

**STEEL AUTHORITY**

**OF INDIA LIMITED**

**PERFORMANCE**

**HIGHLIGHTS**

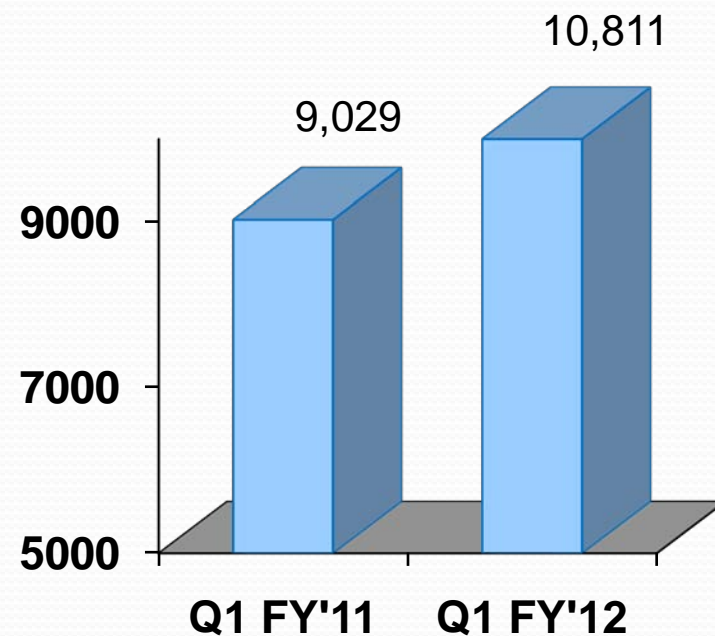
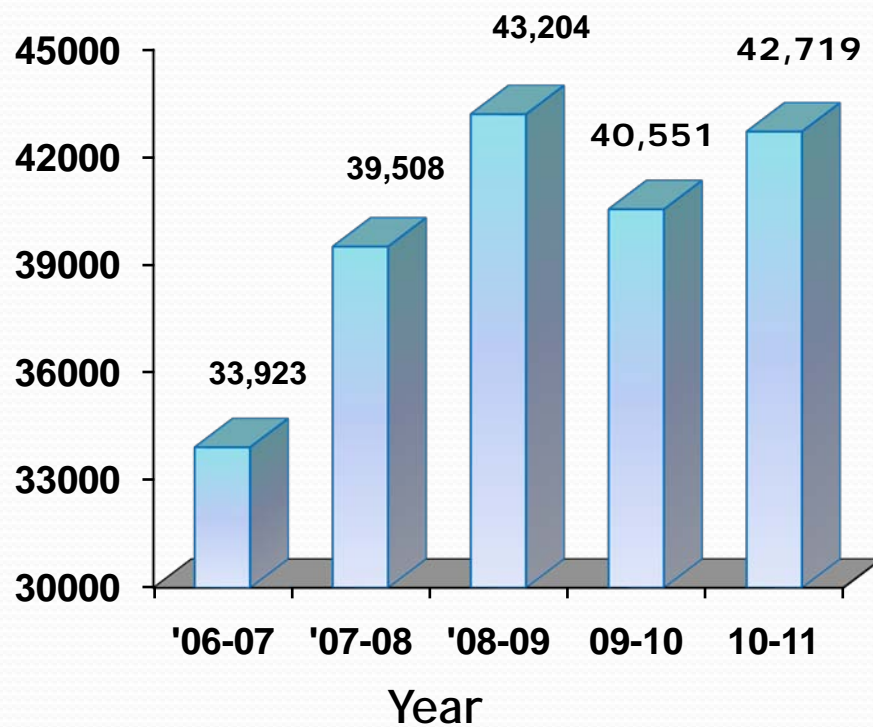
**Q1 FY12**

# Contents

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

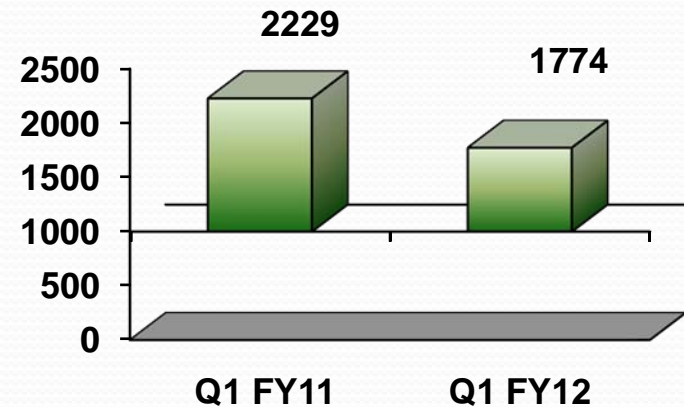
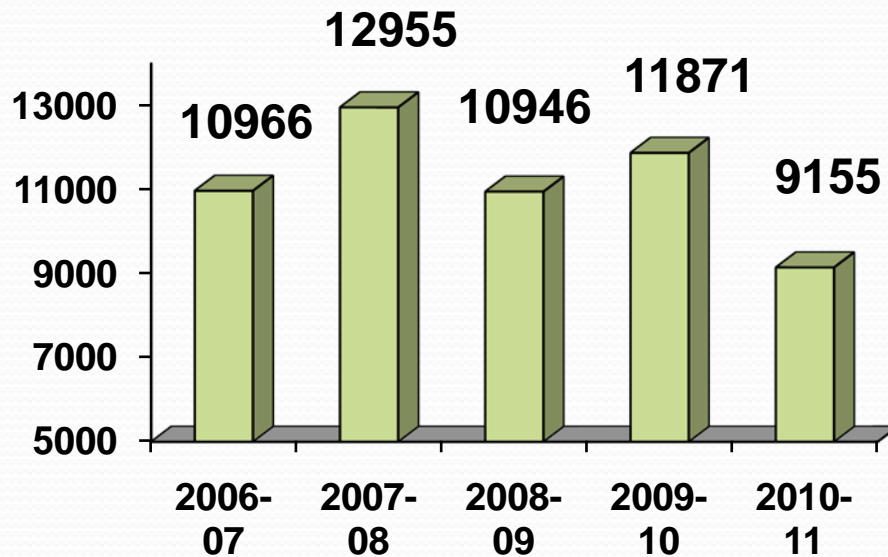
# Net Sales

Unit : Rs Crore



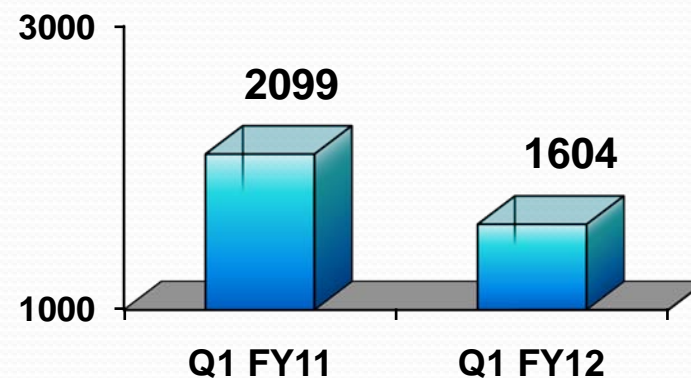
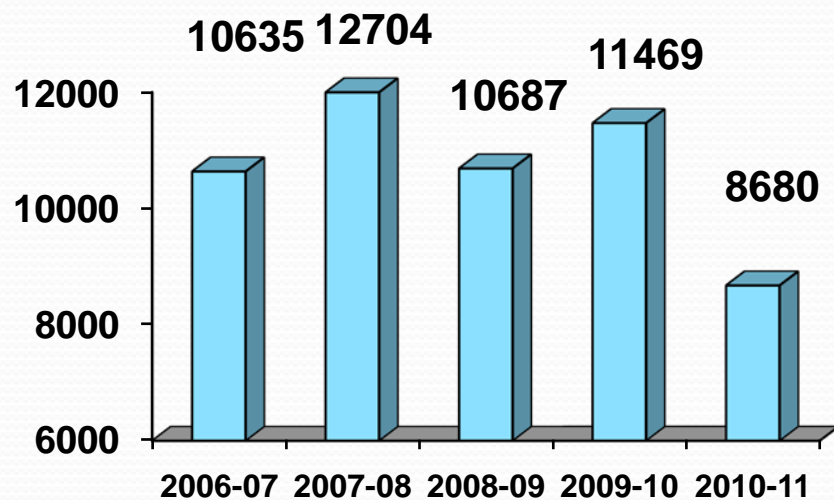
# Earning Before Interest Depreciation and Tax

Unit : Rs Crore



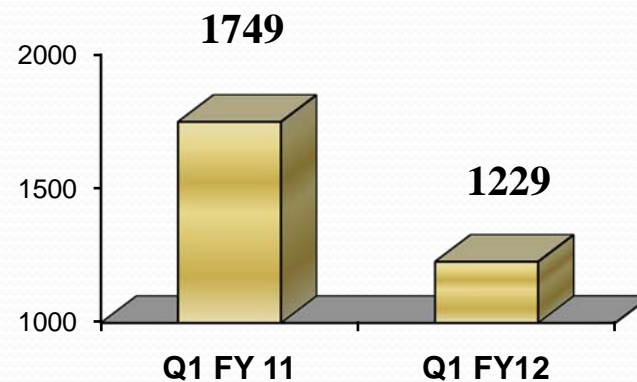
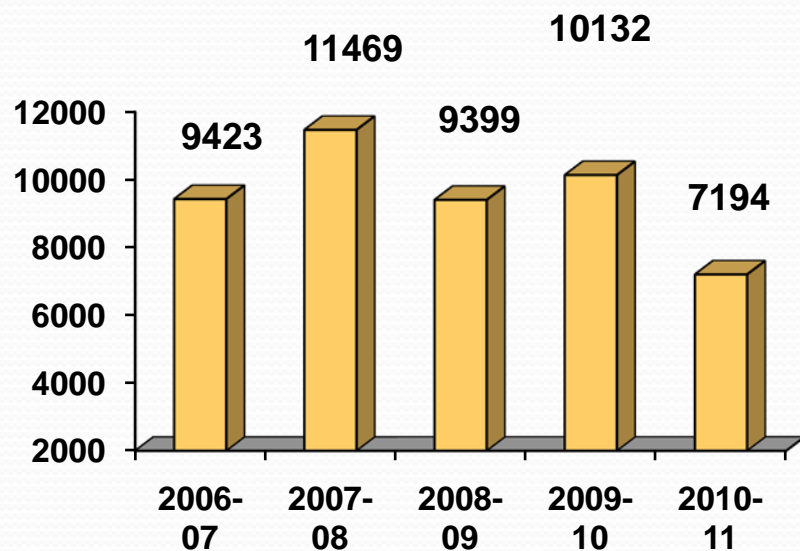
# Cash Profits

Unit : Rs Crore



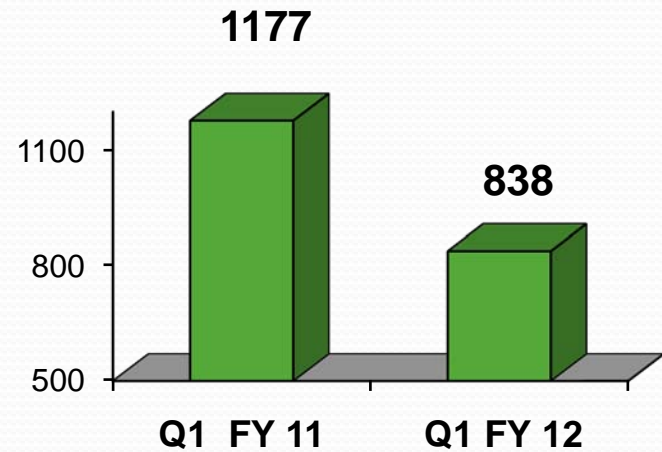
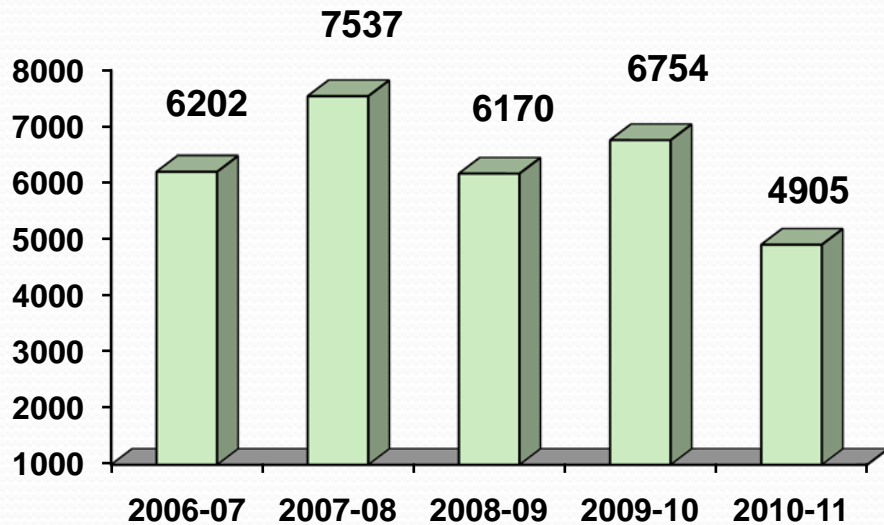
# Financial Performance

Profit Before Tax (Amount in Rs. Cr.)



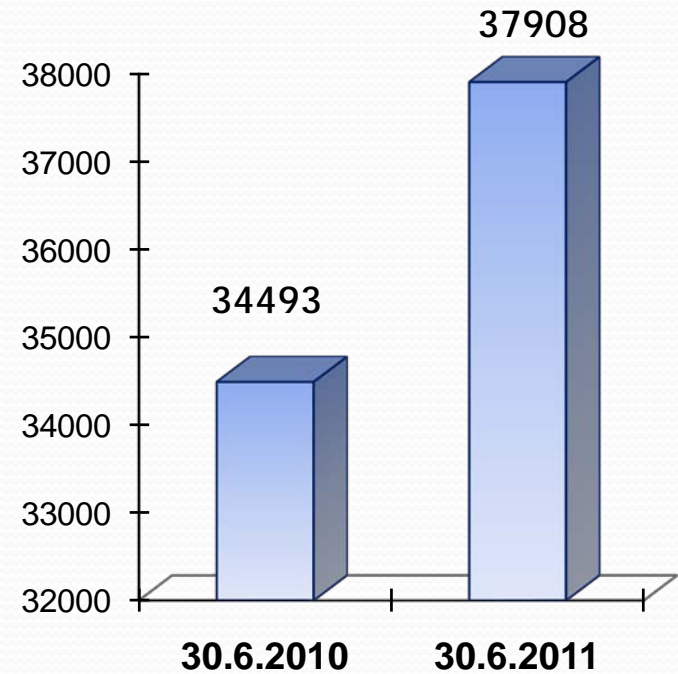
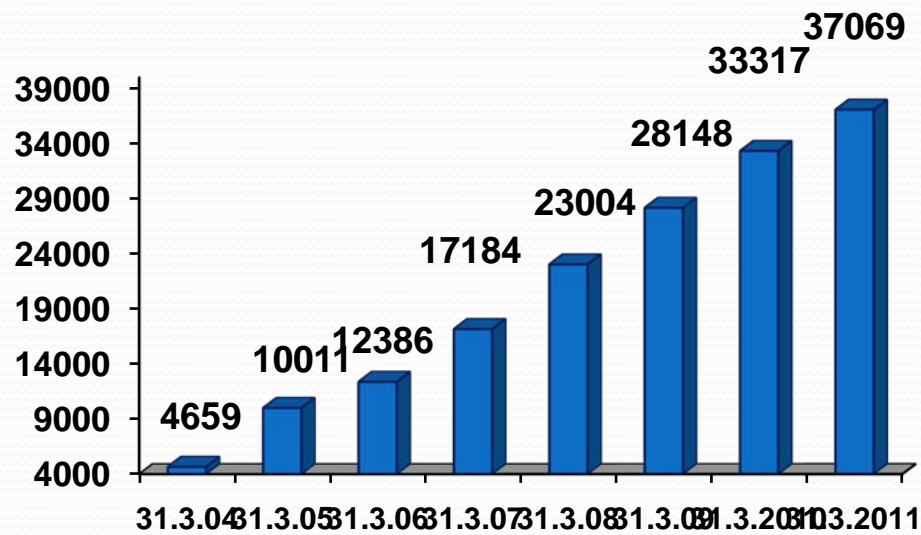
# Financial Performance

Profit After Tax (Amount in Rs. Cr.)



# Net Worth

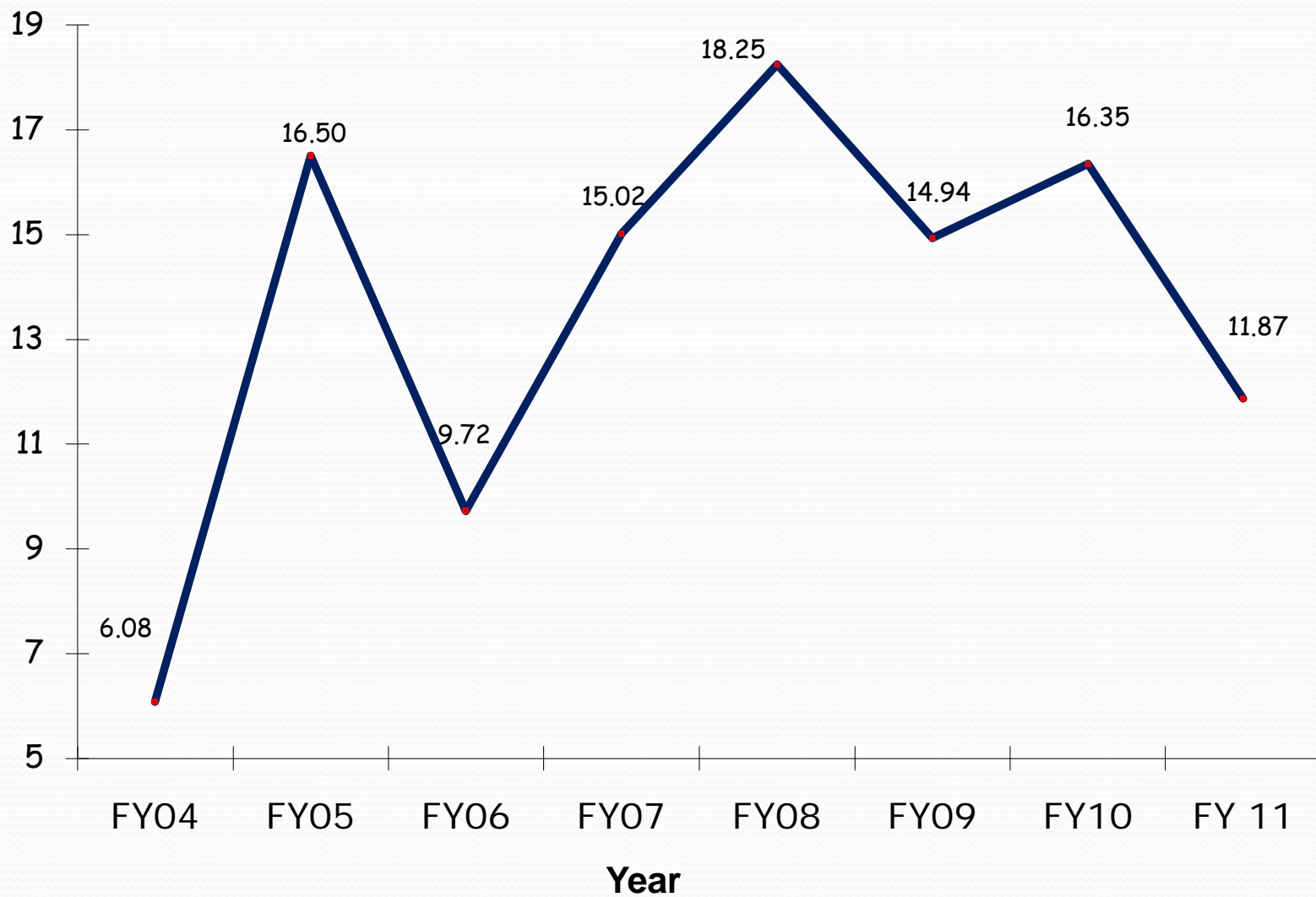
Unit : Rs Crore





# Earning per Share

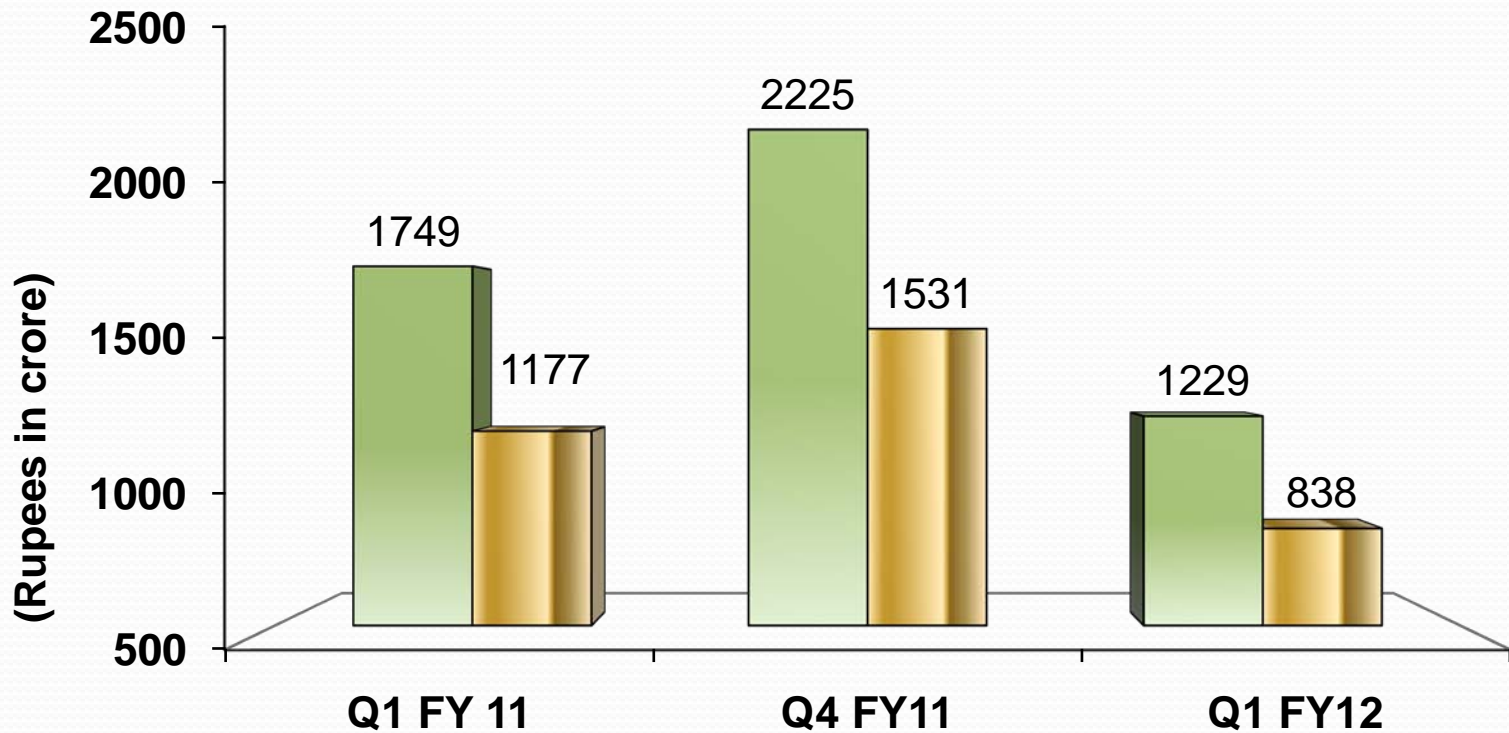
Amount in Rupees



# Quarter-wise Profit

PBT

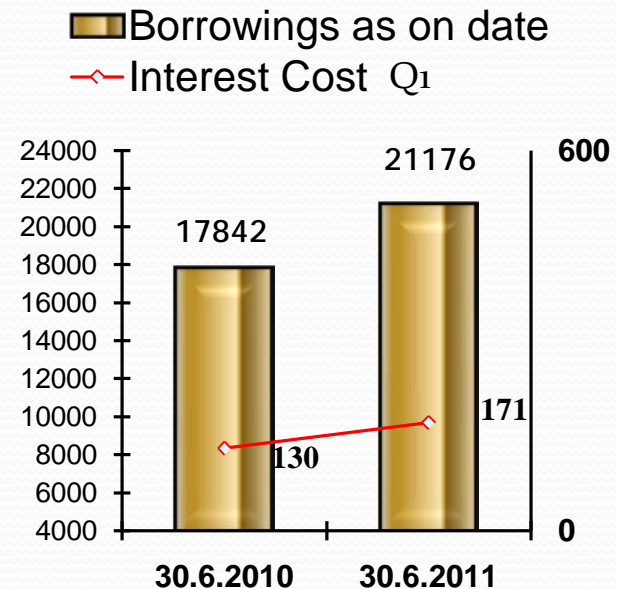
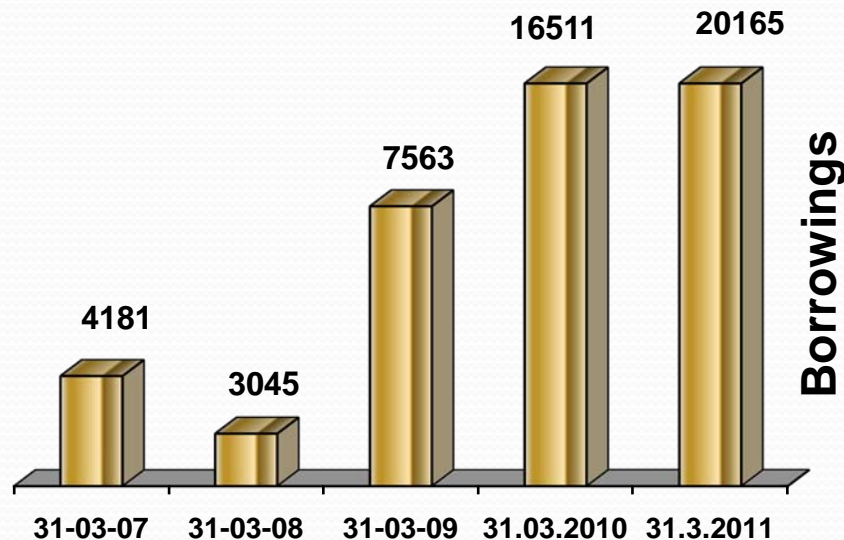
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# Borrowings

Unit : Rs Crore

## Borrowing Annual



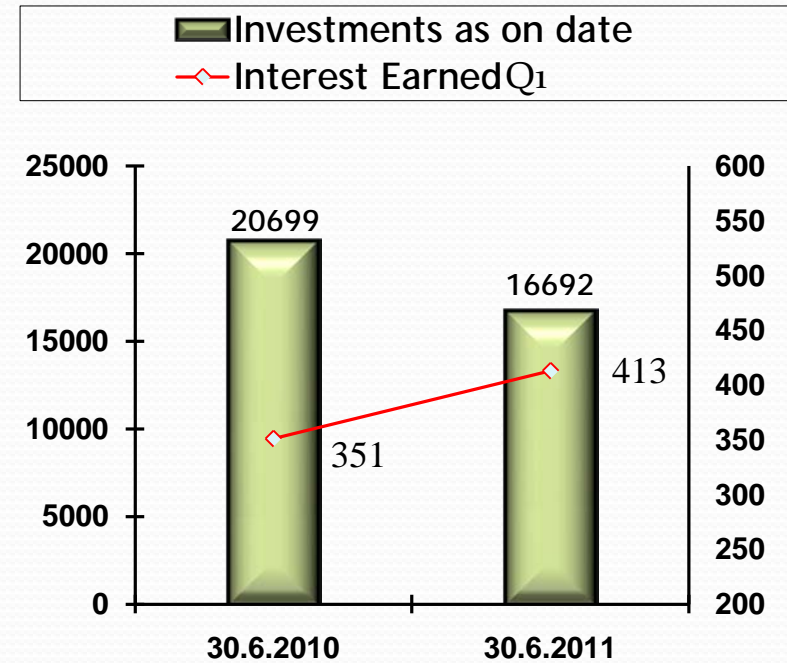
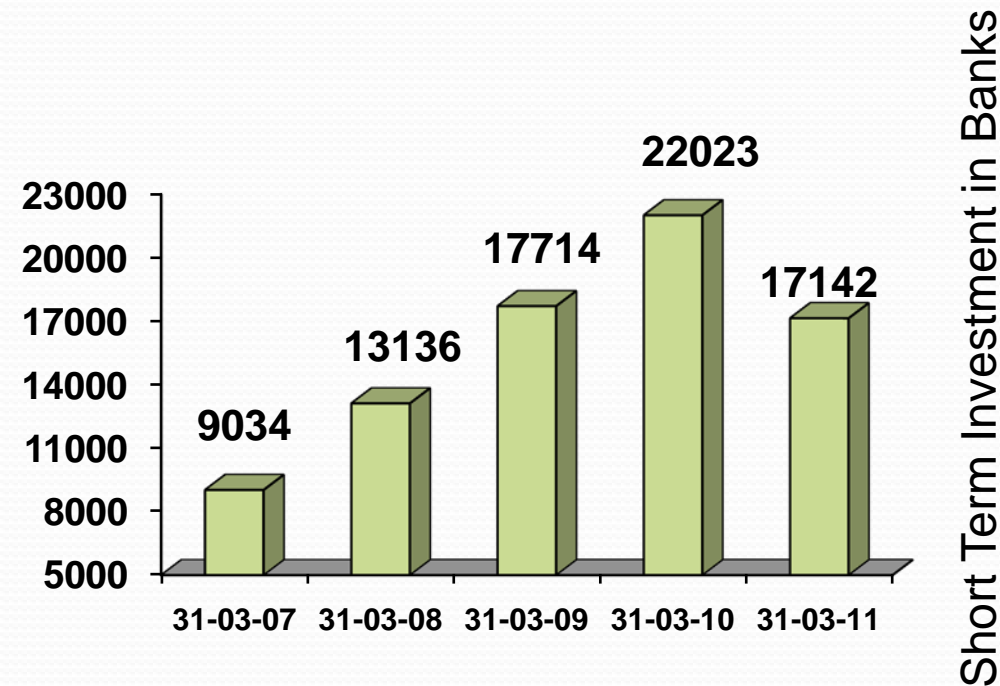
➤ The ongoing capex is being financed through debt-equity ratio of 1:1

Year	31-03-2010	30-06-2010	30-09-2010	31-12-2010	31-03-2011	30-06-2011
D/E Ratio	0.50	0.52	0.38	0.39	0.54	0.56

# Investments

Unit : Rs Crore

## Investments Annual



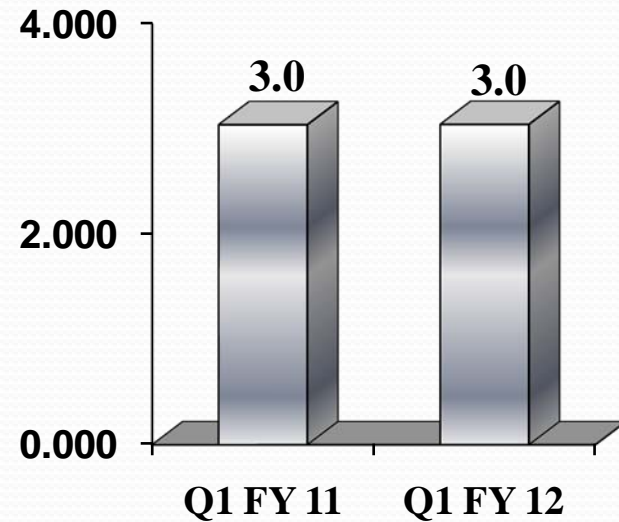
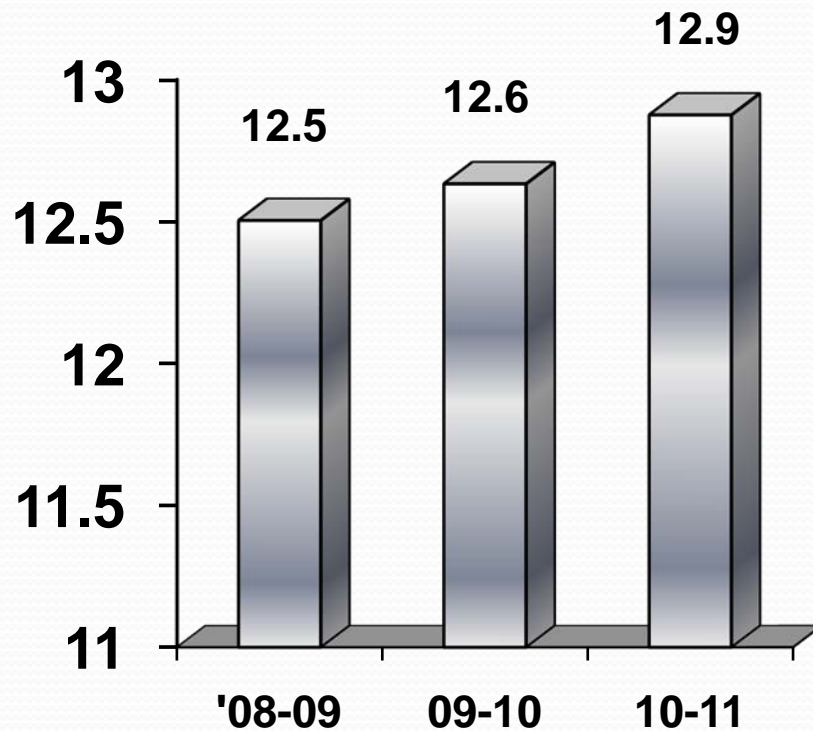
# Performance Highlights – FY 11

- ✓ Hot Metal production of 3.6 million tonne. Average Capacity utilisation: 104%
- ✓ Crude Steel production of 3.3 million tonne. Average Capacity utilisation: 105%
- ✓ Saleable Steel production of 3.0 million tonne. Average Capacity utilisation: 111%
- ✓ Production through Continuous Concast route 2.3 million tonne. Constitutes 70% of crude steel.

# Saleable Steel Production

**Including Special Steels Plants**

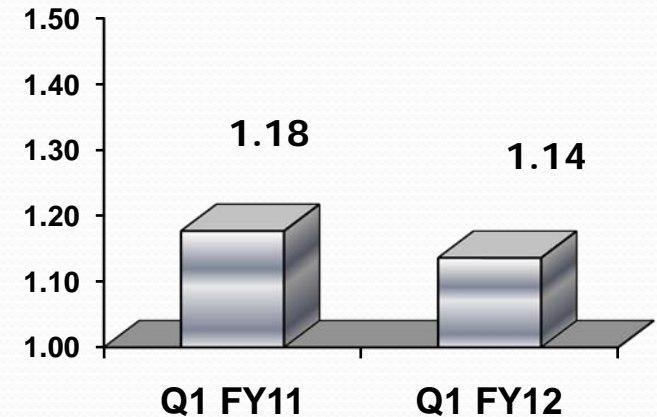
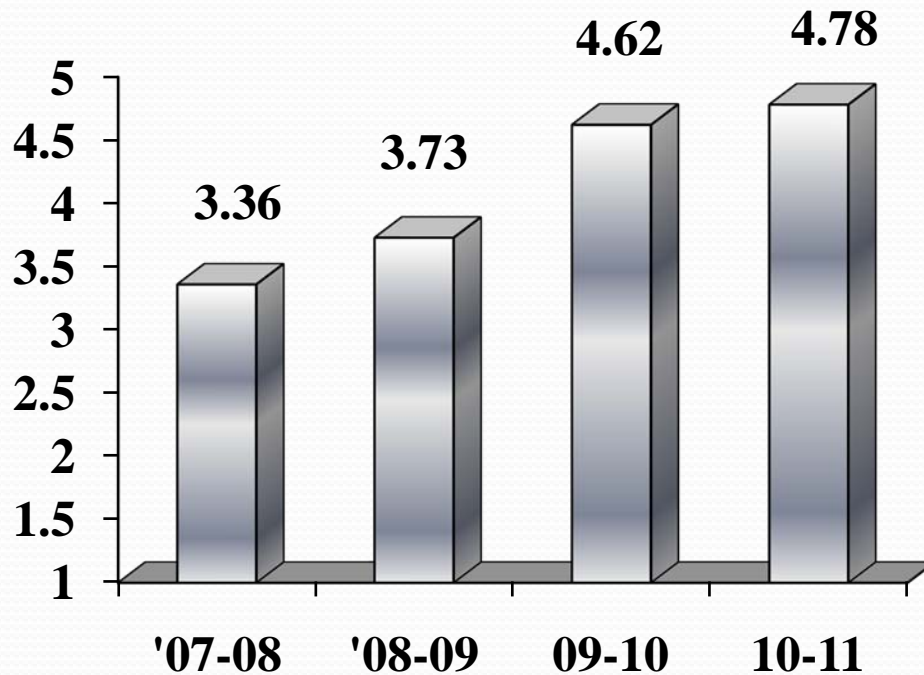
in Million Tonne



# Special Steel Production

(in Million Tonne)

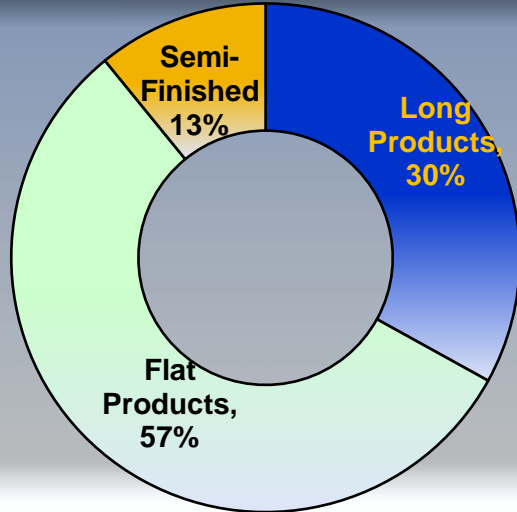
Production of Value added products of 5 ISPs



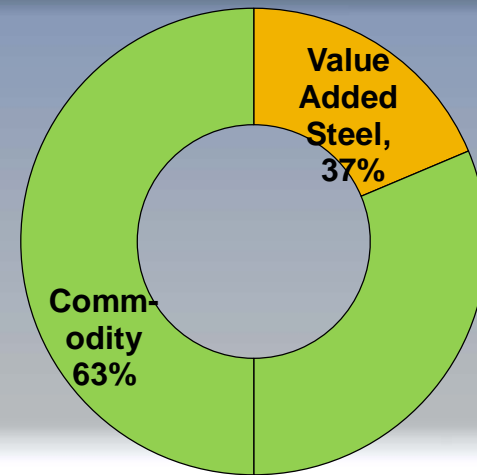
**Special Steel Production constitutes 39% of Total Production.**

# Production by Process and Sales Mix: Q1FY12

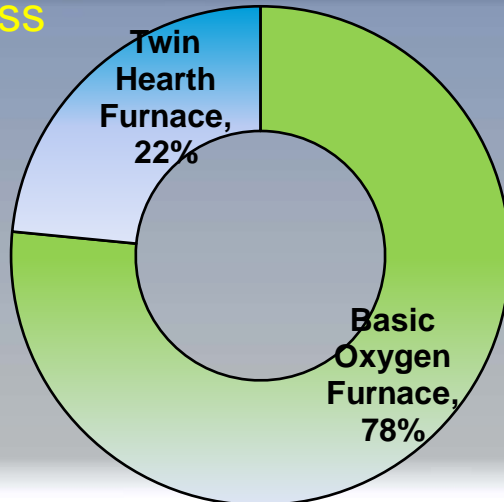
## Sales of Saleable Steel



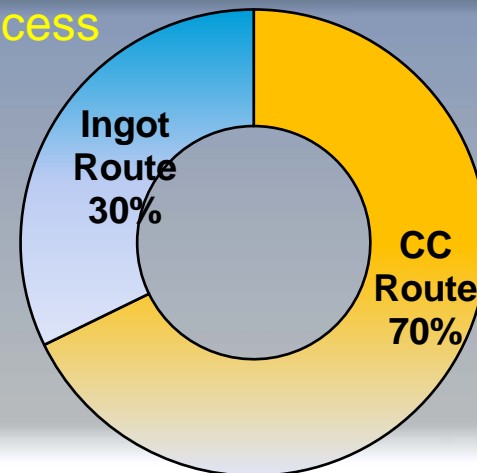
## Production of Value Added Steel



## Crude Steel Production by Process



## Saleable Steel Production by Process

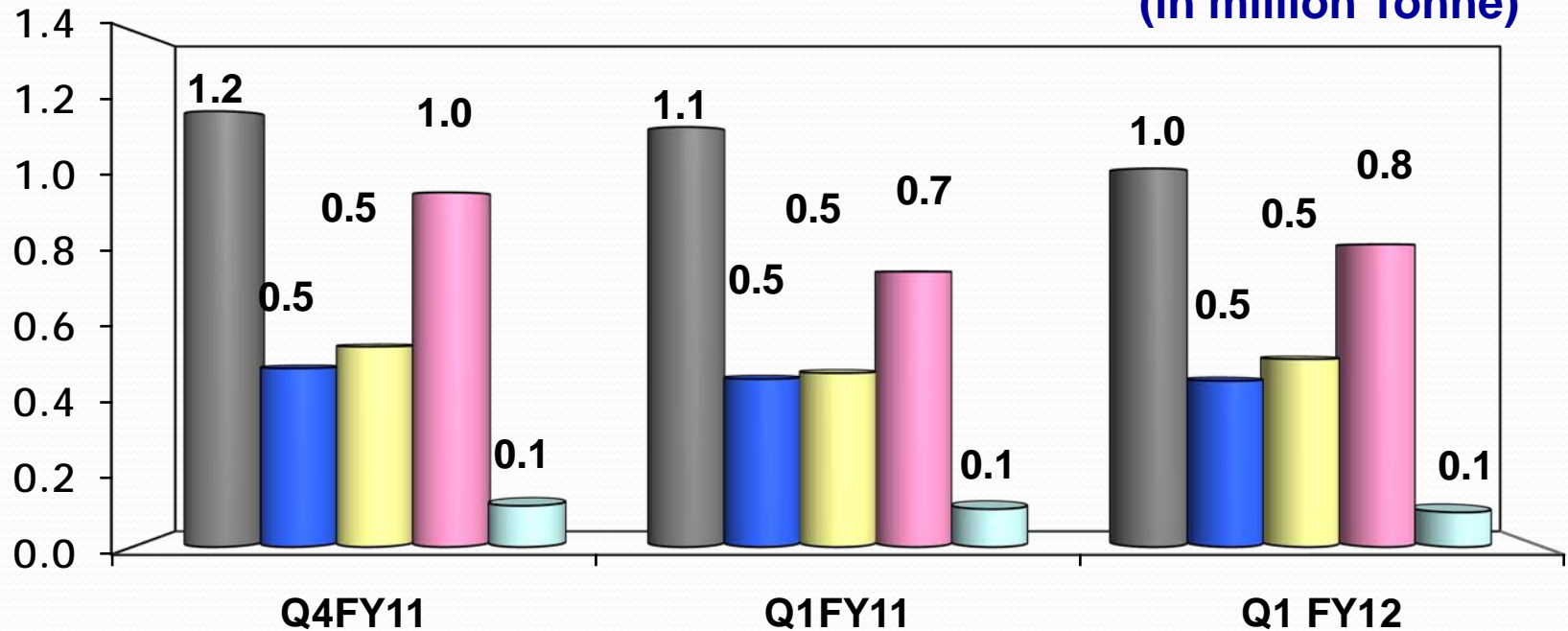




# Saleable Steel Production

## Five Integrated Steel Plants

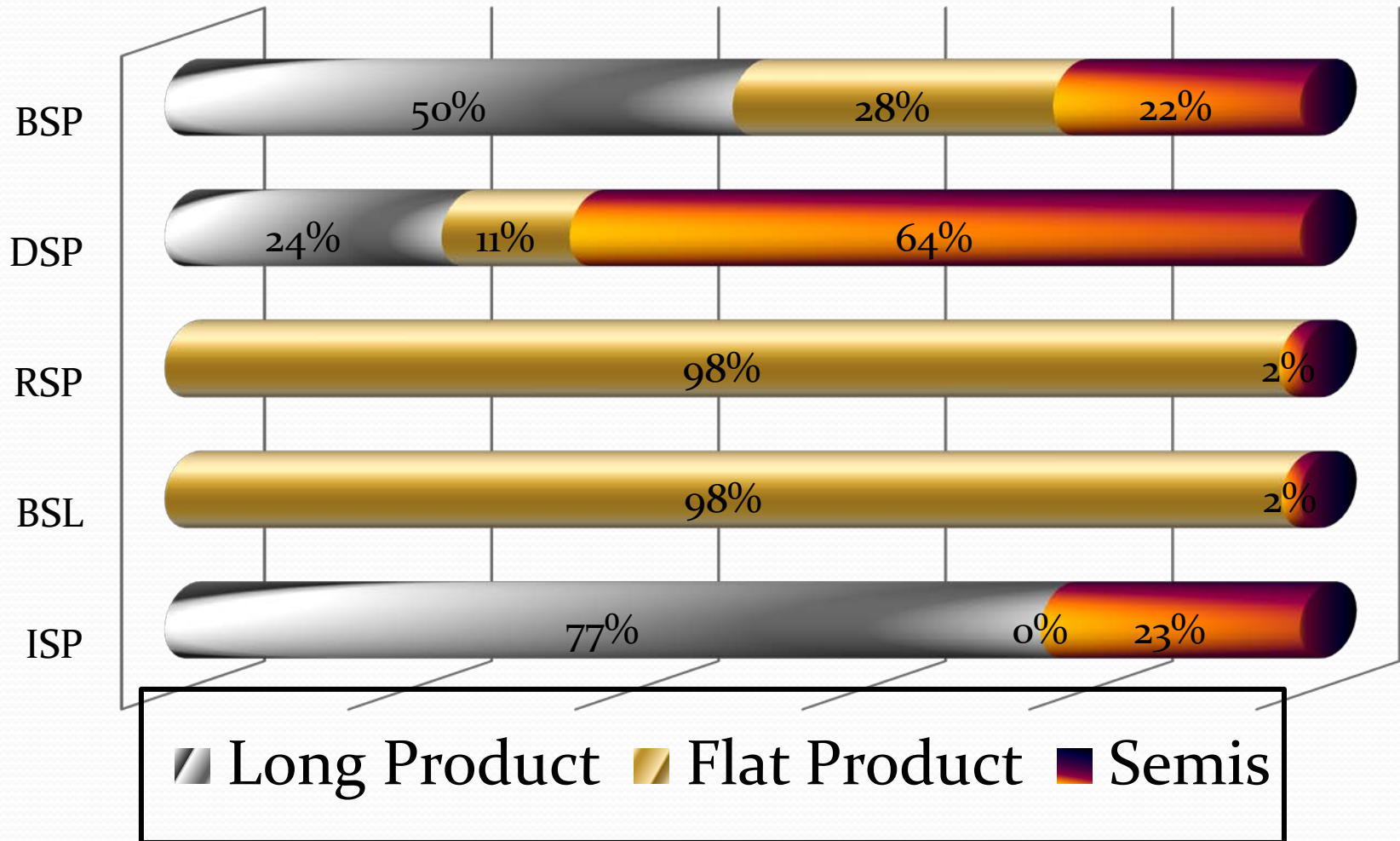
Plant-Wise, Quarter-Wise  
(in million Tonne)



■ BSP ■ DSP ■ RSP ■ BSL ■ ISP

# Product Mix: Production Five Integrated Steel Plants : 2010-11

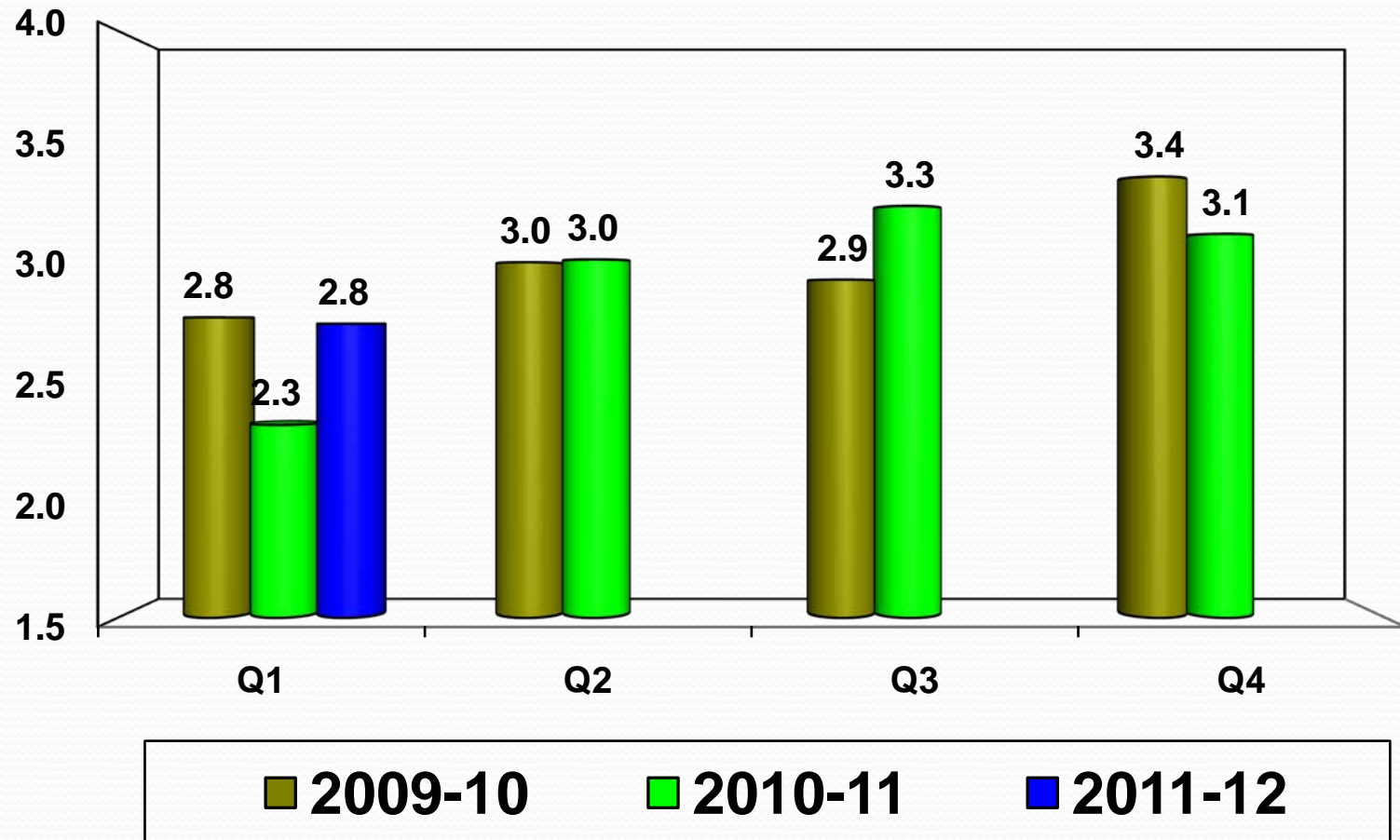
In percentage



# Saleable Steel Sales Volume

Including Special Steel Plants

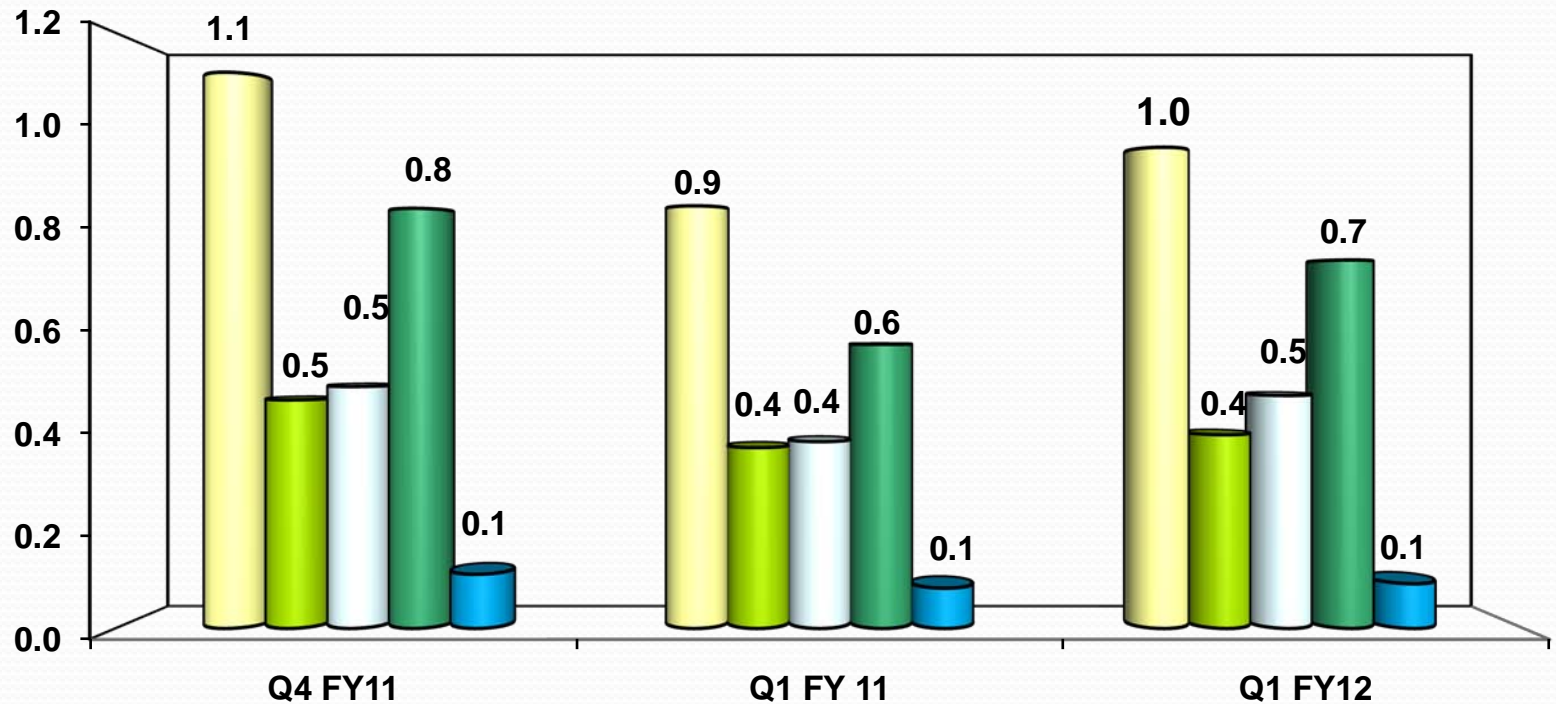
(In Million Tonne)



# Saleable Steel Sales Volume

(In million tonne)

Plant-wise -Five Integrated Steel Plants

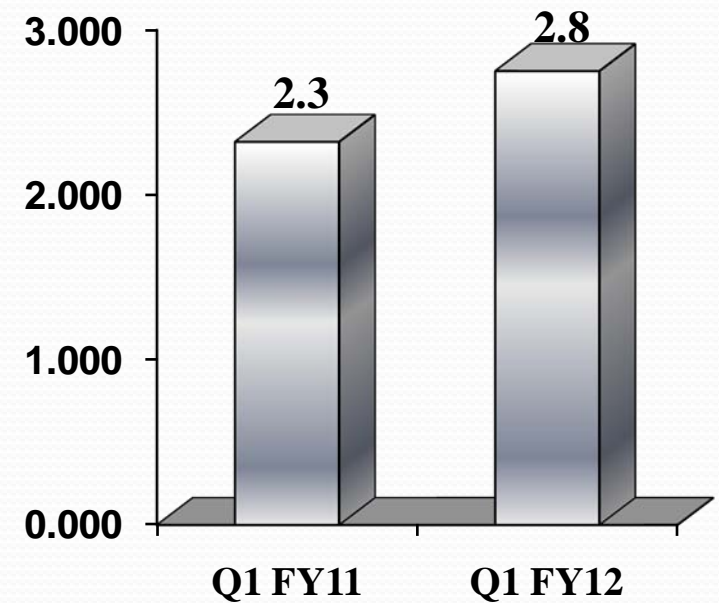
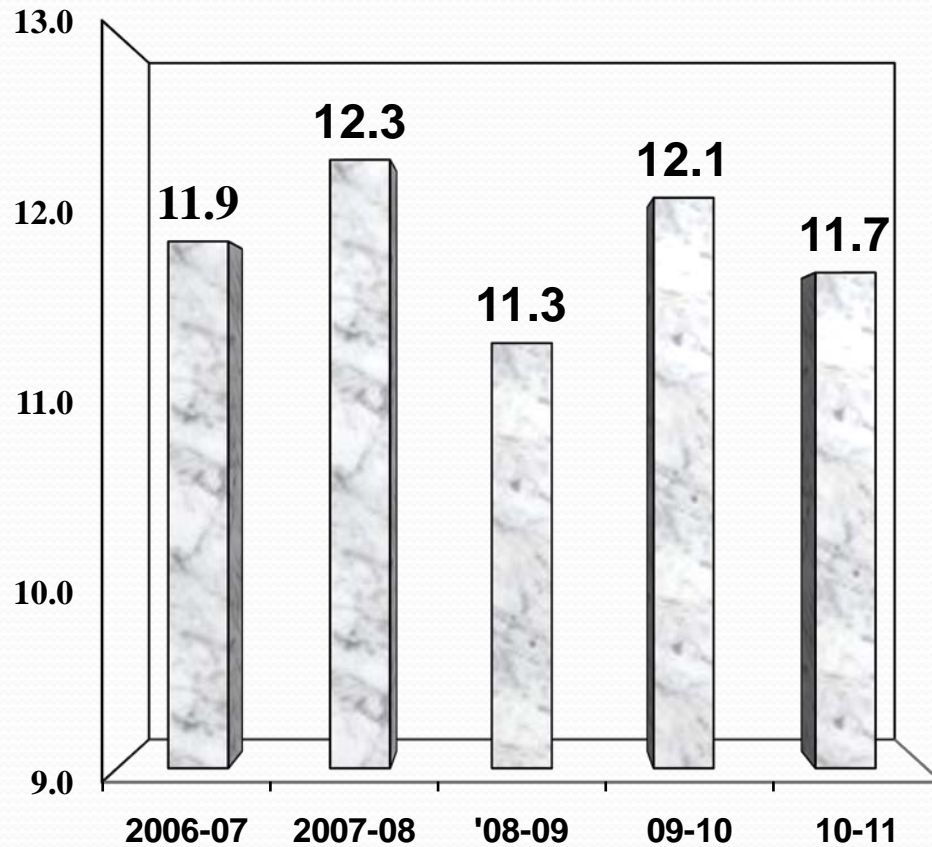


■ BSP ■ DSP ■ RSP ■ BSL ■ ISP

# Saleable Steel Sales Volume

## Including Special Steel Plants

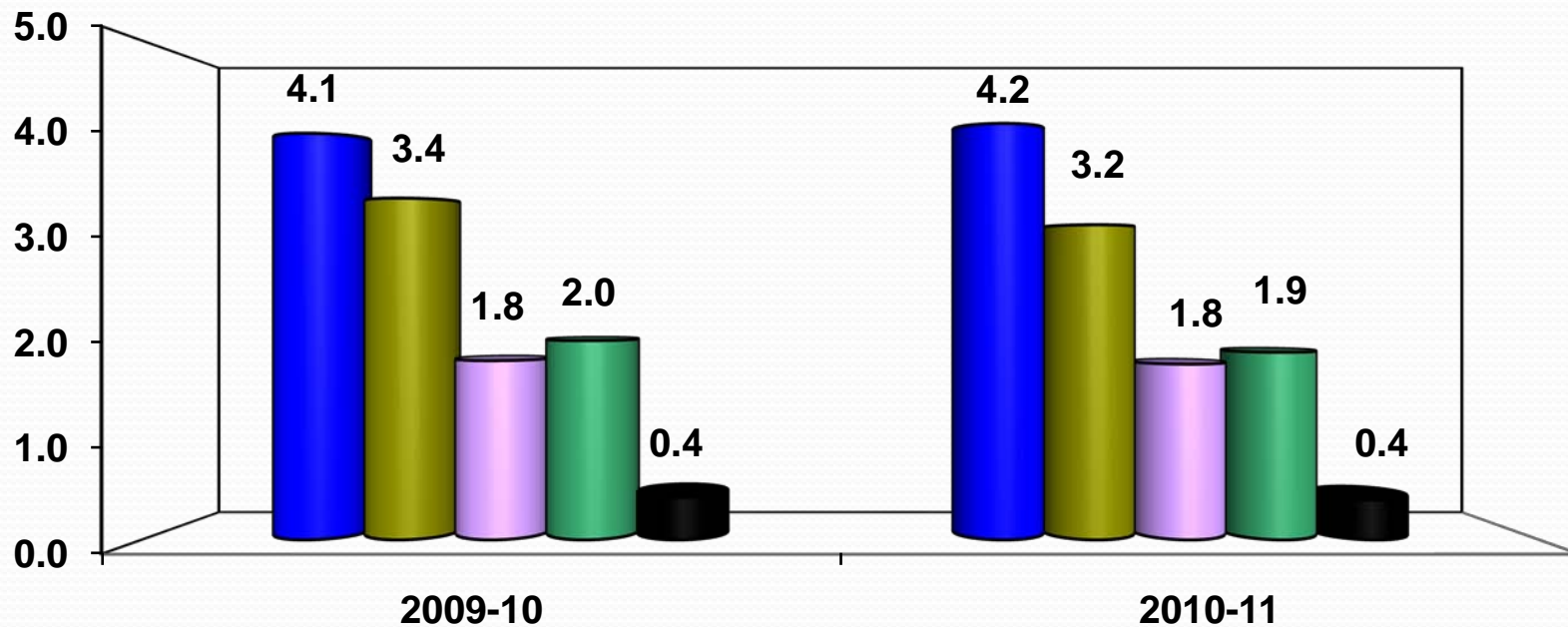
(in million tonne)



# Saleable Steel Sales Volume

**Plant-wise**

**(In Million Tonnes)**



**■ BSP**

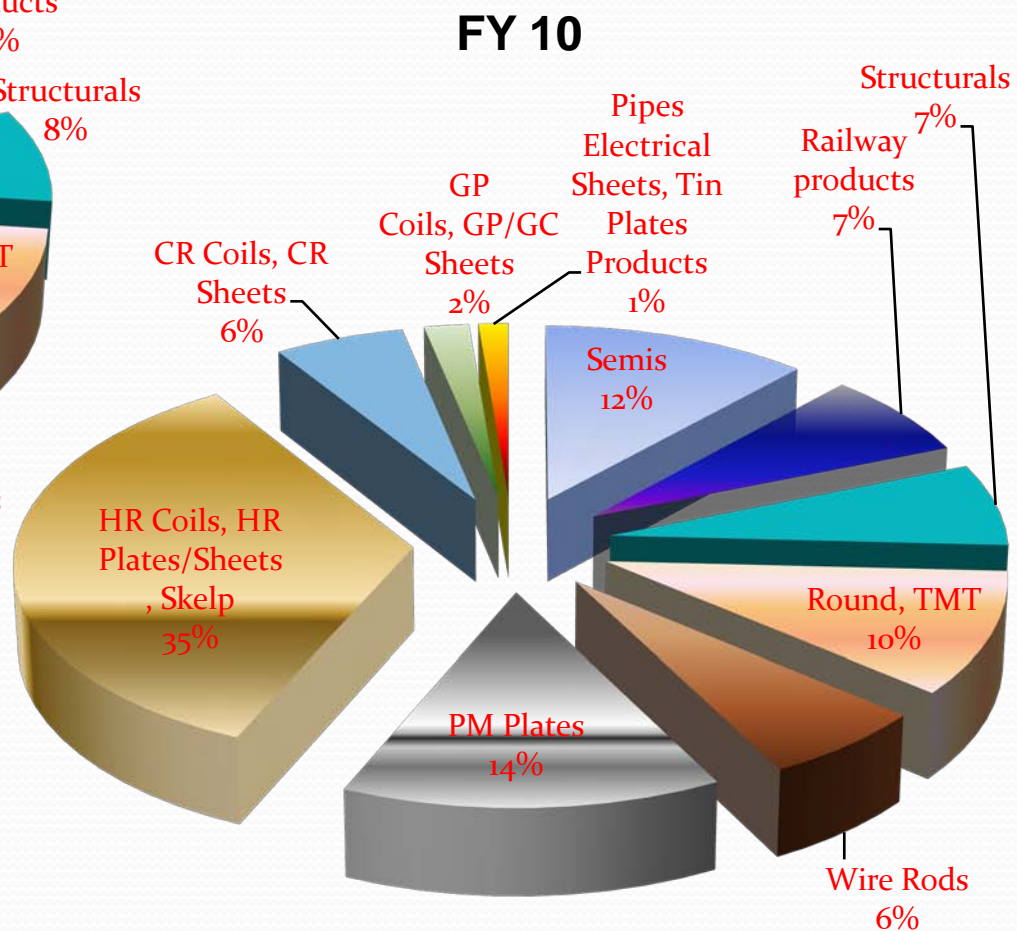
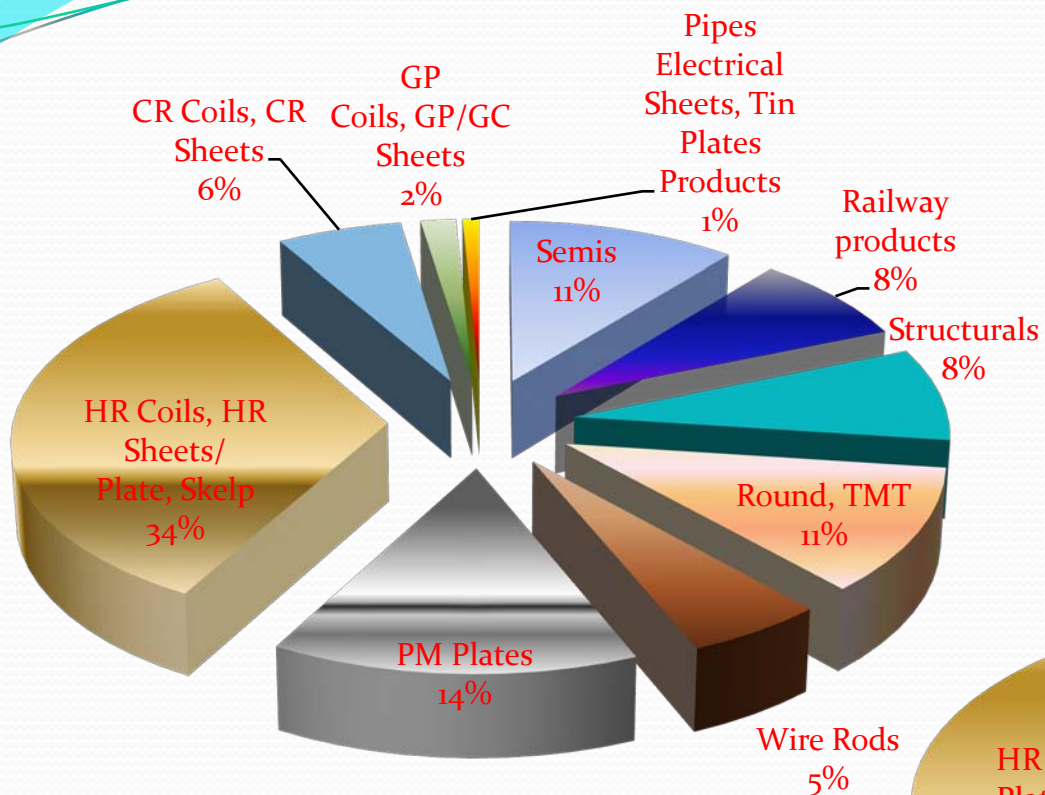
**■ BSL**

**■ DSP**

**■ RSP**

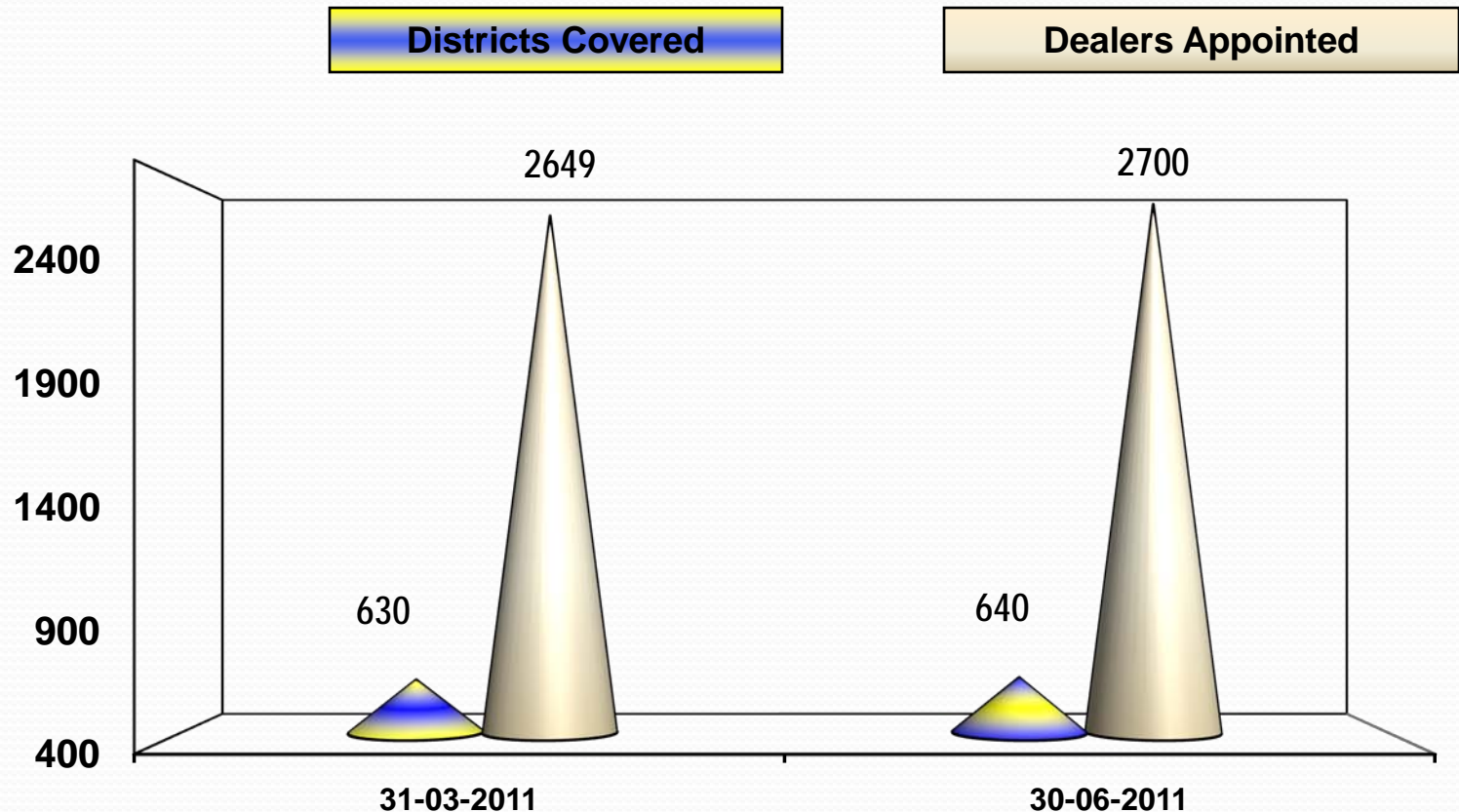
**■ ISP**

# CATEGORY WISE SALES VOLUME (%)



# Sales through Dealers Network

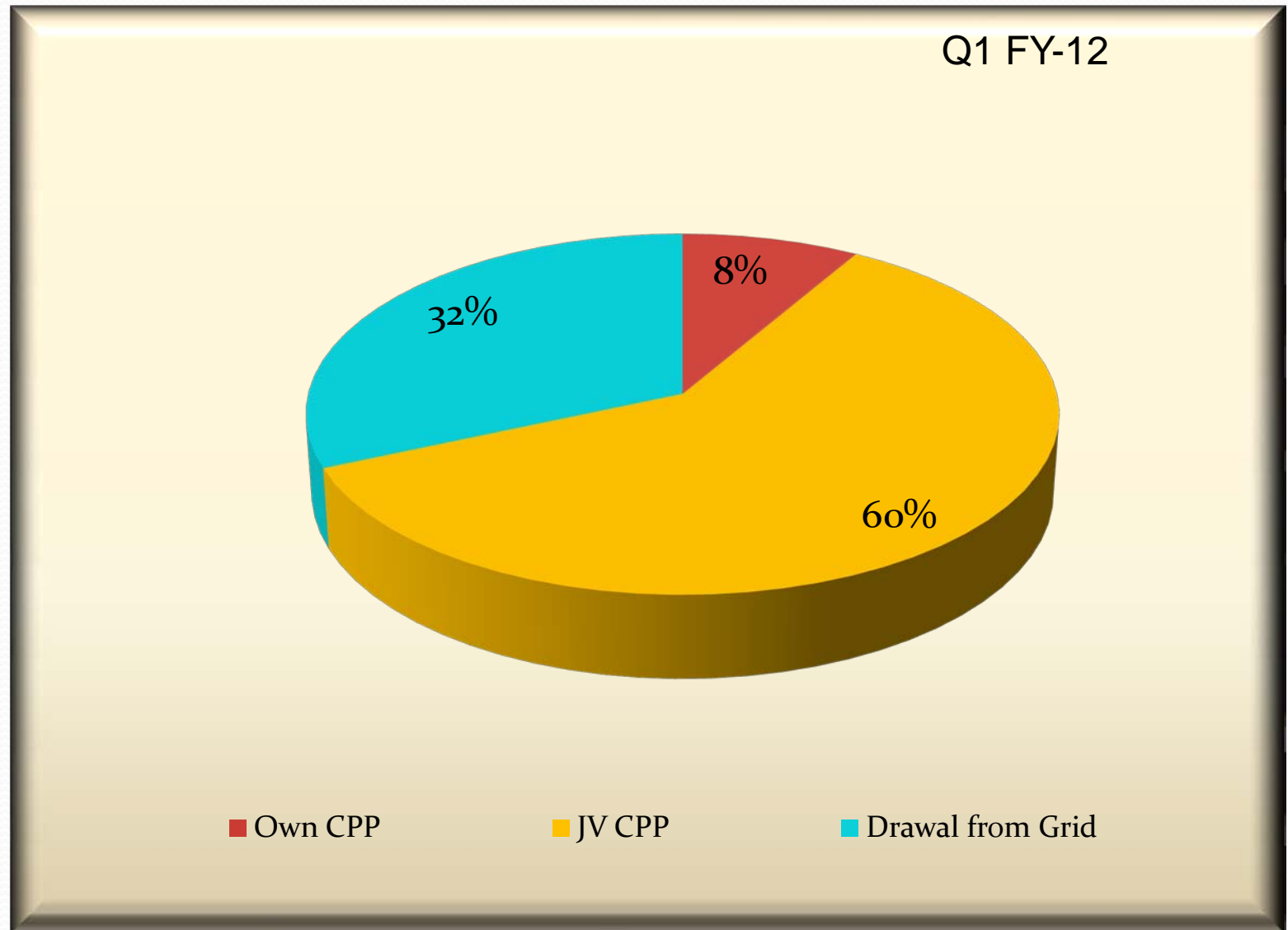
No. of Dealers and Districts Covered



➤ Sales through dealer's network during Q1 FY12 : 1.35 lakh tonne

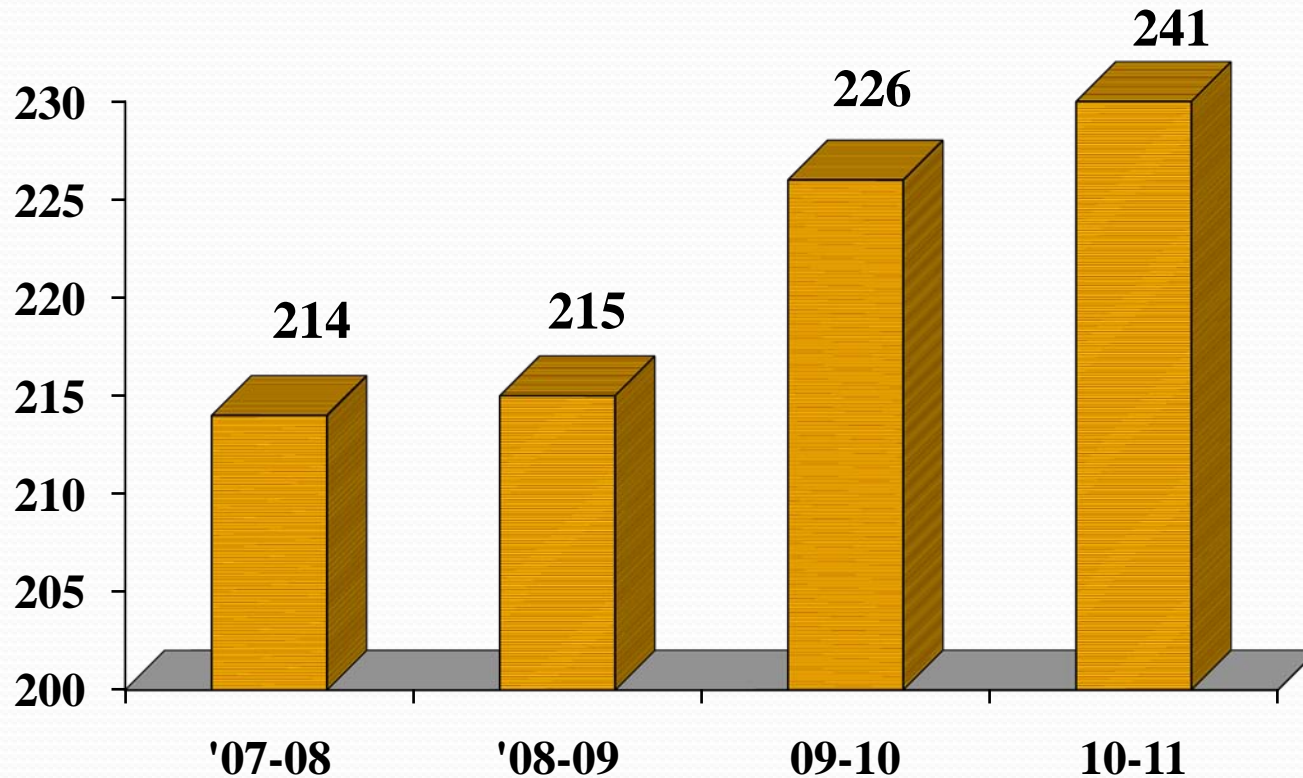


# Captive Power Generation and drawal from Grid



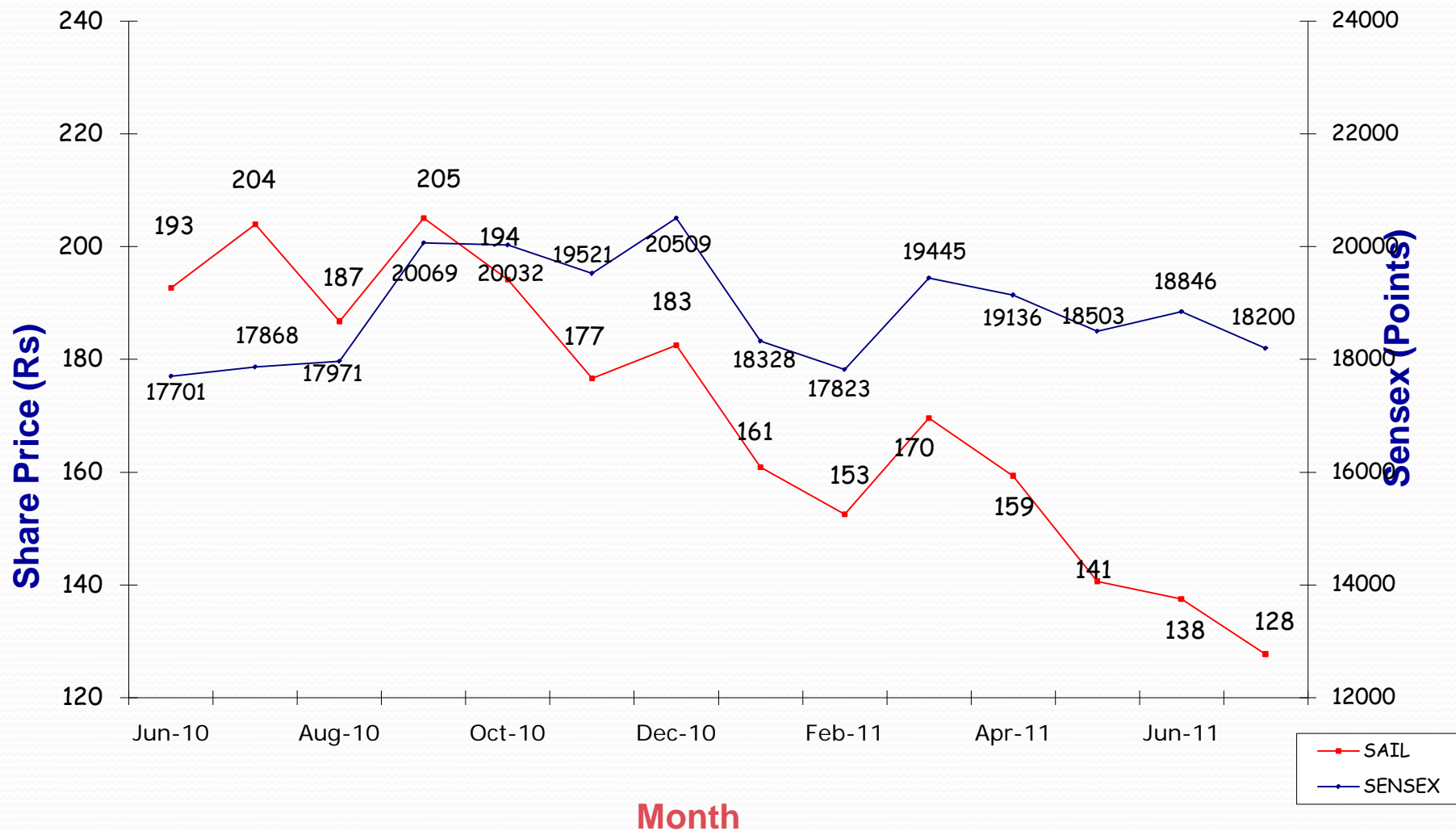
# Labour Productivity

Tonne Crude Steel /man / year



- Net Manpower reduction 5922 over 30.06.2010
- Current manpower 109666 as on 30.06.2011

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



**Closing Share Price & Sensex as on the last day of the month except on July 28, 2011**

# Dividend

Amount in Rs. Crore

	Interim %	Final %	Total %	Dividend	Dividend Tax
2010-11	12%	12%*	24%*	992*	162*
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	70%	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



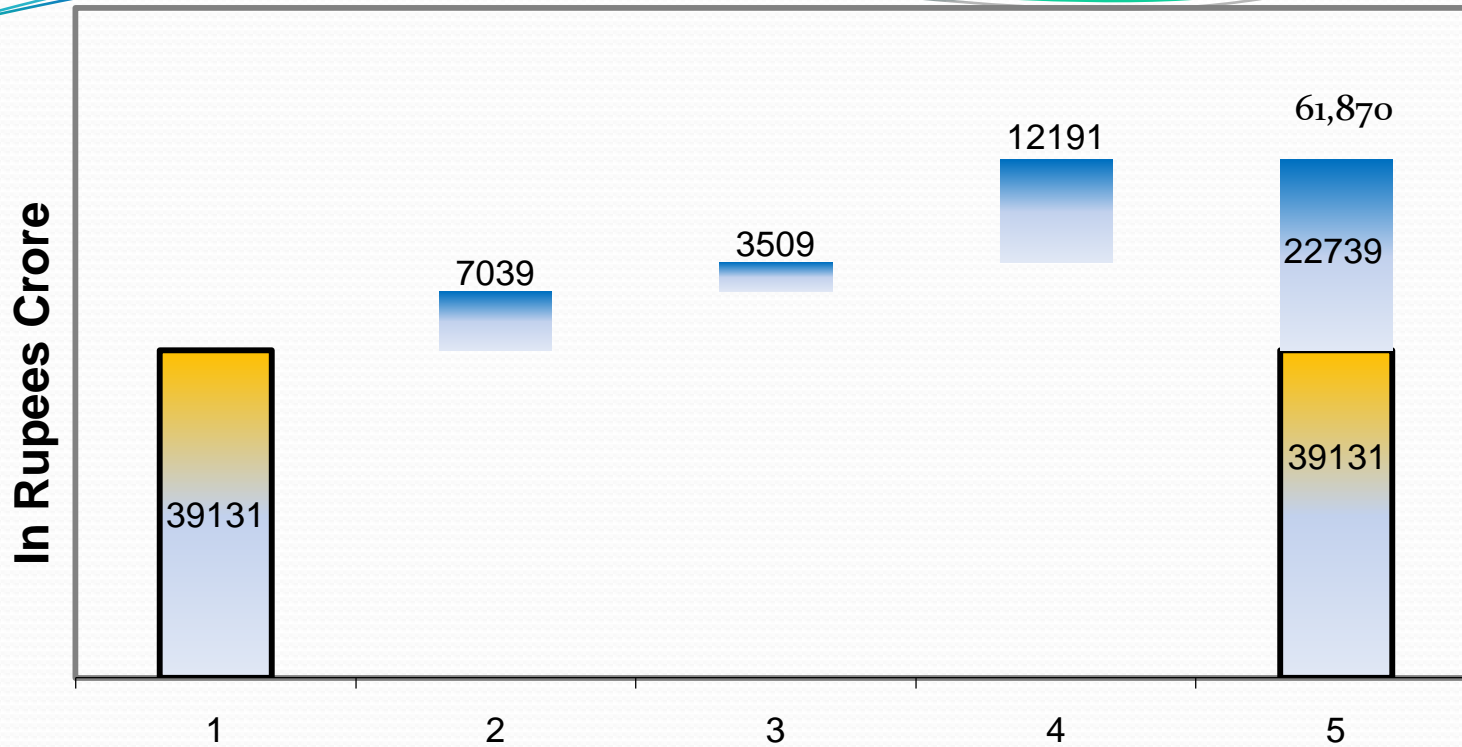
# Ongoing Projects

- ✓ 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)

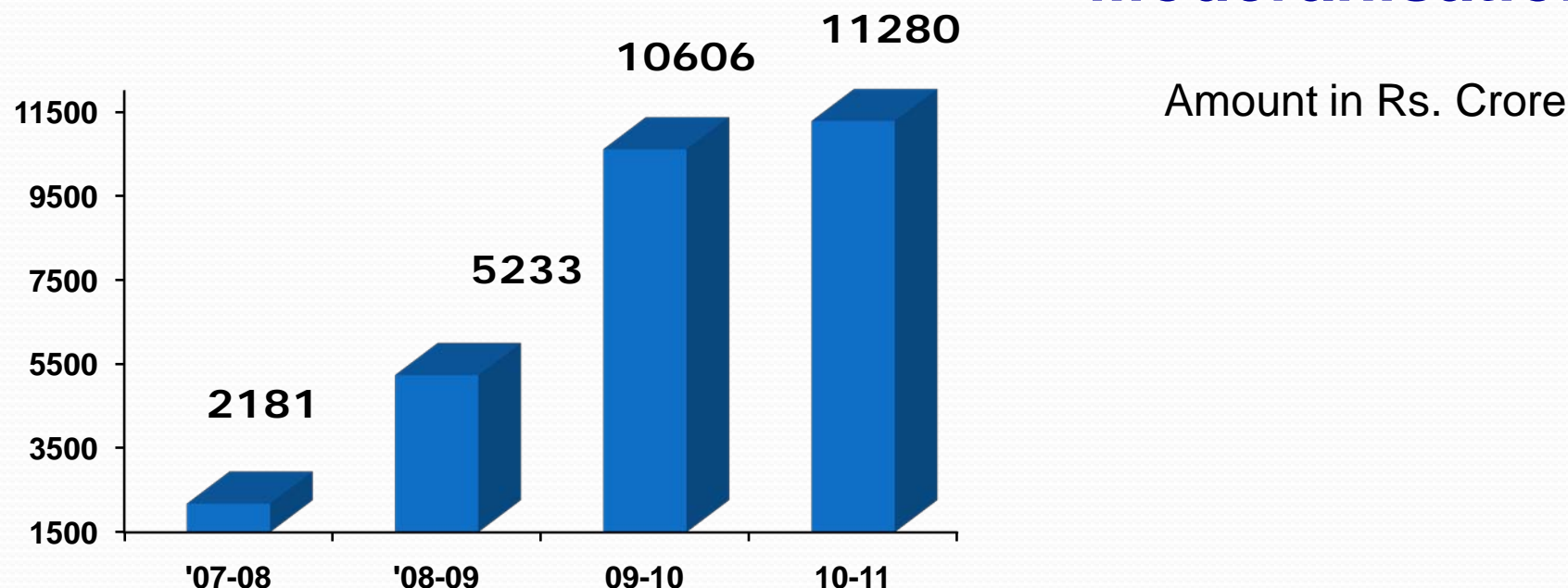


# Ongoing Projects



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



- ✓ During Q1 FY12, an amount of Rs. 2,006 crore has been spent towards capital expenditure.
- ✓ Cumulative Capex till June 2011 is Rs. 31,306 crore.
- ✓ Capex Plan 2011-12 is Rs. 14,337 crore approximately.

# Ongoing Projects

- ✓ Orders for over Rs.53,000 crore have already been placed for various Modernisation & Expansion Projects/ Sustenance Schemes.
- ✓ Various options for raising fund to finance the capex plan, including the equity option, are being explored.
- ✓ Out of Rs. 31,306 crore spent till June 2011, Long Term Borrowings constitute about Rs. 9,900 crore (Long Term Debt 0.32: 1)
- ✓ Additional ECB loan firmed up for USD 500mn at competitive rates.

# 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 m<sup>3</sup> 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

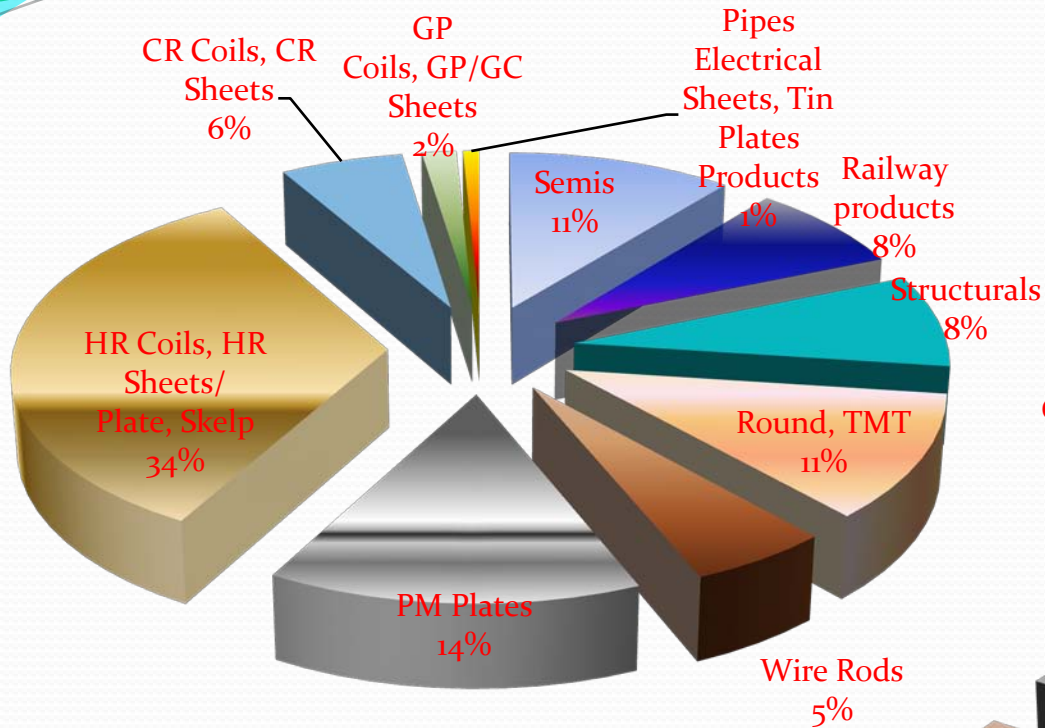
# Capacity increase after Expansion

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.**

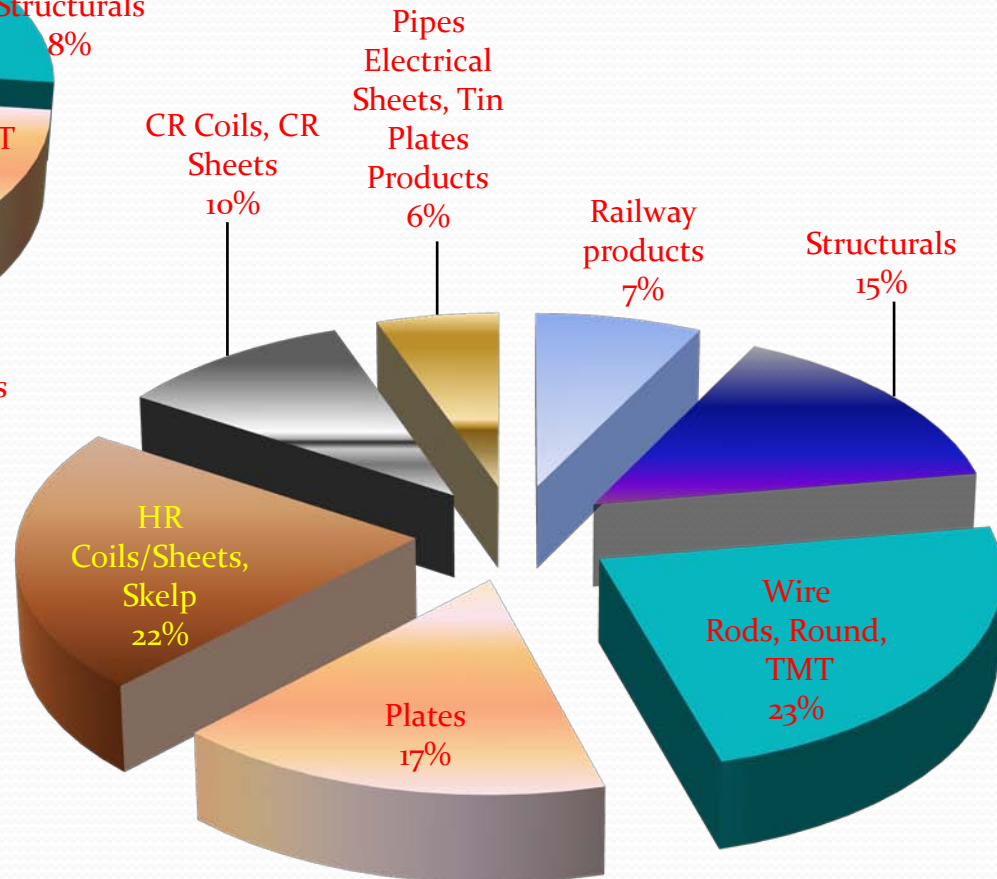


# PRODUCT MIX CHANGE



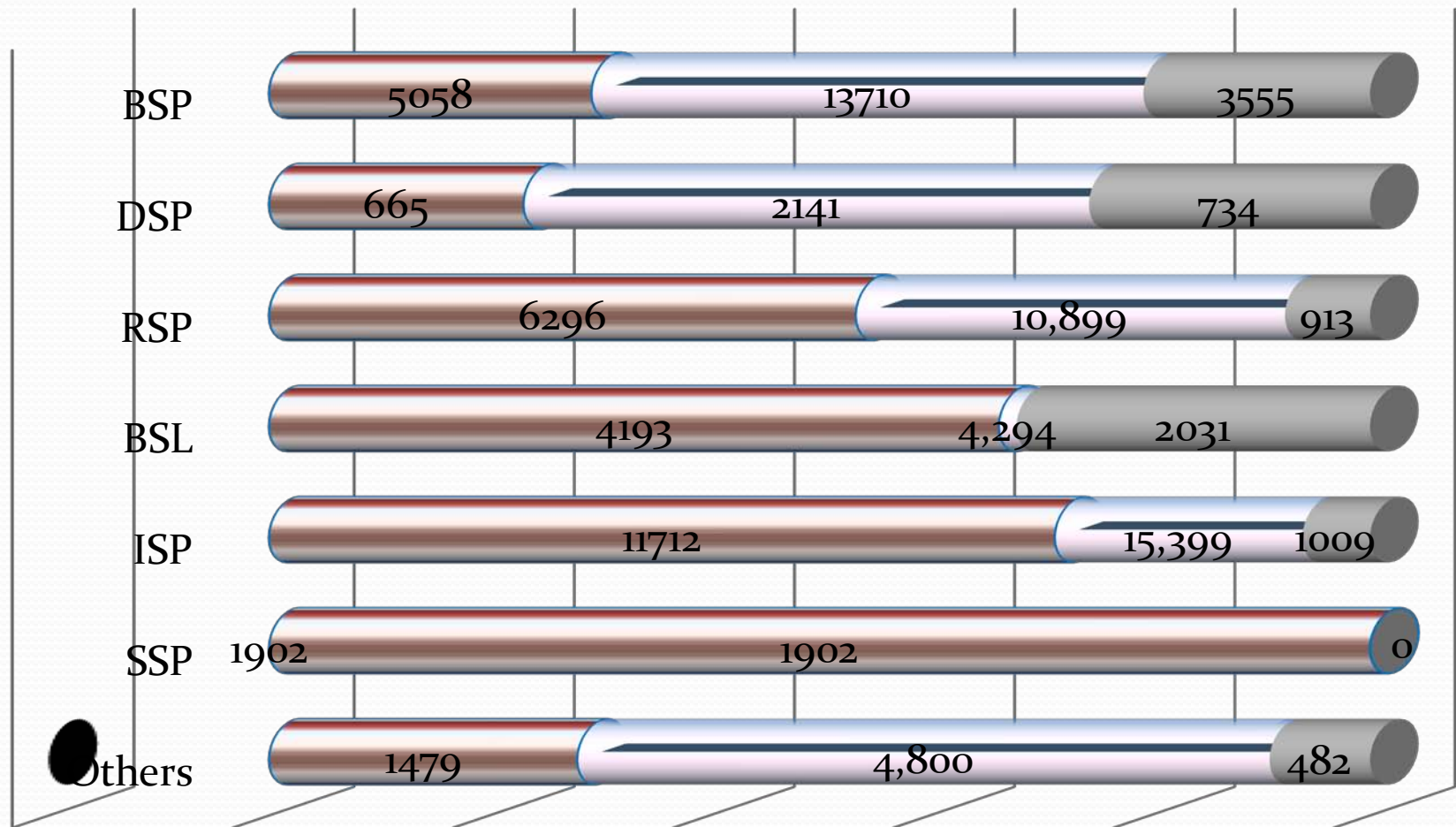
**FY 11**

## PRODUCT MIX AFTER ON-GOING EXPANSION



# Capex Status as on 30.6.2011

Amount in Rs. crore



Actual Expenses   Orders Placed   To be ordered

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

# IISCO Steel Plant

- Expected Date of commissioning: December 2011 -March 2012
- 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<sup>3</sup>
  - 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.
  - Up gradation 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<sup>3</sup>
  - 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:
  - New Blast Furnace: March 2010
  - Integrated Commissioning: December 2012
- Facilities added:
  - New Coke Oven Battery, Sinter Plant, Blast Furnace 4060m<sup>3</sup>
  - New 3<sup>rd</sup> BOF (150t), LF. RH-OB.
  - New 3<sup>rd</sup> 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).
  - Up gradation 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 Modernisation/ 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<sup>3</sup> to 2250 m<sup>3</sup>.
- 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	<p>The capacity of existing mines at Kiriburu, Meghataburu, Bolani, Gua &amp; Barsua are being ramped up to meet the requirement of Iron Ore for post ongoing phase of expansion.</p> <p>New Pellet plant of 4 mtpa capacity has been planned for better utilisation of Iron Ore fines.</p> <p>In addition to the above, iron ore shall be mined from new mines at Rowghat, Chiria and Taldih.</p>



# 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. The entire requirement of the increased capacity shall be met through captive mines. The timeline for mines expansion is expected to be in line with Steel Plants expansion. 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	<p>Import Component - 70%</p> <p>Over 90% of imported coal is sourced from Australia.</p> <p>Indigenous : 30%</p> <p>Domestic coal is largely sourced from Coal India Ltd.</p> <p>SAIL has existing captive coking coal production of near 0.5 mtpa.</p>
Post Expansion	26	23	<p>Long term /Quarterly contracts to cover 95% of Import requirements, w.e.f. FY11</p> <p>Tasra captive coal block is being developed to produce 4 mtpa of ROM (2 mtpa washed coal)</p> <p>Sitanala coal block shall also be developed for production of 0.75 mtpa of ROM(0.4 mtpa of washed coal)</p> <p>New alliances/ linkages/ acquisitions are being explored</p>

# 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.
- Process of amalgamation and merger of **Maharashtra Eleckto-smelt Limited (MEL)**, a wholly owned subsidiary of SAIL, with the parent company has been completed vide order dated 14<sup>th</sup> June 2011 by Ministry of Corporate Affairs. The MEL has been merged with SAIL w.e.f. July 13, 2011 and renamed as “Chandrapur Ferro-Alloys Plant”(CFP).

# New Strategic Initiatives

- SAIL has signed an MoU with M/s Midhani on 16<sup>th</sup> June 2011 for exploring synergetic business opportunities in production of value-added products, enhanced research & development activities, exchange of technical know-how and joint investment between two companies.
- A new SPV Company viz. SAIL Jagdishpur Power Plant Limited has been formed for setting up 1050 MW Gas Based Combined Cycle Power Plant in Jagdishpur.
- MoU with Ircon International Ltd to explore Rail Infrastructure Development Projects in India and Abroad.



# 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 19<sup>th</sup> May 2010 from DPE. This has granted more delegation to SAIL Board for investment in Joint Ventures and Merger and Acquisitions.
- SAIL received 'Golden Peacock Environment Management Award 2011' by 'Institute of Directors', which was presented by Union Minister for Home Affairs on 24<sup>th</sup> June 2011.
- SAIL also bagged 'Randstad Award-2011' in 'Manufacturing Industries' category as 'Most Attractive Employer' which was declared on the basis of extensive survey carried out by an independent global research company.
- SAIL was conferred 'Indian Institution of Industrial Engineering Performance Excellence Award' for the year 2010 in the Golden category.



# 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
✓ Gol	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 Elektros melt 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

**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.**