



Government owned Steel Authority of India Limited aims to expand its production capacity to 50 million tons per annum by 2025 informed SAIL Chairman C. S. Verma during the 41st general meeting of the company recently.



C. S. VERMA
Chairman, Steel Authority of India Ltd.

"This will not only enhance SAIL's contribution to nation building but will put SAIL amongst the top steel companies globally. Your company already has the land bank and the other necessary infrastructure for expanding its capacity to this level".
"It gives me immense pleasure to inform my esteemed shareholders that the new 4060 m3 Blast Furnace at RSP, which is the largest in the country has become operational in August, 2013 added Chairman. Bringing about a quantum jump of 2.5 million tonne in our hot metal capacity, this marks a new chapter in the modernization and expansion of our company."

The company is likely to operationalize projects worth more than Rs 15,000 crore during the balance part of the current financial year increasing the hot metal production capacity by around 5.0 MTPA during the fiscal.

SAIL's performance in the current fiscal year has bucked global trends. The company registered a 16% hike in sales in the month of August '13 by selling 10.86 lakh tonnes of steel products as compared to 9.38 lakh tonnes in corresponding

SAIL Aims to Expand to 50 Million Tons by 2025

period last year (CPLY). For the five month duration of April-August '13, the cumulative steel sales stood at 47.8 lakh tonnes, a growth of 7% over CPLY.

Early this month, SAIL launched a cost optimization drive aiming to achieve savings to the tune of Rs 5000 crore during the next three years. Thrust areas identified for cost reduction include input optimization, improving operational efficiency, quick stabilization of newly commissioned units and reducing overhead costs. On the operational front, notwithstanding the challenging market conditions in the current fiscal arising from almost flat demand, SAIL operated at 104% of its capacity during April-August 2013.

"It is a matter of great pride to inform you that the country has launched the first indigenously made Aircraft Carrier INS Vikrant made entirely from SAIL Steel. About 26,000 T of high-grade DMR 249 A, 249 A-Z and 249 B steel has been supplied by SAIL for this prestigious project," applauded Chairman.

Assuring shareholders about the security of raw materials to support the modernization and expansion activities of SAIL, Chairman informed that Government of India has granted mining lease for 871 hectares in Bhilwara district in Rajasthan to SAIL. Further, the company is also making efforts to develop new coking coal blocks at Tasra and Sitanala. For the financial year 2012-13, the company finalized the dividend @ 20% of the paid up equity share capital. State-owned Steel Authority of India Limited (SAIL) on Friday announced its plans to invest Rs. 1.5 lakh crore and expand capacity to 50 million tonnes per annum (mtpa) by 2025.

"We intend to ramp up our capacity to 50 mtpa by 2025. Our present hot metal capacity is 14 mtpa. This will go up to 24 mtpa with the completion of

ongoing expansion and modernisation works by next year. We are taking many other modernisation and expansion programmes which will take our capacity to 50 mtpa which will require an outlay of around Rs. 1.5 lakh crore," SAIL chairman C.S. Verma told press conference in New Delhi.

"As on today, our net worth is Rs. 41,000 crore and going by a conservative debt-equity ratio, our borrowing power is Rs. 82,000 crore. Today our borrowing is Rs. 21,000 crore and most of the expenditure on the ongoing expansions is over. So, we will be generating more net worth," he added. The proposed capacity expansion, he said was line with Prime Minister Manmohan Singh's vision of enhancing India's steel-making capacity to 300 mtpa by 2025 from 85 mtpa at present.

Mr. Verma said most of SAIL expansion would be carried out through brownfield projects in existing five steel mills, barring one proposed at Sindri, where the plan is to set up a 5.6 mtpa greenfield steel plant. "We will start work on increasing capacity to 50 mtpa as soon as the current phase of expansions is over next year," he added. The potential of steel demand in India is huge as per capita consumption, at 57 kg, lags far behind the world average of 214.7 kg and China's average of 459.8 kg.

On coking coal, a crucial raw material for which SAIL has to mostly depend on imports, Mr. Verma said the company was on the look out for mines through International Coal Ventures (ICVL) in the US and Australia, not individually. "These are the two main markets. We are carrying out due diligence in four companies in these two countries. We are looking to acquire stake in coking coal mines in these two countries."