 0.4 (0.4) |
| SSP | | - | | 0.2(0.2) | 0.3 | 0.3 (0.3) |
| Total | 14.8 | 26.2(23.5) | 13.8 | 24.6(21.4) | 12.9 | 23.1 (20.2) |

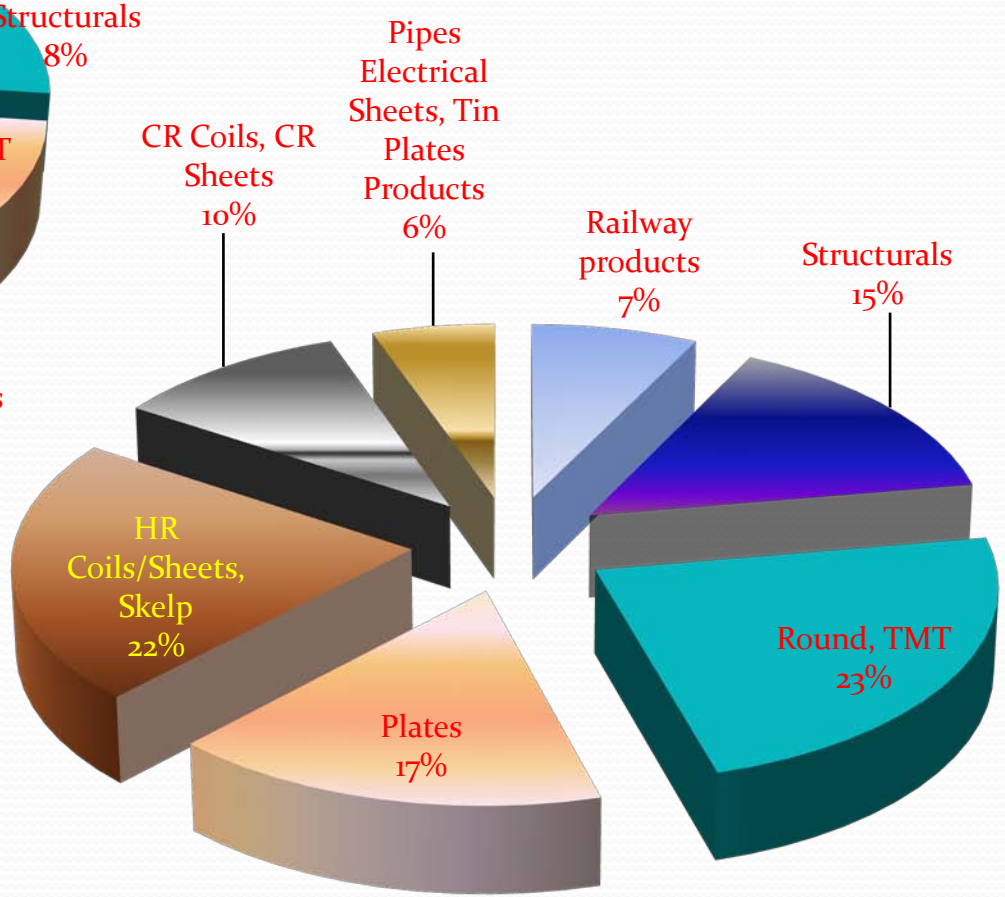
**Figures in brackets indicate capacity after implementation of on going phase of modernization and expansion to be completed by FY 13.**

# PRODUCT MIX CHANGE



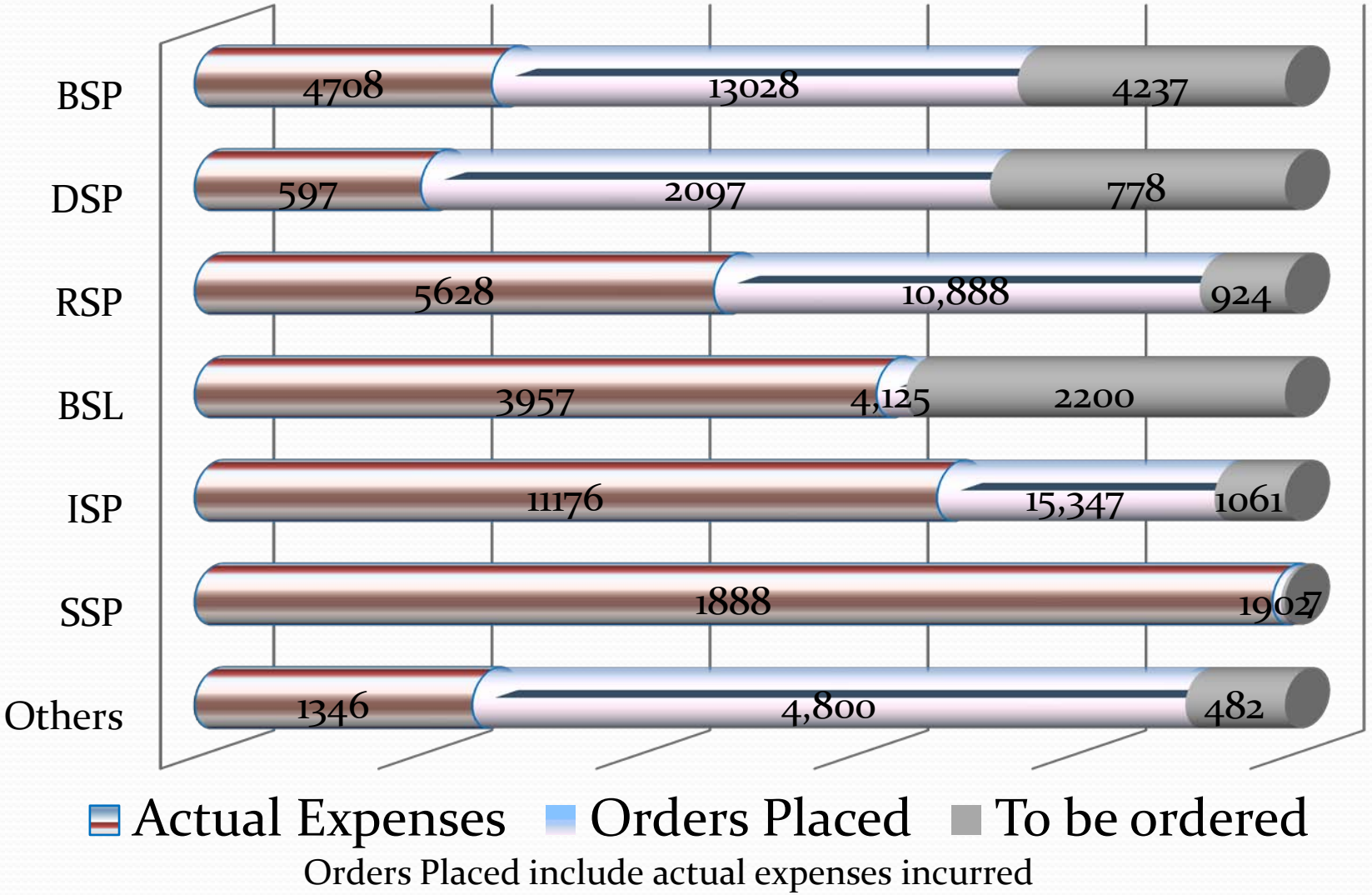

**FY 11**

PRODUCT MIX AFTER ON-GOING EXPANSION



# Capex Status as on 31-03-2011

Amount in Rs. crore




Orders Placed include actual expenses incurred

# Salem Steel Plant

- Facilities added :
  - Steel Melting Shop – Electric Arc Furnace (55T); AOD Converter (60T); Ladle Furnace (60T); Single Strand Slab Caster.
  - Roll Grinder for Hot Rolling Mill
  - Cold Rolling Mill Complex – including 20-Hi Sendzimir Mill
  - Commissioned: September 2010
- Production (mtpa):

| Item | 2010-11 (Actual) | After Expansion |
|---|---|---|
| Crude Steel | - | 0.18 |
| Saleable Steel | 0.274 | 0.34 |

# Ilsco Steel Plant

- Expected Date of commissioning: December 2011
- Facilities added:
  - New Stream to produce 2.7 mtpa of Hot Metal, 2.5 mtpa Crude
  - Saleable Steel from both existing and new facilities: 2.39 mtpa
  - New Coke Oven Battery, Sinter Machines, Blast Furnace 4060m$^3$
  - Three nos. of 150 T Basic Oxygen Furnace Converters
  - 2x6-Strand Billet Casters & 1x4-Strand Beam Blank/ Bloom Caster
  - Heavy Section Mill (0.6mtpa); Wire Rod (0.5mtpa); Bar Mill (0.75mtpa)
- Production (mtpa):

| Item | 2010-11 (Actual) | After Expansion |
|---|---|---|
| Crude Steel | 0.41 | 2.50 |
| Saleable Steel | 0.42 | 2.39 |

# Bokaro Steel Plant

- Expected Date of commissioning: December 2011
- Facilities added:
  - New Cold Rolling Mill Complex – 1.2 mtpa.
  - Rebuilding of Three Coke Oven Batteries,
  - Up gradation of Blast Furnace 5 commenced. Blast Furnace 2 up gradation completed.
  - Upgradation of Steel Melting Shop with necessary auxiliary facilities.
  - Augmentation of Raw material Handling Facilities, Utilities and Services.
- Production (mtpa):

| Item | 2010-11 (Actual) | After Expansion |
|---|---|---|
| Crude Steel | 3.60 | 4.61 |
| Saleable Steel | 3.42 | 4.18 |

# Bhilai Steel Plant

- Expected Date of commissioning: December 2012-March 2013
- Facilities added:
  - Phasing out of low yield and energy intensive units viz. Twin Hearth Furnace, Ingot Casting, Soaking Pits and Blooming and Billet mill.
  - Reduction of semis by enhancing finished steel production;
  - Broadening and value addition of product mix for higher flexibility and profitability;
  - Enhancing production of Rails to 1.5 mtpa (Class A heavier Rails)
  - New Coke Oven Battery, Sinter Machine, Blast Furnace 4060m$^3$
  - New Steel Melting Shop with secondary refining facilities.
  - New Billet Casters & Beam Blank/ Bloom Caster
  - Universal rail Mill; Bar and Rod Mill
  - Augmentation of existing auxiliary and service facilities.
- Production (mtpa):

| Item | 2010-11 (Actual) | After Expansion |
|---|---|---|
| Crude Steel | 5.33 | 7.0 |
| Saleable Steel | 4.57 | 6.56 |

# Rourkela Steel Plant

- Expected Date of commissioning: December 2012-March 2013
- Facilities added:
  - New Coke Oven Battery, Sinter Plant, Blast Furnace 4060m$^3$
  - New 3$^{rd}$ BOF (150t), LF. RH-OB.
  - New 3$^{rd}$ Single Strand Slab Caster with balancing facilities for operation and increased production in SMS-II.
  - New 4.3 m Wide Plate Mill (1mtpa)
  - New Billet Casters & Beam Blank/ Bloom Caster
  - New Oxygen Plants
- Production (mtpa):

| Item | 2010-11 (Actual) | After Expansion |
|---|---|---|
| Crude Steel | 2.16 | 4.2 |
| Saleable Steel | 2.03 | 3.99 |

# Durgapur Steel Plant

- Expected Date of commissioning: December 2012
- Facilities added:
  - Rebuilding of Coke Oven Battery,
  - Bloom-cum-round caster 1x4 (0.75mtpa).
  - New Medium Structural Mill (1.0 mtpa).
  - Upgradation of Raw material Handling Facilities.
- Production (mtpa):

| Item | 2010-11 (Actual) | After Expansion |
|---|---|---|
| Crude Steel | 1.96 | 2.20 |
| Saleable Steel | 1.89 | 2.12 |

# Updates on Moderanisation/ Expansion

- Integrated operations of new facilities at Salem Steel Plant started since September 2010.
- Production from Blast Furnace II at Bokaro Steel Plant has been stabilized after up gradation with working volume expected to increase from 1758 $m^3$ to 2250 $m^3$.
- Blast Furnace No.5 of Bokaro Steel Plant has been taken up for up gradation since May 2011

# Raw Materials

## IRON ORE LINKAGES

Mtpa

| Year | Hot Metal Production | Iron Ore Consumption | Linkages of Iron Ore |
|---|---|---|---|
| **2009-10** | 14.5 | 23 | Existing Mines |
| **Post Expansion** | 26 | 43 | The capacity of existing mines at Kiriburu, Meghataburu, Bolani ,Gua & Barsua are being ramped up to meet the requirement of Iron Ore for post ongoing phase of expansion.<br>New Pellet plant of 4 mtpa capacity has being planned for better utilisation of Iron Ore fines. |
| **2020** | 60 | 100 | In addition to the above, iron ore shall be mined from new mines at Rowghat, Chiria and Taldih. |

# Raw Materials

## IRON ORE LINKAGES

**Mtpa**

| Mine | Existing Capacity | Capacity after ongoing expansion | Remarks |
|---|---|---|---|
| Kiriburu | 4.3 | 5.5 | Capacity of Existing Mines is being ramped up to meet the requirement of the ongoing expansion plan.<br>The entire requirement of the increased capacity shall be met through captive mines.<br>The timeline for mines expansion is expected to be in line with Steel Plants expansion.<br>New pellet plant shall use the existing reserve of fines at Gua. |
| Meghataburu | 4.3 | 6.5 | |
| Bolani | 4.1 | 10.0 | |
| Gua | 2.4 | 10.0 | |
| New Pellet plant | New | 4.0 | |
| Barsua, Kalta, Taldih | New | 4.3 | Forestry clearance received for 8.05mtpa. |
| Rowghat | New | 14.0 | All statutory clearance have been received and production shall be starting by FY16. |
| Chiria | New | 7.0 | In principle approval for mining one billion reserves has been accorded by Government. |

# Raw Materials

## COAL LINKAGES Mtpa

| Year | Hot Metal Production | Coking Coal Requirement | Linkages for Coking Coal |
|---|---|---|---|
| 2009-10 | 14.5 | 13.8 | Import Component – 70%<br>Over 90% of imported coal is sourced from Australia.<br>Indigenous : 30%<br>Domestic coal is largely sourced from Coal India Ltd.<br>SAIL has existing captive coking coal production of near 0.5 mtpa. |
| Post Expansion | 26 | 23 | Long term /Quarterly contracts to cover 95% of Import requirements, w.e.f. FY11<br>Tasra captive coal block is being developed to produce 4 mtpa of ROM (2 mtpa washed coal)<br>Sitanala coal block shall also be developed for production of 0.75 mtpa of ROM(0.4 mtpa of washed coal)<br>New alliances/ linkages/ acquisitions are being explored |
| 2020 | ~ 60 | 50 | |

# New Strategic Initiatives

- SAIL and POSCO are jointly conducting feasibility study for utilising FINEX technology. Feasibility study for setting up CRNO production facility jointly with POSCO is also being conducted.
- MoU has been signed with Kobe Steel, Japan for exploring feasibility of ITmk3 technology for use of lean iron ore fines and non coking coal.
- Joint Venture agreement has been signed between SAIL and M/s RITES for setting up wagon manufacturing factory at Kulti West Bengal.
- MoU with Ircon International Ltd to explore rail infrastructure development projects in India and Abroad.
- Process of amalgamation and merger of **Maharashtra Elecktosmelt Limited (MEL),** a wholly owned subsidiary of SAIL, with the parent company is in advanced stage. Final hearing was convened by Ministry of Company Affairs (MCA) on 18th April'2011 when objections received on the petition were heard. Final Order of merger is expected likely by June'2011.

# SAIL: Corporate Social Responsibility


- An amount equivalent to 2% of distributable surplus is earmarked for CSR.

# SAIL : Responsible Corporate Citizen

- Implementing various schemes to improve the quality of life of the local population in vicinity of our steel plants and mines.
- Focus on Education and Health issues.
- Adopted villages across eight states that are gradually being developed as model steel villages("MSV'). 62 MSVs haven been completed as on March 31, 2011
- CSR programme has received various awards and accolades

# SAIL : Responsible Corporate Citizen

- Measures undertaken to minimize environmental impact include
  - Established environmental management systems at our production facility
  - Installed various types of anti-pollution equipment for the treatment of waste water, air pollution, solid waste and noise pollution emitted from our production facilities .
- Seeks to minimize waste generation and promoting recovery, recycle and re use.
- Ongoing modernization and expansion programme include pollution control measures and equipment in new facilities as well as certain upgrades to our existing facilities

# Accolades

- SAIL received Maharatna Status vide circular dated 19th May 2010 from DPE. This has granted more delegation to SAIL Board for investment in Joint Ventures and Merger and Acquisitions.

# Abbreviations used

| | |
|---|---|
| ✓ ASP | Alloy Steels Plant |
| ✓ BF | Blast Furnace |
| ✓ BOF | Basic Oxygen Furnace |
| ✓ BPL | Below Poverty Line |
| ✓ BSL | Bokaro Steel Limited |
| ✓ BSP | Bhilai Steel Plant |
| ✓ CS | Crude Steel |
| ✓ CPLY | Corresponding Period Last Year |
| ✓ DSP | Durgapur Steel Plant |
| ✓ EBIDTA | Earnings Before Interest Depreciation ,Taxes & Ammortization. |
| ✓ G.Cal/tcs | Giga Calories per tonne of Crude Steel |
| ✓ GoI | Government of India |
| ✓ IISI | International Iron & Steel Institute |
| ✓ ISP | IISCO Steel Plant |

# Abbreviations used

| | |
|---|---|
| ✓ JPC | Joint Plant Committee |
| ✓ Kg/thm | Kilo Gram Per Tonne of Hot Metal |
| ✓ MEL | Maharashtra Elektrosmelt Limited |
| ✓ MT | Million Tonne |
| ✓ Mtpa | Million Tonne Per Annum |
| ✓ PAT | Profit After Tax |
| ✓ PBT | Profit Before Tax |
| ✓ RDCIS | Research & Development Centre for Iron & Steel |
| ✓ RINL | Rashtriya Ispat Nigam Limited |
| ✓ RSP | Rourkela Steel Plant |
| ✓ SSP | Salem Steel Plant |
| ✓ VISL | Visvesvaraya Iron & Steel Plant |
| ✓ TFS | Total finished Steel |

# Disclaimer

**The Statements / Data related to Financial/ Operational performance has been compiled based on unaudited results for FY 11 after limited review by the Statutory Auditors.**

**Statements / Data which do not relate to SAIL and are used / made in this presentation are from sources which are considered reliable and Company cannot be held for its authenticity.**

**Further, statement describing the Company's projections, estimates, expectations are "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed depending on the circumstances / situations.**

**Major factors that could affect the Company's operations include, among others, economic conditions affecting demand / supply and prices in the domestic and global markets in which the Company operates, changes in Government regulations, tax laws and other statutes etc.**