



STEEL AUTHORITY OF INDIA LIMITED

Performance Highlights – FY 2006



Global Steel Scenario

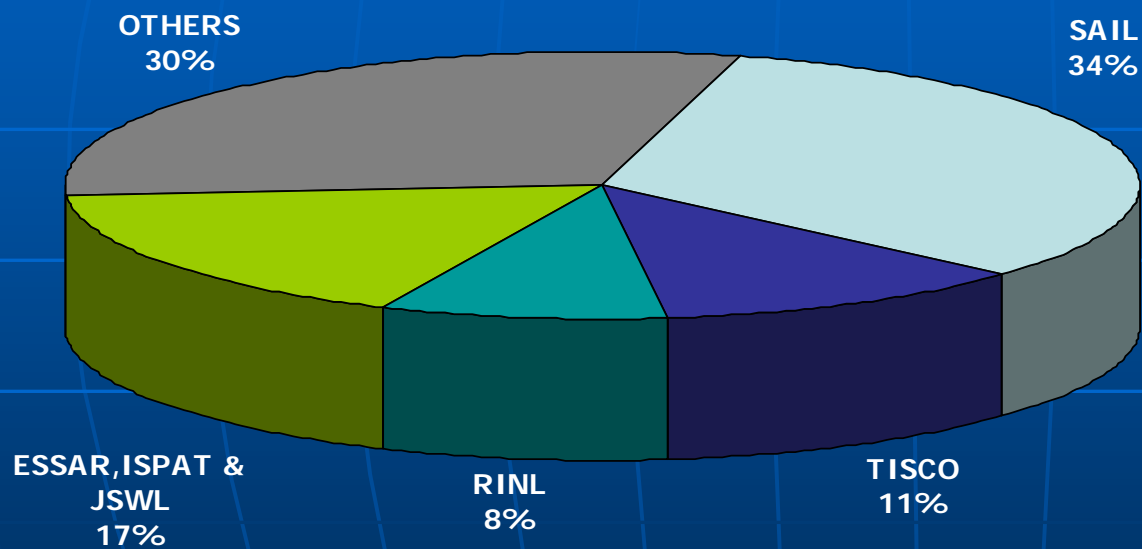
- Globally Steel is considered as a cyclic industry.
- After last recession, Global Steel Industry has been consolidating its position and has been marked by many mergers and acquisitions.
- Appetite for steel by China has been the driving force of the growth in production/consumption of Steel.
- 1132 million tonnes Crude Steel Production in 2005, registering a growth of 6% over 2004. China accounted for most of the incremental production.
- Further growth in production/consumption is expected to come from BRIC countries (Brazil, Russia, India and China).
- Cost/Availability of raw materials (mainly iron ore & coal) – a major challenge.
- Region wise crude steel production (in Million Tonnes) is as under:

Region	2005	Production Growth Over 2004	Growth (%)
China	349	69	25%
India	38	6	17%
Japan	113	-	-
South America	45	-0.6	-1%
North America	126	-8	-6%
EU	187	-7	-4%
World	1132	65	6%



Overview of Indian Steel Industry

Crude Steel Production 2005-06



Company	05-06 (Million tonnes)
SAIL	13.470
TISCO	4.729
RINL	3.495
ESSAR, ISPAT & JSWL	7.100
Others	12.550
TOTAL	41.344

Source: JPC / Internal



Overview of Indian Steel Industry

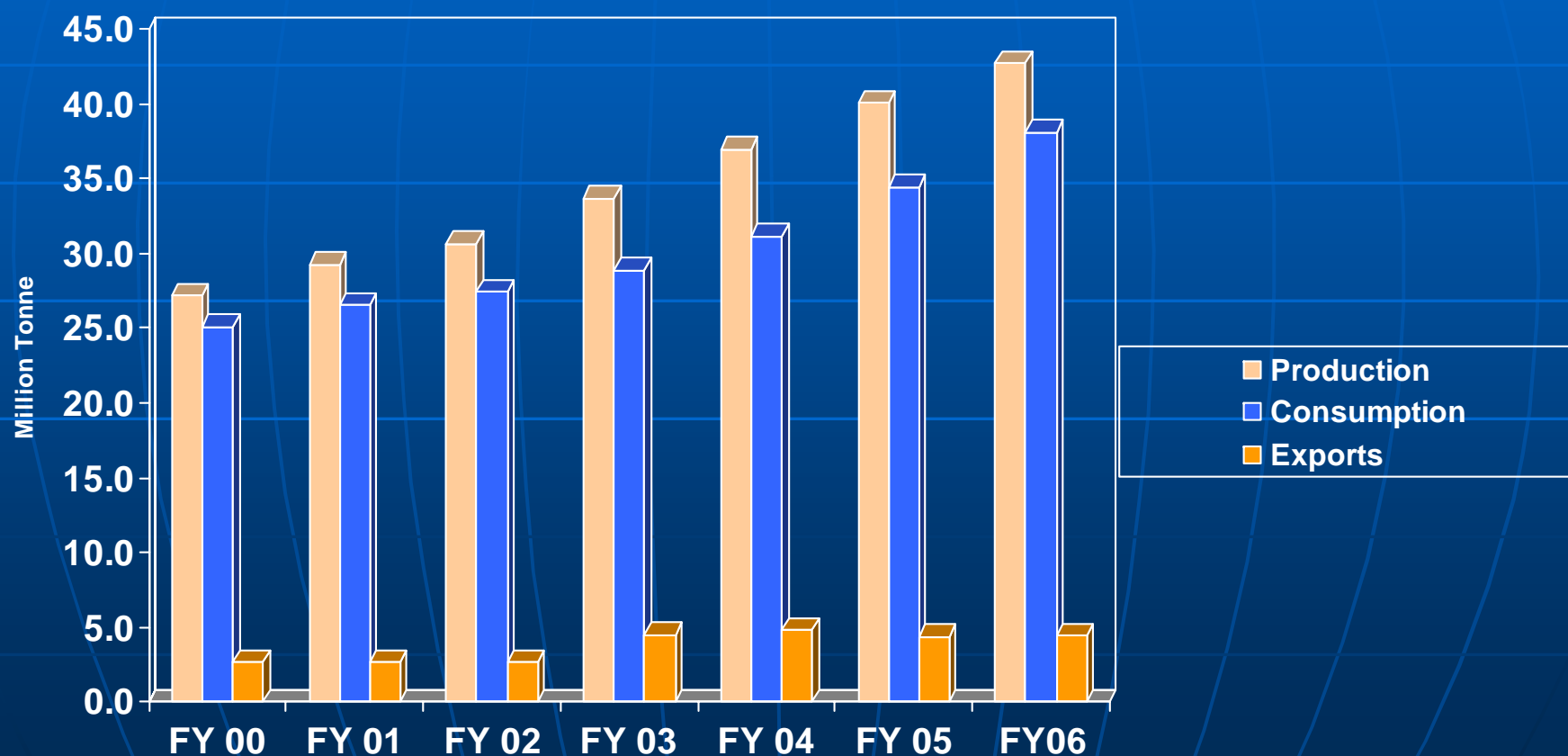
- ❖ 8th largest steel producing nation in the world with crude steel production of 38.1 million tonnes in 2005 (as per IISI)
- ❖ Apparent consumption of finished steel in 2005-06 - approx. 38.11 million tonnes, growth of 10.8% over 2004-05.
- ❖ Per capita steel consumption: approx. 33 kg
- ❖ Finished steel exports in 2005-06: approx. 4.45 million tonnes (growth of 1.6 % over 2004-05)
- ❖ India is a net exporter with imports of approx. 3.8 million tonnes in 2005-06 (78.5% growth in imports)



Indian Steel Industry

- ❖ Steadily increasing consumption of steel in the country

Finished Steel Production, Consumption & Exports



Source: JPC



Overview of SAIL

- ***Production Facilities:***

- 5 Integrated Steel Plants
- 3 Special Steel Plants
- 1 Subsidiary - Ferro Alloy Plant (under merger)

- ***Marketing Network:***

- 34 Branch Sales office
- 14 Customer Contact Office (CCO)
- 42 Warehouses (Departmental 24 & Consignment Agencies 18)

- ***Captive Mines:***

- 9 Iron Ore Mines
- 5 limestone mines
- 2 Dolomite Mines
- 3 Collieries

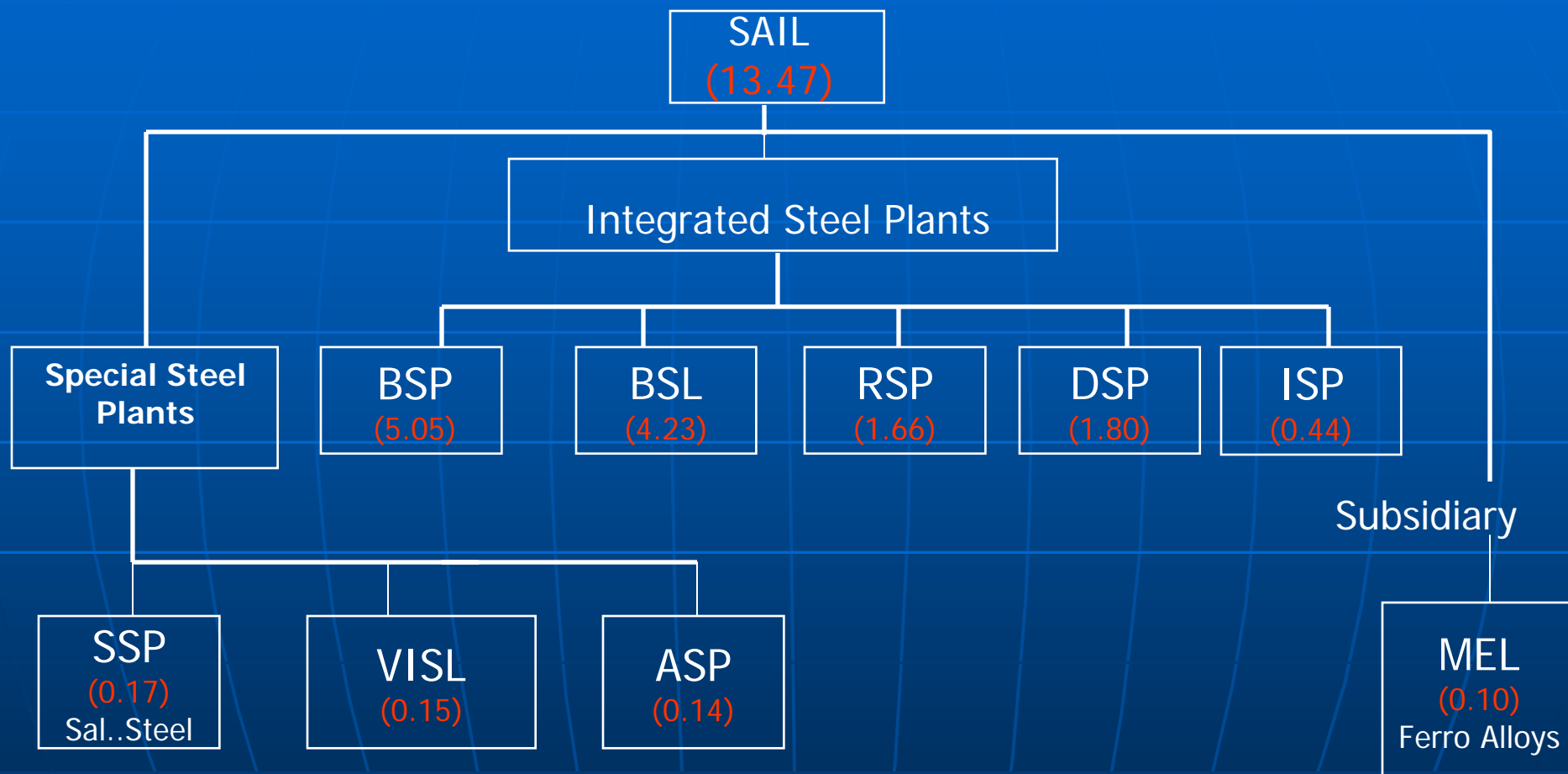


Overview of SAIL

- ❖ Formed in 1973 as a holding company with the objective:
 - Of bringing in companies producing steel and related inputs under one umbrella
- ❖ In 1978, SAIL became an operating company:
 - Steel making subsidiaries were dissolved & merged with SAIL
 - Other companies in the area of mining, collieries, construction & consultancy etc. were spun off as independent companies
- ❖ Subsequently, the following companies were taken over as subsidiary companies:
 - Indian Iron & Steel Company (IISCO) – 1979 (**merged with SAIL in 2005-06**)
 - Maharashtra Elektros melt Limited (MEL) –1986 (under merger with SAIL)
 - Visvesvaraya Iron & Steel Limited (VISL)- 1989 (merged with SAIL in 1998-99)



Overview of SAIL



Figures in bracket are crude steel production in 2005-06 in million tonnes.



Overview of SAIL

- ❖ 17th largest steel producer in the world in 2005 as per IISI
- ❖ Diversified product portfolio – Both in Longs and Flats Segment
- ❖ Leading Steel Producer in India - around 34% share of crude steel production
- ❖ Captive mines of iron ore & fluxes – Largest producer of Iron ore in India
- ❖ Marketing network of 48 Branch Sales Offices & Customer Contact Offices.
- ❖ Material delivered to customers from 42 warehouses including consignment agencies attached to BSOs /CCOs.



Financial Highlights – FY 06

- ❖ Gross Sales of Rs.32280 crore and PAT of Rs.4013 crore
- ❖ EBDIT/SALES – 22.9%
- ❖ PAT / Net worth – 32.4%
- ❖ Reduction in borrowings by Rs.1472 crore
- ❖ Debt / Equity Ratio – 0.35:1
- ❖ Declared Dividend @ 20% of paid up equity capital (12.5% interim & 7.5% Final)



Performance Highlights – FY 06

- ❖ Highest ever saleable steel production of 12.05 million tonnes (MT) – growth of 6.6%
- ❖ Avg. Capacity utilisation (saleable steel) (For 4 Integrated Steel Plants) – about 109%
- ❖ Production through Concast – up by 4%
- ❖ Lower energy consumption by 1.2%
- ❖ Coke Rate lower by 6 kg per tonne of hot metal
- ❖ BF productivity up from 1.43 to 1.46 tonnes/cum/day



Performance Highlights – FY 06

- ❖ Highest ever sales volume at 11.3 million tonnes. Growth of 2.6%
- ❖ SAIL continues to be virtually debt-free, with companies short term deposit in banks exceeding borrowings.
- ❖ Overall borrowings Rs. 4298 crore as on 31.3.06
- ❖ Debt to equity ratio improved to 0.35:1 from 0.58:1



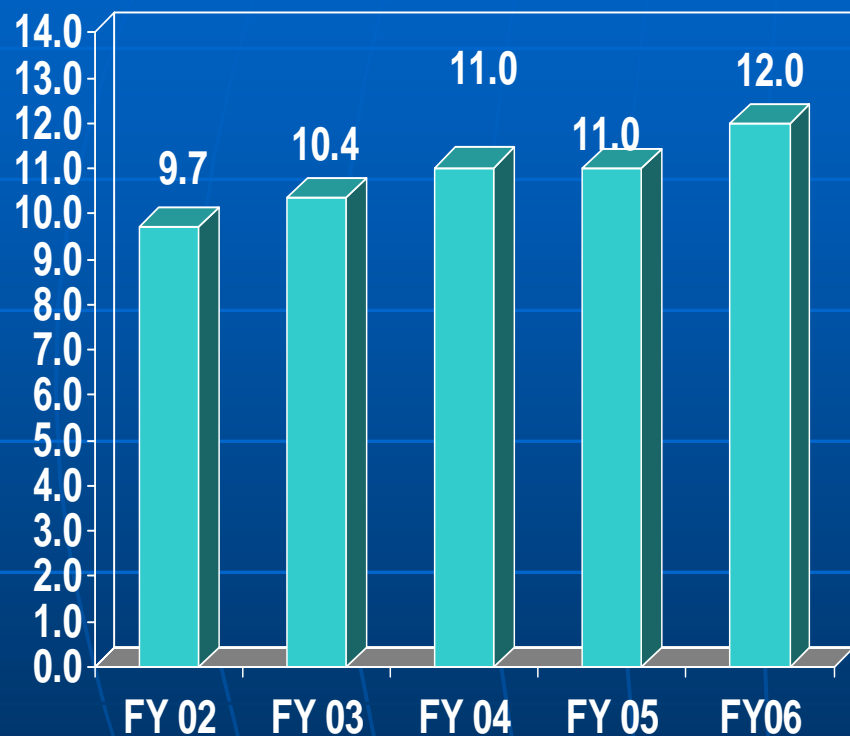
Shareholding Pattern

Category of Shareholders (as on 31st March 2006)	% age Holding
Government of India	85.82
Domestic Financial Institution	4.73
Foreign Institutional Investors	5.08
Individuals (Incl. Employees, NRI, GDRs)	3.16
Others	1.21
TOTAL	100.00

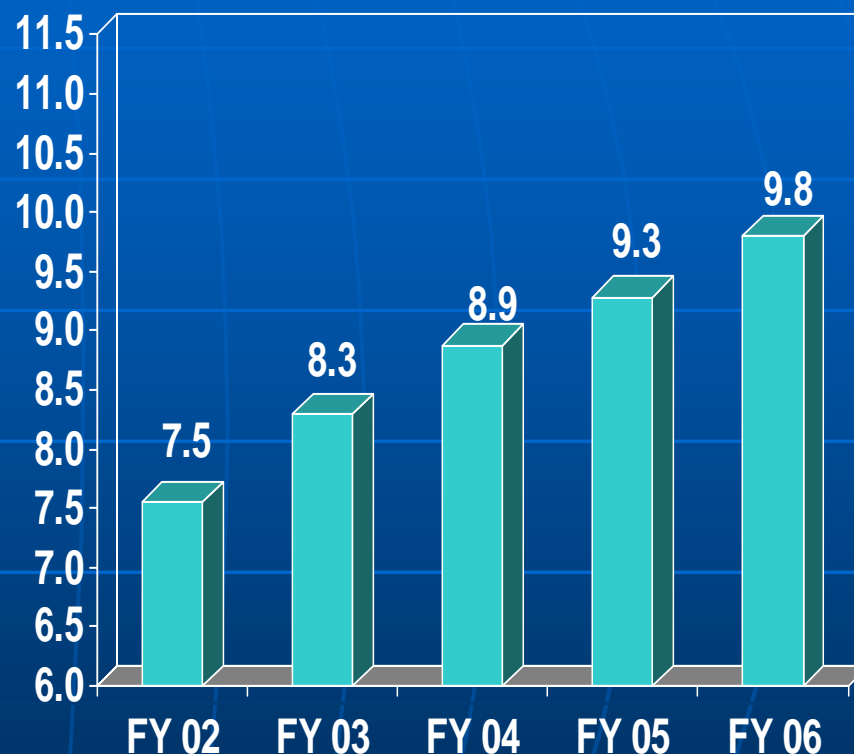


Production Performance

Saleable Steel (Million Tonnes)



Finished Steel (Million Tonnes)

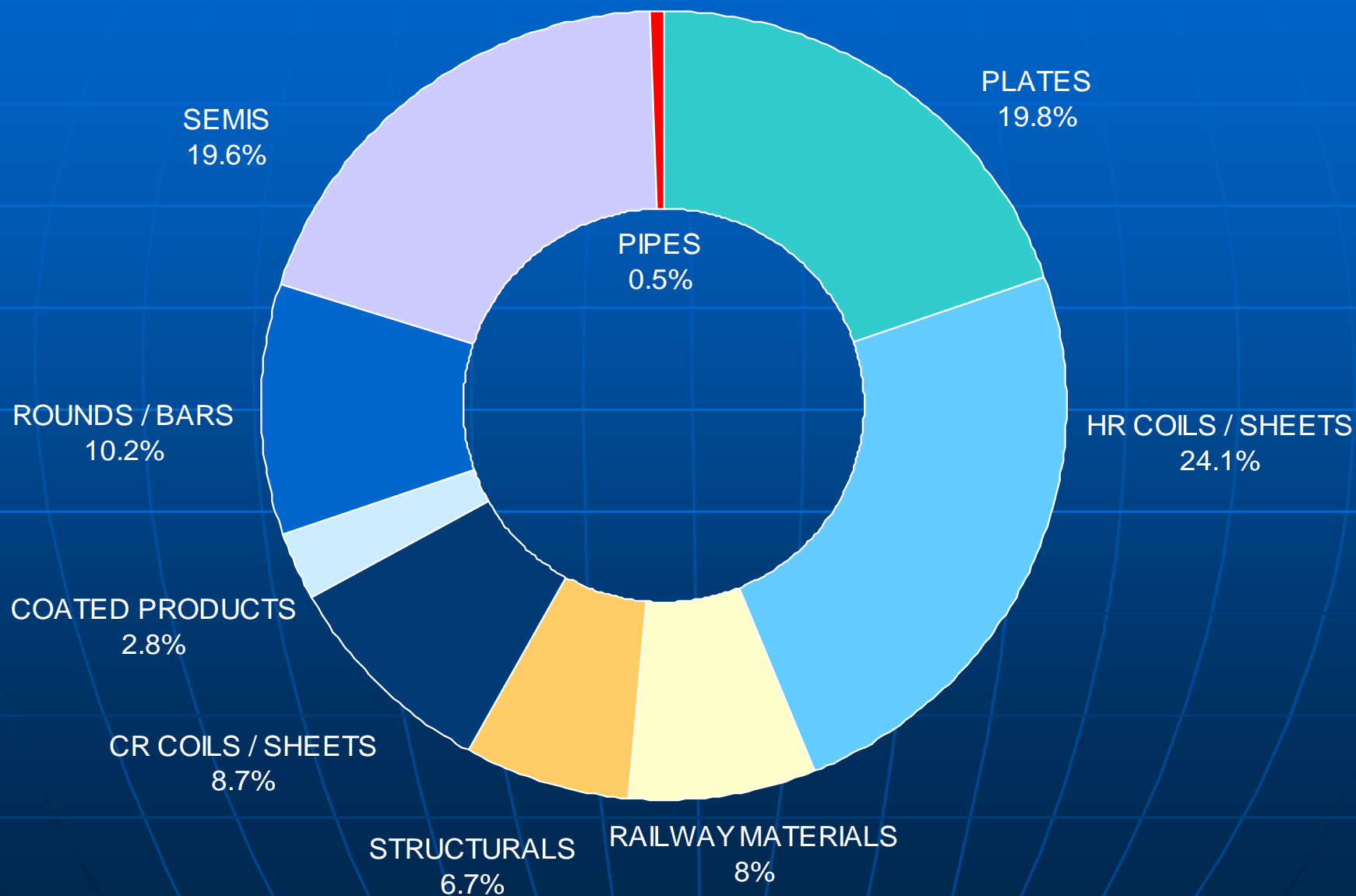


Highest saleable steel and finished steel production in 2005-06. FY 06 includes ISP.

% of sal. Steel	78	78	80	81	84	81
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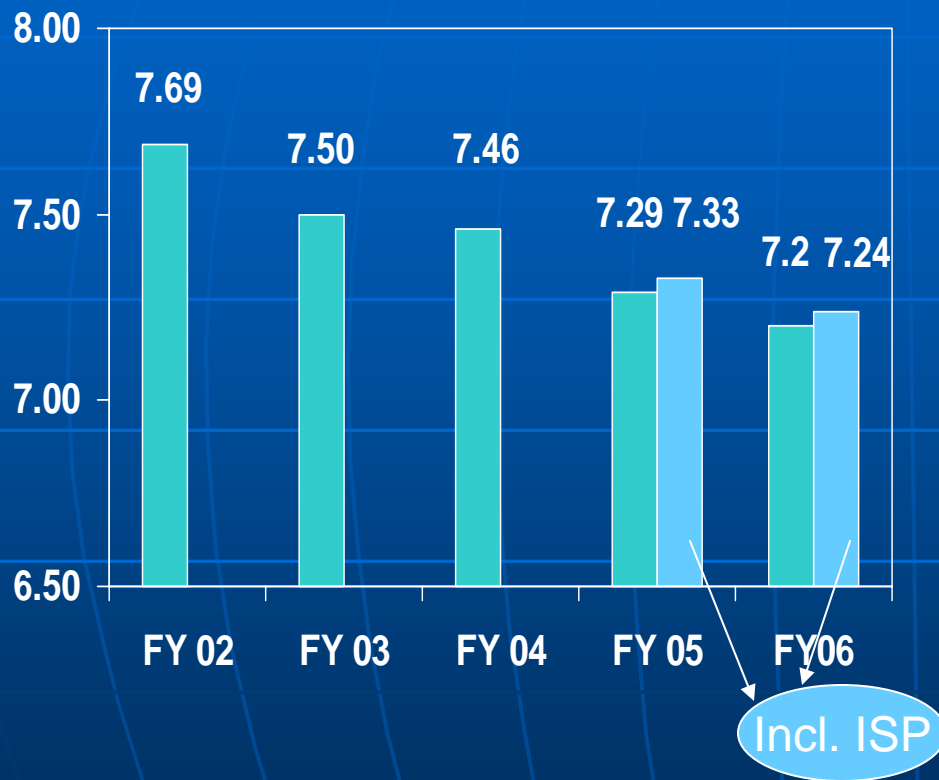
Product Mix Of Saleable Steel Production FY 2006



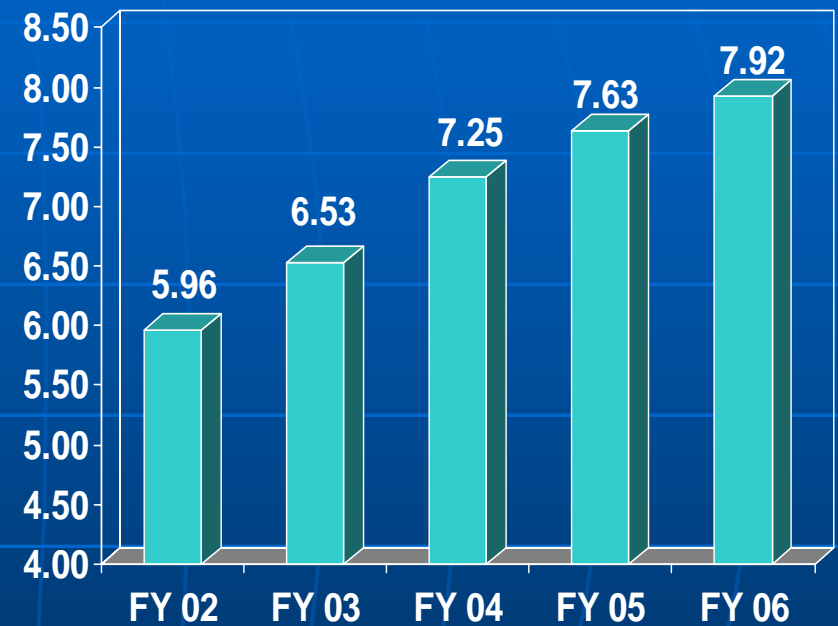


Techno-Economic Improvements

Energy Consumption (Gcal/tcs)

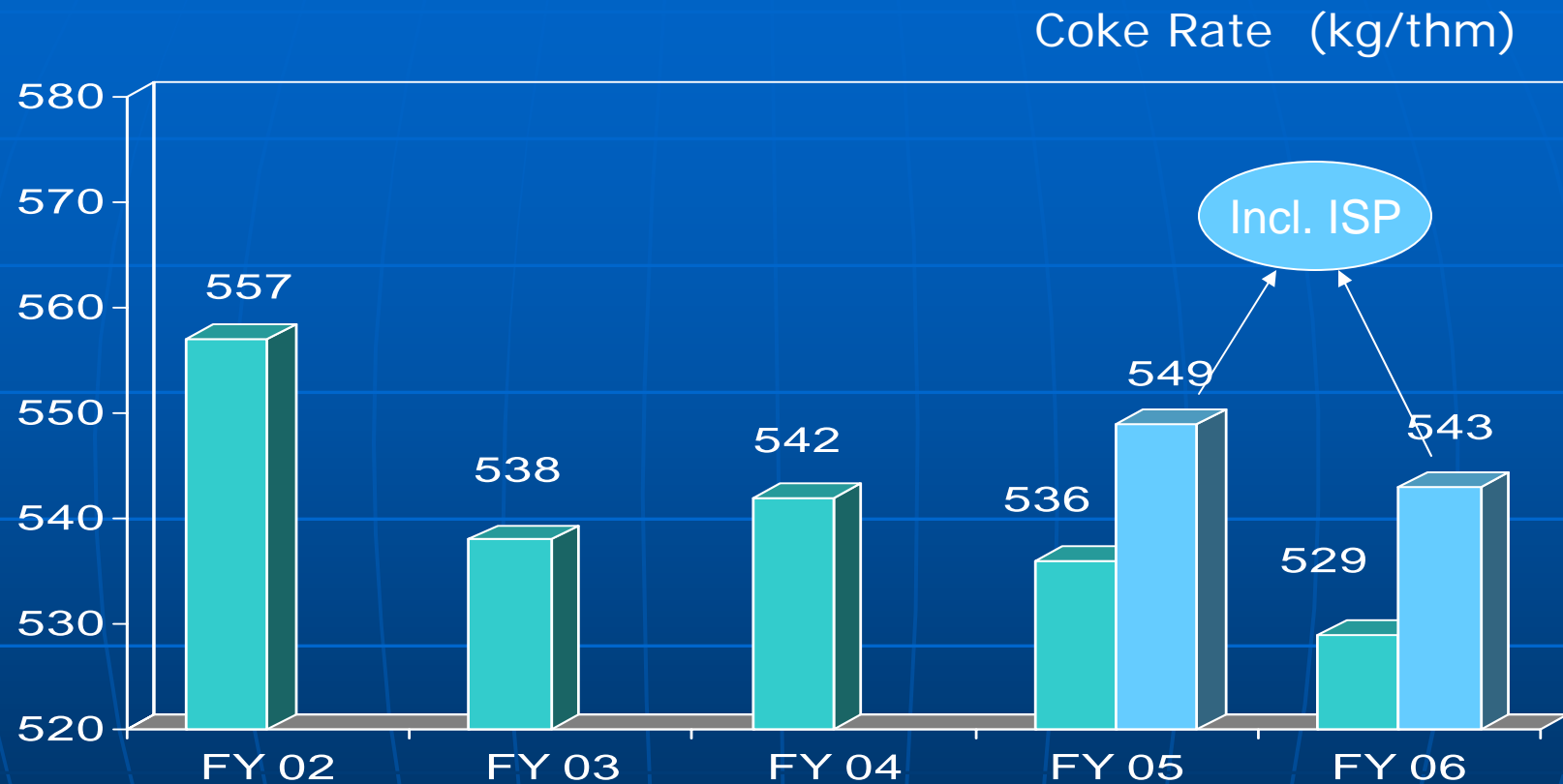


Concast Production (Million Tonnes)





Techno-Economic Improvements

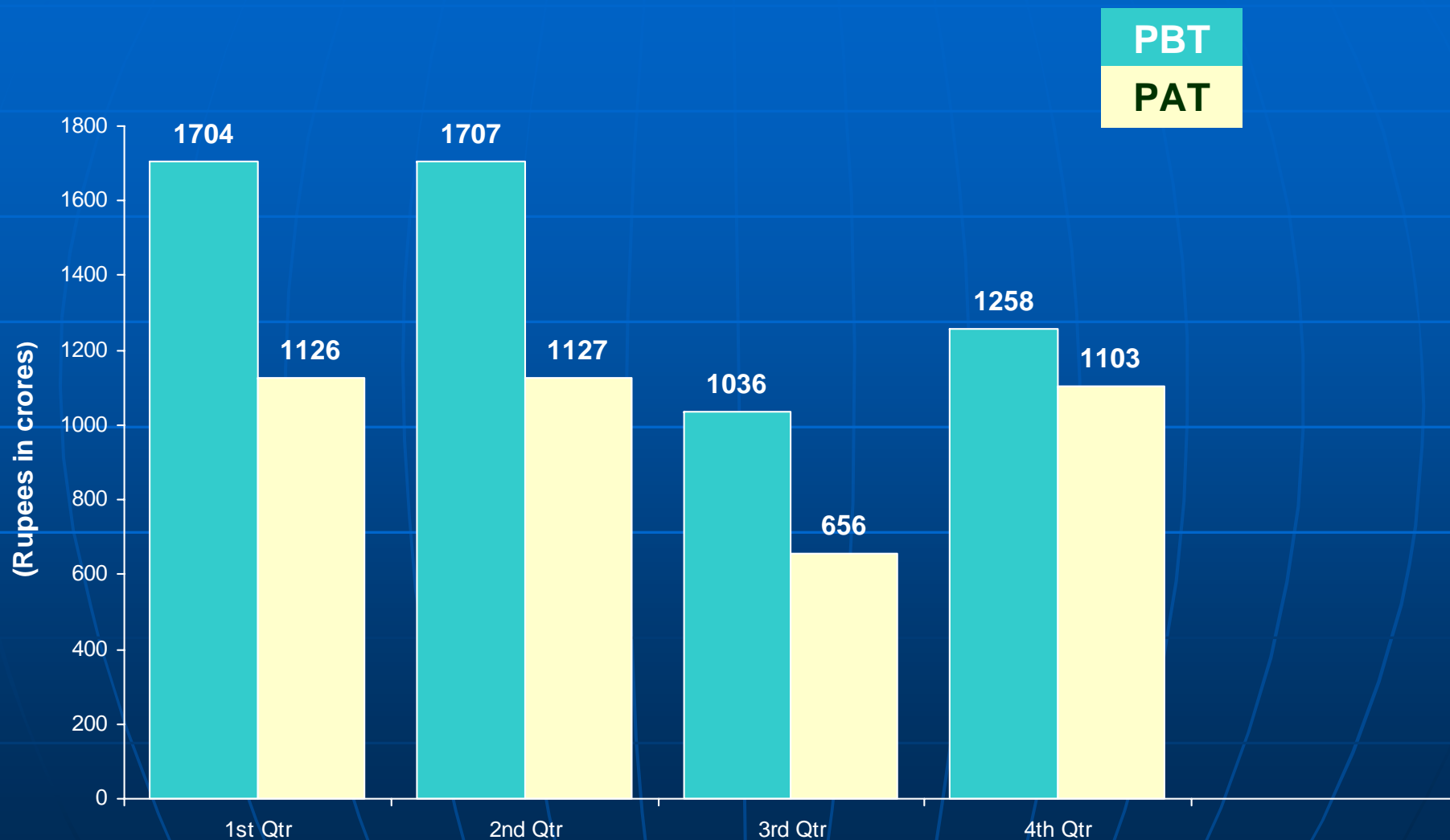


➤Coke rate has reduced by:

- Higher sinter usage
- Increase in hot blast temperature of blast furnaces.
- Use of alternate fuels like tar & Coal Dust Injection
- Up-gradation of BF – 4 at RSP



Quarter-wise Profit (Incl. ISP)



FY 2005-06



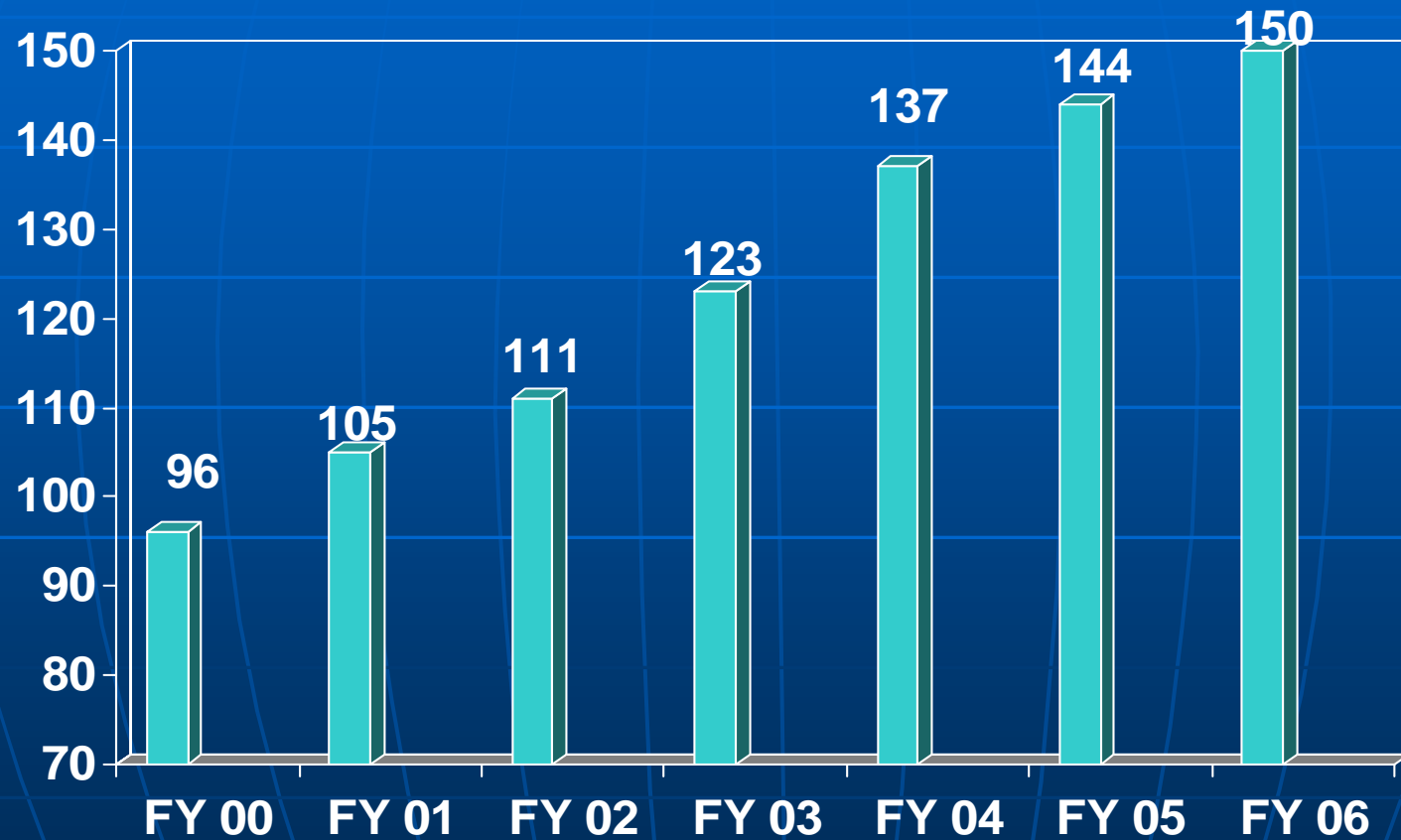
Manpower Vs Production





Manpower Productivity

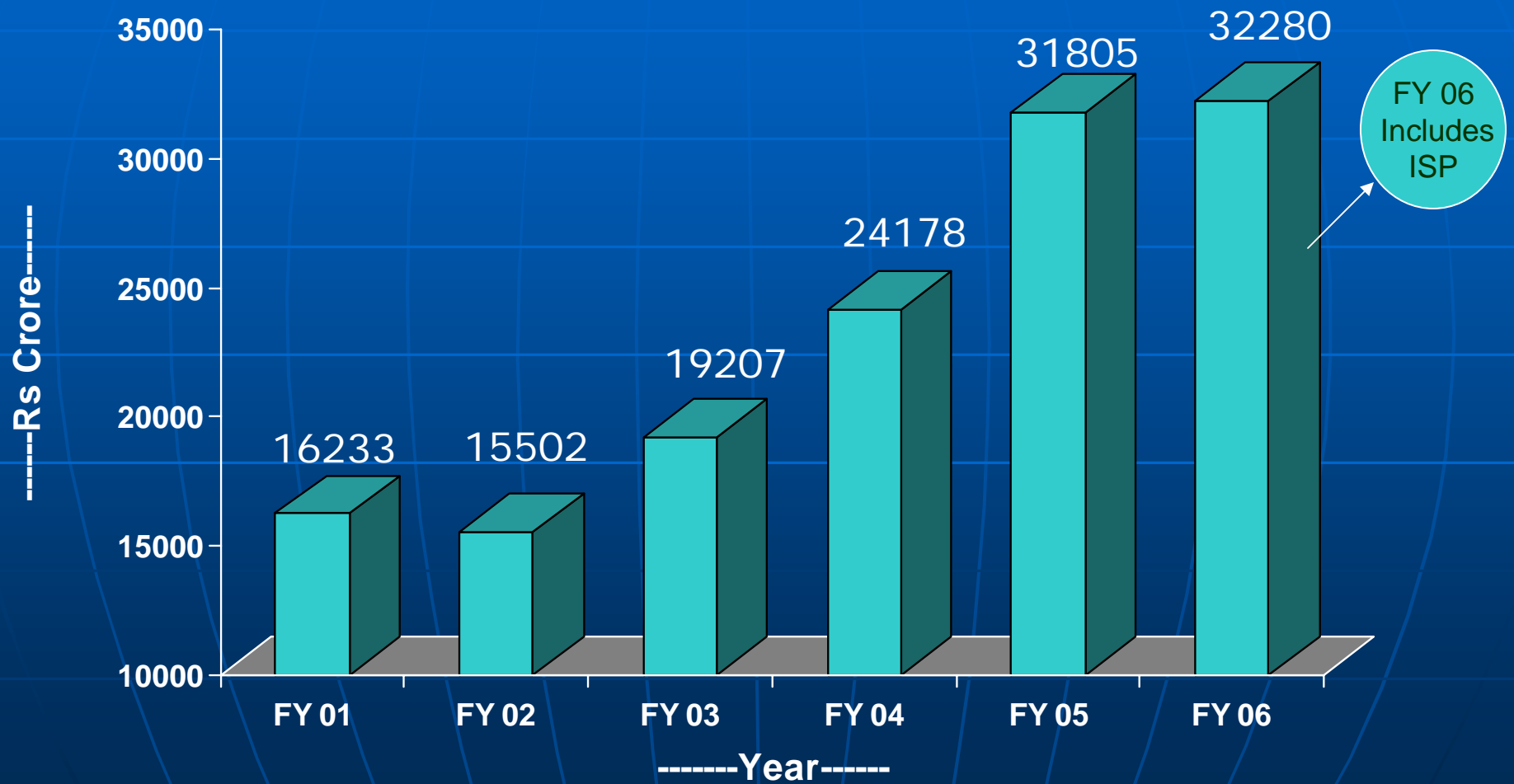
Crude steel production per man per year (tonnes)



FY 06
Includes
ISP



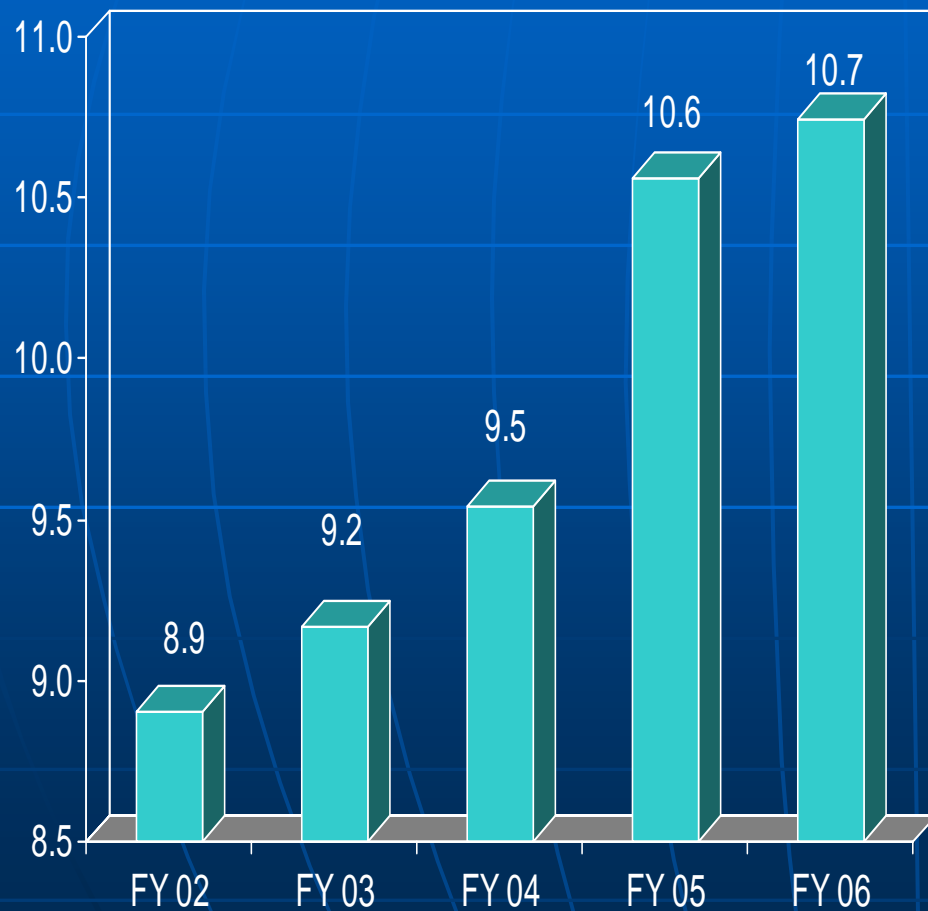
Sales Turnover



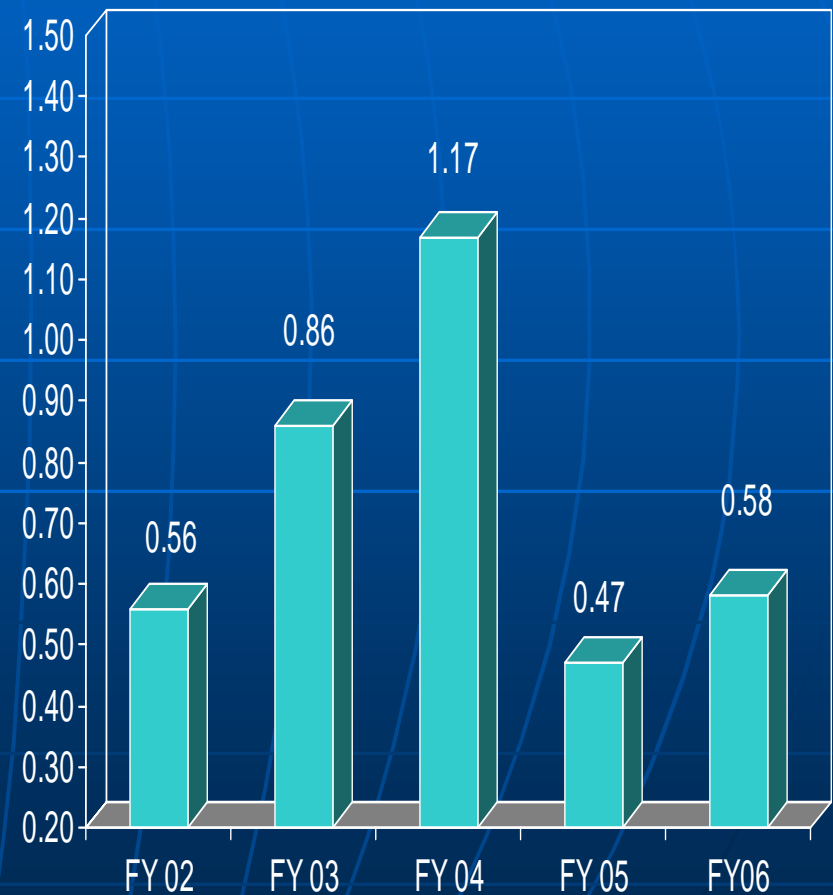


Sales Volume

Domestic Sales (Million Tonnes)



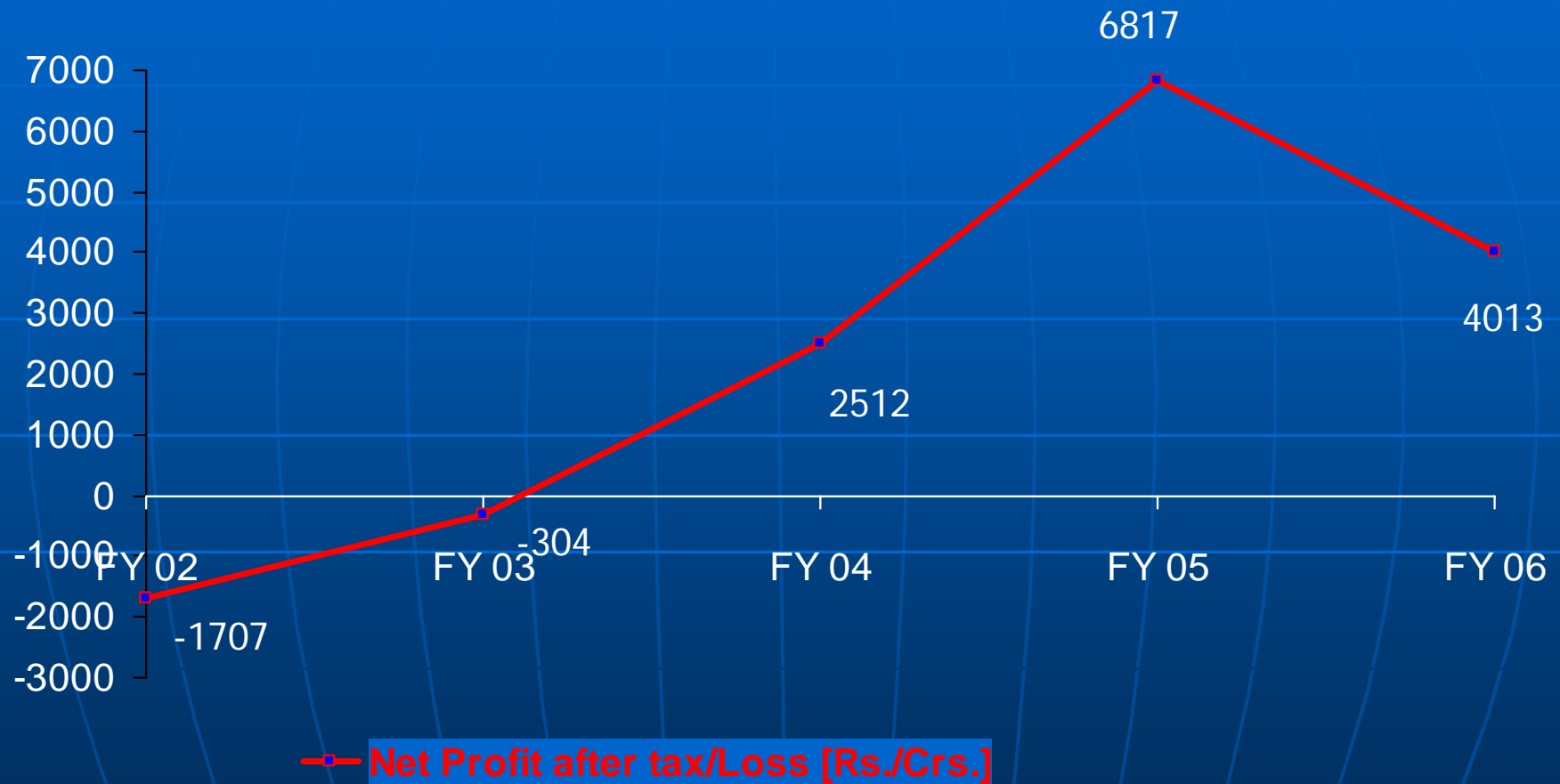
Exports (Million Tonnes)



FY 05 and FY 06 Includes ISP

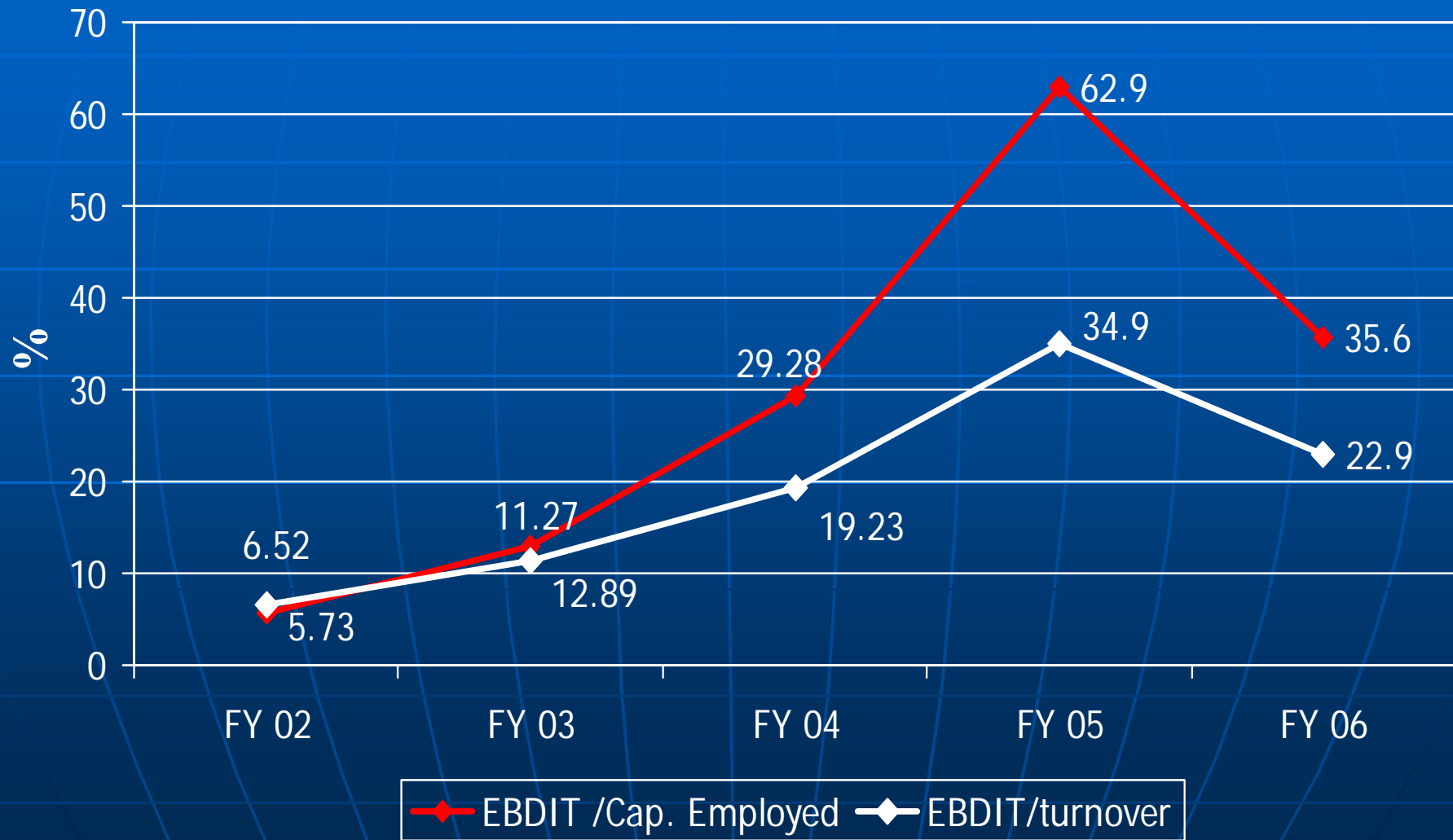


Profitability



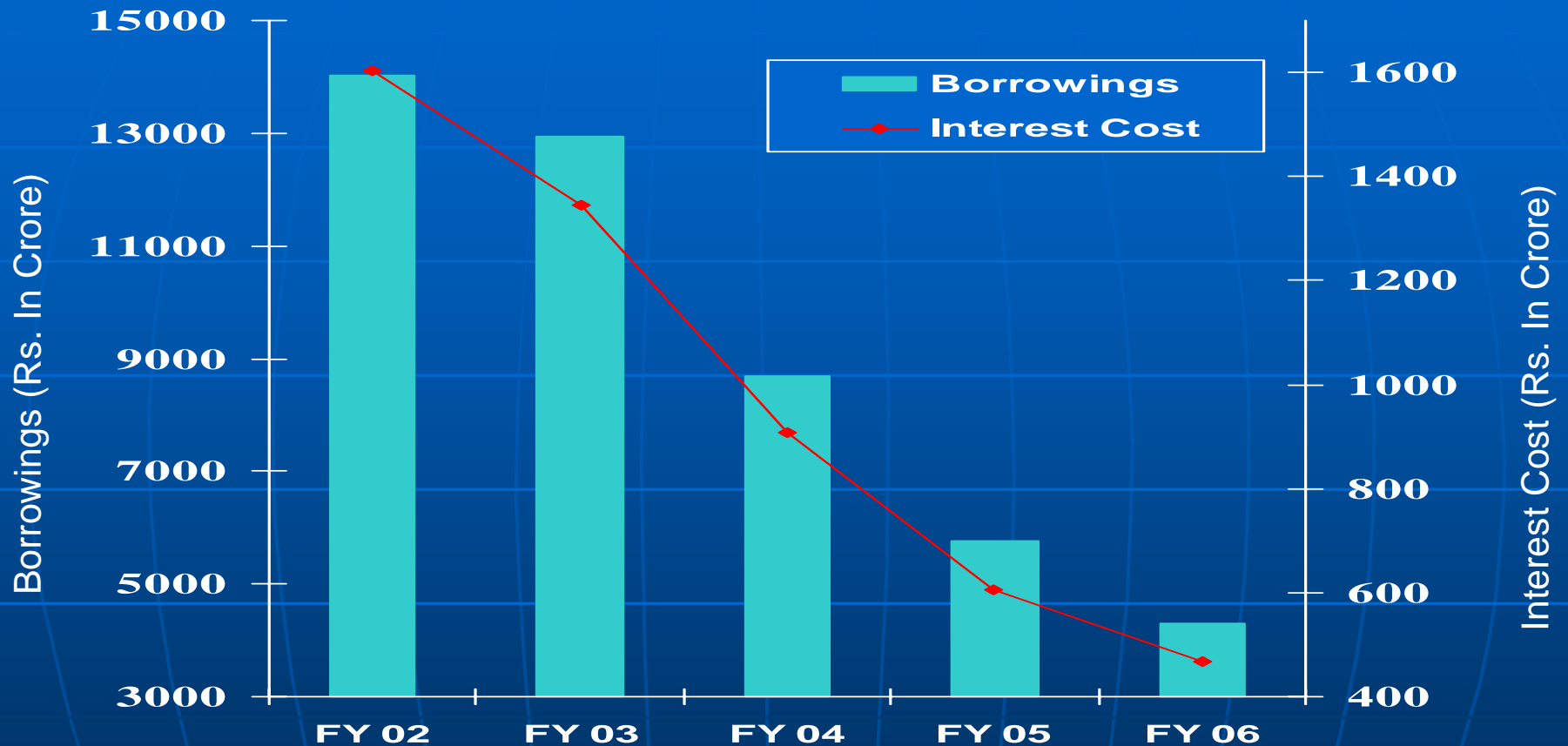


Profitability Ratios





Reduction in Borrowings

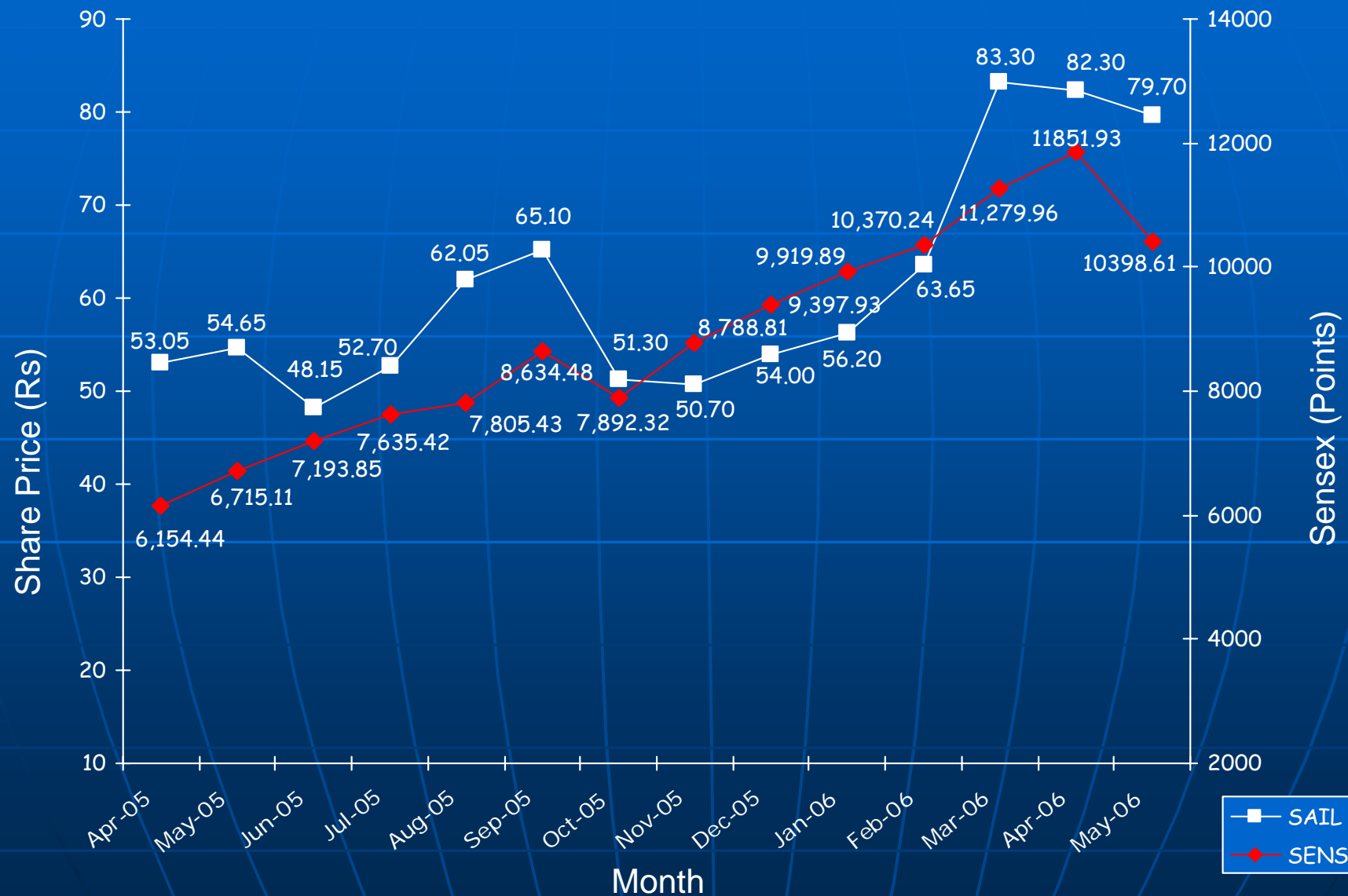


Year	FY 02	FY 03	FY 04	FY 05	FY 06
D/E Ratio	6.23	6.50	1.87	0.58	0.35

SAIL's market borrowings stood at Rs.4298 crore, a reduction of Rs.1472 crore from the previous year. Interest outgo was also lower by Rs.137 crore during FY 06.



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



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



Mergers & Acquisitions in SAIL

❖ **Neelanchal Ispat Nigam Limited (NINL)**

- Committee of secretaries, Government of India, have recommended merger of NINL with SAIL.
- SAIL board approved in principle the merger and final decision on this after valuation.
- Appointment of valuer for valuation of NINL is underway.

❖ **Maharashtra Elektros melt Limited (MEL)**

- Ministry of Steel has accepted the recommendation of expert committee on merger.
- SAIL & MEL board have approved the merger in principle.
- Enabling activities for merger are in progress.

❖ **National Iron & Steel Company (NISCO)**

- SAIL board approved in principle the acquisition of NISCO.
- Final decision after confirmatory letter from Govt. of West Bengal regarding taking over of NISCO by SAIL on clean slate basis, etc.



Corporate Plan - 2012

Particulars	Production (Million Tonnes) (Including ISP)	
	2005-06 (Actual)	2011-12 (Corporate Plan)
Hot metal	14.60	22.55
Crude Steel	13.47	21.59
Saleable Steel	12.05	20.25
Production through BOF (% OF CS)	76	100
Continuous Casting Production (% OF CS)	59	100



Corporate Plan - 2012

- ❖ Total Investment envisaged – Rs. 35000 crore
- ❖ Capital schemes valued at over Rs.4400 crore are under various stages of implementation
- ❖ Major Capital Schemes

➤ **Bhilai Steel Plant**

- ✓ Rebuilding of Coke Oven batteries # 5,6 & 9
- ✓ Modernisation of Blast Furnaces (including GCP) # 1 to 7
- ✓ Installation of new Slab Caster, 2nd RH Degasser & 2nd LF in SMS-II
- ✓ Revamping of existing slab casters-2 Nos. in phased manner
- ✓ New Bar & Rod Mill (1.0 mtpa)
- ✓ New Pipe Plant of 0.2 mtpa capacity
- ✓ AMR & other Schemes including logistics & infrastructure
- ✓ Installation of new SMS – III (3.9 mtpa cap.) with associated facilities by phasing out SMS-I & BBM.



Corporate Plan - 2012

❖ Durgapur Steel Plant

- ✓ Bloom Caster & associated facilities
- ✓ New 0.7 mtpa Bar & Rod Mill & 0.4 mtpa Medium Structural Mill
- ✓ Upgradation of Blast Furnace #1 & CDI in BF #1,3 & 4
- ✓ Rebuilding of Coke Oven battery # 4
- ✓ Installation of a new Billet Caster

❖ Rourkela Steel Plant

- ✓ Rebuilding of Coke oven battery # 1
- ✓ New Blast Furnace # 5 – 2000 m³
- ✓ CDI & Reconstruction of BF -1
- ✓ Phase – II SMS : BOF Vessels/Casters/VAD
- ✓ Revamping of SP-I incl. Pollution Control Scheme
- ✓ New Plate Mill (0.7 – 1.0 mtpa capacity- Wide width)



Corporate Plan - 2012

❖ **Bokaro Steel Plant**

- ✓ New 2.5 mtpa hot strip mill & 0.6 mtpa Cold rolling mill
- ✓ Installation of 3nos. of Slab Caster in SMS-I
- ✓ Installation of New modern BOFs (3 nos.) in SMS-I
- ✓ Rebuilding of Coke Oven batteries # 1,2 & 5
- ✓ CDI in blast furnace # 2 & 3

❖ **IISCO Steel Plant**

- ✓ Modernisation of Steel making facilities
- ✓ New Multi purpose Section Mill/ Universal Mill
- ✓ Development of collieries

❖ **Raw Materials Division**

- ✓ Development of Chiria & Rowghat Mines
- ✓ Installation of Pellet Plant



Corporate Social Responsibility

Contribution to the communities for the development of the following:-

- ❖ **Health and Medical Welfare** – established hospitals/dispensaries, implementation of national health care programmes including HIV/AIDS programme
- ❖ **Education** – created infrastructure for education at primary, secondary and higher levels
- ❖ **Ancillary Development** – provided impetus to the local industry
- ❖ **Peripheral Development** – initiated activities in and around steel townships for the benefit of general community
- ❖ **Sports and Cultural Activities** – established academics, created infrastructure for nurturing and promoting young talent
- ❖ **Mahila Samaj/Mahila Samitis** – facilitated in engendering development through numerous initiatives, providing assistance to poor/needy women
- ❖ **Assistance during Natural Calamities** – both financial as well as non-financial aid provided
- ❖ **Culture & Heritage** – adopted the preservation of monuments of national importance



Accolades

- ❖ **"Excellent"** MoU Rating for 2003-04, and 2004-05 (assessed) from Government of India
- ❖ Bhilai Steel Plant won the **"Prime Minister's Trophy"** for best performing Integrated Steel Plant for the 7th time for 2004-05
- ❖ Institute of Cost & Works Accountants of India awarded SAIL with **"Good Performance Award"** for 3rd consecutive year under the category **"National Award for Excellence in Cost Management – 2005"**
- ❖ Dept. of Science & Technology, Ministry of Science & Technology awarded SAIL's RDCIS **"National Award for R&D efforts in Industry"** for pioneering contributions in design, development & application of new special steel products for the year 2005
- ❖ World Environment Foundation awarded RSP with **"Golden Peacock Environment Management Award – 2005"** for excellence in effective environment system



Abbreviations used

▪ AMR	Additions, Modifications & Replacements
▪ ASP	Alloy Steel Plant
▪ BBM	Blooming & Billet Mill
▪ BF	Blast Furnace
▪ BOF	Basic Oxygen Furnace
▪ BSL	Bokaro Steel Limited
▪ BSOs	Branch Sales Offices
▪ BSP	Bhilai Steel Plant
▪ CCO	Customer Contact Office
▪ CDI	Coal Dust Injection
▪ CS	Crude Steel
▪ DSP	Durgapur Steel Plant
▪ EBDIT	Earnings Before Depreciation Interest & Taxes
▪ G.Cal/tcs	Giga Calories per tonne of Crude Steel
▪ GCP	Gas Cleaning Plant
▪ IISI	International Iron & Steel Institute
▪ ISP	IISCO Steel Plant

Continued...



Abbreviations used

• JPC	Joint Plant Committee
• Kg/thm	Kilo Gram Per Tonne of Hot Metal
• LF	Ladle Furnace
• 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
• SMS	Steel Melting Shop
• SP	Sinter Plant
• SSP	Salem Steel Plant
• VAD	Vacuum Arc De-gassing
• VISL	Visvesvaraya Iron & Steel Limited



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