

STEEL AUTHORITY OF INDIA LIMITED

PERFORMANCE HIGHLIGHTS

Q4 FY-09 AND FINANCIAL YEAR 2008-09

Contents

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

Financial Results -FY-2008-09 vs. FY 2007-08

- ✓ Annual Turnover of Rs.48681 crore - a growth of 7%.
- ✓ Annual PBT - Rs. 9403 crore -decrease of 18%
- ✓ Annual PAT of Rs.6175 crore decrease of 18%
- ✓ Annual EBIDTA of Rs.10942 crore decrease of 16%
- ✓ PAT / Net worth - 22%
- ✓ Debt / Equity Ratio : 0.27:1 as on 31.03.2009 against 0.13:1 as on 31.03.2008.
- ✓ EPS of Rs. 14.95

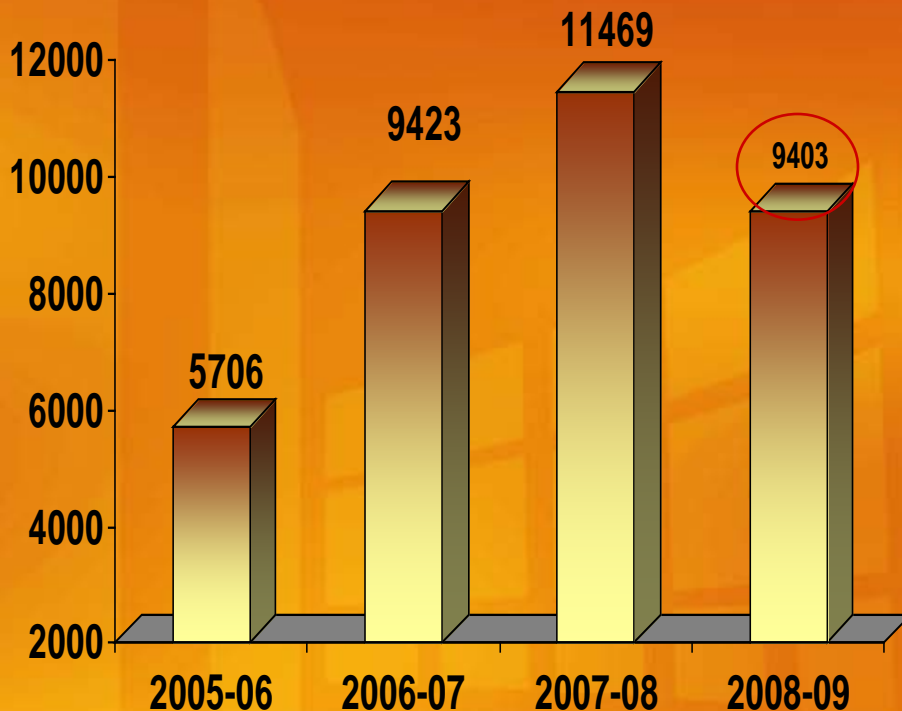
Financial Results –Q4 FY-2008-09

vs. Q4 FY 2007-08

| Rs. Crore | January 09 March 09 | January 08 March 08 | Increase(+) Decrease(-) | % Change |
|-----------|------------------------|------------------------|----------------------------|----------|
| TURNOVER | 13008 | 15530 | (-)2522 | (-) 16% |
| EBIDTA | 2568 | 4034 | (-) 1376 | (-) 34% |
| PBT | 2287 | 3665 | (-)1378 | (-)38% |
| PAT | 1487 | 2377 | (-) 890 | (-) 37% |

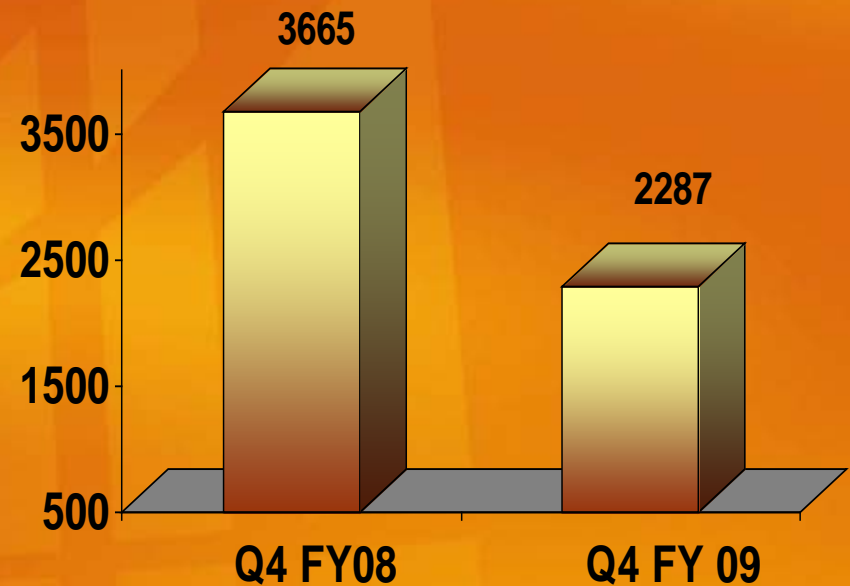
Financial Performance

PBT (Rs. Cr.)



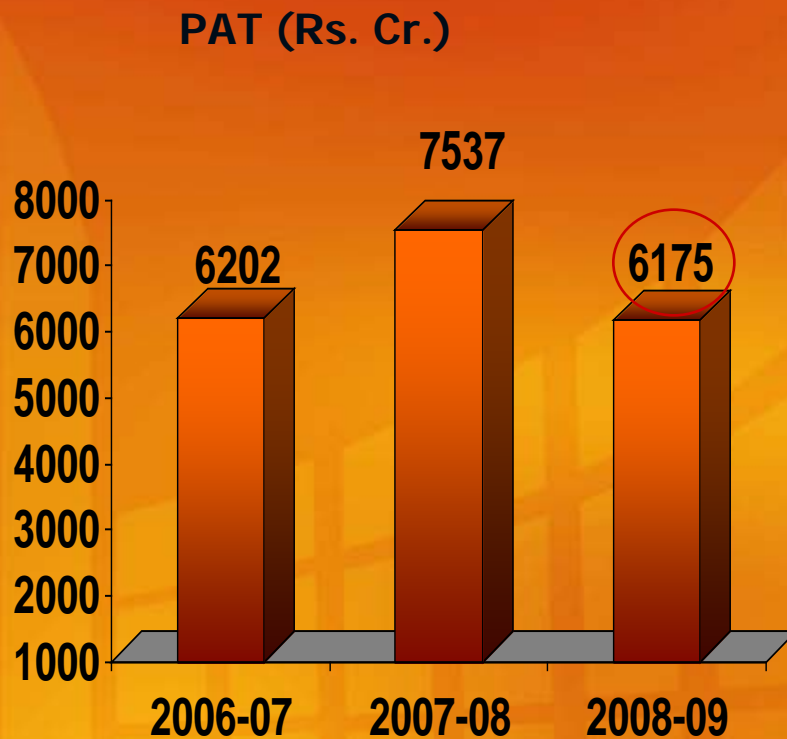
**Profit Before Tax of Rs.9403
crore in FY 2008-09**

PBT (Rs. Cr.)

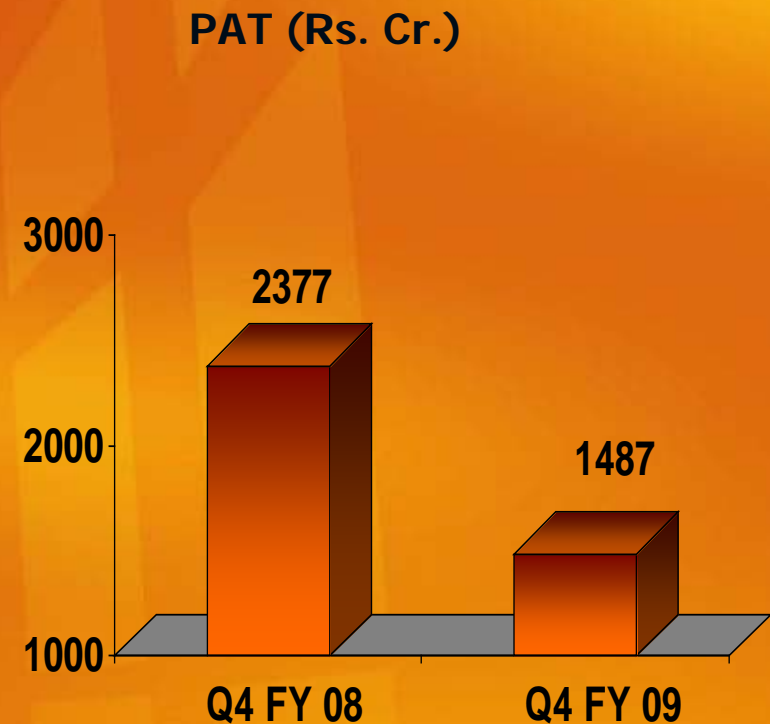


Q4 FY09 PBT – Rs.2287crore

Financial Performance

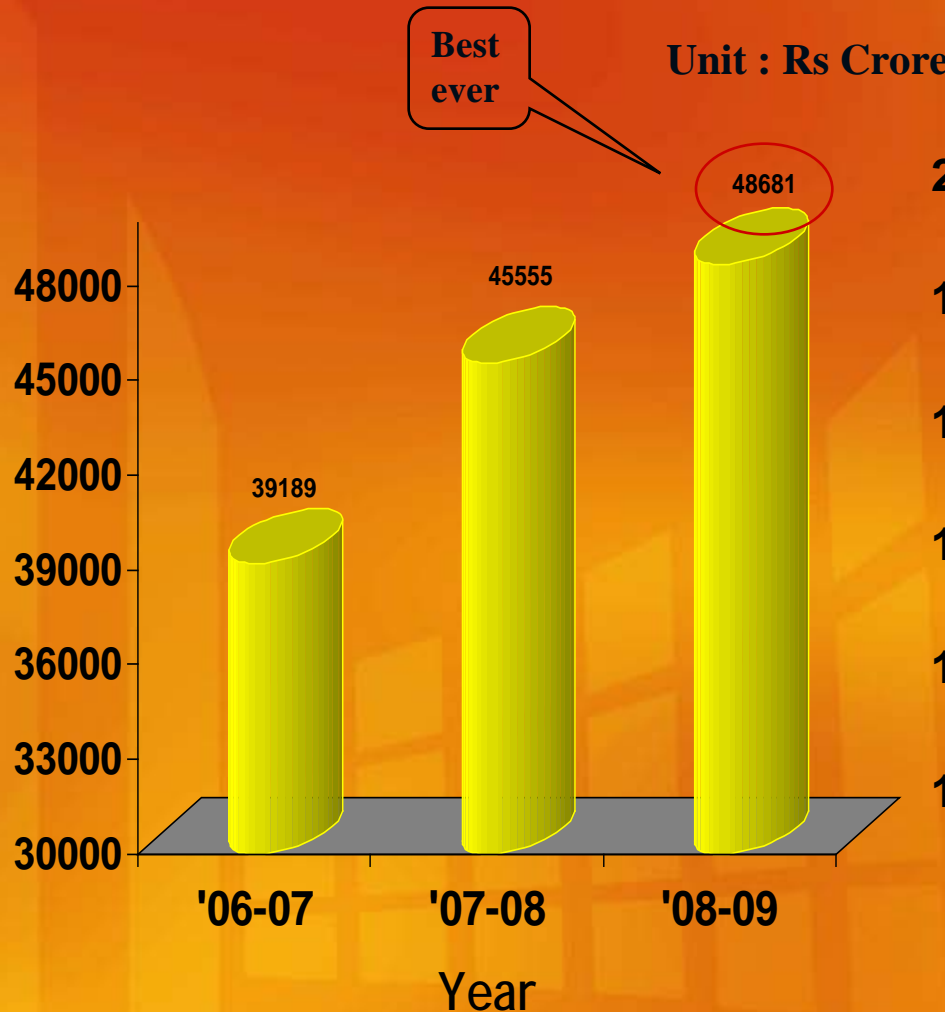


Profit after Tax of Rs.6175 crore in 2008-09.

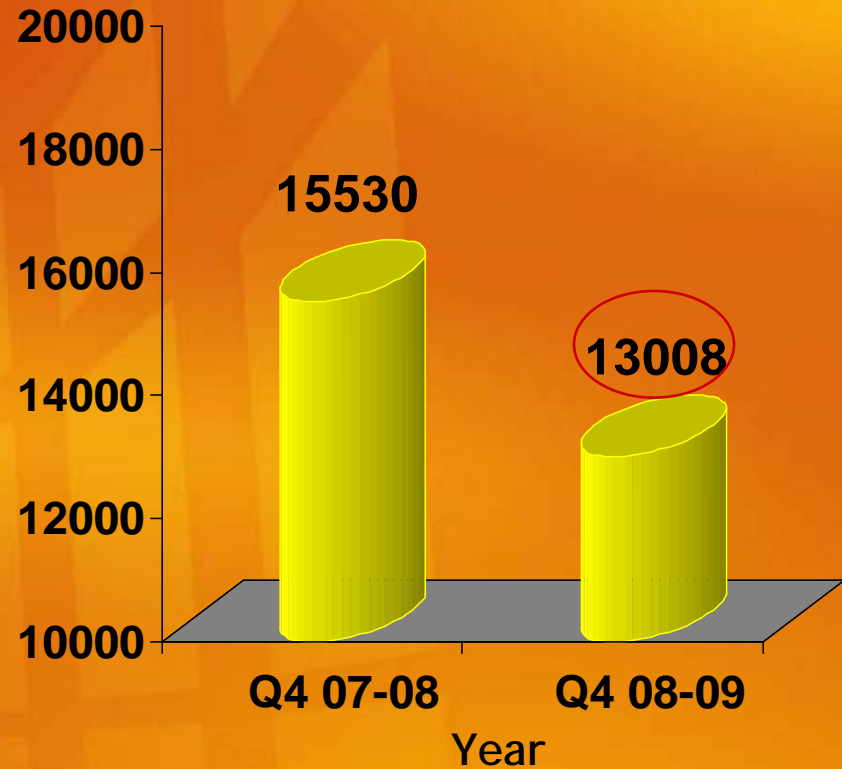


Q4 FY09 PAT - Rs1487 crore

Sales Turnover

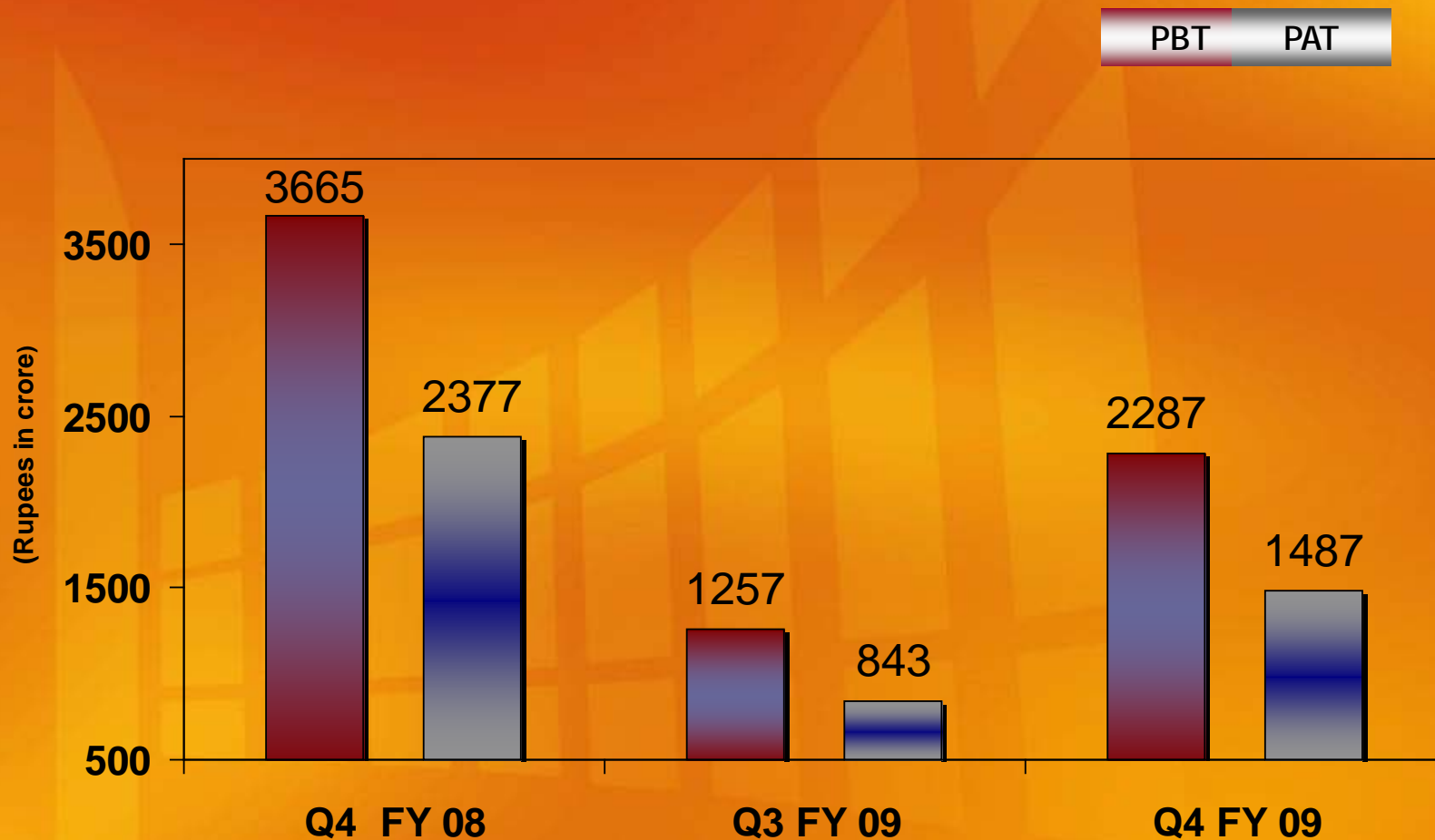


Turnover of Rs.48681 crore in FY 08-09



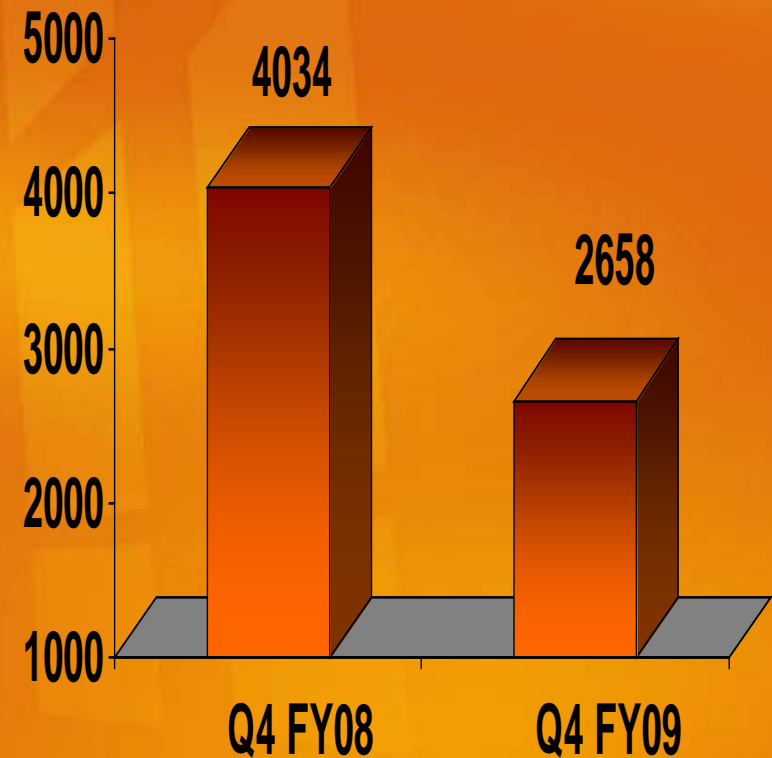
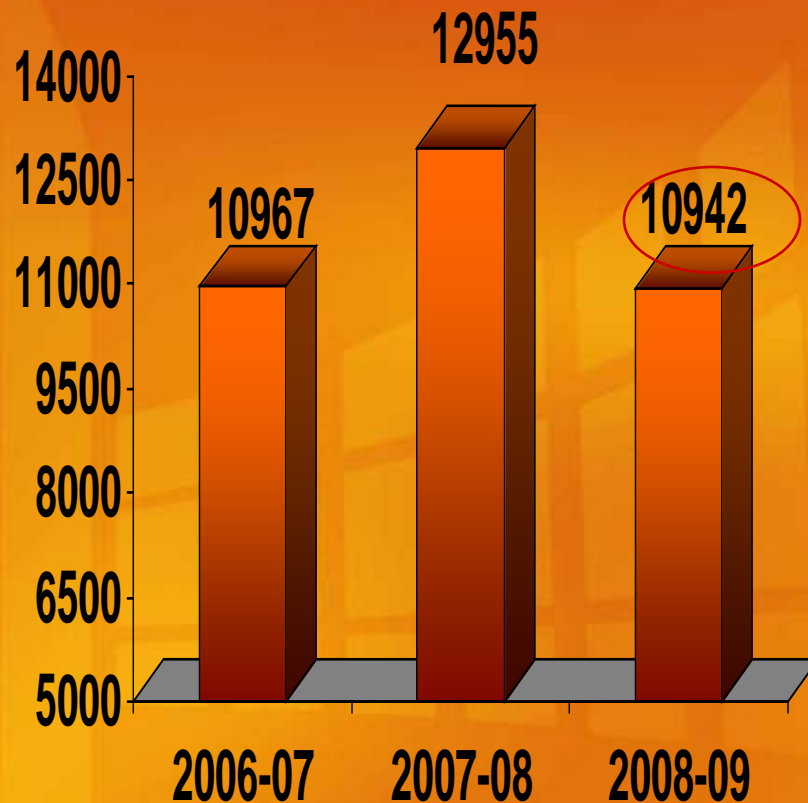
Q4 FY09 Turnover of Rs13008 crore

Quarter-wise Profit



Earning Before Interest Depreciation and Tax

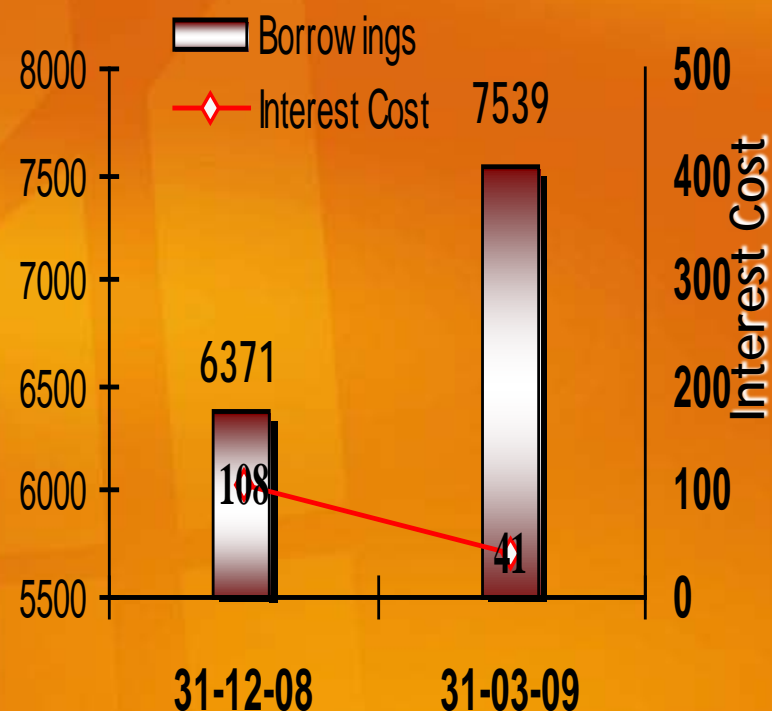
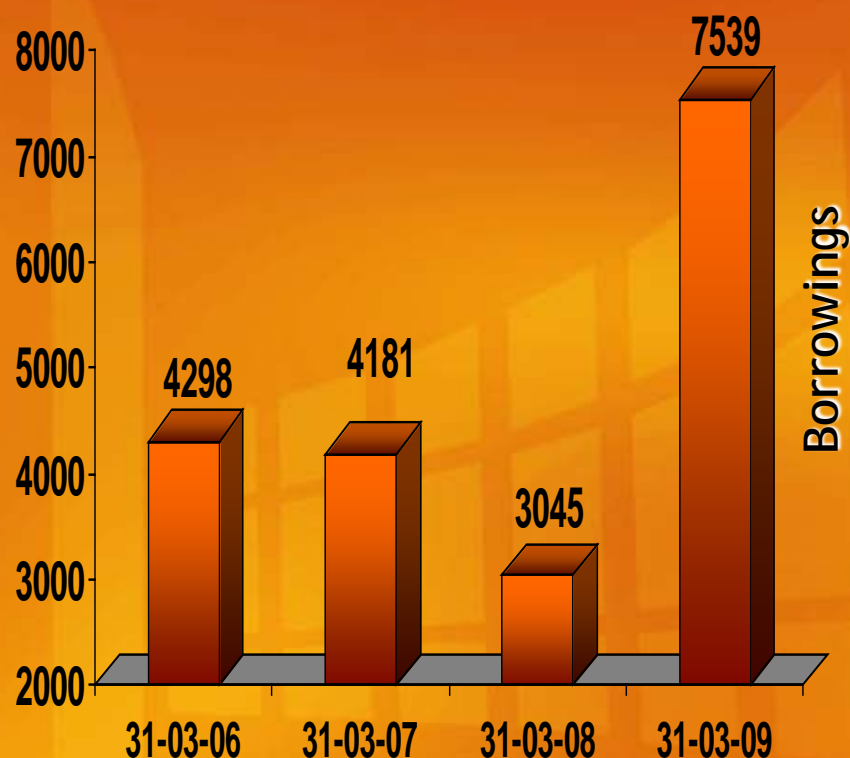
Unit : Rs Crore



Borrowings

Borrowing Annual

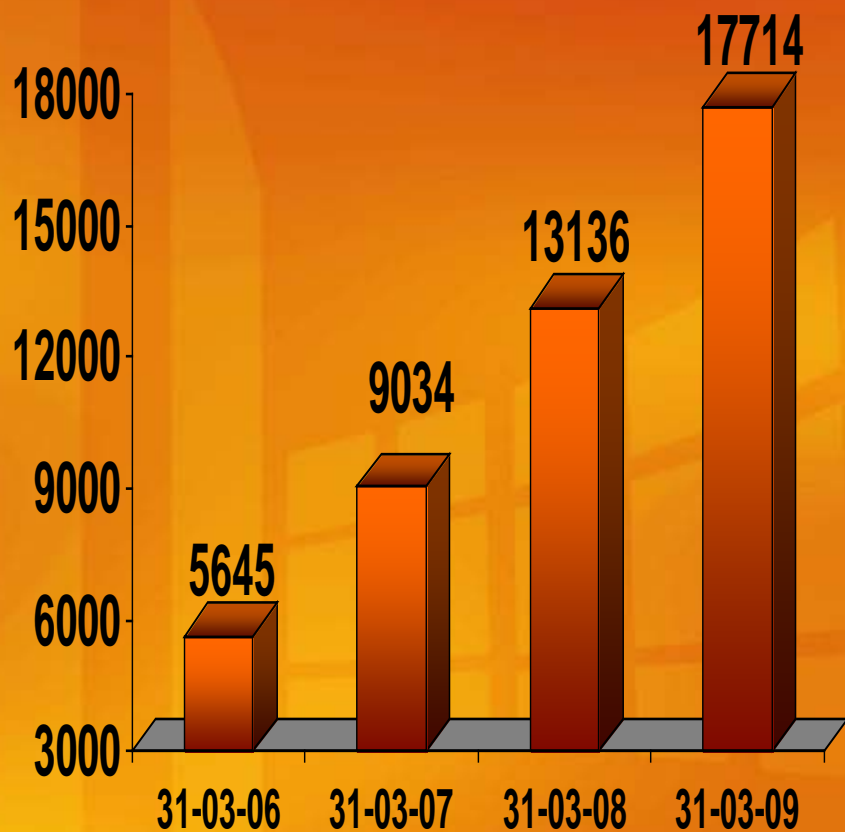
Unit : Rs Crore



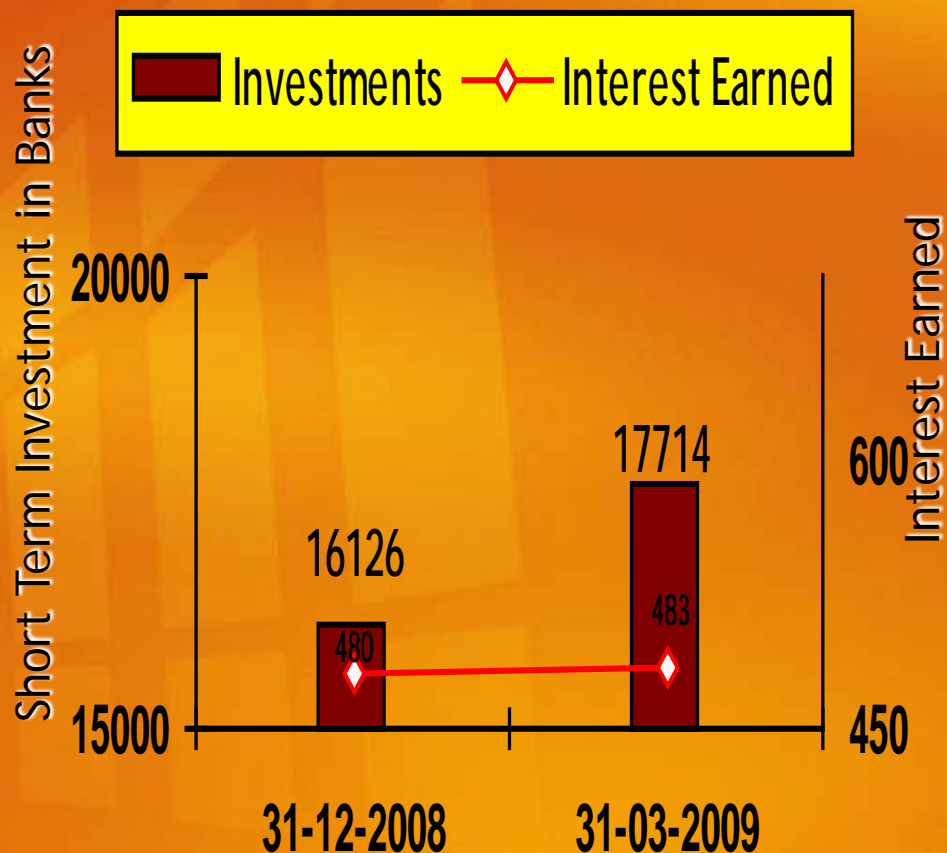
| Year | 31-03-2007 | 31-03-2008 | 31-03-2009 |
|-----------|------------|------------|------------|
| D/E Ratio | 0.24 | 0.13 | 0.27 |

Investments

Investments Annual



Unit : Rs Crore



Performance Details

- ✓ Sales of 11.32 million tones a decrease of 8% as compared to previous year.
- ✓ Semis component in sales of saleable steel reduced to 12 % [5 ISPs] - a decrease of 1% as compared to previous year.
- ✓ Saleable steel production of 12.50 million tones - a decrease of 4% as compared to previous year.
- ✓ Hot Metal production of 14.44 million tonnes - a decrease of 5% as compared to previous year.
- ✓ Crude steel production of 13.41 million tones - a decrease of 4% as compared to previous year.
- ✓ Special Steel Production 3.7 million tones - an increase of 11% as compared to previous year.
- ✓ Production through Concast 8.9million tones - a decrease of 1% as compared to previous year.

Performance Highlights - 2008-09

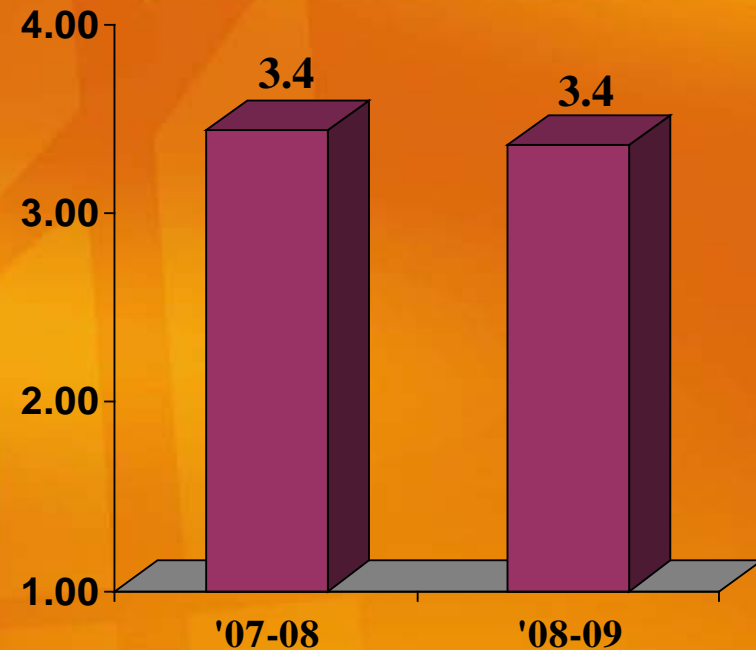
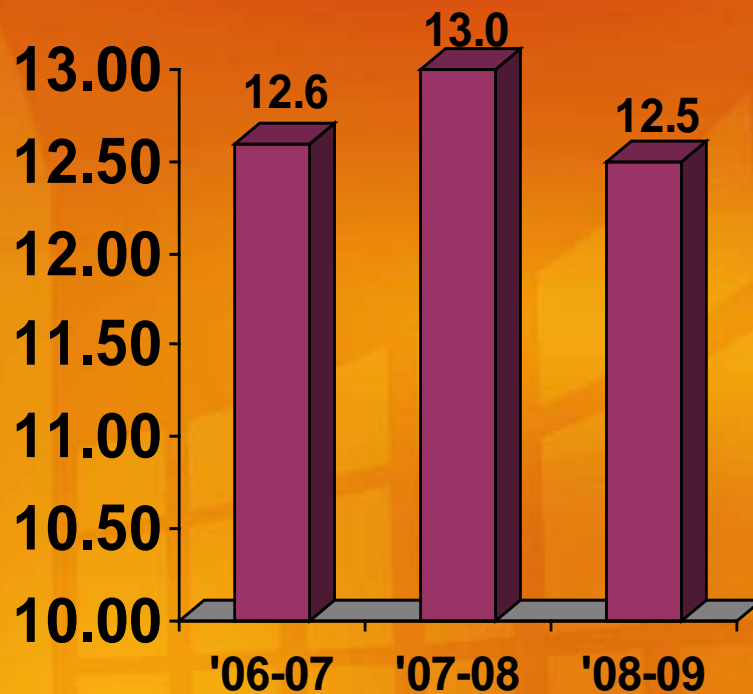
Major Techno Economic Parameters

- ✓ Coke Rate at 521 kg/T - lower by 2% over CPLY
- ✓ Fuel Rate at 563 (kg/thm) -lower as compared to CPLY
- ✓ Energy Consumption 6.74 (G.Cal/tcs) -lower by 3% over Corresponding Period Last Year.
- ✓ Avg. Capacity utilisation (Saleable Steel)- 113%
- ✓ Avg. Capacity utilisation (Hot Metal)- 105%
- ✓ Avg. Capacity utilisation (Concast Production)- 127%

Production

Jan-Mar09

Saleable Steel (in Million Tons)

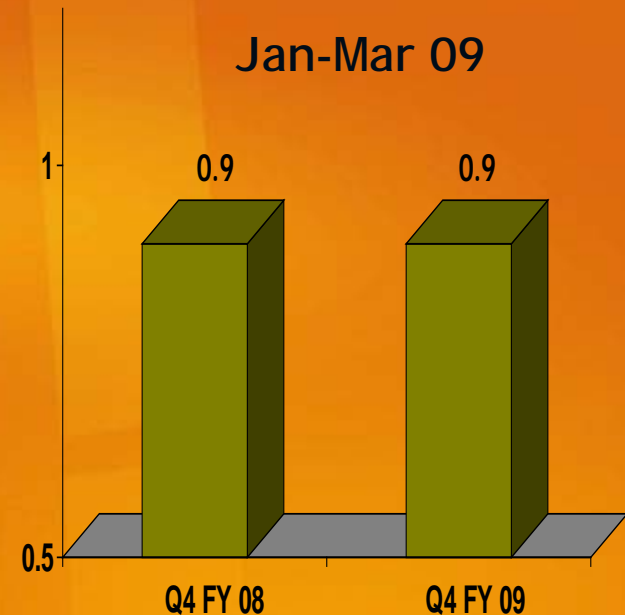
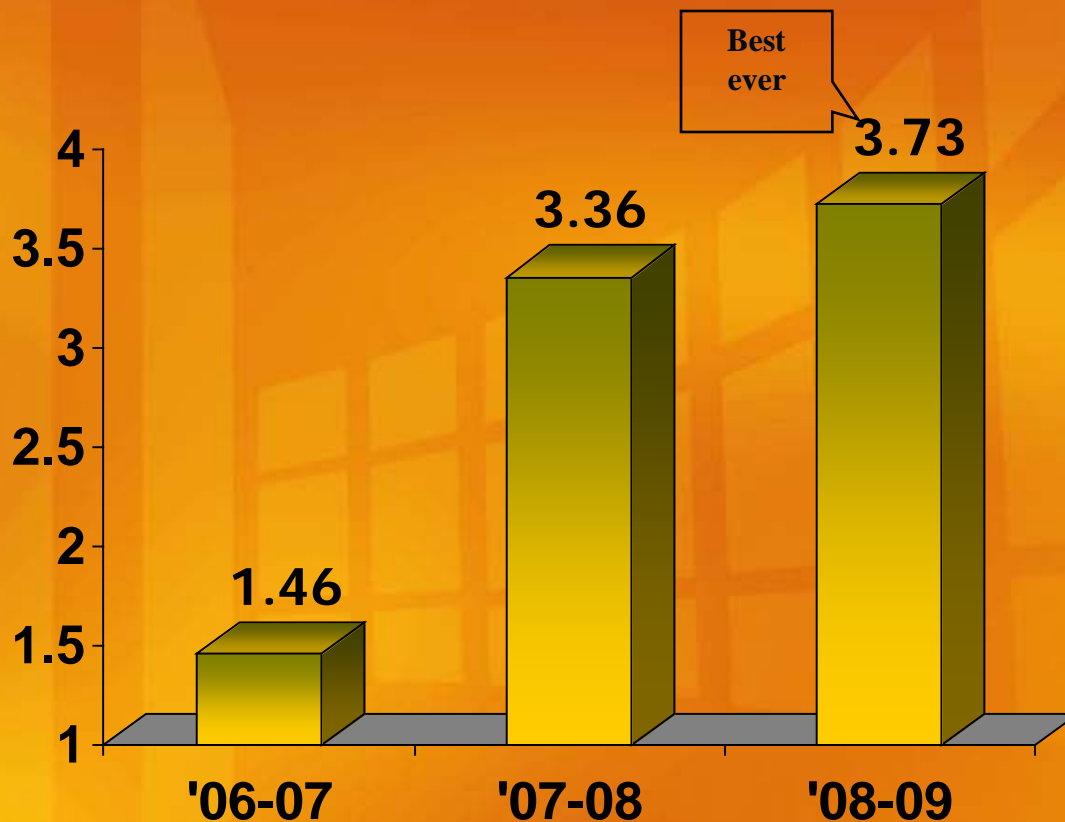


Including Special Steels Plants

Special Steel Production

(in Million Tonnes)

Production of Value added materials of 5 ISPs

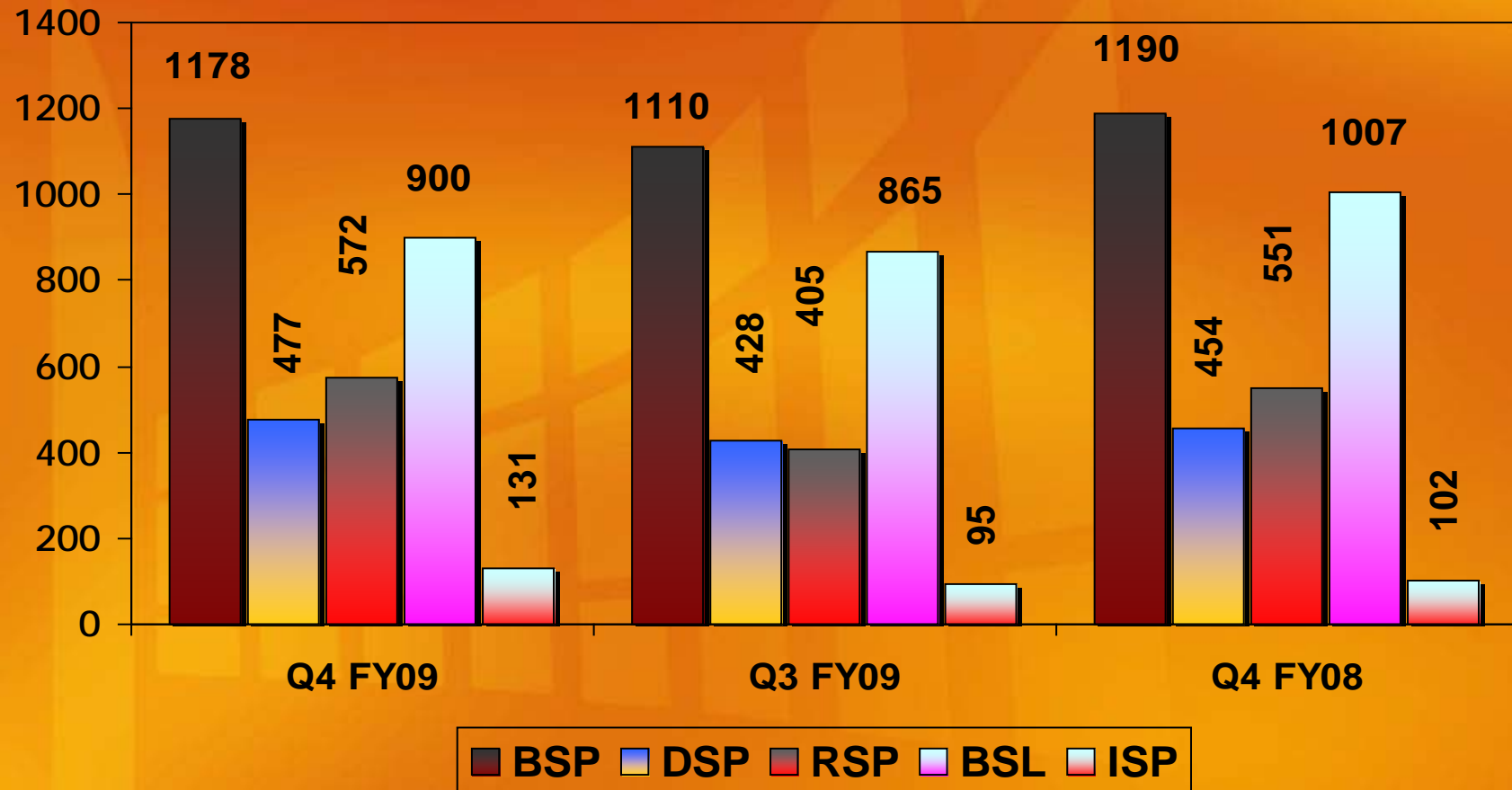


11% increase in production of Value Added Products

Salable Steel Production

Plant-Wise, Quarter-Wise

(in Thousand Tonnes)

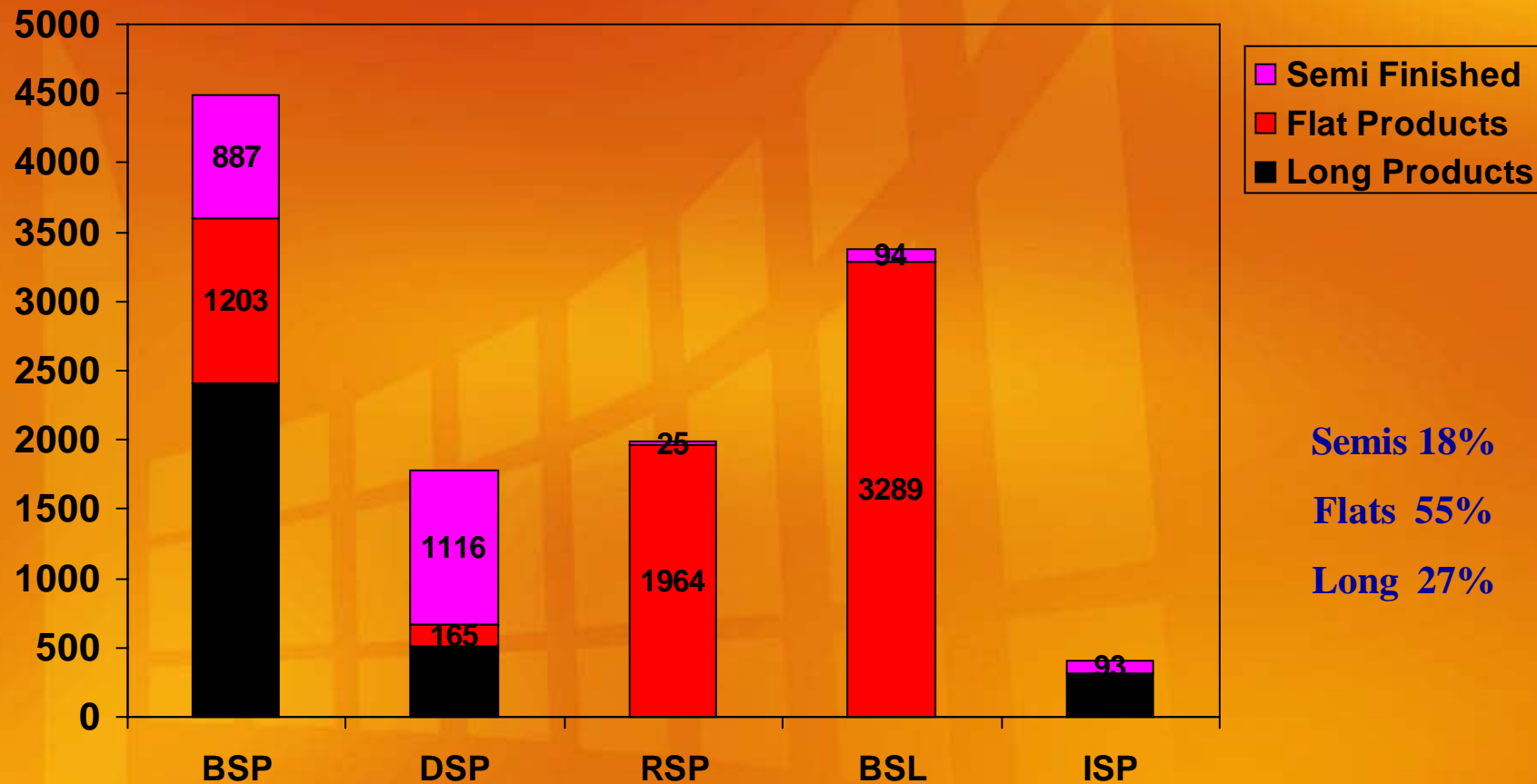


(Five Integrated Steel Plants Only)

Production of Saleable Steel

Plant Wise Category wise

(in Million Tonnes)



Semis 18%

Flats 55%

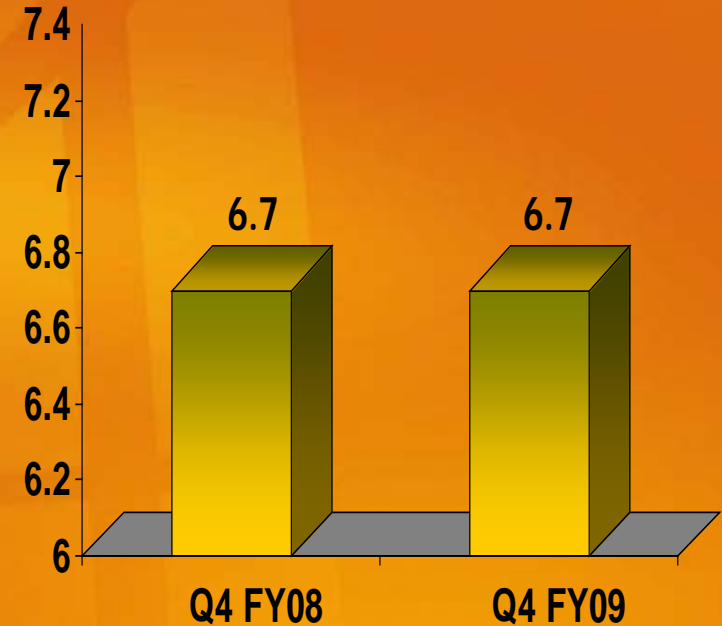
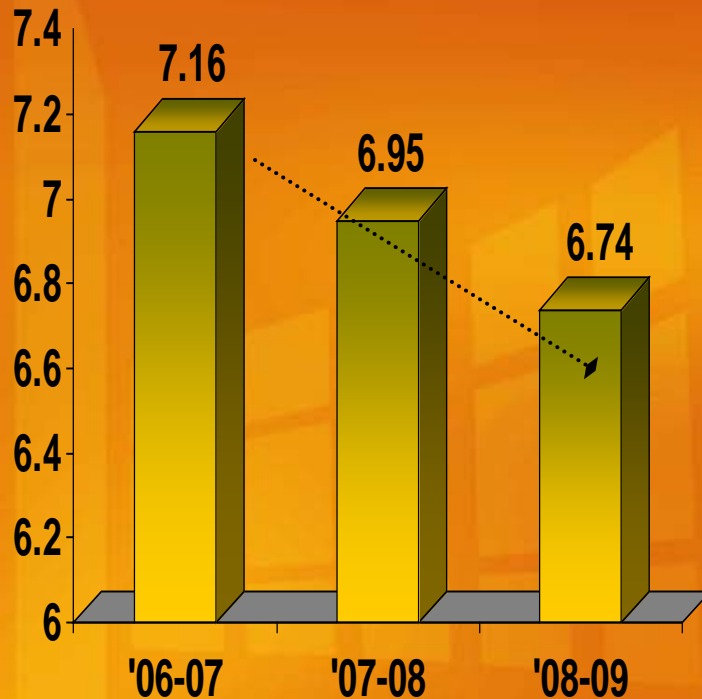
Long 27%

Q4 FY 09 – 5 Integrated Steel Plants

TE Parameters

Specific Energy Consumption (Gcal/TCS)

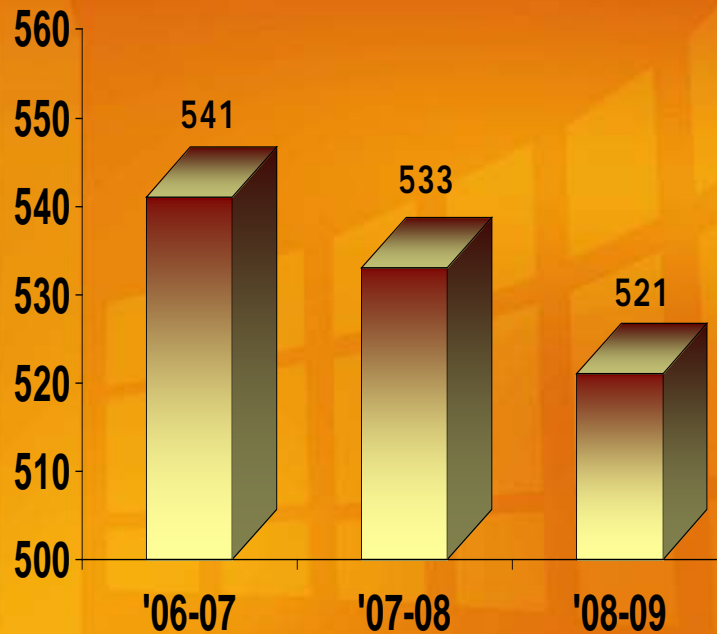
Jan-Mar 09



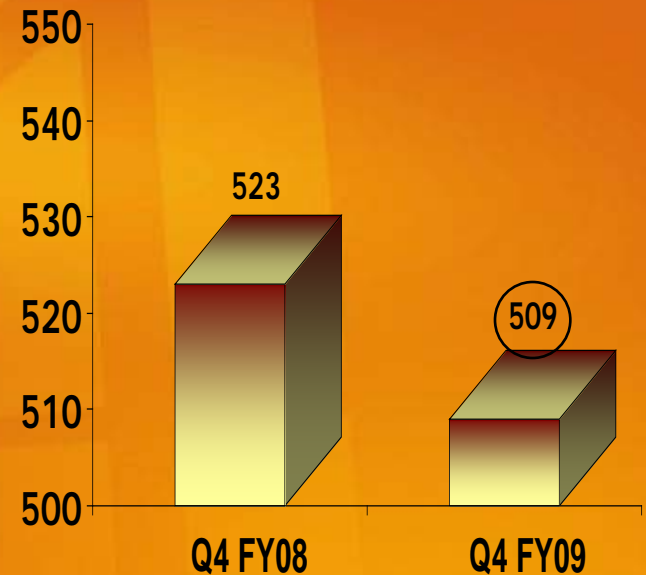
**Reduction in Energy
Consumption**

TE Parameters

Coke Rate (Kg/THM)



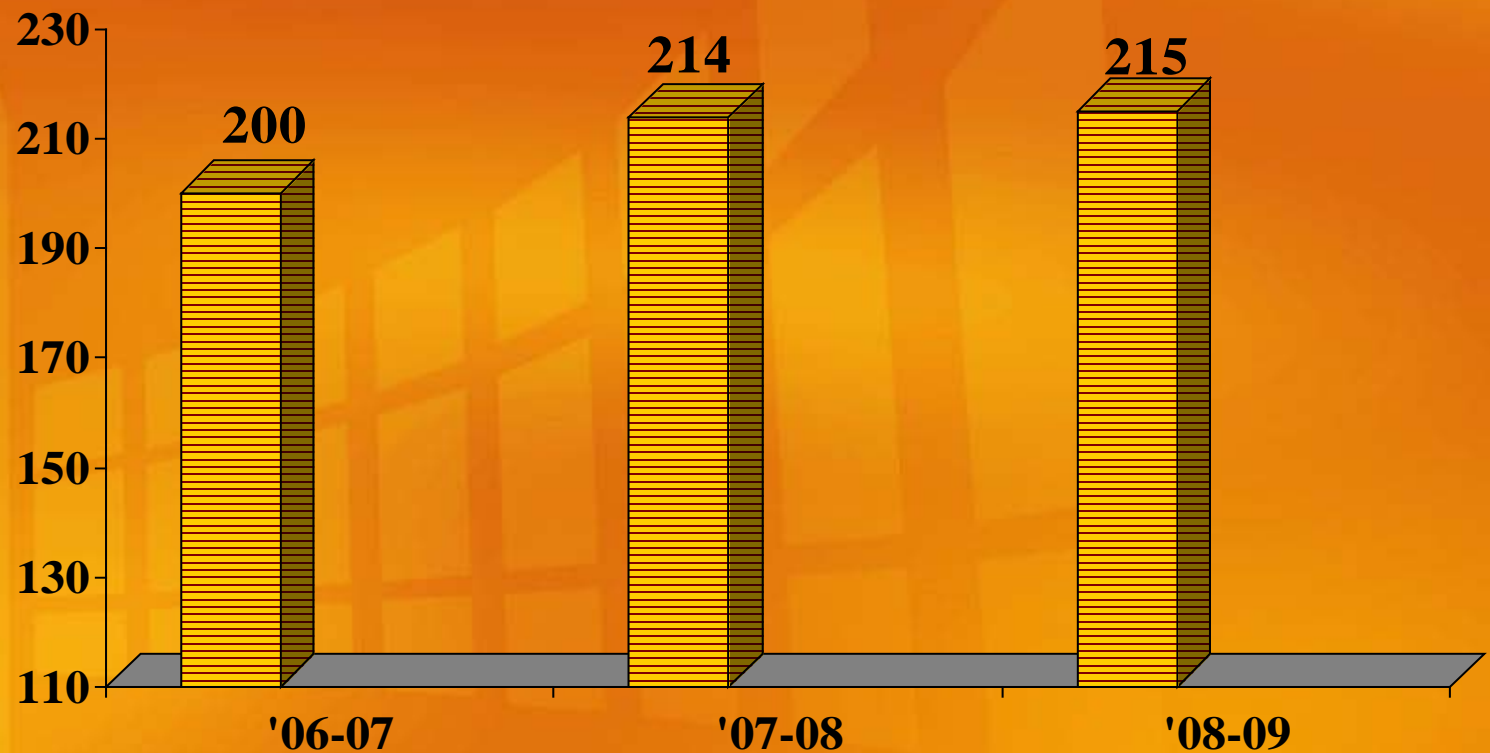
Continuous efforts to contain
coke rate



Coke Rate at 523 kg/T - lower by 3%
over CPLY

Labour Productivity

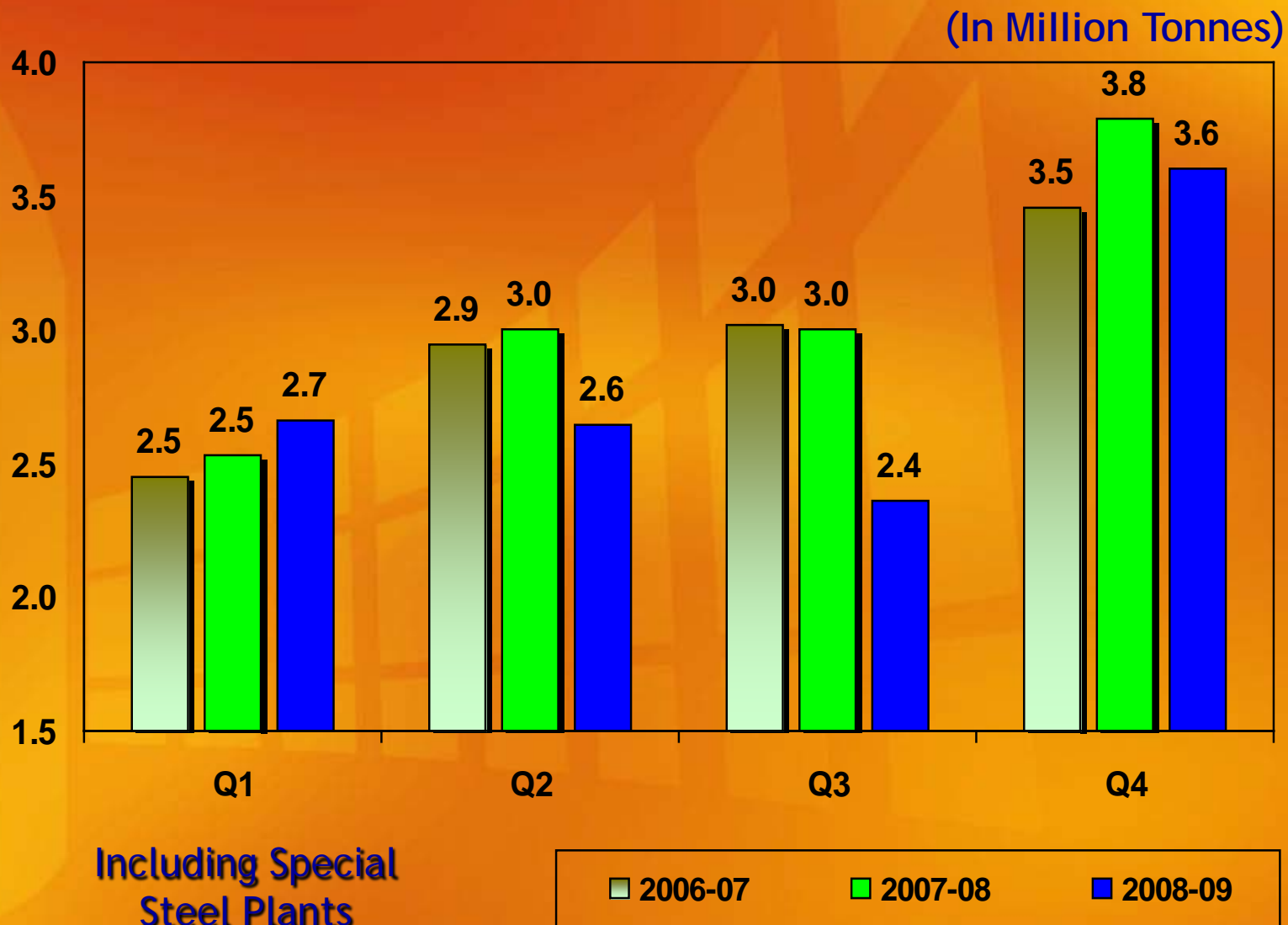
Tonnes Crude Steel /man / year



Manpower reduction over 7500 during 2008-09

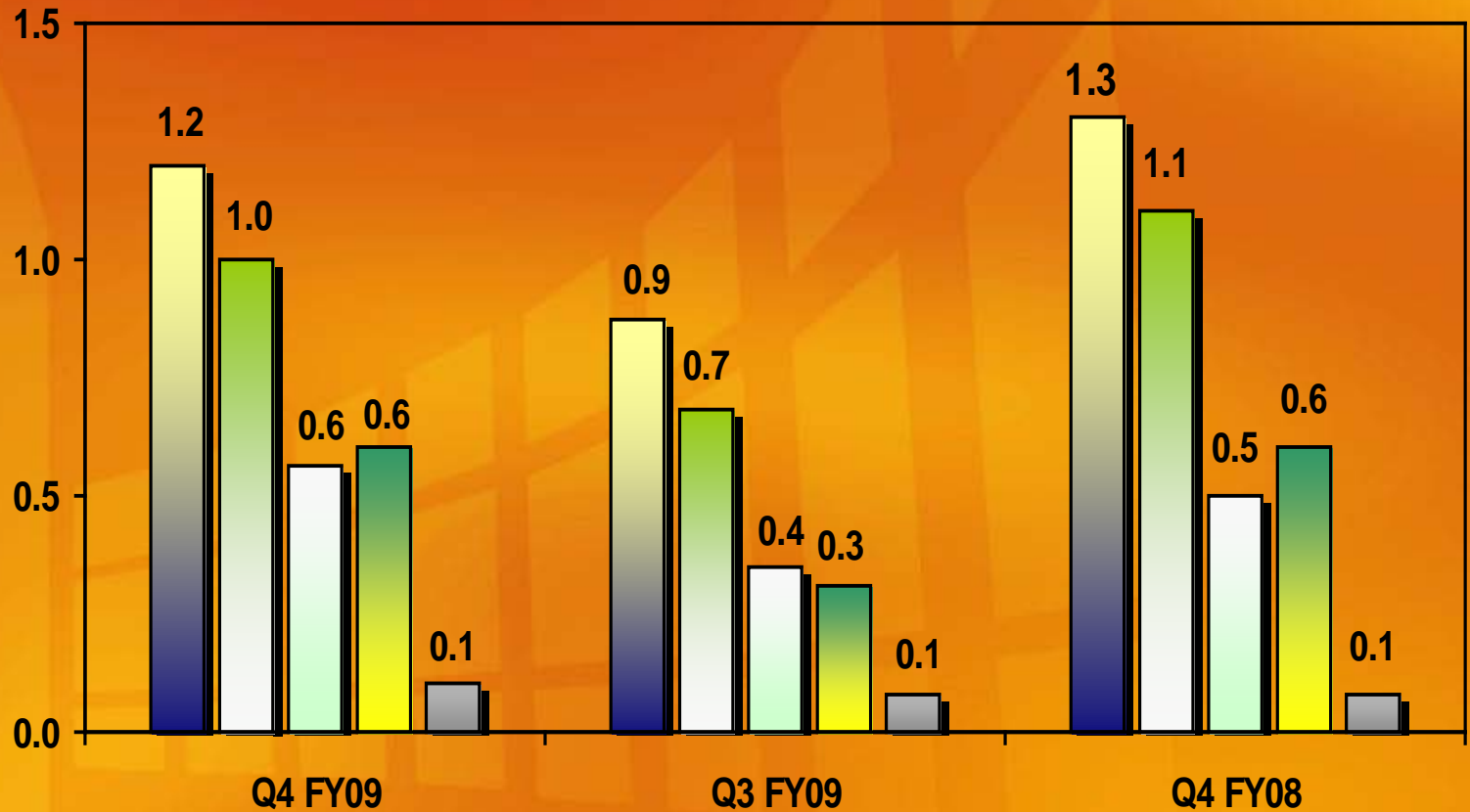
Current manpower : 1.21 lakh as on 31.03.09.

Saleable Steel Sales Volume



Saleable Steel Sales Volume

(In million tonnes)

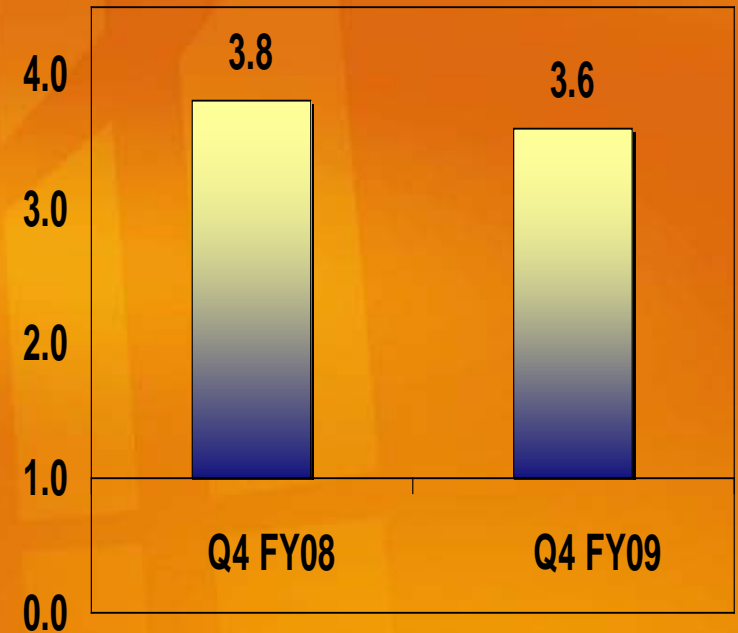
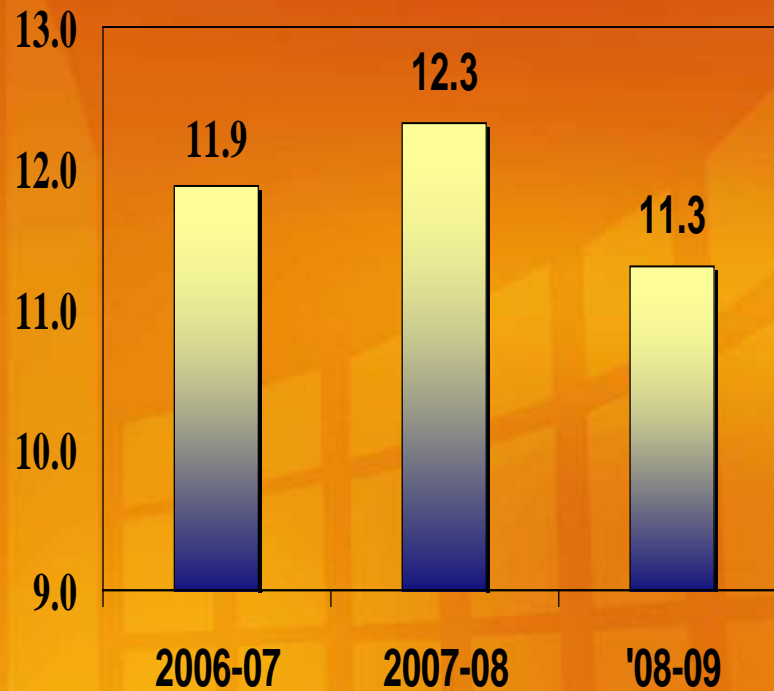


Plant-wise,
Integrated
Steel Plants

■ BSP ■ BSL ■ DSP ■ RSP ■ ISP

Saleable Steel Sales Volume

(in million tonnes)

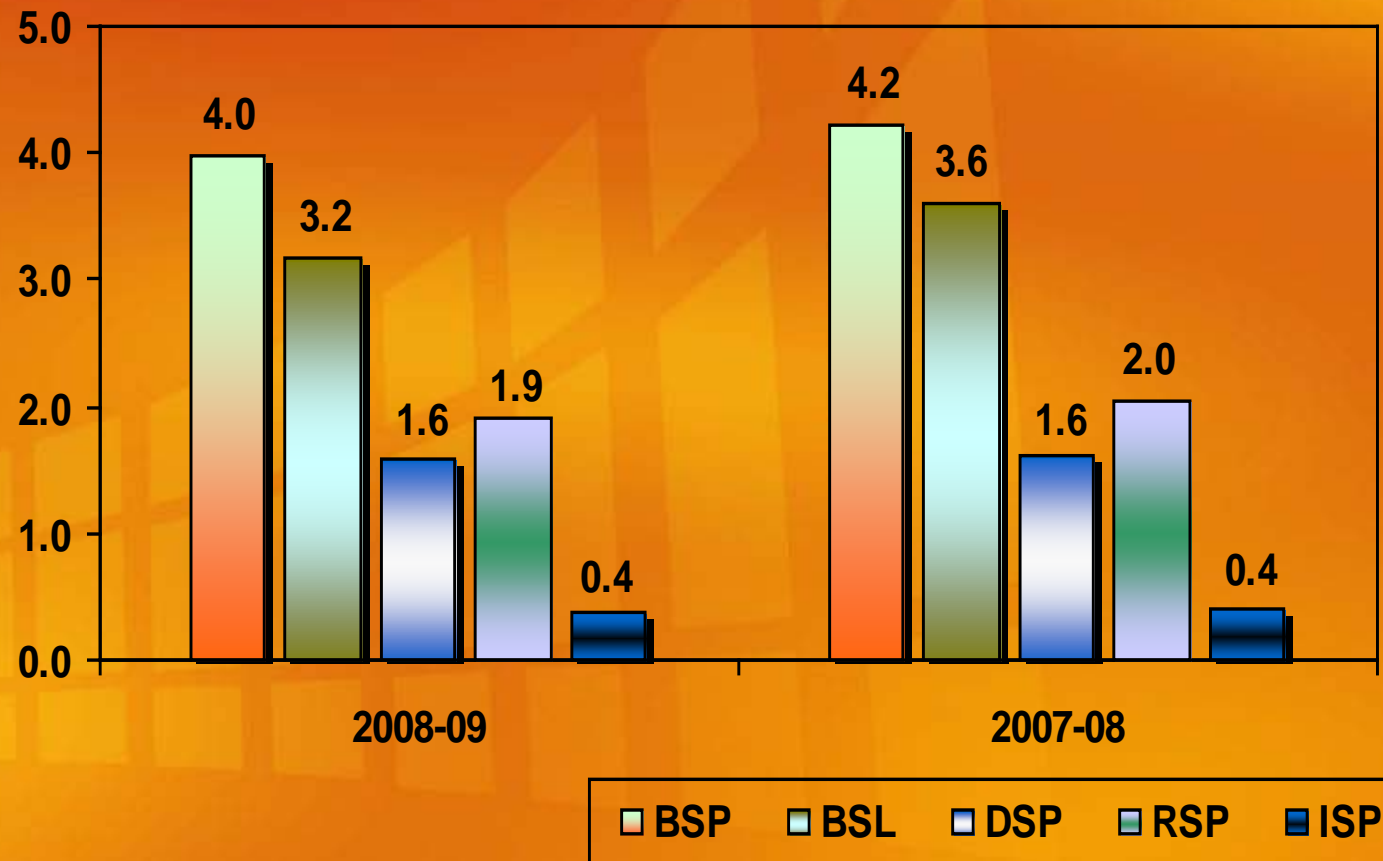


Including Special Steel Plants

Saleable Steel Sales Volume

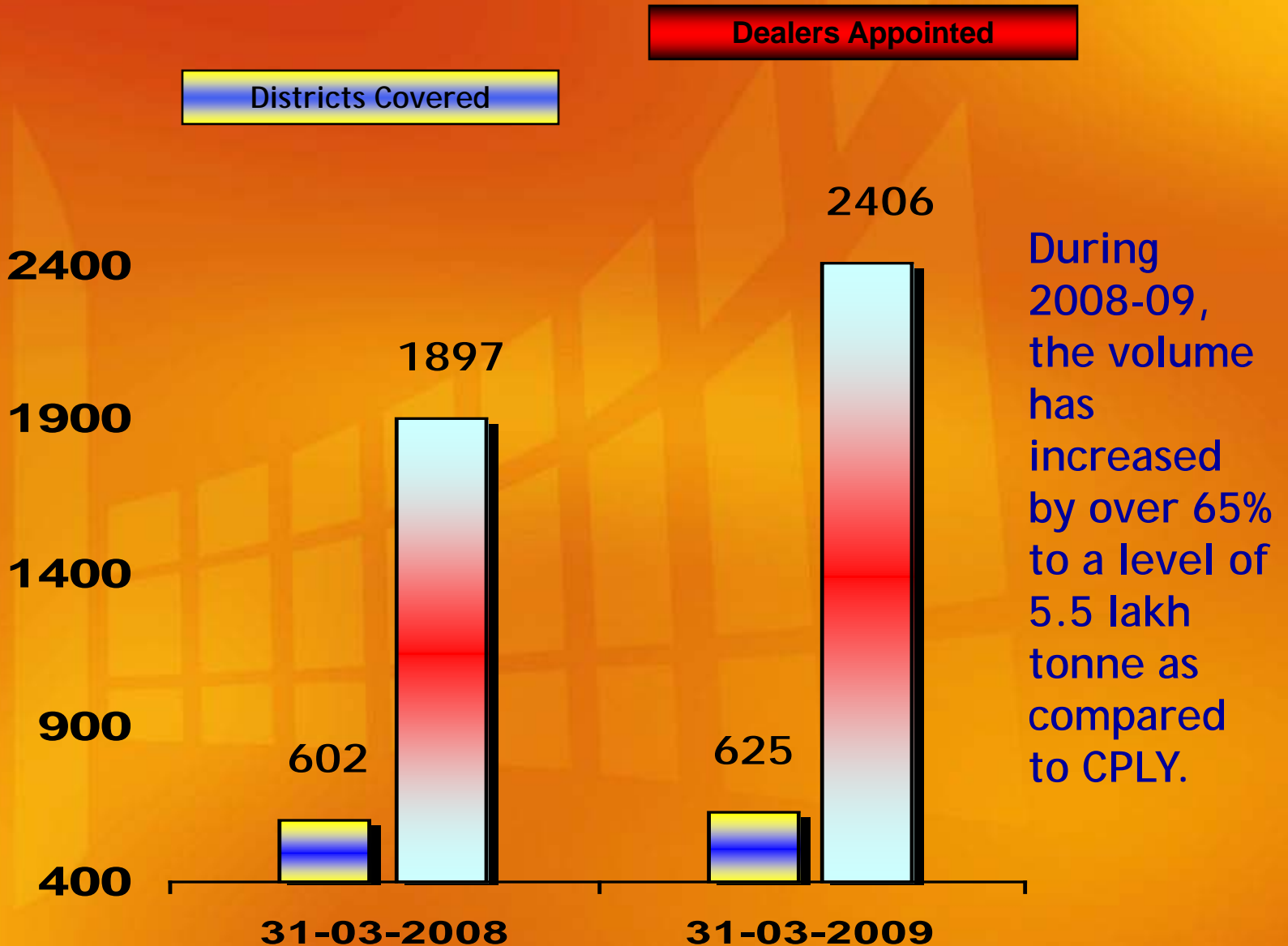
(In Million Tonnes)

Plant-wise

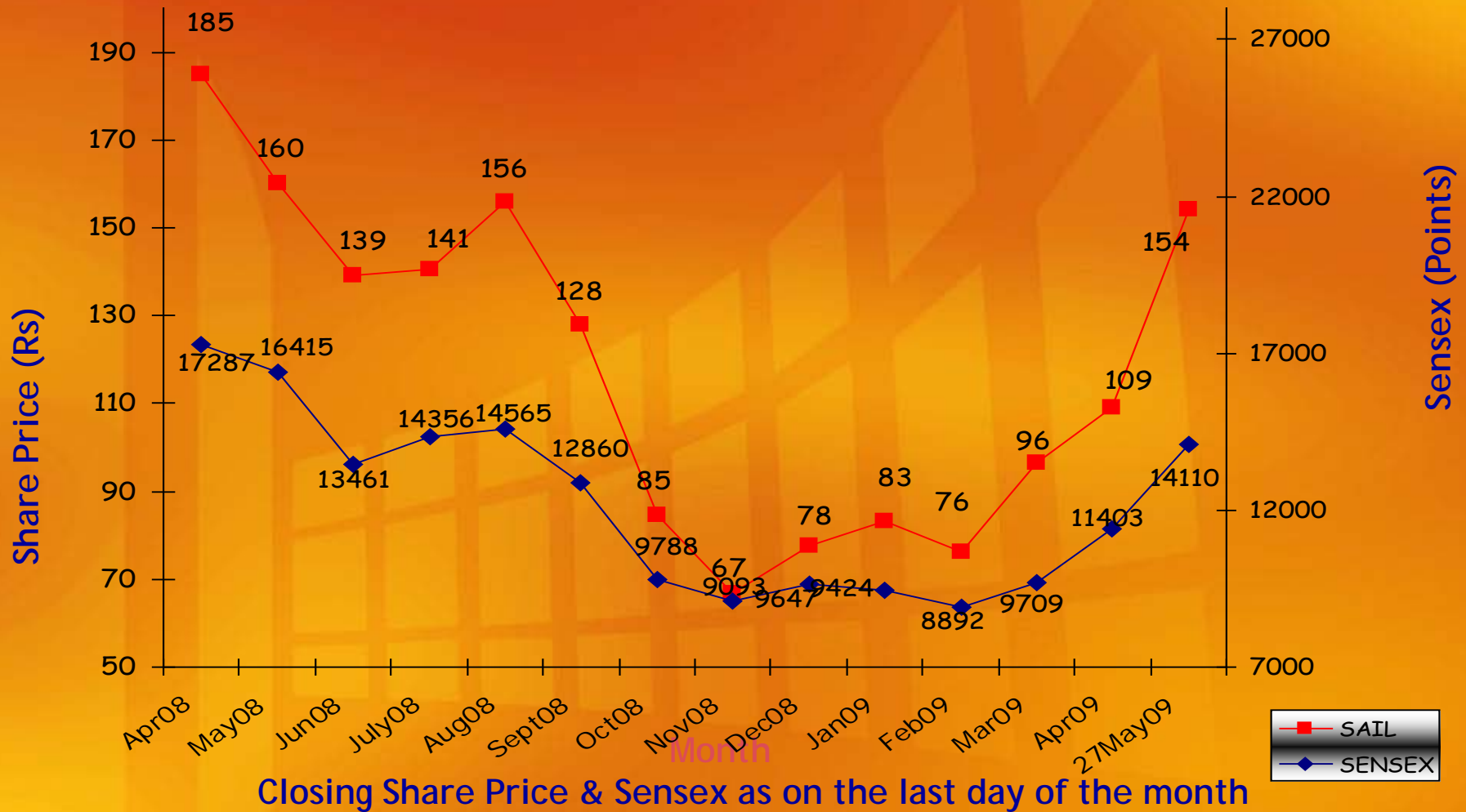


Sales through Dealers Network

No. of Dealers and Districts Covered



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

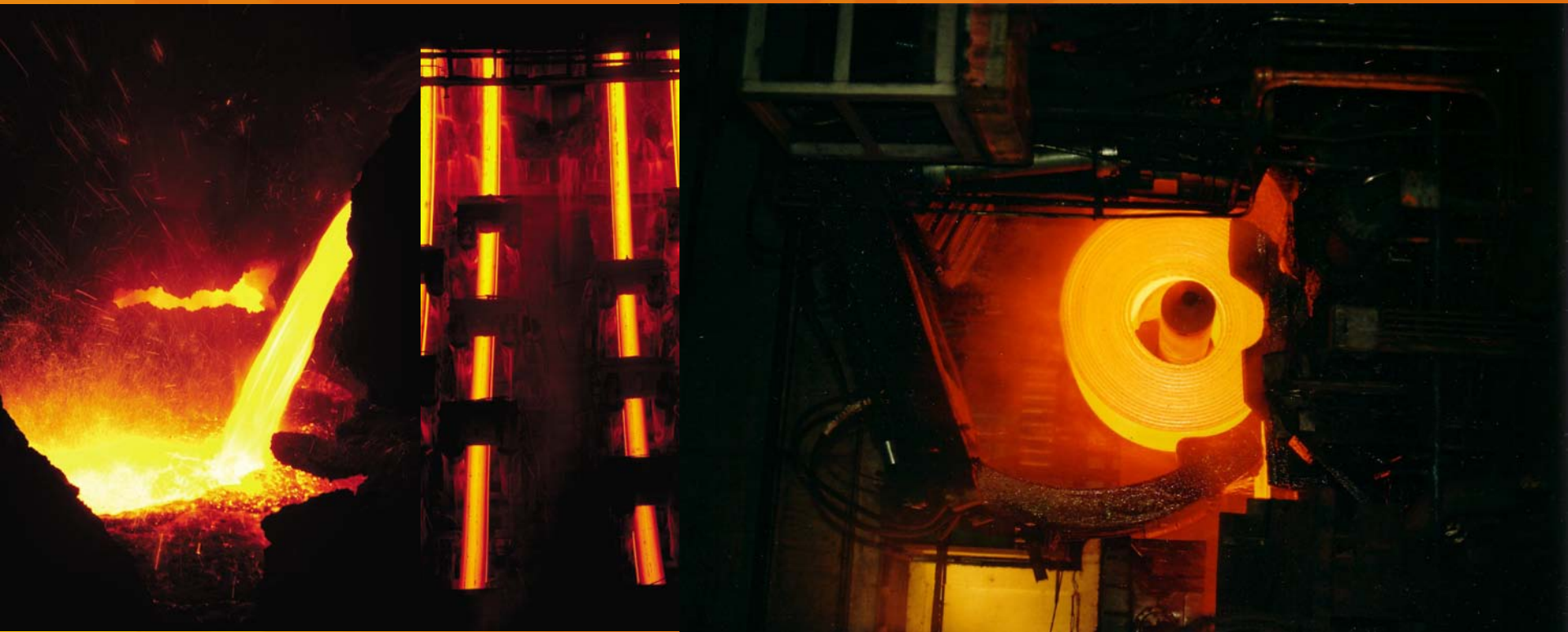


Dividend

| Year | Interim % | Final % | Total % | Dividend (Rs. in Crs) |
|---------|--------------|--------------------|--------------------|--------------------------|
| 2008-09 | 13.0 | 13.0 (proposed) | 26.0 (proposed) | 1074 |
| 2007-08 | 19.0 | 18.04 | 37.0 | 1528 |
| 2006-07 | 16.0 | 15.0 | 31.0 | 1280 |

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

EXPANSION AND MODERNISATION PLAN



SAIL's Expansion Plan

| Particulars | Million Tonne | |
|----------------|---------------------|-------------------|
| | 2007-08 (Actual) | 2011-12 (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 | 77% | 100% |
| CC Route | 66% | 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

- ✓ Total Investment expected to be Rs. 54,000 Crore approximately (US 11.0 Billion).
- ✓ Financing in a manner that SAIL remains within debt-equity ratio of 1:1.5.
- ✓ Total Capex for 2007-08 was Rs. 2181 crore and the Capex for 2008-09 is Rs. 5233 Crore.
- ✓ Orders for Rs.36,000 crore approximately have already been placed for various Modernisation / Expansion Projects.
- ✓ Various options for raising debt to finance the capex plant are being explored.
- ✓ Capex Plan for 2009-10 is Rs.10000 crore approximately.

Ongoing Projects

Expected Outcome

- ✓ Enhancement of Production Capacity and 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
- ✓ Captive Power generation capacity to increase from 872 MW to 1922 MW

Ongoing Projects

The Products to be added:

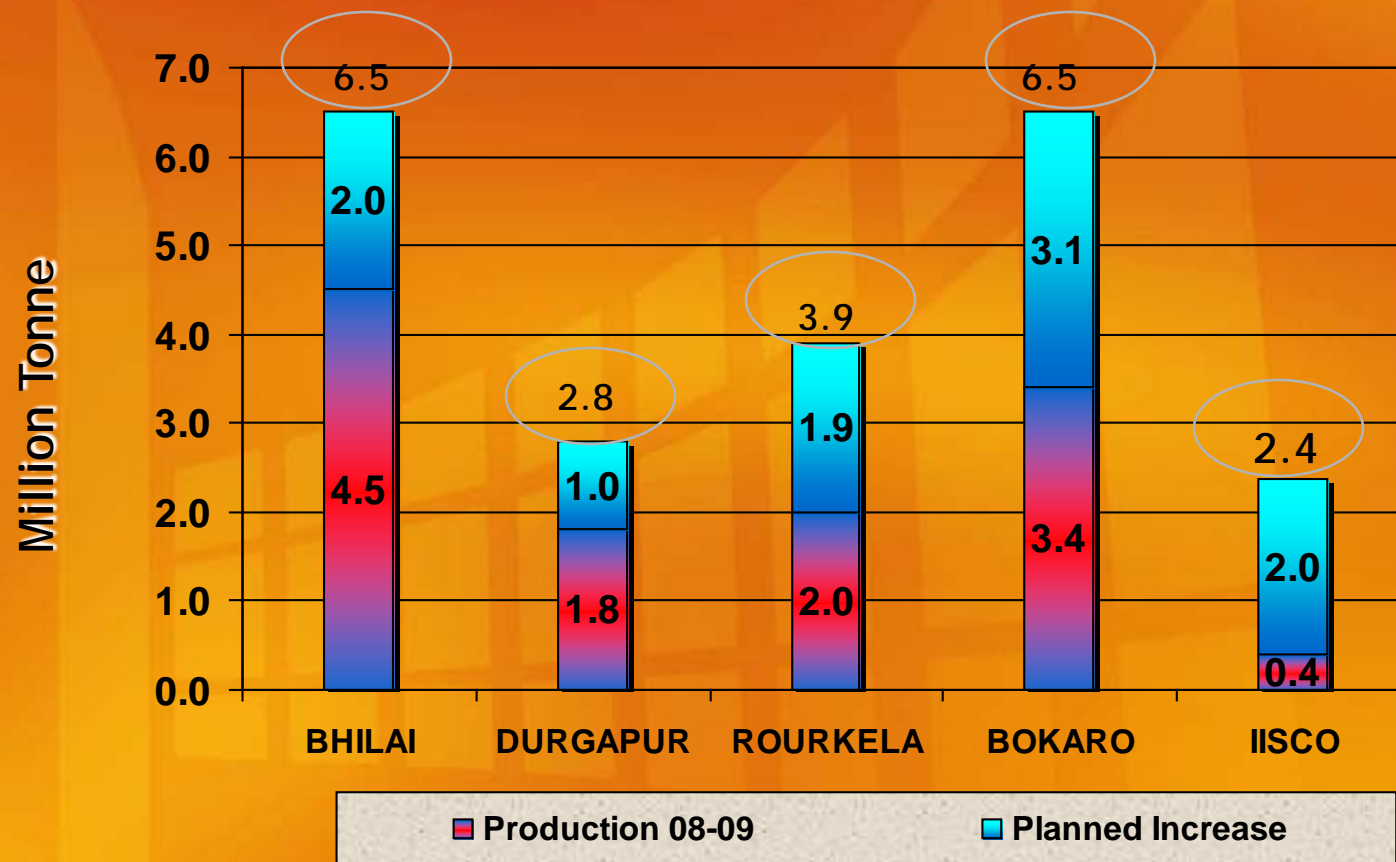
- ✓ Auto grade CR Products, Galvanealed Coils/ Sheets
- ✓ Plates/ Pipes to meet up to API 100 Grade specification
- ✓ Universal Beams/ Heavy Beams in the sizes up to 1100 mm to support increasing Infrastructural requirements
- ✓ Rails for Metro-Railways
- ✓ Increased production of Rails and wheels to 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 4500 mm

Capacity increase after Expansion

| Plant | Hot Metal (Mtpa) | | Saleable Steel (Mtpa) | |
|--------------|------------------|-----------------|-----------------------|-----------------|
| | 2008-09 Actual | After Expansion | 2008-09 Actual | After Expansion |
| BSP | 5.39 | 7.50 | 4.49 | 6.53 |
| DSP | 2.11 | 3.50 | 1.79 | 2.83 |
| RSP | 2.20 | 4.50 | 1.99 | 3.88 |
| BSL | 4.02 | 7.44 | 3.38 | 6.53 |
| ISP | 0.60 | 2.91 | 0.41 | 2.37 |
| VISL | 0.013 | 0.33 | 0.09 | 0.22 |
| ASP | - | - | 0.17 | 0.43 |
| SSP | - | - | 0.18 | 0.34 |
| Total | 14.44 | 26.18 | 12.50 | 23.13 |

SAIL'S Growth Plan 2011-12

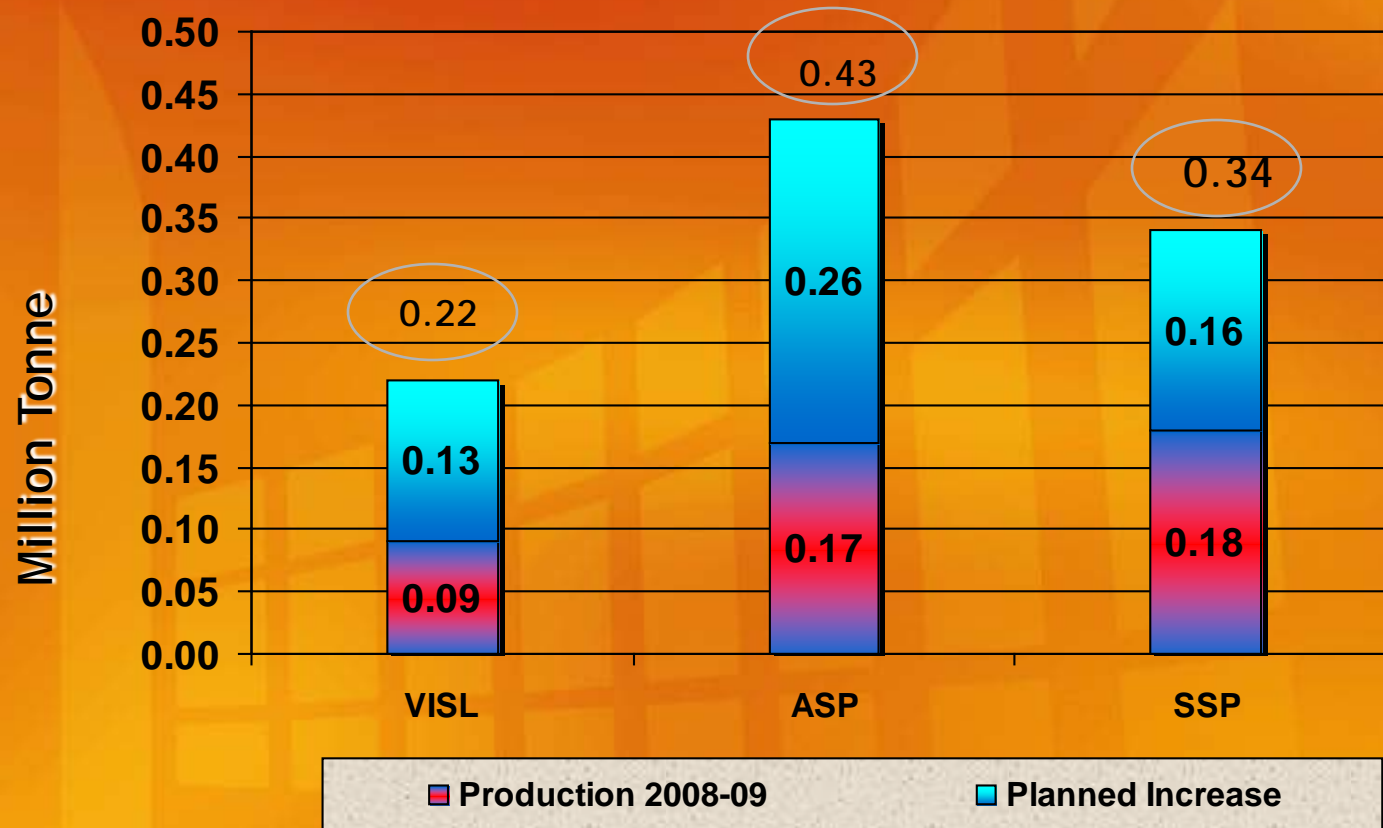
Saleable Steel Production Capacity



SAIL'S Growth Plan 2010

Saleable Steel Production Capacity

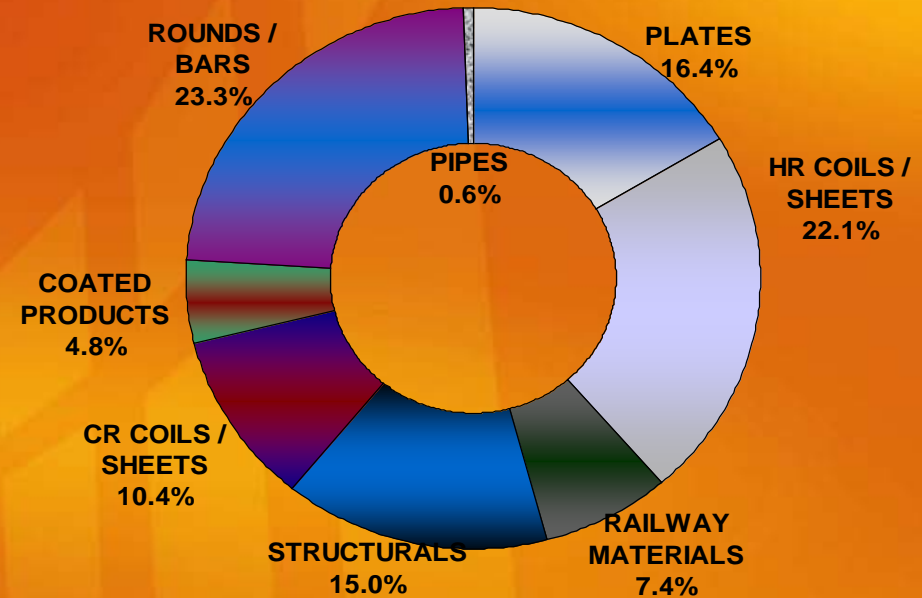
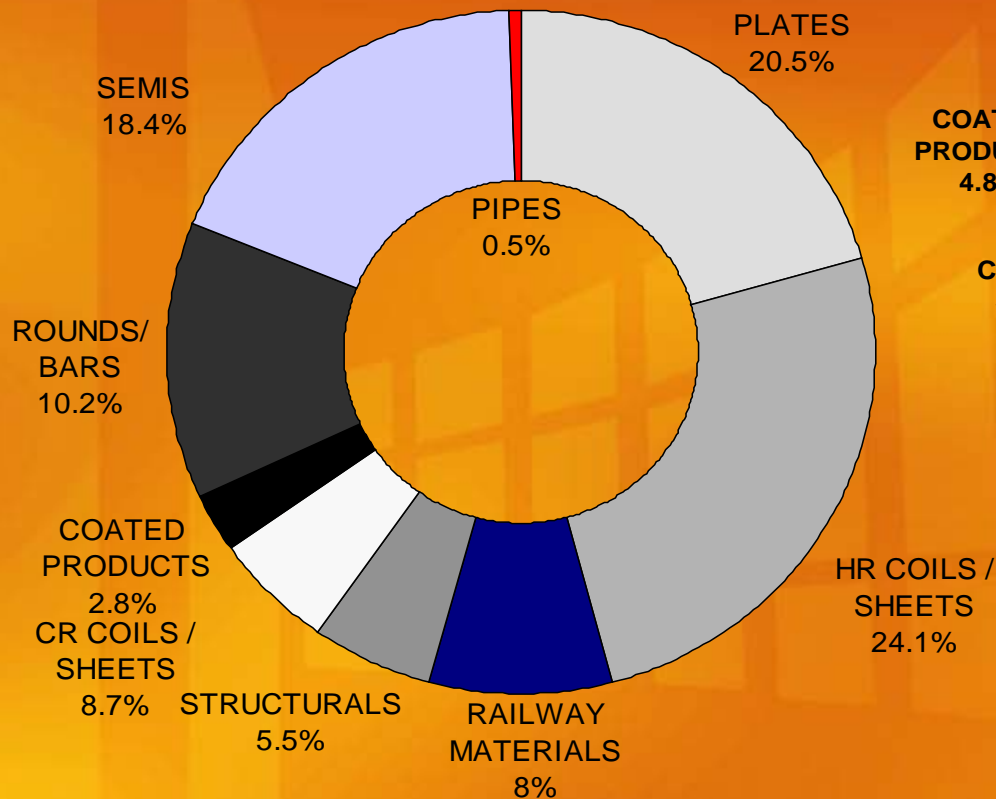
Specialty Steel Plants



Total Existing .45 MT and After Expansion 1MT

Product Mix - Saleable Steel Production

FY2008-09



FY2011-12

Raw Materials

IRON ORE LINKAGES
Mtpa

| Year | Hot Metal Production | Iron Ore Consumption | Linkages of Iron Ore |
|---------|----------------------|----------------------|--|
| 2007-08 | 14.4 | 23 | Existing Mines |
| 2011-12 | 26 | 43 | Existing Mines + Raoghat, Chiria & Taldih + Thakurani |
| 2020 | ~ 60 | 100 | Existing Mines + Raoghat, Chiria & Taldih + Thakurani |

Raw Materials

COAL LINKAGES

Mtpa

| Year | Hot Metal Production | Coking Coal Requirement | Linkages for Coking Coal |
|---------|----------------------|-------------------------|--|
| 2007-08 | 14.4 | 13.8 | Import Component - 70% (80% through long term contracts from Australia, New Zealand and US and 20% from spot market) Indigenous - 30% |
| 2011-12 | 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

- As per the approval of Union Cabinet for the proposal of merger BRL with SAIL, all the activities are being pursued to complete the merger in 2009.
- Action for merger of MEL with SAIL is under process.

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 15 such villages have already been completed.

Corporate Social Responsibility



Performance Highlights – SAIL CSR

- ✓ SAIL has established 32 Primary Health Centres, 9 Reproductive and Child Health Centres, 35 Hospitals and 7 super Speciality Hospitals to provide specialized healthcare to almost 28 million people.
- ✓ It has opened about 240 school in the steel townships to provide modern education to about 76,000 children.
- ✓ SAIL has adopted and providing assistance to over 1119 schools, with more than 1,11,958 students of around 435 villages surrounding its units.
- ✓ In this endeavour, SAIL has achieved a Girl:Boy ratio of 1:1 for all levels of education and a survival rate i.e. rate of retaining enrolled students of 90% in SAIL schools.

Performance Highlights – SAIL CSR

- ✓ For the financial year 2008-09, the budget for CSR was earmarked as 2% of distributable surplus.
- ✓ SAIL was adjudged a Finalist of 'Stivie Award - 2009'.
- ✓ Bhilai Steel Plant (BSP) - SAIL has been awarded "Golden Peacock Award - 2008" for CSR.
- ✓ Salem Steel Plant (SSP) - SAIL has been awarded "CSR Award" by Tamilnadu Government for the year 2008-09 for its valuable contribution towards socio-economic upliftment of neglected section of society.



Outstanding Achievement for Rural and Community Development

Accolades

- ✓ SAIL Quality Circle Teams have won highest number of awards in the country at the International QC Meet in Bangladesh held in Oct'08; 7 Excellent, 7 Extra Ordinary & 1 Meritorious Awards won by SAIL teams.
- ✓ SAIL is among the Top Companies for National Award for Excellence in Corporate Governance 2008 by the Institute of Company Secretaries of India.
- ✓ PHD Chamber Good Corporate Citizen 2008 has been bagged by SAIL.
- ✓ SAIL has got Commendation Certificate on Good Corporate Governance for the Year 2006-07 by SCOPE which was conferred on 21st November 2008.
- ✓ Indian Institute of Metals (IIM) award conferred to four SAIL professionals including the O P Jindal Award.

Accolades

- 3 SAIL executives got declared 'Metallurgist of the year/ young Metallurgist of the year by IIM.
- First prize to Salem steel Plant amongst Secondary steel plants/Alloy Steel Plants category by IIM.
- SAIL received Plaque from Institute of Chartered Accountants of India for the year 2007-08 for better financial reporting practices and commended Annual Report, in the category of the manufacturing and trading enterprises.



PHD Chamber Good Corporate Citizen 2008 has been bagged by SAIL. The Award was presented by Hon'ble Central Cabinet Minister Shri Pranab Mukherjee on 17th December 2008

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 Plant |

Disclaimer

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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.