



# STEEL AUTHORITY OF INDIA LIMITED

## Performance Highlights Q4 FY 08 and Financial Year 2007-08



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







## Financial Highlights -FY 2007-08 vs. FY 2006-07

- ✓ Record Annual Turnover of Rs.45555 crore -up by16%
- ✓ Highest ever Annual PBT - Rs. 11469 crore - up 22%
- ✓ Highest ever Annual PAT of Rs. 7537 crore - up 22%
- ✓ EBIDTA to Sales 33%,marginally up as compared to CPLY
- ✓ PAT / Net worth - 33%
- ✓ Debt / Equity Ratio : 0.13:1 against 0.24:1 CPLY (virtually debt-free, as short term deposits exceed borrowings)
- ✓ EPS of Rs. 18.25 - up by Rs. 22%





# Financial Highlights -FY 2007-08 Vs FY 2006-07

Amount in Rs. Crore

Rs. Crore	2007-08	2006-07	Increase	% increase
TURNOVER	45555#	39189*	6367	16%
EBIDTA	12955#	10966*	1541	18.1%
PBT	11469#	9423*	2046	21.7%
PAT	7537#	6202*	1335	21.5%

\*Net sales/income from operations during FY 2006-07 included Rs. 558.17 crores for the earlier periods, consequent to the effect of price escalations finalized with a major customer.

# Net sales/income from operations during FY 2007-08 included Rs. 313.25 crores for the earlier periods, consequent to the effect of price escalations finalized with a major customer.



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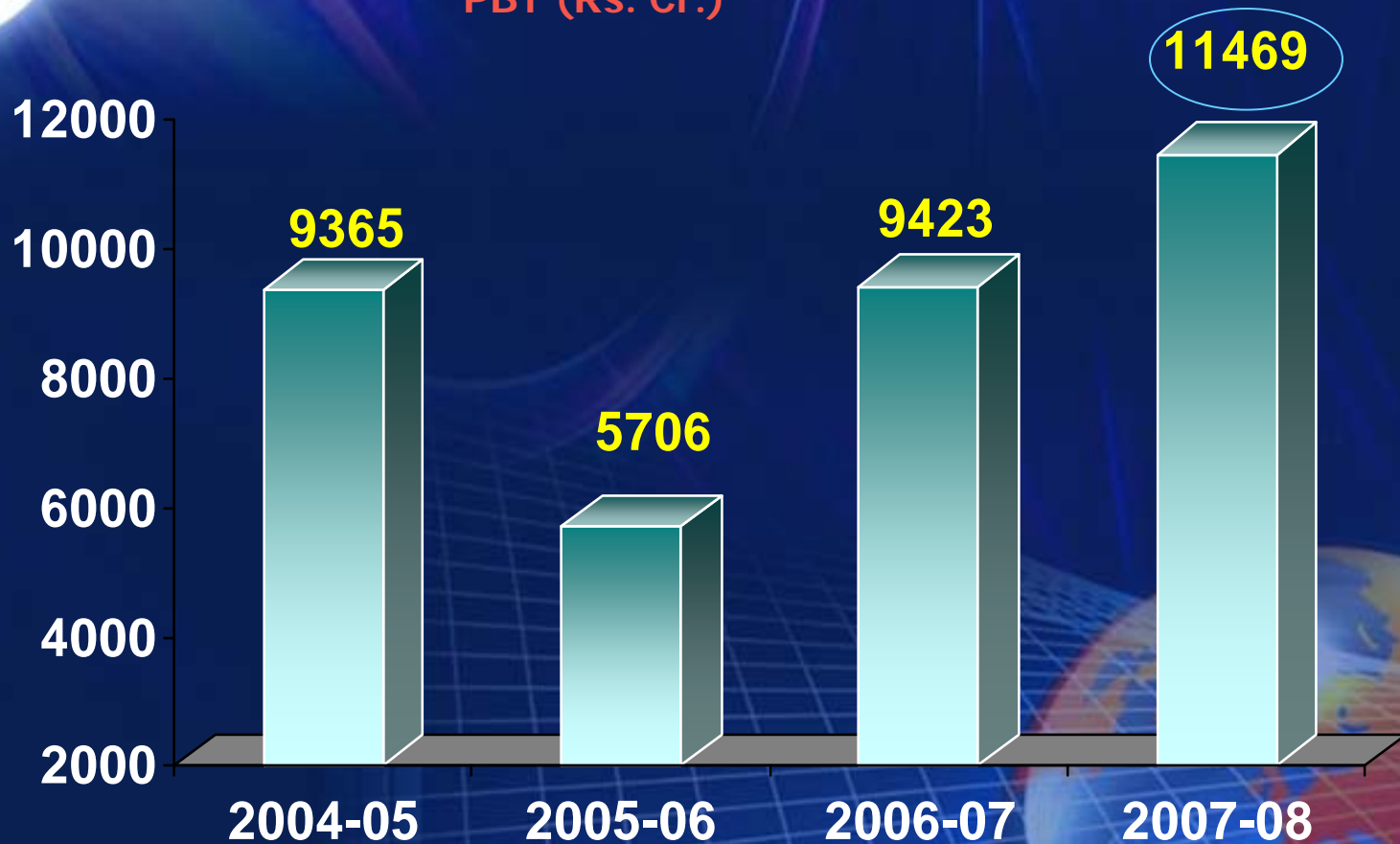
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# Financial Performance

PBT (Rs. Cr.)



Highest ever Profit before Tax in 2007-08



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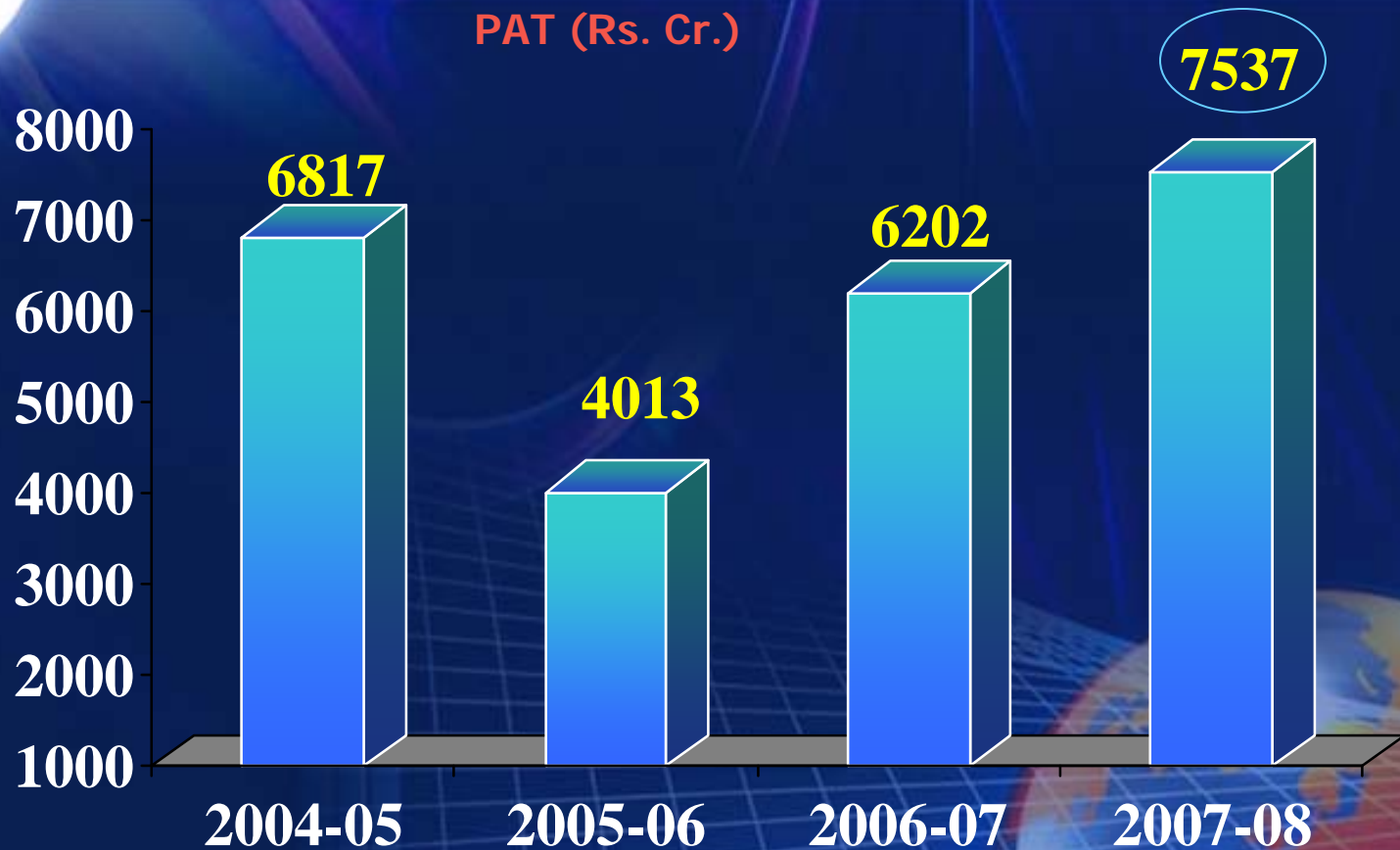
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# Financial Performance

PAT (Rs. Cr.)



Highest ever profit after Tax in 2007-08



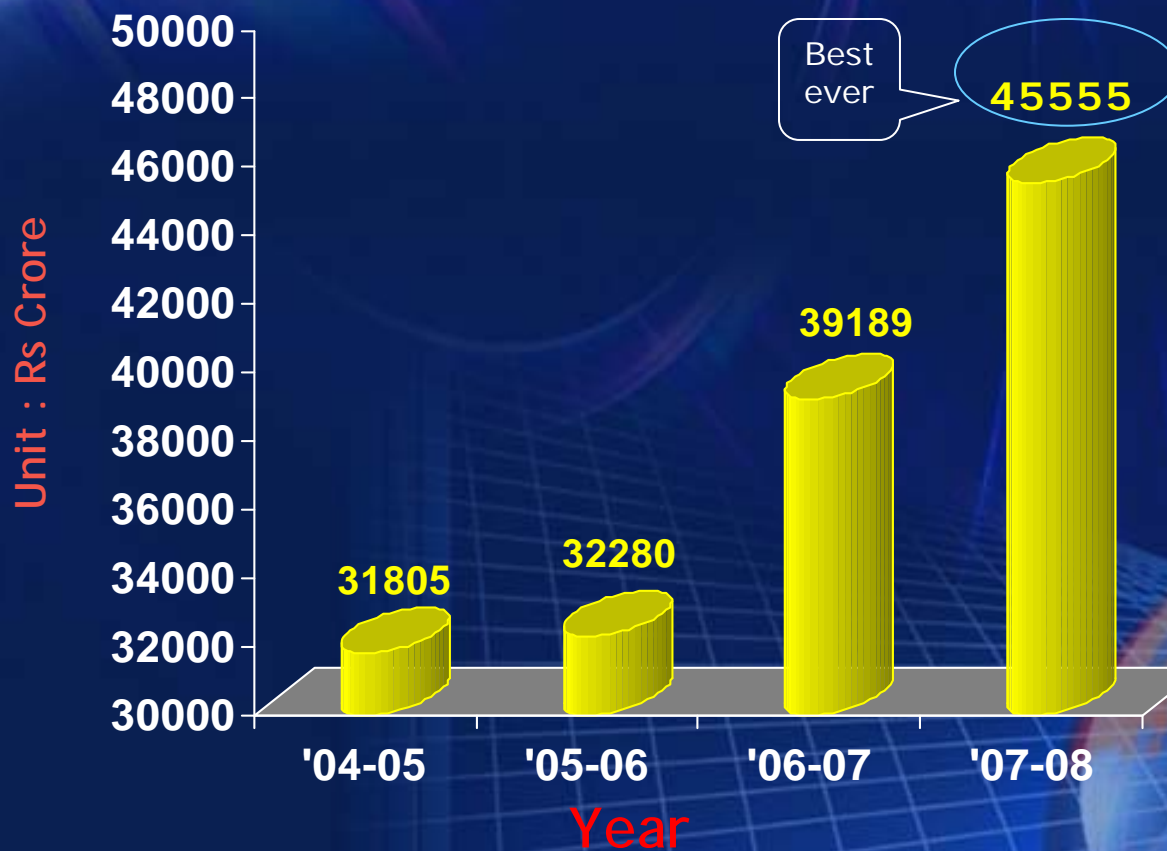
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# Sales Turnover



Record Turnover each year 16.2% growth in 2007-08



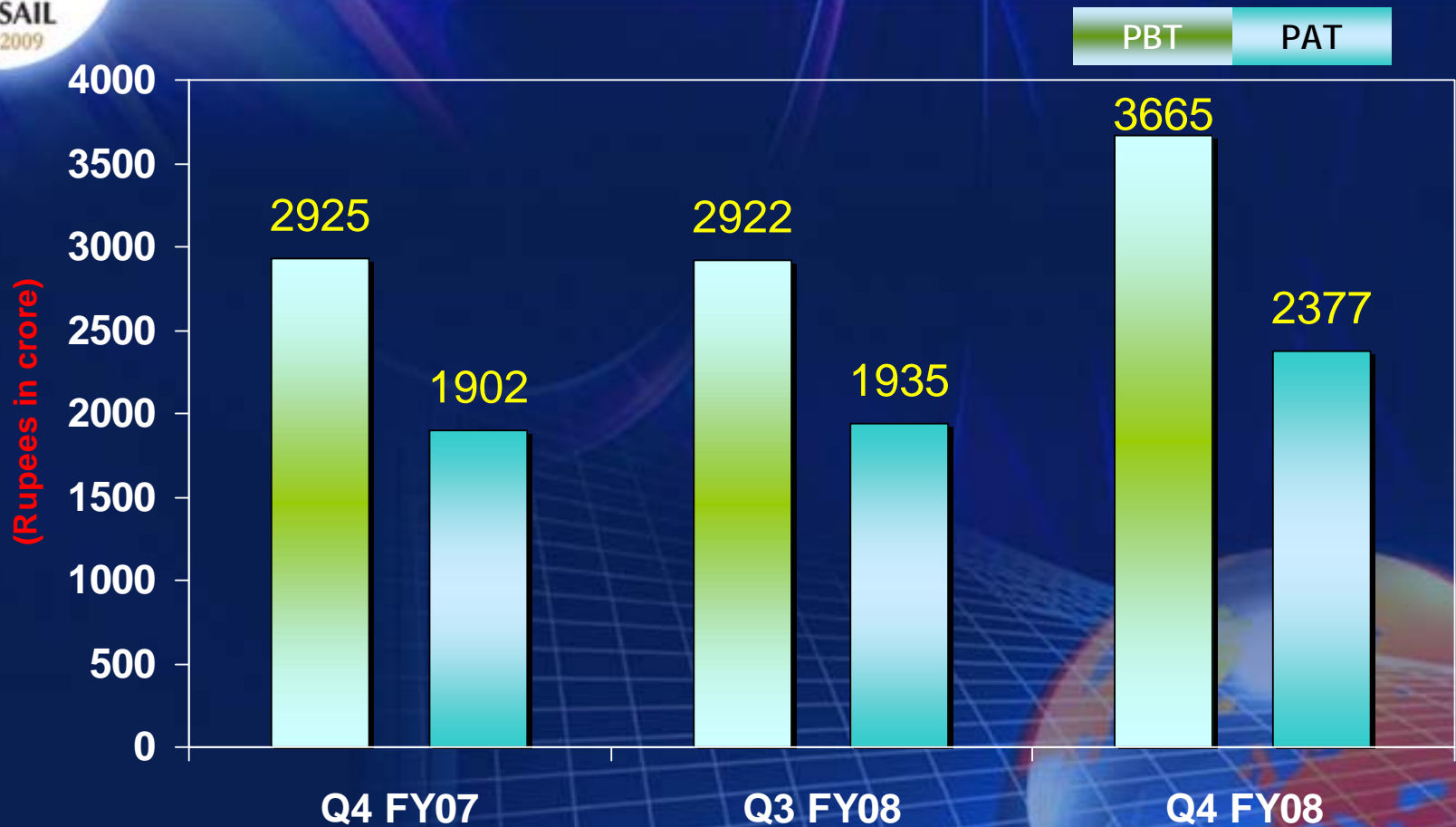
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# Quarter-wise Profit



FY2006-07

FINANCIAL YEAR 2007-08



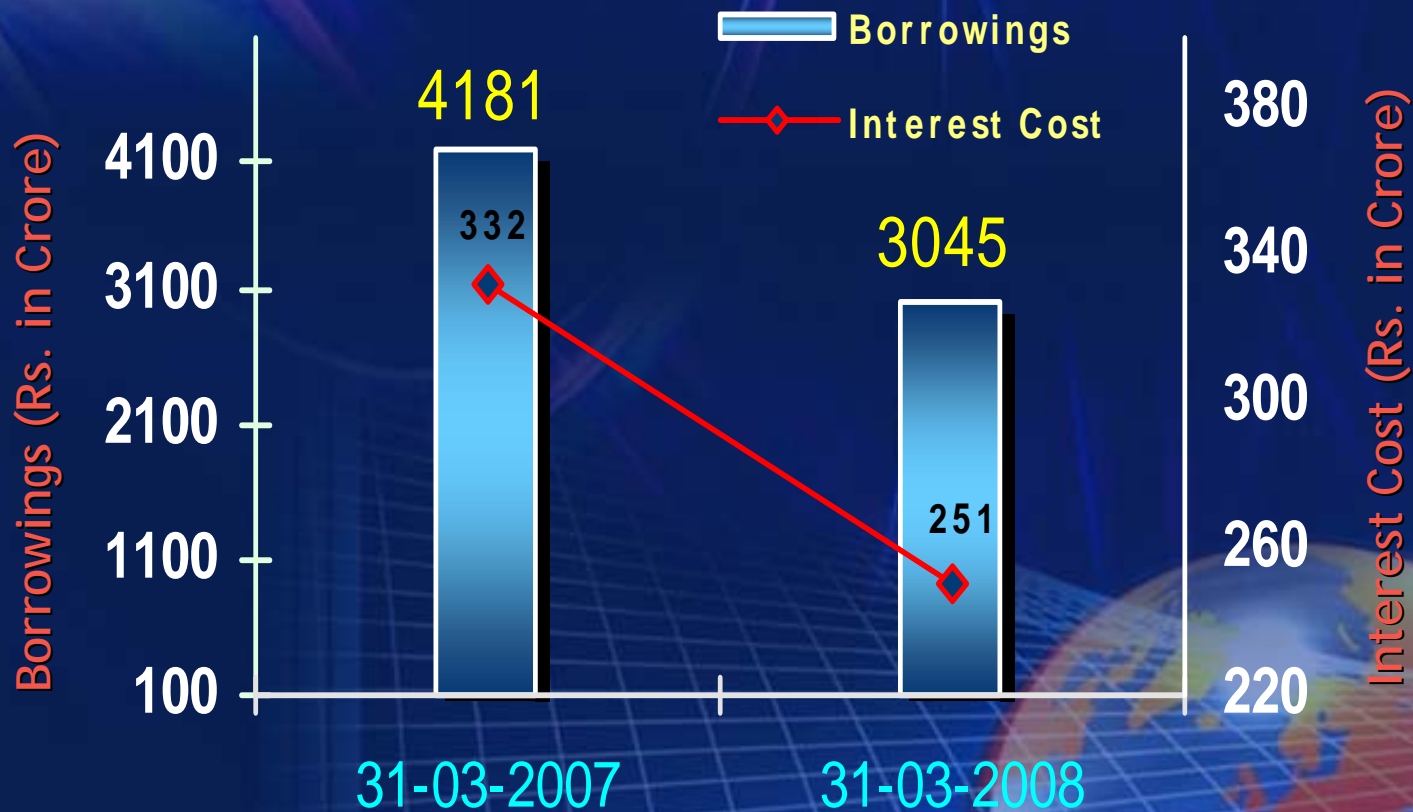
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# Reduction in Borrowings

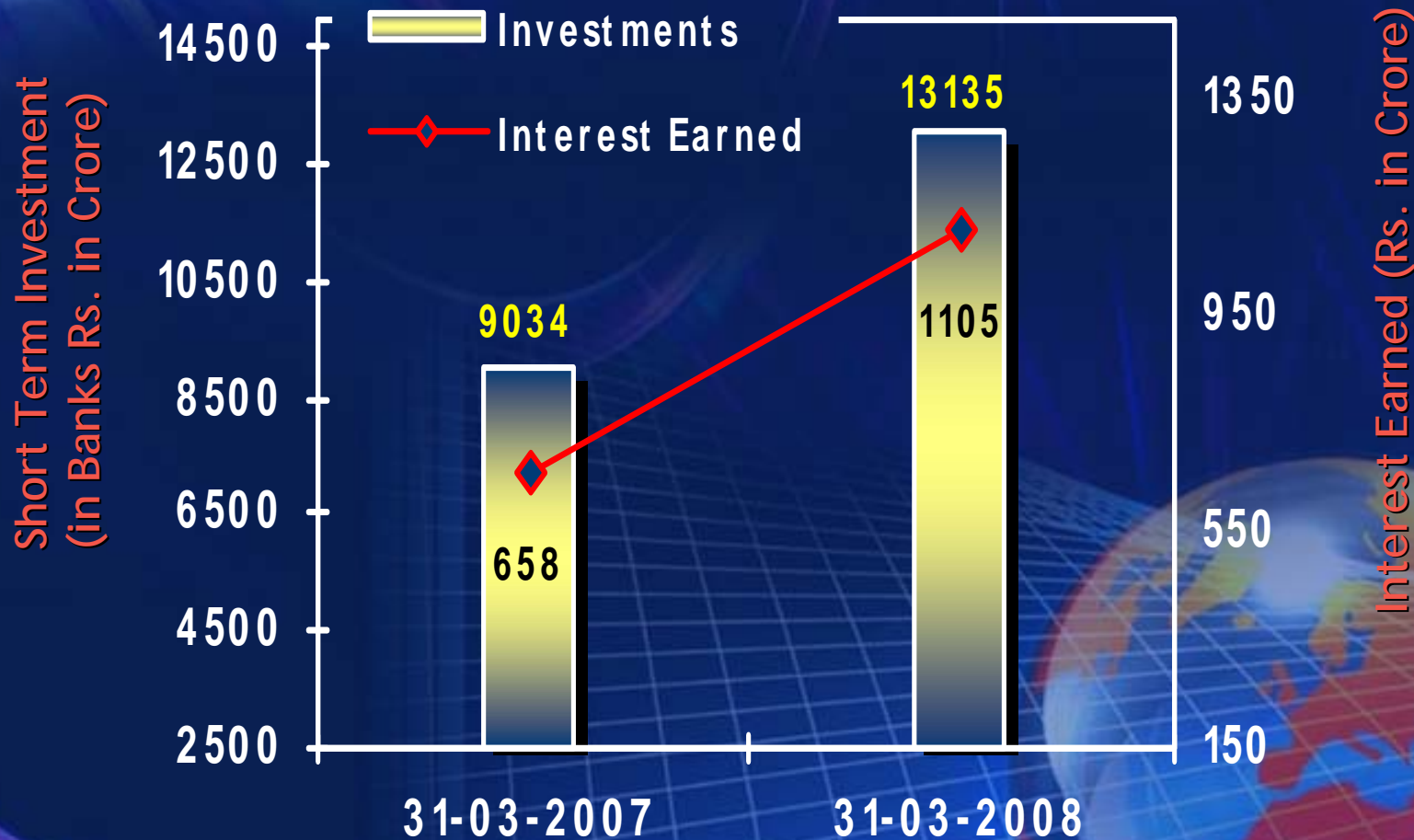


Year	31-03-2006	31-03-2007	31-03-2008
D/E Ratio	0.35	0.24	0.13





# Increase in Investments



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# Performance Highlights - FY 2007- 08

## Major Techno Economic Parameters

- ✓ Coke Rate at 533 kg/T - lower by 1% over CPLY
- ✓ Fuel Rate at 565 (Kg/thm) - marginally lower as compare to CPLY
- ✓ Energy Consumption 6.95 (G.Cal/tcs) - Marginally lower than Corresponding Period Last Year.
- ✓ Avg. Capacity utilisation (Saleable Steel)- 118%
- ✓ Avg. Capacity utilisation (Crude Steel)- 109%
- ✓ Avg. Capacity utilisation (Hot Metal)-110%
- ✓ Avg. Capacity utilisation (Concast Production)- 128%





## Performance Highlights -FY 08

- ✓ Highest ever Hot Metal production of 15.2 million tonnes (MT) growth of 4% over CPLY.
- ✓ Highest ever Crude steel production of 14.0 MT with growth of 3% over CPLY.
- ✓ Highest ever Saleable steel production of 13 MT with growth of 4% over CPLY
  - Capacity utilisation of 118%.
  - Finished steel component at 10.8 MT, went up to 83%.
- ✓ Highest ever domestic sales of 12 MT.
- ✓ Record Special Steel Production - 3.4 MT - a growth of 28% over CPLY.
  - This was 26% of total production.
- ✓ Record Production through Concast - 8.9 MT - up by 7% over CPLY and capacity utilisation of 128%.
  - The share of concast production has gone up to 64% - up by 2% CPLY.





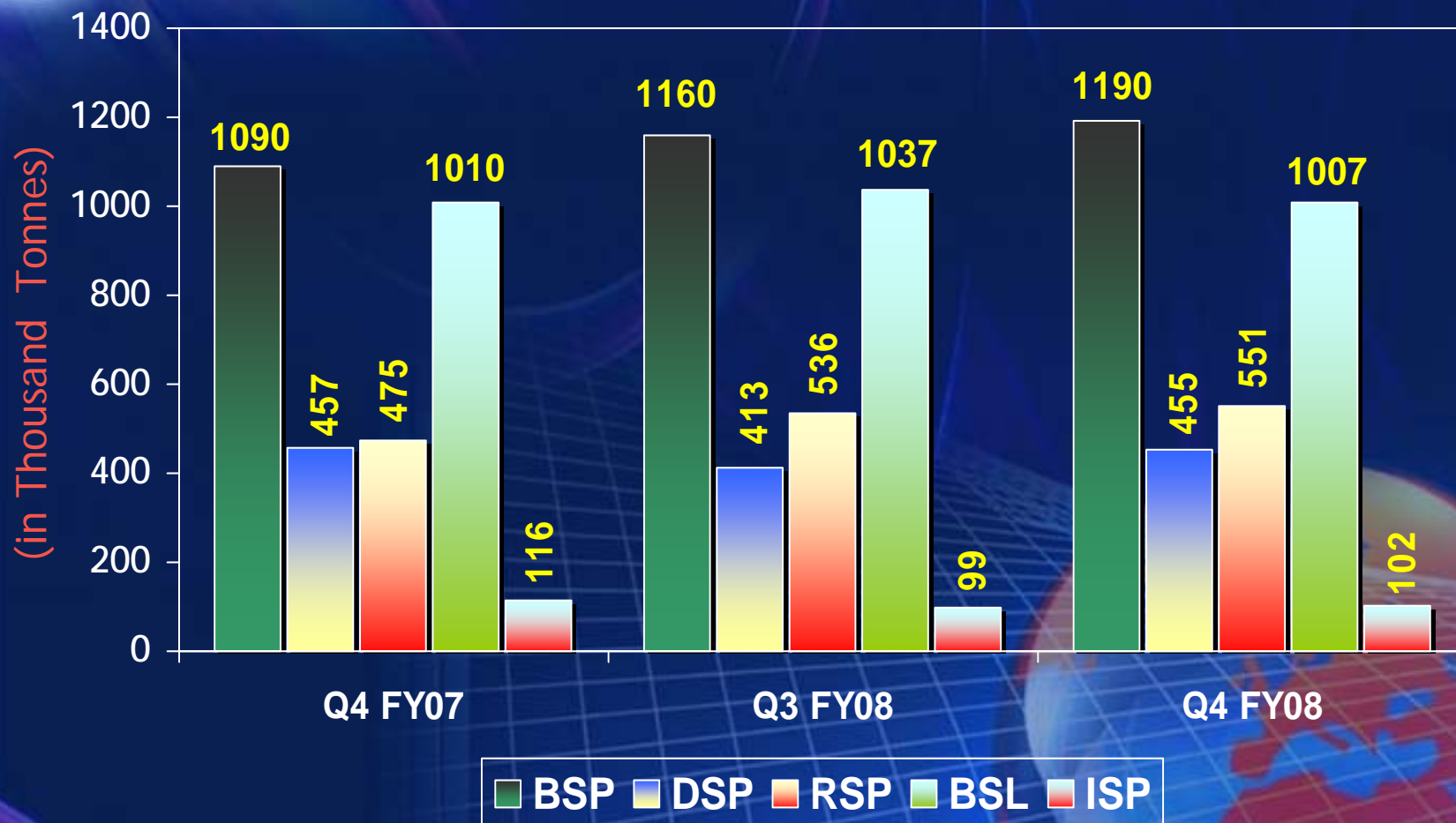


Saleable Steel (in Million Tons)





# Salable Steel Production : Plant-Wise, Quarter-Wise



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# Salable Steel Production : Quarter-Wise (Including Production at Special Steel Plants)



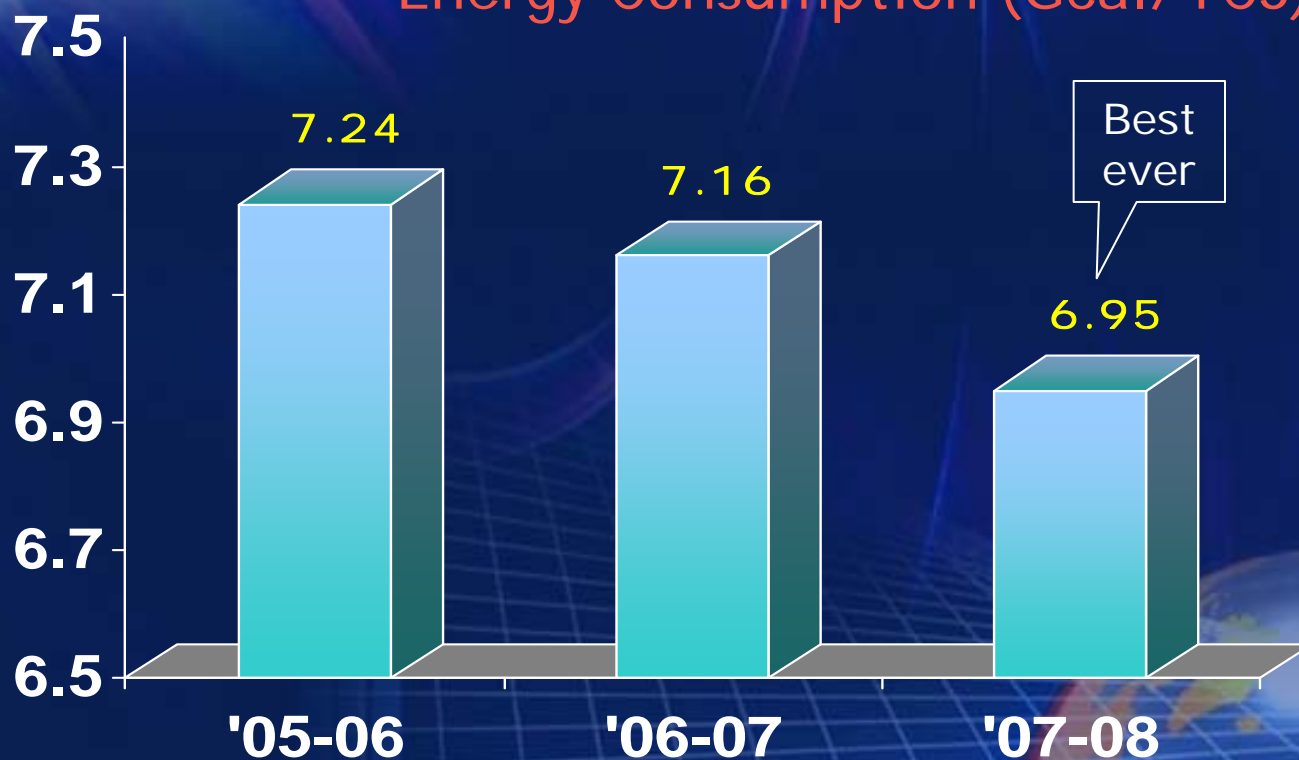
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## Energy Consumption (Gcal/TCS)

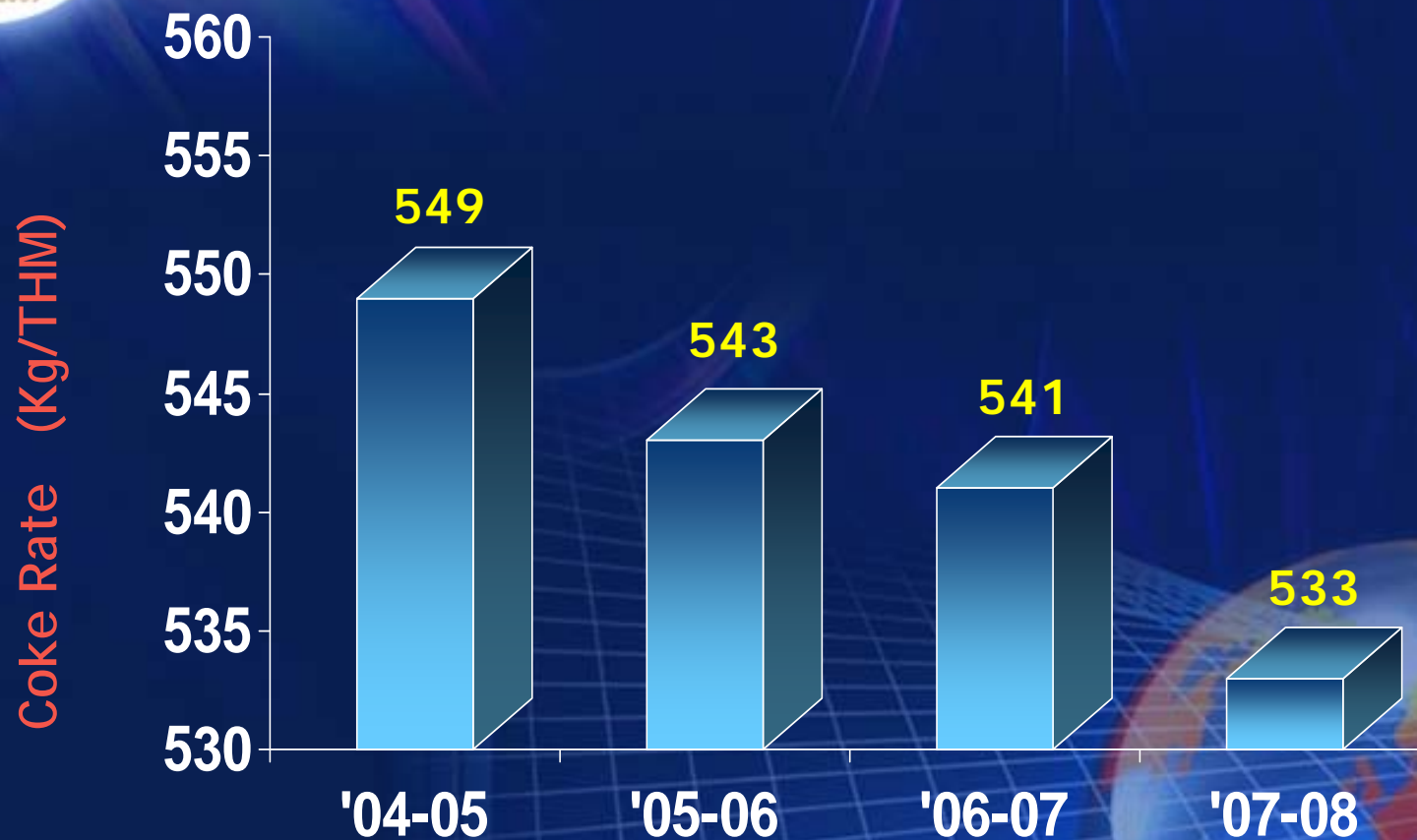


**Decline in Energy Consumption**





# TE Parameters



Continuous efforts to contain coke rate



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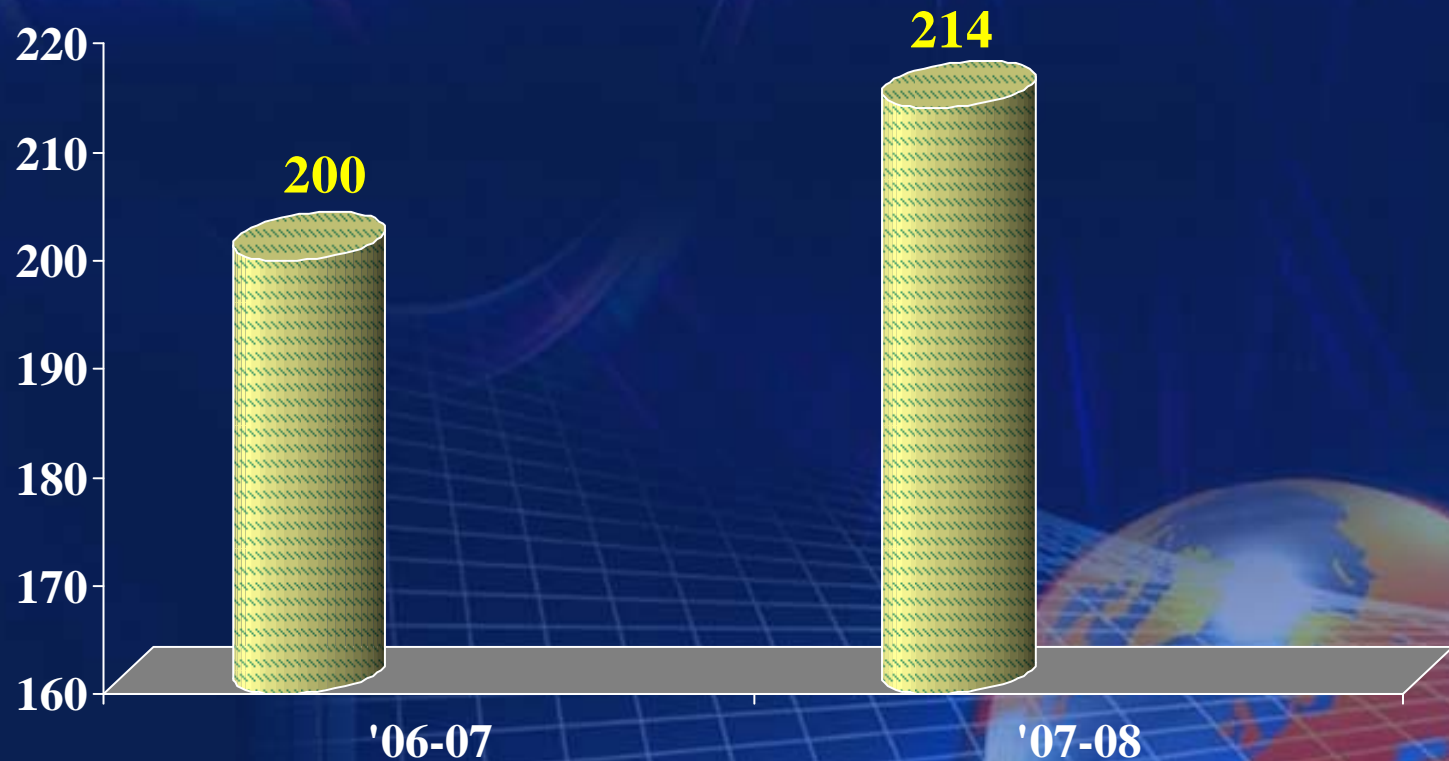
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# Labour Productivity

Tonnes Crude Steel /man / year



Manpower reduction of 4169 in 2007-08.

Current manpower : 1.28 lakh as on 31.03.2008.



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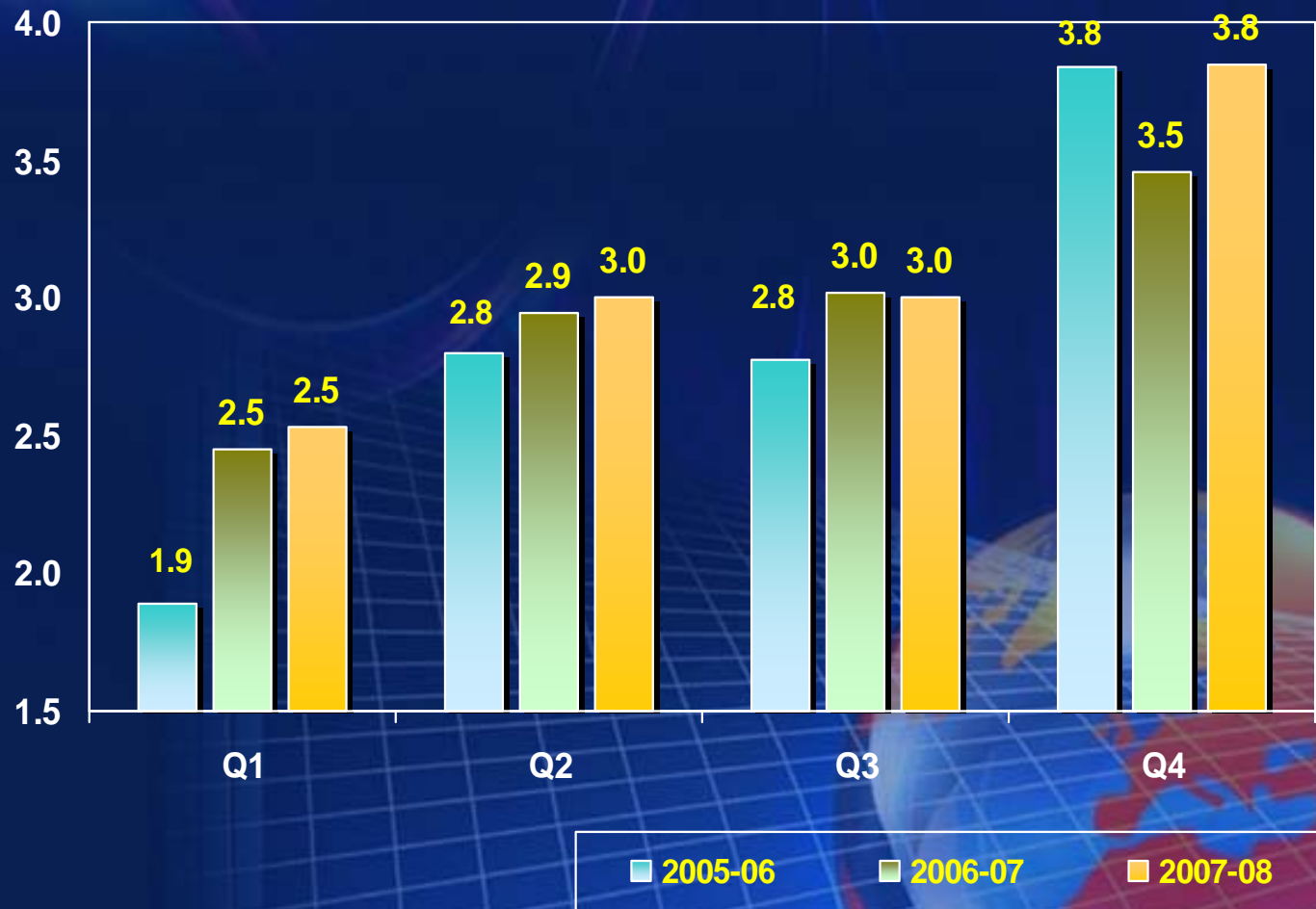
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# Saleable Steel Sales Volume

(In Million Tonnes)

Including  
Special  
Steel Plants



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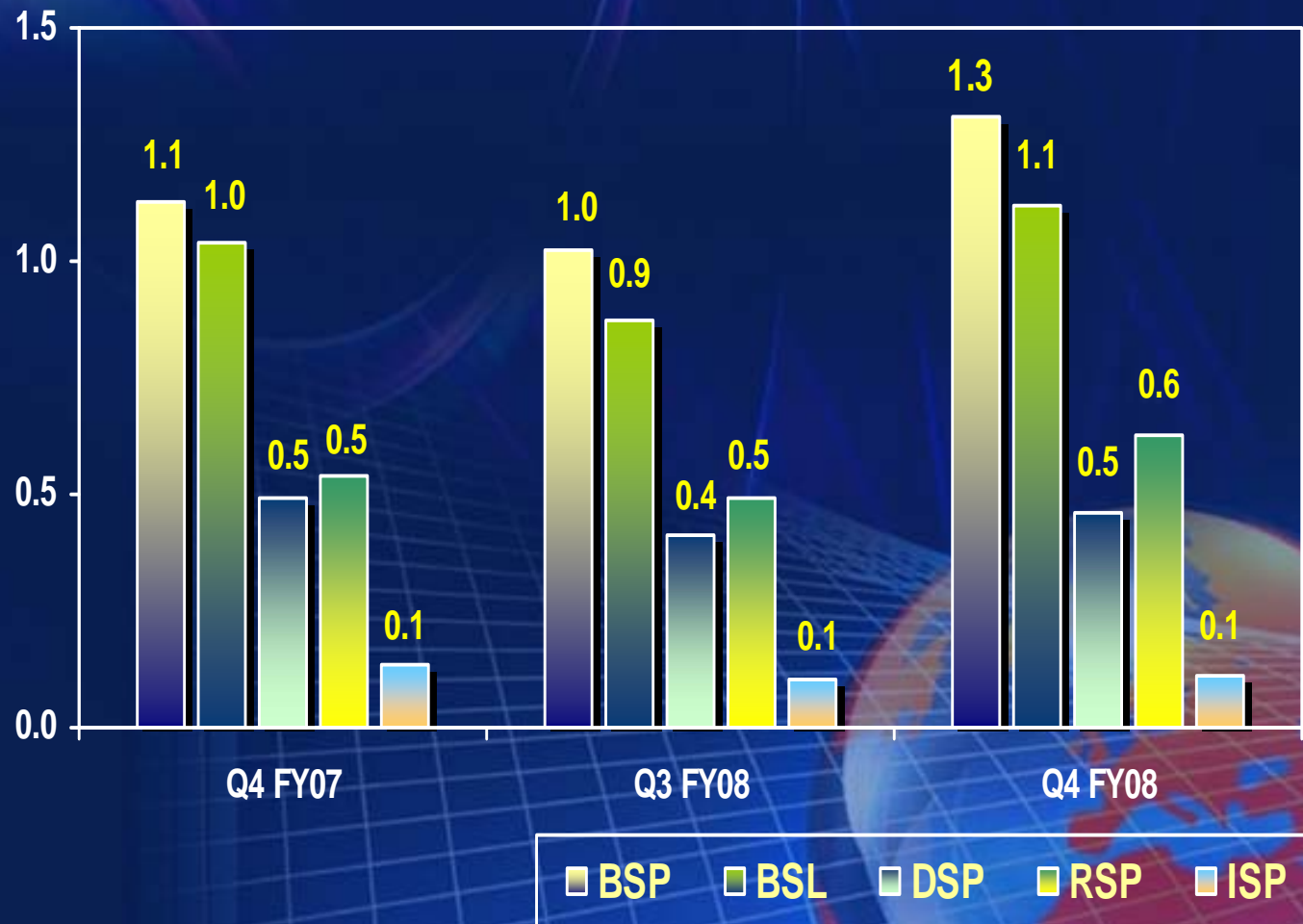
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# Saleable Steel Sales Volume

(In Million Tonnes)

Plant-wise,  
Integrated  
Steel Plants



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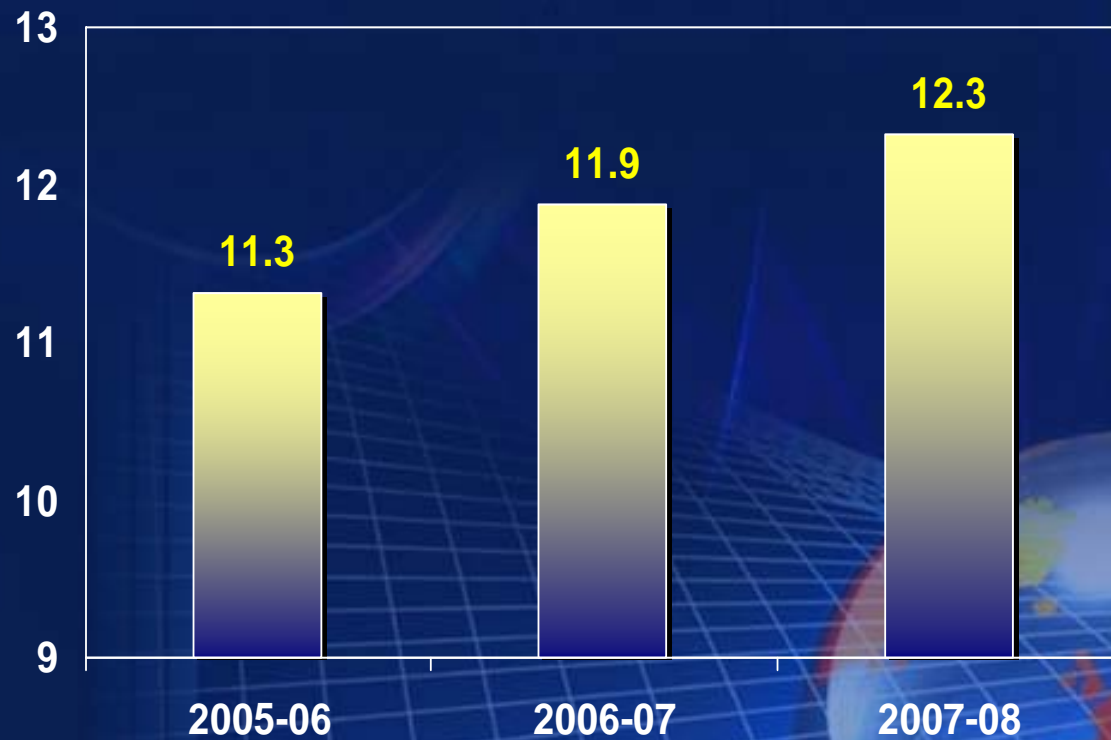




# Saleable Steel Sales Volume

(In Million Tonnes)

Including  
Special  
Steel Plants



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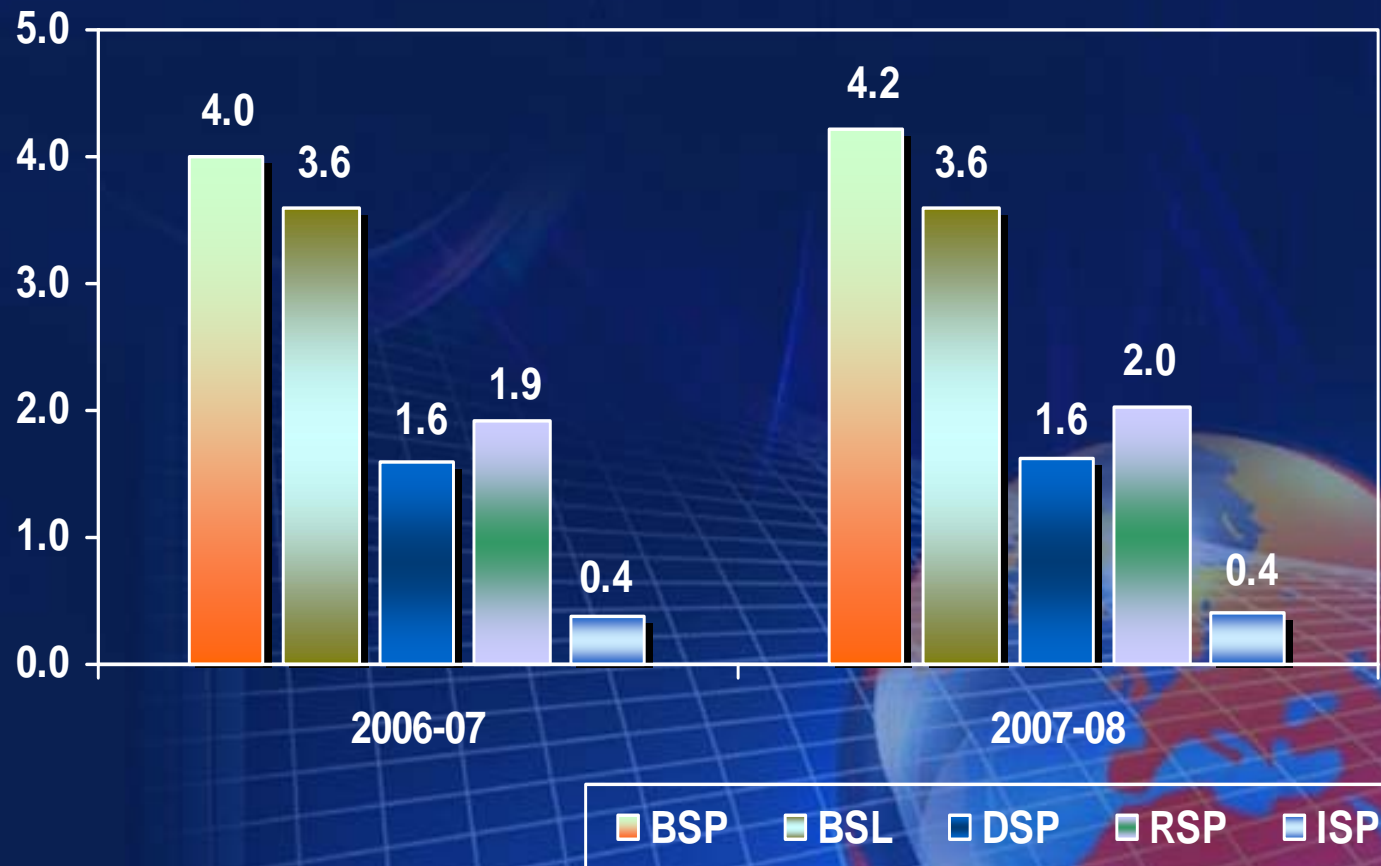
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# Saleable Steel Sales Volume

(In Million Tonnes)

Plant-wise



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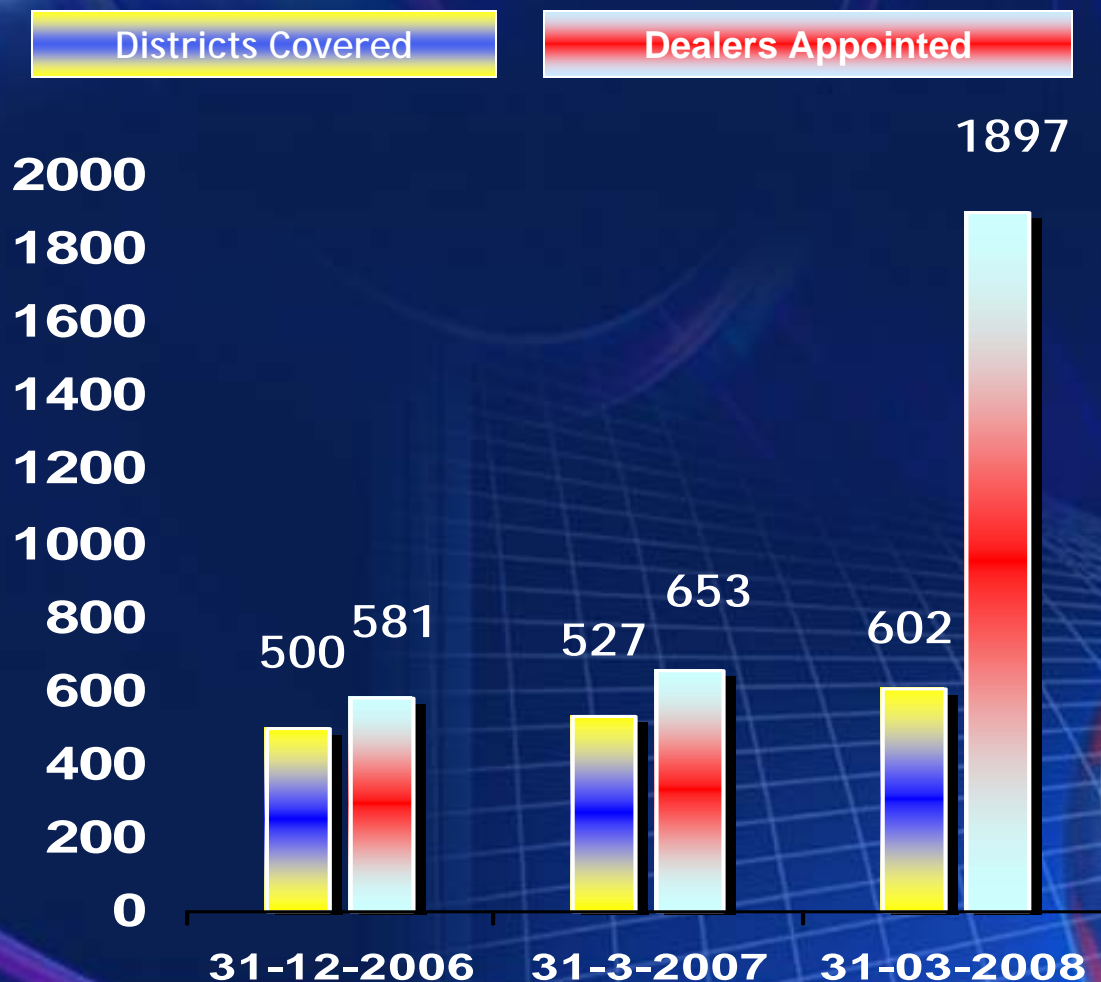
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# Sales through Dealers Network

## No. of Dealers and Districts Covered



During 2007-08, the volume increased by over 300% to a level of 3.13 lakh tonnes.



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



Closing Share Price & Sensex as on the last day of the month



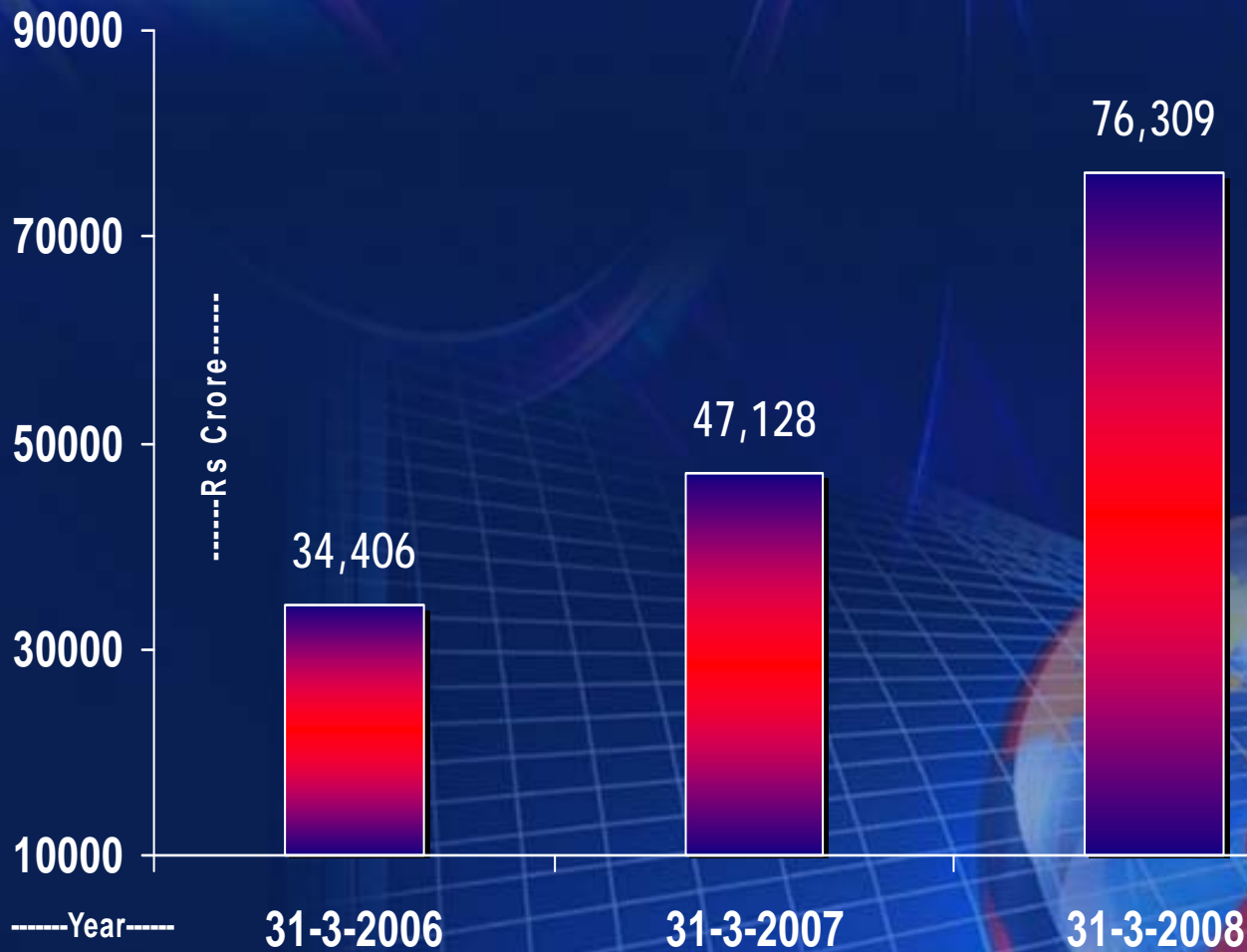
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# Market Capitalization



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# Dividend Policy

Year	Interim %	Final %	Total %	Dividend (Rs. in Crs)
2007-08	19.0	18.0*	37.0*	1528*
2006-07	16.0	15.0	31.0	1280
2005-06	12.5	7.5	20.0	826
2004-05	15.0	18.0	33.0	1363

(\*Proposed Dividend)

As per Govt. guidelines, profit making PSUs are required to declare dividend equal to 20% of PAT or 20% of paid-up capital, which ever is more



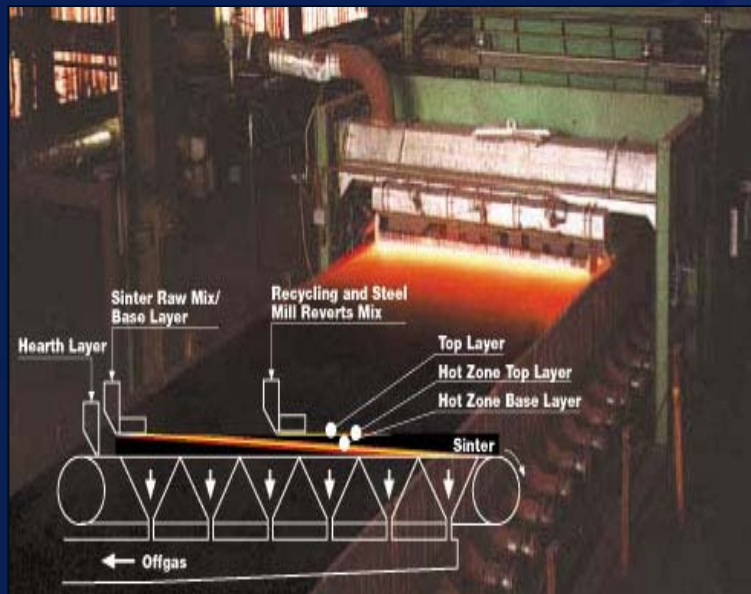
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# EXPANSION AND MODERNISATION PLAN





# SAIL's Expansion Plan

Particulars	Million Tonne	
	2007-08 (Actual)	2010 (Plan)
Hot metal	15.2	26
Crude Steel	14.0	24.5
Saleable Steel	13.0	23





# Expansion Plan : Technological Shift

Technology	Current Status	After Expansion
BOF Steel making	78%	100%
CC Route	64%	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







## Ongoing Projects

- ✓ Total Investment expected at Rs. 54,000 Crore (US 12.7 Billion).
- ✓ Financing in a manner that SAIL remains within debt-equity ratio of 1:1.
- ✓ Total Capex for 2007-08 was Rs. 2181 crore and the Estimated Capex For 2008-09 is Rs. 5000 Crore.
- ✓ Expenditure thereafter shall grow multifold and shall continue till FY2012.
- ✓ While existing cash deposits and internal accruals do not warrant any borrowings but to begin with import components may be financed through ECA / ECB route.





## Expected Outcome

- ✓ Enhancement of Production Capacity and Market Share
- ✓ World Class Technology and Products
- ✓ Improved Product mix/ proportion of value added products
- ✓ Complete elimination of Semi-finished steel
- ✓ Enhanced Pollution control measures, with environmental conservation
- ✓ Captive Power generation capacity to increase from 872 MW to 1922 MW







### The Products to be added:

- ✓ Auto grade CR Products, Galvanealed 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 to support increasing requirements of Metro rails
- ✓ Increased production of Rails and wheels to meet the increasing requirements of Indian Railways
- ✓ Quantum jump in Rounds and Structural production to consume entire semi-finished steel
- ✓ Wider Plates in the size of 4500 mm







## Ongoing Projects

Plant	Expansion Plan Project
BSP	Tenders for other major packages are under evaluation
DSP	All major packages tendered
BSL	Contracts for 6 major packages awarded. Tenders for other major packages are under evaluation
RSP	All major packages tendered
ISP	Contracts for all major packages awarded
SSP	Contracts for all major packages awarded
Tenders for 30% of the expansion plan already awarded.	





# Capacity increase after Expansion

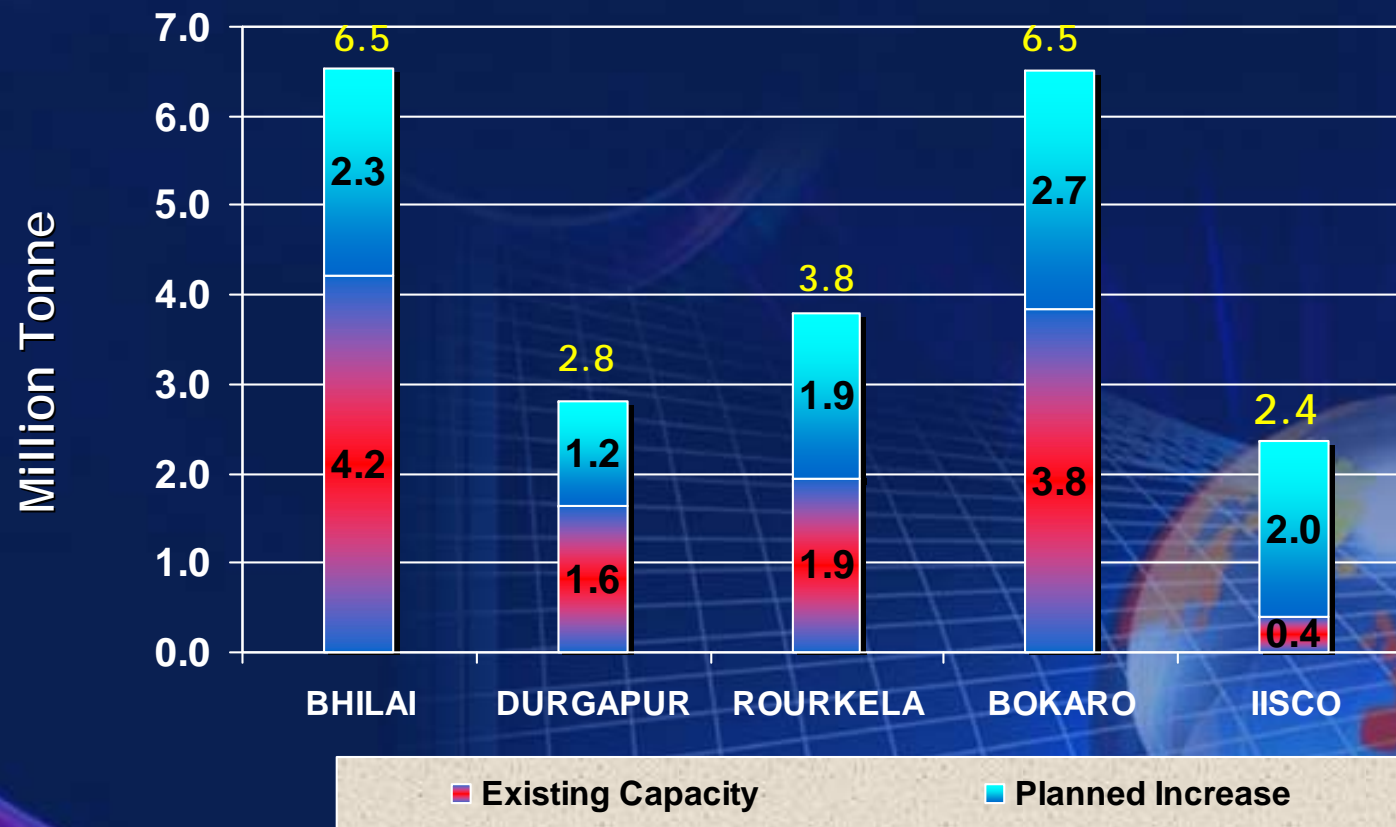
Plant	Hot Metal (Mtpa)		Saleable Steel (Mtpa)	
	2007-08 Actual	After Expansion	2007-08 Actual	After Expansion
BSP	5.27	7.50	4.43	6.53
DSP	2.19	3.50	1.72	2.83
RSP	2.23	4.50	2.07	3.88
BSL	4.66	7.44	3.90	6.53
ISP	0.64	2.91	0.41	2.37
VISL	0.22	0.33	0.13	0.22
ASP	-	-	0.15	0.43
SSP	-	-	0.23	0.34
<b>Total</b>	<b>15.20</b>	<b>26.18</b>	<b>13.04</b>	<b>23.13</b>





# SAIL'S Growth Plan 2010

## Saleable Steel Production Capacity



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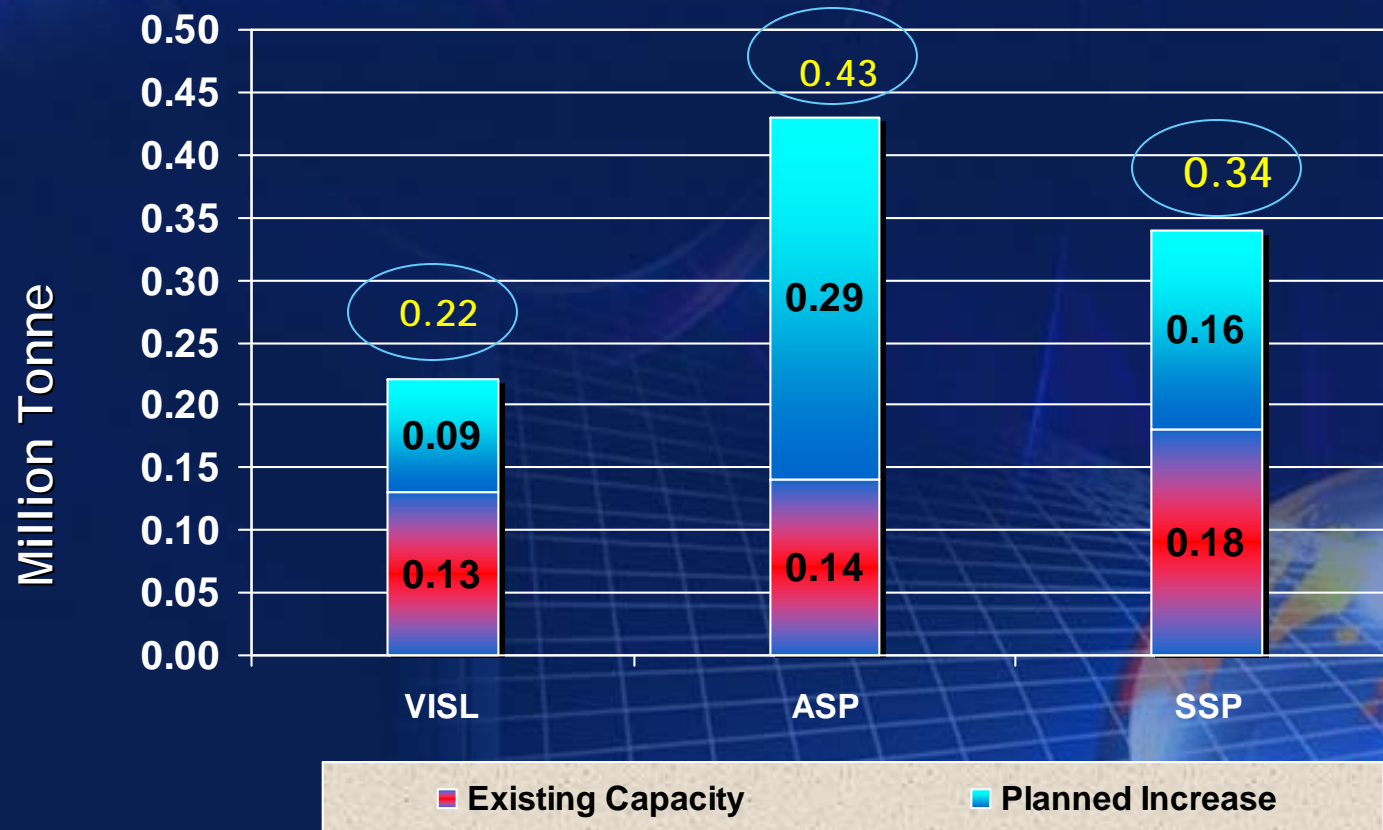
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# SAIL'S Growth Plan 2010

## Saleable Steel Production Capacity Specialty Steel Plants



Total Existing .45 MT and After Expansion 1MT



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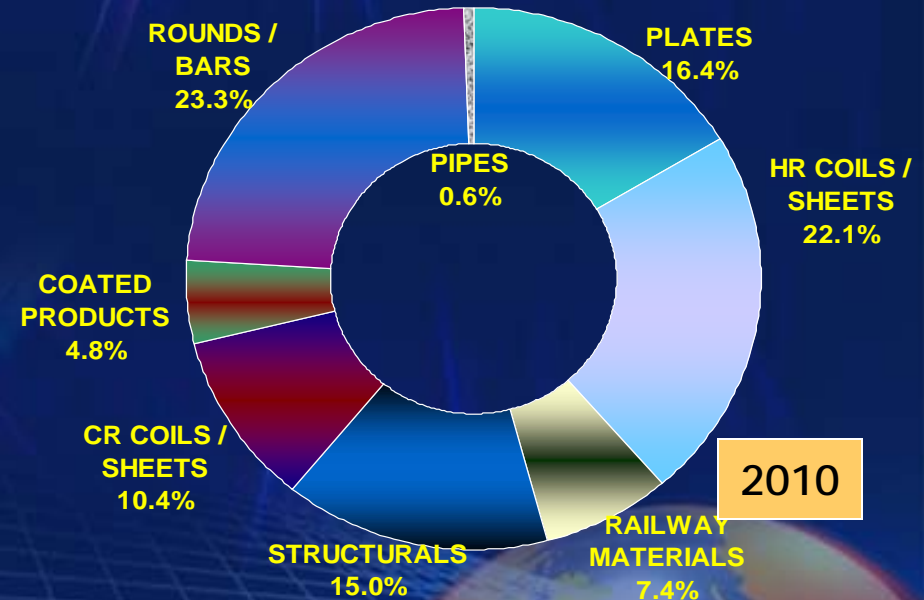
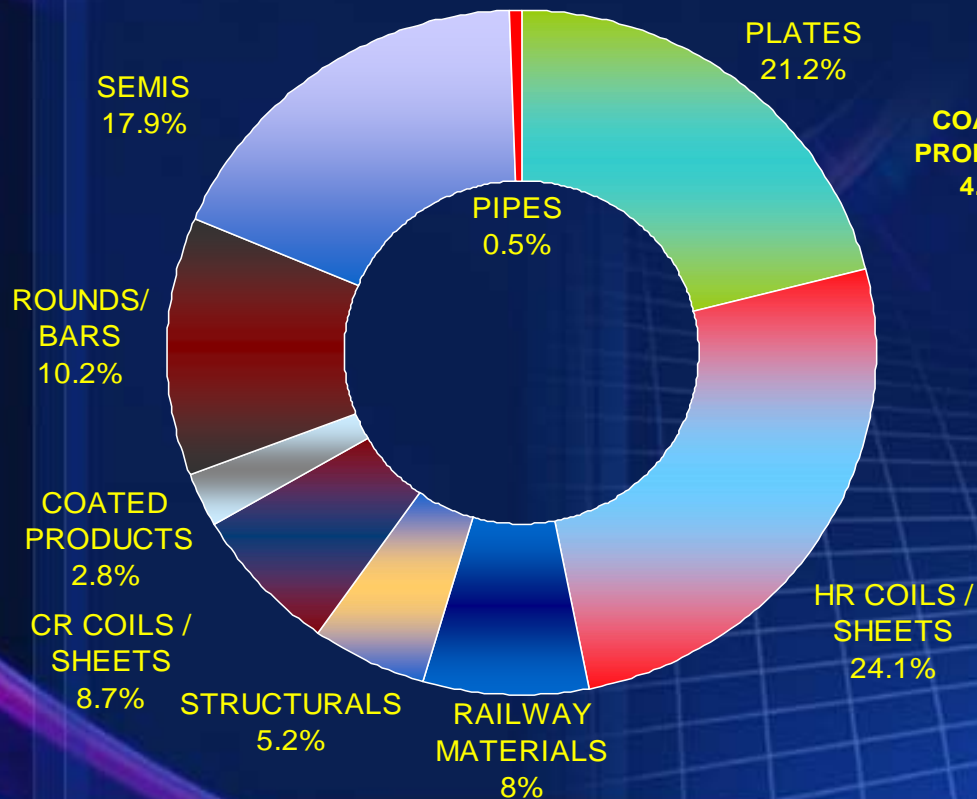
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# Product Mix - Saleable Steel Production

FY 2007-08



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# Raw Materials



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## IRON ORE LINKAGES

Mtpa

Year	Hot Metal Production	Iron Ore Requirement	Linkages of Iron Ore
2007-08	15	25	Existing Mines
2010	26	43	Existing Mines + Raoghat, Chiria & Taldih + Thakurani
2020	~ 60	100	Existing Mines + Raoghat, Chiria & Taldih + Thakurani





## COAL LINKAGES

Mtpa

Year	Hot Metal Production	Coking Coal Requirement	Linkages for Coking Coal
2007-08	15	15	Import Component - 70% (80% through long term contracts from Australia, New Zealand and US and 20% from spot market) Indigenous - 30%
2010	26	23	-Import component to increase -Long term component to go up to 90% w.e.f. FY09
2020	~ 60	50	-Existing mines to be worked/ developed -New alliances/ linkages/ acquisitions to be explored





## New Strategic Initiatives

- ✓ Two JV companies set up for production of slag cement at Bhilai and Bokaro Steel Plant with M/s JP Associate; public-private partnership projects of SAIL.
- ✓ 'International Coal Ventures Limited' formed with equity from SAIL, RINL, CIL, NTPC and NMDC for acquisition of coal assets in overseas territories.
- ✓ SAIL entered into MOU with Magnese Ore India Limited for formation of Joint Venture company to produce ferro alloys at Bhilai.
- ✓ JV company with Tata Steel formed for development of coking coal mines.
- ✓ SEZ at Salem being set up along with M/s IL&FS, proposal cleared by Board of Approval, Govt.



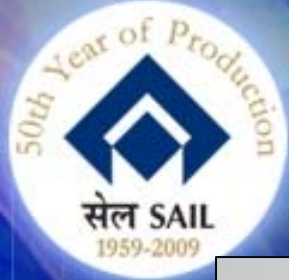




## New Strategic Initiatives

- ✓ Decision taken to install Wind Power Plants of 50 MW capacity in Tamil Nadu to meet captive requirement of Salem Steel Plant.
- ✓ 'In-principle' approval accorded for installation of Steel Processing Units in the states where SAIL has no plants. Work already commenced at Bettiah, Mahnar, Hoshangabad and Ujjain.
- ✓ Expansion of JV captive power plants by 1250 MW at Bhilai and Bokaro undertaken.
- ✓ Strategic alliance with POSCO concluded and visit of technologists commenced for exchange of know how.
- ✓ Kulti Works – Jobs initiated to start both non-ferrous and ferrous castings in 2008-09.





# Corporate Social Responsibility -Model Villages



79 villages have been adopted as Model Steel Villages across 8 states for exclusive development of Medical facilities, Education, Roads, Sanitation, Community Centre etc. and 13 such villages have already been completed during 2007-08.



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# Corporate Social Responsibility

- ✓ Initiative towards 100% literacy in steel townships during 2007-08, five free schools set up for under privileged - children providing free mid-day meals, school uniforms, text books, stationery items and transportation.
- ✓ Medical health centres set up at Bhilai, Bokaro, Rourkela and Burnpur for providing free medical consultation, medicines for needy population.
- ✓ Over 400 medical camps held during the year by plants/units in 11 states, providing free health check-up and treatment to over 5 lakh needy persons.
- ✓ Ten Mobile Medicare Units provided to different organisations such as Helpage India, Jharkhand Government, Global Cancer Concern India, etc.







# Corporate Social Responsibility

- Facilities at ITI Gua, Jharkhand upgraded by SAIL.
- Vocational Training imparted to around 25,000 villagers in different trades.
- Several scholarships provided to deserving SC/ST. 95 tribal children at Bhilai and 12 at Bokaro adopted to provide free education, boarding and lodging facilities.
- Project “Jaladhara” taken up in tribal villages in Vishakapatnam District for providing drinking water to the nearby villages from the natural springs.
- Flood relief operation undertaken in 3 states – Bihar, Uttar Pradesh and Assam.
- Sports activities in remote areas organised viz. football, volleyball, Kho-kho, Archery Academy at Kiriburu set up, Coaching camp & Gramin Khel Mela at Narayanpur, Chattisgarh held etc.
- Sponsored a wide variety of activities to promote art, culture, sports and social awareness.





Outstanding Achievement for Rural and Community Development



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- ✓ SCOPE Gold Trophy for 'Excellence & Outstanding Contribution to The Public Sector Management' for 2006-07.
- ✓ First PSU to get Business World - FICCI - SEDF - CSR Award 2006, presented by Hon'ble President of India and FICCI 2006-07 Annual Award for Outstanding achievement for Rural and Community Development, presented by Hon'ble Prime Minister of India.
- ✓ ICWAI National Award for Excellence in Cost Management - 2007: 1st position among PSUs' Manufacturing sector.
- ✓ Rajiv Gandhi National Quality Award - 2007 conferred to BSL in 'Best of all' category by Bureau of Indian Standards (BIS).
- ✓ Greentech Safety Gold Award by Greentech Foundation for outstanding achievement in Safety Management to Bhilai Steel Plant.







National Award for Excellence in Cost Management – 2007:  
1st position among PSUs' Manufacturing sector



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- ✓ 8 Gold, 2 Silver & 2 bronze medals won by the SAIL's Quality teams at International Convention of Quality Circle (ICQCC)- 2007, Beijing, China - highest number by any Indian company.
- ✓ 51 employees of SAIL received Vishwakarma awards for the year 2006, which were declared in Sept'07. SAIL bagged 43% of the total awards in the country.
- ✓ 10 employees of BSP were conferred 'Shram Vir Award 2005', announced in Aug'07 by the Ministry of Labour, which is more than 20% of the total numbers awarded to all the PSUs in the country.
- ✓ SAIL adjudged Best Employer - 2007 amongst PSUs by CNBC - TV 18 and Watson Wyatt.







- ✓ Four Golden Peacock Awards for 2007 won by SAIL for excellence in the areas of:
  - ✓ Innovation/product development award to RDCIS.
  - ✓ Process innovation for environment project to RSP.
  - ✓ Quality award to BSP.
  - ✓ Corporate Social Responsibility Award to BSP.
- ✓ SAIL was adjudged 'Top Indian company in the Iron & Steel Sector' by the Dun & Bradstreet - American Express Corporate Award - 2007.
- ✓ Gold Trophy for Enterprise Excellence Award 2006 conferred to SAIL by Indian Institute of Industrial Engineering.







## Accolades

- ✓ 'Most Innovative Industry Resource runners-up' award amongst organisations across the world, participating in 'Corporate University Best in Class (CUBIC) Awards 2007' at Florida, USA in Nov'07.
- ✓ Golden Award for 'exemplary usage of Information and Communication Technology (ICT) by PSUs' awarded to RSP by Department of Administrative Reforms & Public Grievances, Government of India.
- ✓ National Sustainability Award for the year 2007 conferred to Salem Steel Plant amongst the secondary steel plants/Alloy Steel Plants by Indian Institute of Metals.
- ✓ President's Fire Service Medal for gallantry awarded to BSP employee on Independence Day.
- ✓ Ispat Bhasha Bharti, the Hindi Magazine of SAIL - First Prize at the National level by the Rajbhasha Department, Govt of India.





## 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
✓ EBIDT	Earnings Before Interest Depreciation & Taxes
✓ 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 Limited







## Disclaimer

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