Chapter -4

Profile of the company

4.1 profile of SAIL

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4.1 Profile of SAIL

Introduction

Steel authority of India limited (SAIL) is the leading steelmaking company in India. It is a fully integrated iron and steel market, producing both basic and special steels for domestic construction, engineering, power, railway, automotive and defence industries and for sale in export markets. Ranked amongst the top ten public sector companies in India in the terms of turnover. SAIL manufactures and sells a broad range of steel products, including hot and cold rolled sheets and coils, galvanized sheet, electrical sheets, structural’s railway products, plates, bars, and rods, stainless steel and other alloy steels.

SAIL produced iron and steel at five integrated plants and three special steel plants, located principally in the eastern and central regions of India and situated close to domestic sources of raw materials, including the company’s iron ore, limestone and dolomite mines. The company has the distinction of being India’s second largest producer of iron ore and of having the country’s second largest mines network. This gives SAIL a competitive edge in terms of captive availability of iron ore, limestone, and dolomite which are inputs for steel making.

SAIL’s wide range of long and flat steel products is much in demand in the domestic as well as the international market. This vital responsibility is carried out by SAIL’s own Central Marketing Organization (CMO) that transacts business through its network of 37 branch sales offices spread across the four regions, 25departmental warehouse, 42consignment agent and 27customer contact offices. CMO’s domestic marketing effort is supplemented by its ever widening network of rural dealers who meet the demands of the smallest
customers in the remotest corners of the country. With the total number of dealers over 2000, SAIL’s wide marketing spread ensures availability of quality steel in virtually all the districts of the country.

SAIL’s International Trade Division (ITD), in New Delhi – an iso 9001:2000 accredited unit of CMO undertakes exports of Mild steel products and Pig Iron from SAIL’s five integrated steel plants. With technical and managerial expertise and know-how in steel making gained over four decades, SAIL’s consultancy division (SAILCON) at New Delhi offers services and consultancy to client’s world-wide. SAIL’s has a well-equipped research and Development centre for Iron and steel (RDCIS) at Ranchi which helps to produce quality steel and develop new technologies for the steel industry. Besides, SAIL has its own in-house centre for engineering and technology (CET), management training institute (MTI) and safety organization at Ranchi. Our captive mines are under the control of the raw materials division in Kolkata. The environment management division and growth division of SAIL operate from their headquarters in Kolkata. Almost all our plants and major units are ISO certified.

MAJOR UNITS

INTEGRATED STEEL PLANTS

1) Bhilai Steel Plant (BSP) in Chhattisgarh
2) Durgapur Steel Plant (DSP) in West Bengal
3) Rourkela Steel Plant (RSP) in Orissa
4) Bokaro Steel Plant (BSP) in Jharkhand
5) IISCO Steel Plant (ISP) in West Bengal
SPECIAL STEEL PLANTS

1) Alloy Steel Plant (ASP) in West Bengal
2) Salem Steel Plant (SSP) in Tamil Nadu
3) Visvesvaraya Iron and Steel plant (VISL) in Karnataka

- **NTPC SAIL Power Company Pvt. Limited (NSPCL):** A 50:50 joint venture between Steel Authority of India Ltd (SAIL) and National Thermal Power Corporation Ltd (NTPC Ltd); manages SAIL’s captive power plants at Rourkela, Durgapur and Bhilai with a combined capacity of 814 megawatts (MW).

- **Bokaro Power Supply Company Pvt. Limited (BPSCL):** This 50:50 joint venture between SAIL and the Damodar Valley Corporation (DVC) is managing the 302-MW power generating station and 660 tonnes per hour steam generation facilities at Bokaro Steel Plant.

- **Mjunction Services limited:** A 50:50 joint venture between SAIL and Tata Steel; promotes e-commerce activities in steel and related areas. Its newly added services include e-assets sales, events & conferences, coal sales & logistics, publications, etc.

- **SAIL-Bansal Service Centre Limited:** A joint venture with BMW Industries Ltd. on 40:60 basis for a service centre at Bokaro with the objective of adding value to steel.

- **Bhilai JP Cement Limited:** A joint venture company with Jaiprakash Associates Ltd on 26:74 basis to set up a 2.2 million tonne (MT) slag-based cement plant at Bhilai.
- **Bokaro JP Cement Limited**: Another joint venture company with Jaiprakash Associates Ltd on 26:74 basis to set up a 2.1 MT slag-based cement plant at Bokaro.

- **SAIL & MOIL Ferro Alloys (Pvt.) Limited**: A joint venture company with Manganese Ore (India) Ltd on 50:50 basis to produce ferro-manganese and silico-manganese required in production of steel.

- **S & T Mining Company Pvt. Limited**: A 50:50 joint venture company with Tata Steel for joint acquisition & development of mineral deposits; carrying out mining of minerals including exploration, development, mining and beneficiation of identified coking coal blocks.

- **International Coal ventures Privte Limited**: A joint venture company/SPV promoted by five central PSUs, viz. SAIL, CIL, RINL, NMDC and NTPC (with respectively 28.7%, 28.7%, 14.3%, 14.3% and 14.3% shareholding) aiming to acquire stake in coal mines/blocks/companies overseas for securing coking and thermal coal supplies.

- **SAIL SCI Shipping Pvt. Limited**: A 50:50 joint venture with Shipping Corporation of India for provision of various shipping and related services to SAIL for importing of coking coal and other bulk materials and other shipping-related business.

- **SAIL RITES Bengal Wagon Industry Pvt. Limited**: A 50:50 joint venture with RITES to manufacture, sell, market, distribute and export railway wagons, including high-end specialised wagons, wagon prototypes, fabricated components/parts of railway vehicles, rehabilitation of industrial locomotives, etc., for the domestic market.
**SAIL SCL Limited:** A 50:50 JV with Government of Kerala where SAIL has management control to revive the existing facilities at Steel Complex Ltd, Calicut and also to set up, develop and manage a TMT rolling mill of 65,000 MT capacity along with balancing facilities and auxilliaries.

**Holding Company**

The Ministry of Steel and Mines drafted a policy statement to evolve a new model for managing industry. The policy statement was presented to the Parliament on December 2, 1972. On this basis the concept of creating a holding company to manage inputs and outputs under one umbrella was mooted. This led to the formation of Steel Authority of India Ltd. The company, incorporated on January 24, 1973 with an authorized capital of Rs. 2000 crore, was made responsible for managing five integrated steel plants at Bhilai, Bokaro, Durgapur, Rourkela and Burnpur, the Alloy Steel Plant and the Salem Steel Plant. In 1978 SAIL was restructured as an operating company. Since its inception, SAIL has been instrumental in laying a sound infrastructure for the industrial development of the country. Besides, it has immensely contributed to the development of technical and managerial expertise. It has triggered the secondary and tertiary waves of economic growth by continuously providing the inputs for the consuming industry.

**4.2. History of sail**

The steel authority of India Ltd (SAIL) is the largest steel manufacturer in India. The company’s four integrated steel plants and specialized facilities produce a variety of steel used in the constructions, engineering, utilities, railway, automotive, and defense industries. SAIL’s product line includes hot-
and cold-rolled sheet and coils, galvanized sheets, electrical sheets, structural, railway products, plates, bars and rods, stainless steel, and alloy steels. While Indian’s government owns approximately 85 percent of the company, SAIL operates under a “navratna” status, that is, it enjoys substantial operational and financial autonomy. The history of the iron and steel industry in modern India is closely bound up with political and economic developments since the country independence from Britain in 1947. Most of the productive units run by SAIL were built as state ventures with aid and assistance from industrially developed countries, and operated by SAIL’s predecessor, Hindustan steel ltd. SAIL main subsidiary, the Indian iron & steel company ltd., India’s largest single iron and steel company, developed separately as a private company before nationalization, but its government’s planning system.

The industry, however, did not spring from nowhere in 1947. Iron had been produced in India for centuries, while Indian steel was superior in quality to British steel as late as 1810. With the consolidation of the British raj the indigenous industry declined and the commercial production of steel did not begin in earnest till 1913, when the Tata iron and steel company began production at Sakchi, on foundation laid by Jamsetji Tata, whose sons had raised the enormous sum of INR 23 million to set up the company, partly from family funds but mostly from Bombay merchants, several maharajas, and other wealthy Indians who supported the movement for Indian self-sufficient (Swadeshi) but did not want to appear openly anti-British. Tata was to dominate the Indian steel industry until the 1950s. The Indian iron & steel company was set up in West Bengal in 1918 by the British firm Burn & Co., however, and the company produced only Pig iron until 1937. The actual
depression suffered by the iron and steel industry after Word War I was alleviated by the government’s protective measures. The industry continued to make steady progress.

From the late 1920s, when the British authorities introduced a system of tariffs that protected British and Indian steel but raised barriers against imports from other countries, the Indian market was divided in the ratio of 70 to 30 between British producers on the one hand and the Tata company on the other—thus effectively excluding indigenous new comers. By 1939 the Tata works were producing 75 percent of the steel consumed in what was then the Indian empire, consisting of the present-day India, Sri Lanka, Pakistan, Bangladesh, and Burma. In the late 1930s, as European rearmament published iron and steel prices upward, the export of Indian pig iron increased and two small firms began to compete directly with the Tata Company in steel production. The first was the Mysore state iron works, which had been set up by the maharajah of Mysore in 1923 to produce pig iron at Benkipur, now Bhadravati. The second was the steel corporation of Bengal, a subsidiary established by the Indian iron & steel company in 1937, the year after it had bought up the assets of the bankrupted Bengal iron and steel company.

The steel corporation of Bengal was reabsorbed into its parent company in 1953. All three companies profited from the British connection during World War II. Annual output rose from one million tons in 1939 to an average of 1.4 million tons between 1940 and 1945. In 1947, when India became independent as the biggest, but not the only, successor state to the British raj, the three major iron and steel companies had a total capacity of only 2.5 million tons. A great deal of their plant was already more than three decades old, and badly in
need of repair and replacement, while demand for iron and steel was growing. Like other third World state that achieved political independence but found their economic prospects determined by their subordinate position in the world economy, the new republic’s policymakers decided to seek economic growth through a combination of protection for domestic industries, heavy public investment in them, encouragement of saving to finance that investment, and state direction of production and pricing.

The mahalanobis model of the Indian economy, based on the assumption that export could not be rapidly increased and that present consumption should be curbed for the sake of long-term growth through import substitution by the capital goods sector, provided the theoretical justification for this set of policies, which closely resembled what was done in the soviet Union in the 1930s, in china in the 1950s, and in Africa and Asia in the 1960s, though with much less loss of life than in most of these cases.

Under the terms of the new government’s industrial policy statement of 1948, new ventures in the iron and steel industry were to be undertaken only by the federal government, but existing ventures would be allowed to stay in the private sector for the first ten years. Thus the first five year plan, from 1951 to 1956, involved the use of government funds to help Tata iron and steel and Indian iron &steel to expand and modernized while remaining in the private sector. As the new projects, in 1953 the government signed an agreement with the German steelmakers Krupp and Demag on creating a publicly owned integrated steel plant, which was sited at Rourkela, in the state of Orissa, to make use of iron ore mined at Barsua and Kalta. Krupp and Demag were
chosen after the failure of Indian requests for aid from Britain and the United States, but were excluded from the project by 1959, when the estimates committee of the LOK Sabha, the lower house of the Indian parliament, concluded that getting investment funds from them was equivalent to borrowing at an interest rate of 12 percent.

In order to carry out its side of the agreement the government set up Hindustan steel ltd. in 1954, as a wholly state-owned company responsible for the operation of the Rourkela plant. By 1959, when the plant was commissioned, Hindustan steel had become responsible for two more plants, at Bhilai in Madhya Pradesh and Durgapur in west Bengal, under the second five year plan, which started in 1956. The Bhilai plant, located between Bombay and Calcutta, was designed and equipped by Soviet technicians, under an agreement signed in 1955, and by 1961 it included six open-hearth furnaces with a total capacity of one million tons, supplied from iron ore mines at Rajhara and Delli. The Durgapur plant, meanwhile, was built with assistance and advice from Britain and mines near the Bolani iron ore mine. Hindustan steel took over the operation of all the iron ore mines supplying its plants all three of which had been located to take advantage of existing supplies. This policy of location steel production near raw materials sources reflected the relatively small and dispersed nature of the domestic market for steel at that time, and contrasted with the market-related location policies of companies in more advanced steel-producing countries, such as the United States.

Hindustan steel’s other major venture was its Alloy steels project, also based in Durgapur, which was inaugurated in 1964. Hindustan steel’s tasks included not only steel production but also the procurement of raw materials, and its
subsidiaries included, in addition to the iron ore mines already mentioned, limestone and dolomite mines and coal washeries. It also operated a fertilizer plant at Rourkela. The modernization of the two private sector leaders and the program of public sector investment together raised Indian steel output from about one million tons a year in the 1940s to three million tons in 1960, then to six million tons only four years later. Pig iron output rose by an even greater margin, from 1.6 million tones in 1950 to nearly five million tons in 1961. Both wings of the iron and steel industry contributed to the expansion of the engineering and machinery industries envisaged in the mahalanobis model, and in turn were stimulated by the increased demand to raise production volume and quality.

In 1965 Hindustan steel’s latest project, for an iron and steel plant with an associated township at Dhanbad in the state of Bihar, was transferred to a new company created one year earlier, Bokaro steel limited. Contact continued between the two companies, however, mainly through an arrangement whereby the chairman of each company was made a part-time director of the other. Like the Bhilai plant the Bokaro project was initiated with aid and advice from the Soviet Union, including blueprint, specialist equipment, technical training, and a loan at 2.5 percent interest. After the establishment of SAIL the Bokaro Company was changed back into a division of the public sector steel company. Throughout its first five years of production, 1958 to 1963 Hindustan steel’s losses rose steadily from INR 7.51 million to INR 260 million. It made a small profit in 1965 and 1966, only to slip back into the red and stay there until 1974, the last year of the company’s existence under that name. Among the reasons the company gave for these disappointing results
were the losses incurred at the Roukela fertilizer plant, the steel Alloys project, and the Durgapur steel plant; an increased rate of interest on government loans; an increase in provision for depreciation; and the high costs of imported plant and equipment.

The rate of growth of the iron and steel industry, and of the engineering and machinery producing sectors, with which its fate was to closely linked, declined significantly once the phase of import substitution was complete and the droughts of the mid-1960s had forced a diversion of resources from industry. Pig iron output, which and risen so spectacularly in 1950s, rose from seven million tons in 1965 to ten million tones in 1985, while production of steel rose from 6 million tons to 12 million tons in the same period. The industry suffered due to state intervention to keep its domestic prices low as an indirect subsidy to steel users, and—though the technical problems were different—from a heritage of outdated and inefficient plants and equipment.

Indian government policy since 1965 has been to use its iron ore less as a contribution to domestic growth than as an export earning foreign exchange and helping to reduce the country’s chronic deficit on its balance of trade. Production of ore increased, from 18 million tons in 1965 to 43 million tons in 1985, in order to supply a growing number of overseas markets. With the expansion and diversification of Hindustan steel, the separate establishment of bokaro and the beginning of planning for new plants at Salem, Vishakhapatnam, and vijaynagar, it became increasingly clear that public sector iron and steel production would need some new form of coordination to avoid duplication and to channel resources more effectively. The steel authority of India Ltd. Was established in January 1973 for this purpose, to
function as a holding company along the lines of similar but order bodies in Italy and Sweden. The new organization was placed on a secure footing when the Indian Iron & Steel Company was nationalized, giving SAIL control of all iron and steel production apart from the venerable Tata Iron and Steel Company and a number of small-scale electric-arc furnace units. At the time of nationalization the Indian Iron & Steel Company included a steel plant at burnpur in West Bengal; iron ore mines at Gua and Manoharpur; coal mines at Ramnagore, Jippur, and Chasnalla; and a specialist subsidiary, the IISCO-Ujjain Pipe and Foundry Co. Ltd., based at Kulti.

Both SAIL and its predecessor sought to expand capacity to meet predicated rises in demand for steel. In 1971 Hindustan Steel had unveiled plans for India’s first coastal steel plant, at Vishakhapatnam. The project, which in 1991 was in the process of being opened, with one blast furnace already in operation, was expected to allow productivity of 230 tons per man year compared with less than 50 in SAIL’s existing plants. The Authority also invested heavily in modernizing its oldest plants, at Rourkela and Durgapur. The 1980 were not a happy decade for SAIL. It suffered losses between 1982 and 1984 but went back into the black in the following two years. Meanwhile Tata Iron and Steel was consistently profitable. By 1986, when the Indian Steel industry’s total capacity was 15.5 million tons, only 12.8 million were actually produced, of which SAIL produced 7.1 million. Thus imports of 1.5 million tons were needed to meet total demand, after years of exporting Indian Steel. By 1988 all the main steel plants in India except Vishakhapatnam were burdened with obsolescent plants and equipment, and Indian Steel prices were the highest in the world. The government proposed a ten year plan to
modernize the plants, based on aid from West Germany, Japan, and the Soviet Union just at a time when the worldwide economies recession was deepening and the World Bank was recommending the privatization of SAIL, and the liberalization of steel imports.

In 1989 SAIL acquired Vivesvata Iron and Steel Ltd. In its first year under SAIL’s wing this new subsidiary’s production and turnover showed an improvement over its last year in the private sector. This progress contrasted with results for SAIL as a whole in 1989-90, since production declined, and once again planned targets were not met. Various factors contributed to this disappointing outcome, including unrest at the Rourkela plant as a result of the management’s decision not to negotiate with a new union, Rourkela Sramik Sangha, which had challenged the established union, Rourkela Mazdoor Sabha, and had even won all the seats on the plant’s elected works committee.

Another problem, continuing over several years, arose from defects in power supply; the impact of power cuts on steel output in 1989-90 was estimated as 170,000 tons lost, and the supply of coal was unreliable. During this time period, SAIL remained in the public sector as a central instrument of state plans for industrial development. The country’s reserves of iron ore and other raw materials for iron and steel made the industry central to the economy. At the beginning of the 1980s India had recoverable reserves of iron ore amounting to 10.6 billion tons; a natural endowment that it would take 650 years to deplete at then current rates of production. The high-grade one within this total—that is, ore with an iron content of at least 65 percent—was, however, thought likely to reach depletion in only 42 years; yet it still represented about one-tenth of the world total.
SAIL struggled to maintain production, let alone expand it, in large part because of circumstances outside its control. Since the purchase of raw materials typically accounted for 30 percent of the Indian steel industry’s production costs, any rise in the prices of coal, Ferro-manganese, limestone, or iron ore cut into the industry’s profitability. In the first half of the 1980’s for example, prices for these materials rose by between 95 and 150 percent, at the same time as electricity charges rose by 150 percent. Most of these increases were imposed by other state enterprises. Nor did it help SAIL that the high sulfur content of Indian required heavy investment in desulfurization at its steel plants. Indeed, the industry had chronic problems in trying to operate blast furnaces designed to take low-sulfur coking coal. The more suitable process of making sponge iron with non-coking coal, then converting it to steel in electric arc furnaces, was introduced in the private sector later, though by 1989 only 300,000 tons were being produced in this way. India’s basic output costs of INR 6,420 per ton in 1986 compared well with the averages for West Germany (INR 7,898), and for the United States (INR 6,786). What finally kept Indian steel from being competitive was the imposition of levies that raised its price per ton by about 30 percent, and which included excise duties, a freight capitalization surcharge, and a Steel Development Fund charge.

In spite of such problems, and in response to them, SAIL announced in December 1990 an ambitious plan to increase its annual output of steel from 11 million to 19 million tons, thus transforming itself from the world’s thirteen largest steel producer to its third largest, within ten years. SAIL’s use of its steel production capacity, running at about 77 percent in 1990, would be raised
to 95 percent by 1996 thus permitting output of crude steel to rise by two-fifths over its current level. Output for 1990 had actually been only six million tons, however, compared with 6.9 million tons in 1988 and eight million tons in 1989. SAIL was no more able than large steel companies in other countries to achieve the optimum balance between demand and supply, between increasing the quantity of output and improving its quality by modernizing, and thus escaping from its heritage of outdated plant and equipment. Neither Hindustan Steel nor SAIL was ever in a position to defy the circumstances of the Indian economy or of the world steel industry on their own. But they achieved in large part, the more modest goal of contributing to India`s postwar economic growth.

As part of an economic reform policy, India set plans in motion to partially privatize its nationalized industries in 1993. As such, 10 percent of SAIL was offered to private investors over the next several years. In 1994 the company announced its plans to offer an additional 10 percent to international investors in order to raise funds for plant modernization and expansion. While SAIL worked to reach the goals set forth in the early 1990s, the company faced severe challenges in the latter half of the decade. Falling international steel prices, high costs related to its modernization program, increased inventory levels brought on by private sector growth, the Asian economic crisis, and falling export sales look their toll on SAIL`s bottom line. In fact, during the 1998-99 fiscal years, the company posted one of the largest net losses in its history--$360 million.

Overall, the global steel industry struggled during the late 1990s and into the new millennium. By 2002, a turnaround appeared to be on the horizon and
demand in India had increased by 5.7 percent. V.S. Jain was named chairman that year and was tapped to reverse SAIL’s fortunes under his leadership, the company planned to raise its production capacity to 20 million tons by 2011. SAIL’s output surpassed ten million tons of saleable steel in 2003 while exports grew by 53 percent over the previous year. By 2004, the company was producing 12.5 million tons. Although SAIL appeared to have weathered the industry downturn, it continued to face problems related to coking coal supplies. Jain explained the issue in a June 2004 Hindustan Times article. “Coking coal has been a global problem.” He claimed. “Since China restricted exports to bolster its domestic industry, global prices have gone through the roof. Our current coking coal requirements are 13 million tons, of which 9 million tons is imported. Due to constraints, we had to cut production last year and make exorbitant spot purchases.” Jain added. “We are exploring the option of buying equity stakes in coking coalmines in Australia and New Zealand. We are also looking at substitutes like coal tar and other petroleum derivatives.”

Along with the challenges brought on by the coking coal concerns, SAIL was forced to deal with rising steel prices. Over the past several years, the company had worked to overcome industry problems by diversifying into new business areas in an attempt to bolster profits. In 2001, the company formed a joint venture with the National Thermal Power Corp. to create NTPC SAIL Power Company Ltd., a company designed to manage the Captive Power Plants. Other newly formed joint ventures included the Bokaro Power Supply Co. and the Bhilai Electric Supply Co. Ltd. Believing that it had a solid strategy in place SAIL’s management team remained optimistic about the
company`s future. India`s economy was growing, leading SAIL to assume that
the country`s steel consumption would nearly double the 20047 levels,
reacting 55 to 60 million tons by 2012. Although the company`s bottom line
stood to benefit from this estimate, the cyclical and turbulent nature of the
steel industry left SAIL`s future hanging in the balance. [1]
The researcher has provided the performance resulted from financial
statements during five years from 2006-7 to 2010-11 in the following:

Table (4.1); SAIL company performance from 2007 to 2011 in crores

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**Definition of variables:**

**Net profit**

Net profit also called net income or net earnings is one of the most closely
followed numbers in finance, and it plays a large role in ratio analysis and
financial statement analysis. Shareholders look at net profit closely because it
is the source of compensation to shareholders of the company, and if a
company cannot generate enough profit to compensate owners, the value of shares will plummet. Conversely, if a company is healthy and growing, higher stock prices will reflect the increased availability of profits.

Net profit is calculated by subtracting a company’s total revenue, thus showing what the company has earned (or lost) in a given period of time (usually one year).

**Operating profit**

In accounting and finance, earning before interest and taxes (EBIT) is a measure of a firm’s profit that excludes interest and income tax expenses.

Operating income is the difference between operating revenue and operating expenses. The profit earned from a firm's normal core business operations. This value does not include any profit earned from the firm's investments (such as earnings from firms in which the company has partial interest) and the effects of interest and taxes.

Calculated as:

\[
\text{EBIT} = \text{Revenue} - \text{Operating expenses (OPEX)} + \text{Non-operating income}
\]

Operating income = Revenue - Operating expenses

**Gross profit**

**Gross profit**, which is also called **gross margin or gross income** represents the company's profit from selling merchandise before deducting operating expenses such as salaries, rent, and delivery expenses. Gross profit equals net sales minus the cost of goods sold. Gross profit is a company's residual
profit after selling a product or service and deducting the cost associated with its production and sale.

When analyzing a company, gross profit is very important because it indicates how efficiently management uses labor and supplies in the production process. More specifically, it can be used to calculate gross profit margin. Keep in mind that gross profit varies significantly from industry to industry.

**Net sale**

A sale is a transfer of property for money or credit. In bookkeeping, accounting and finance, Net sales are operating revenue earned by a company for selling its products or rendering its services. Also referred to as revenue, they are reported directly on the income statement as Sale or Net sale. Revenue is earned when goods are delivered or services are rendered. Therefore, net sales give a more accurate picture of the actual sales generated by the company, or the money that it expects to receive. A company will book its revenue once the good or service is delivered or performed for the customer. However, in the case of returns, even after a good has been sold it can often be returned under a company's return policy.

Net sales are calculated:

\[ \text{Net sales} = \text{Gross sales} - \text{Sales of returns and allowances} \]

**Total assets**

The sum of all cash, investments, furniture, fixtures, equipment, receivables, intangibles, and any other items of value owned by a person or a business entity.
In financial accounting, assets are economic resources. Anything tangible or intangible that is capable of being owned or controlled to produce value and that is held to have positive economic value is considered as asset. Simply stated, assets represent value of ownership that can be converted into cash (cash itself also is considered an asset).

The balance sheet of a firm records the monetary value of the assets owned by the firm. It is money and other valuables belonging to an individual or business. Two major asset classes are tangible assets and intangible assets. Tangible assets contain various subclasses, including current assets. Current assets include inventory, while fixed assets include such items as building and equipment.

Intangible assets are nonphysical resources and rights that have a value to the firm because they give the firm some kind of advantage in the market place. Intangible assets like; goodwill, copyrights, trademarks, patent and computer programs, and financial assets, including such items as accounts receivable, bonds and stocks.

**Current assets**

The first thing listed under the asset column on the balance sheet is something called “current assets”. This is where companies list all of the stuff that can be converted into cash in a short period of time, usually a year or less. Because these assets are easily turned into cash, they are sometimes referred to as liquid. They normally consist of cash and cash equivalents.

Cash and cash equivalents are the amount of money the company has in bank accounts, savings bonds, certificates of deposit, and money market funds. It tells you how much money is available to the business immediately. Typical
current assets include cash, cash equivalents, short term investments, accounts receivable, inventory and the portion of prepaid liabilities which will be paid within a year.

Equity

In accounting and finance, equity is the residual claim or interest of the most junior class of investors in assets, after all liabilities are paid. If liability exceeds assets, negative equity exists. In an accounting context, shareholders’ equity (or stockholders’ equity, shareholders ‘funds, shareholders’ capital or similar terms) represents the remaining interest in asset of a company, spread among individual shareholders of common or preferred stock.

At the start of a business, owners put some funding into the business to finance operations. This creates a liability on the business in the shape of capital as the business is a separate entity from its owners. Businesses can be considered, for accounting purposes, sums of liabilities and assets; this is the accounting equation. After liabilities have been accounted for the positive remainder is deemed the owner’s interest in the business.

1. A stock or any other security representing an ownership interest.

2. On a company's balance sheet, the amount of the funds contributed by the owners (the stockholders) plus the retained earnings (or losses). Also referred to as "shareholders' equity".

3. In the context of margin trading, the value of securities in a margin account minus what has been borrowed from the brokerage.

4. In the context of real estate, the difference between the current market value of the property and the amount the owner still owes on the
mortgage. It is the amount that the owner would receive after selling a property and paying off the mortgage.

5. In terms of investment strategies, equity (stocks) is one of the principal asset classes. The other two are fixed-income (bonds) and cash/cash-equivalents. These are used in asset allocation planning to structure a desired risk and return profile for an investor's portfolio.

**Working capital**

It also known as "net working capital, or the “working capital ratio”.

Working capital measures how much in liquid assets a company has available to build its business. The number can be positive or negative, depending on how much debt the company is carrying.

In general, companies that have a lot of working capital will be more successful since they can expand and improve their operations. Companies with negative working capital may lack the funds necessary for growth also called net current assets or current capital.

Net working capital = current assets - current liabilities

Working capital (WC) is a financial metrics which represents operating liquidity available to a business, organization or other entity, including working capital is considered a part of operating capital.

The Positive working capital means that the company is able to pay off its short-term liabilities. Negative working capital means that a company currently is unable to meet its short-term liabilities with its current assets (cash, accounts receivable and inventory).
4.2 Profile of Tata

Tata Steel is among the top ten global Steel companies with a crude steel production capacity of over 28 million tonnes per annum (mtpa). A Fortune 500 company, the Tata Steel Group is the world’s second most geographically diversified steel producer, employing over 80,000 people across five continents in nearly 50 countries. The Group’s Vision is to be the world steel industry benchmark in “Value Creation and Corporate Citizenship” through the excellence of its people, its innovative approach and overall conduct. Apart from its Indian operations, the Tata Steel Group today comprises mainly of its European operations through Tata Steel Europe (www.tatasteeleurope.com) and its South-East Asian operations through Tata Steel Thailand (www.tatasteelthailand.com) and Natsteel Holdings (www.natsteel.com.sg).

Tata Steel founded India’s first industrial city, now Jamshedpur, where it established Asia’s first integrated Steel plant in 1907. The Jamshedpur Works currently comprises a 6.8 mtpa crude steel production facility (with plans to grow to 10 mtpa by 2012) and a variety of finishing mills. The Company also possesses and operates captive iron ore, coking coal and chrome ore mines.

Corporate Sustainability Tata Steel was founded on the philosophy that society is not just another stakeholder in its business but is, in fact, the prime purpose of its existence.

Over the years, Tata steel has taken several environmental initiatives for the conservation, preservation and restoration of biodiversity. The service water from the cooling ponds within the Jamshedpur Steel Works is processed and distributed to various consumers. The ponds provide shelter to several species
of migratory birds and rare floral species. The rarest aquatic avian fauna found in the cooling ponds include the Small Blue Kingfisher, the White-breasted Water Hen, the Indian Pond heron, the Cattle Egret and the Little Cormorant. Moreover, there are around 14 floral species including Hydrilla Kalmi, Ipomea aquatica, Aerua Janata Chalhaua and Boerhaavia repens Sant found in the cooling ponds. Butterfly species like Danaus chrysippus, Euolopea core, Catopsilia Pomona and Precia almanac have found a place of existence around the ponds.

In line with the Tata Steel Group vision to be the global steel benchmark for both value creation and corporate citizenship, Tata Steel believes that respect for the environment is critical to the success of its business. The Tata Steel group is committed to minimizing the environmental impact of its operations and its products through the adoption of sustainable practices and continuous improvement in environmental performance. Responding to the challenges of our time, Tata Steel has adopted an approach of value creation through sustainability, for all its stakeholders. Furthermore, Tata Steel aims to contribute positively to the communities around its operations. Apart from providing employment for thousands of people, the company actively participates in community initiatives and encourages biodiversity and nature conservation. Tata Steel continues to place an emphasis on positive practices in health, safety and corporate citizenship.[2]

Table (4.2) is showing performance of Tata steel ltd during financial five years from 2006-2007 to 2010-2011.
Table (4-2); Tata company performance from 2007 to 2011 in crors

<table>
<thead>
<tr>
<th>Year</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Profit</td>
<td>4222.15</td>
<td>4687.03</td>
<td>5201.74</td>
<td>5046.80</td>
<td>6865.69</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>6435.55</td>
<td>7945.06</td>
<td>8468.3</td>
<td>8722.7</td>
<td>11077.34</td>
</tr>
<tr>
<td>Gross profit</td>
<td>14497.55</td>
<td>16548.44</td>
<td>37988.91</td>
<td>20538.06</td>
<td>23961.59</td>
</tr>
<tr>
<td>Net Sale</td>
<td>17552.02</td>
<td>19693.28</td>
<td>24315.77</td>
<td>25021.98</td>
<td>29396.35</td>
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<td>Total assets</td>
<td>17146.74</td>
<td>16726.75</td>
<td>56854</td>
<td>60985.7</td>
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<td>Current assets</td>
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<tr>
<td>Equity</td>
<td>14096.15</td>
<td>27300.73</td>
<td>30176.26</td>
<td>36961.8</td>
<td>46944.63</td>
</tr>
<tr>
<td>Working capital</td>
<td>8248.23</td>
<td>30193.66</td>
<td>1311.04</td>
<td>3247.08</td>
<td>13216.49</td>
</tr>
</tbody>
</table>

4.3 Profile of Jindal

Jindal Steel and Power Limited (JSPL) is one of India's major steel producers with a significant presence in sectors like Mining, Power Generation and Infrastructure.

With an annual turnover of over US$ 3.5 billion, JSPL is a part of the US$ 15 billion diversified O. P. Jindal Group and is consistently tapping new opportunities by increasing production capacity, diversifying investments, and leveraging its core capabilities to venture into new businesses. The company has committed investments exceeding US$ 30 billion in the future and has several business initiatives running simultaneously across continents.

Mr. Naveen Jindal, the youngest son of the legendary Shri. O. P. Jindal spearheads JSPL and its group companies. The company produces economical and efficient steel and power through backward and forward integration.
From the widest flat products to a whole range of long products, JSPL today sports a product portfolio that caters to varied needs in the steel market. The company also has the distinction of producing the world's longest 121 metre rails and large size parallel flange beams for the first time in India.

JSPL operates the largest coal-based sponge iron plant in the world and has an installed capacity of 3 MTPA of steel at Raigarh in Chhattisgarh. With a 0.6 MTPA wire rod mill and a one million tone capacity bar mill at Patratu, Jharkhand, a medium and light structural mill at Raigarh, Chhattisgarh and a plate mill to produce upto 5.00 metre wide plates at Angul, Odisha. The company aims for a fast-paced growth so as to contribute substantially to India's long term prospects.

An enterprising spirit and the ability to discern future trends have been the driving force behind the company's remarkable growth story. The company has scaled new heights with the combined force of innovation, adaptation of new technologies and the collective skills of its 15,000 strong, committed workforce.

And the recognition it has received only further lends credence to this. JSPL has recently been rated as the second highest value creator in the world by Boston Consulting Group; 11th fastest growing company in India by Business World; included in one of the Fab 50 Companies by Forbes Asia, 2009 and 2010; one of the Best Blue Chip companies as well as the Highest Wealth Creator by the Dalal Street Journal. It has also been ranked fourth as per Total Income in the Iron and Steel sector by Dun & Bradstreet.

Table (4.3) is showing performance of Jindal steel ltd during financial five years from 2006-2007 to 2010-2011.
Table (4-3): Jindal company performance from

<table>
<thead>
<tr>
<th>Year</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Profit</td>
<td>702.99</td>
<td>1236.96</td>
<td>1536.48</td>
<td>1479.68</td>
<td>2064.12</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>1095.11</td>
<td>1711.1</td>
<td>2170.79</td>
<td>2099.97</td>
<td>3038.37</td>
</tr>
<tr>
<td>Gross profit</td>
<td>1938.86</td>
<td>2982.48</td>
<td>3580.24</td>
<td>3421.65</td>
<td>4889.42</td>
</tr>
<tr>
<td>Net Sale</td>
<td>3519.81</td>
<td>5410.75</td>
<td>7653.19</td>
<td>7367.59</td>
<td>9573.63</td>
</tr>
<tr>
<td>Total assets</td>
<td>5794.94</td>
<td>6432.5</td>
<td>9297.31</td>
<td>14206.45</td>
<td>18288.3</td>
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<td>Current assets</td>
<td>1801.66</td>
<td>3299.57</td>
<td>5109.42</td>
<td>5876.90</td>
<td>8097.80</td>
</tr>
<tr>
<td>Equity</td>
<td>2496.73</td>
<td>3756.38</td>
<td>5415.32</td>
<td>6746</td>
<td>8689.34</td>
</tr>
<tr>
<td>Working capital</td>
<td>621.31</td>
<td>1678.76</td>
<td>1677.41</td>
<td>1634.79</td>
<td>3390.85</td>
</tr>
</tbody>
</table>

4.4 Profile of Bhushan

Bhushan Steel is the largest manufacture of auto-grade steel in India[^4] and is spending Rs. 260 billion to expand its capacity to 12 million tones annually[^5][^6] from the present installed capacity of around one million tones.[^7]

Bhushan Steel Ltd announced that its board of directors in a meeting held on 22 January 2007 approved the following projects: (1) Setting up of an integrated steel plant in West Bengal with facilities including slab plant, coke ovens and captive power plant. (2) Setting up of a 6 million tone per annum integrated steel plants as an expansion of its existing plant being set up at Meramandali (Distt Dhenkanal) in Orissa.

Bhushan steel has progressed over the last two decades and gone from one strength to another. Committed to create sustained stakeholders’ value, it has
chosen to consistently add value to its progress. Driven by its vision and the subsequent action, Bhushan steel is set to emerge as a dominant player in the Indian steel sector with global capacities and capability.

At Bhushan steel, we nurture progress with newer possibilities of improving it.

At Bhushan steel, we know it as “Enriching Prigress”

Table (4.4) is showing performance of Bhushan steel ltd during financial five years from 2006-2007 to 2010-2011.

Table (4.4); Bhushan company performance from 2007 to 2011 in milion

<table>
<thead>
<tr>
<th>Year</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Profit</td>
<td>31325.98</td>
<td>42372.72</td>
<td>42130.45</td>
<td>84579.66</td>
<td>100508.59</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>44961.57</td>
<td>67590.2</td>
<td>81290.69</td>
<td>136137.7</td>
<td>182206.13</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>101173.3</td>
<td>132575.1</td>
<td>164043.4</td>
<td>233646.74</td>
<td>351860.41</td>
</tr>
<tr>
<td>Net Sale</td>
<td>381493.35</td>
<td>417735.43</td>
<td>494324.44</td>
<td>561126.87</td>
<td>696765.67</td>
</tr>
<tr>
<td>Total assets</td>
<td>363642.28</td>
<td>638544.96</td>
<td>939996.56</td>
<td>1355869.36</td>
<td>2023723.98</td>
</tr>
<tr>
<td>Current assets</td>
<td>176274.91</td>
<td>241837.96</td>
<td>274364.90</td>
<td>377020.83</td>
<td>501769.53</td>
</tr>
<tr>
<td>Equity</td>
<td>121450.46</td>
<td>162531.69</td>
<td>203419.90</td>
<td>399167.06</td>
<td>589640.88</td>
</tr>
<tr>
<td>Working capital</td>
<td>94380</td>
<td>115474.57</td>
<td>134724.18</td>
<td>216662.05</td>
<td>295012.23</td>
</tr>
</tbody>
</table>

4.5 Profile of Jsw

JSW Steel Ltd. is an Indian steel company owned by the JSW Group based in Mumbai, Maharashtra JSW Steel is among India's largest steel producers, with a capacity of 10 MT as of 2011.
Sajjan Jindal led enterprise JSW Group is one of the largest business conglomerates in India with a strong presence in the core economic sector. It had grown from a steel rolling mill in 1982 and is presently a multi business conglomerate worth US$5 billion.

As part of the US$10 billion O. P. Jindal Group, JSW Group has diversified interests in Steel, Energy, Minerals and Mining, Aluminum, Infrastructure and Logistics, Cement and Information Technology.

JSW Steel, the flagship company of the JSW Group, is the largest integrated private steel manufacturer in India in terms of installed capacity. JSW’s history can be traced back to 1982, when the Jindal Group acquired Piramal Steel Limited, which operated a mini steel mill at Tarapur in Maharashtra and renamed it as Jindal Iron and Steel Company (JISCO).

The Group set up its first steel plant in 1982 at Vasind near Mumbai. Soon after, it acquired Piramal Steel Ltd., which operated a mini steel mill at Tarapur in Maharashtra. The Jindals, who had wide experience in the steel industry, renamed it as Jindal Iron and Steel Co. Ltd. (JISCO). In 1994, in order to achieve the vision of moving up the value chain and building a strong, resilient company, Jindal Vijayanagar Steel Ltd. (JVSL) was set up, with its plant located at Toranagallu in the Bellary-Hospet area of Karnataka, the heart of the high-grade iron ore belt and spread over 3,700 acres of land. It is just 340 km from Bangalore, and is well connected with both the Goa and Chennai ports. In 2005, JISCO and JVSL merged to form JSW Steel Ltd.

JSW Steel is one of the lowest cost steel producers in the world. It has established a strong presence in the global value-added steel segment with the acquisition of steel mill in US and a service center in UK. JSW Steel has also
formed a joint venture for setting up a steel plant in Georgia. The Company has also tied up with JFE Steel Corp, Japan for manufacturing the high grade automotive steel. JSW Steel has recently acquired a majority stake in Ispat Industries Ltd. This will make JSW Steel India’s largest steel producer with a combined capacity of 14.3 MTPA by March 2011. The Company has also acquired mining assets in Chile, USA and Mozambique.

Table (4.5) is showing performance of Jsw steel ltd during financial five years from 2006-2007 to 2010-2011.

Table (4.5); Jsw company performance from 2007 to 2011 in crores

<table>
<thead>
<tr>
<th>Year</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Profit</td>
<td>1292</td>
<td>1728.19</td>
<td>458.50</td>
<td>2022.74</td>
<td>2010.67</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>2314.72</td>
<td>2924.56</td>
<td>1474.88</td>
<td>3682.33</td>
<td>3477.46</td>
</tr>
<tr>
<td>Gross profit</td>
<td>3097.44</td>
<td>3885.72</td>
<td>2591.29</td>
<td>5170.94</td>
<td>5390.64</td>
</tr>
<tr>
<td>Net Sale</td>
<td>8554.36</td>
<td>11420</td>
<td>14001.25</td>
<td>18202.48</td>
<td>23163.24</td>
</tr>
<tr>
<td>Total assets</td>
<td>10384.97</td>
<td>17491.45</td>
<td>23578.61</td>
<td>25318.76</td>
<td>31370.01</td>
</tr>
<tr>
<td>Current assets</td>
<td>2479.18</td>
<td>3086.54</td>
<td>4631.64</td>
<td>5559.52</td>
<td>10188.37</td>
</tr>
<tr>
<td>Equity</td>
<td>5594.05</td>
<td>7677.25</td>
<td>7959.25</td>
<td>9706.34</td>
<td>17225.27</td>
</tr>
<tr>
<td>Working capital</td>
<td>199.90</td>
<td>-1015.83</td>
<td>-2925.57</td>
<td>-2062.37</td>
<td>123.64</td>
</tr>
</tbody>
</table>

4.6 Profile of Visa

VISA Steel Limited is a subsidiary of VISA Infrastructure Limited. The Group is a minerals, metals and energy conglomerate with business
interests in Steel, Power, Cement, International Trading and Urban Infrastructure etc.

VISA Steel is a leading player in the Indian Special Steel industry and has its Registered office in Bhubaneswar; Corporate office in Kolkata and Branch offices across India. The Company has a strong backing of experienced Promoters, reputed Board of Directors and qualified team of professionals. A listed Company, VISA Steel’s shares are traded on the BSE and NSE.

The Company is setting up an integrated 1 million TPA Special and Stainless Steel Plant at Kalinganagar Industrial Complex, Odisha. The first phase of 0.5 million TPA Special Steel Long Product Plant with 75 MW Captive Power Plant is fully operational. The facilities include a 0.4 million TPA Coke Oven Plant, 0.225 million TPA Pig Iron Plant, 0.3 million TPA Sponge Iron Plant, 0.05 million TPA Ferro Chrome Plant, 75 MW Captive Power Plant, 0.5 million TPA Steel Melt Shop (with EAF, LRF and VD) and 0.5 million TPA Rolling Mill (Bar & Wire Rod Mill). In due course capacity of this plant is planned to be doubled to 1 million TPA.

The Company plans to integrate backwards to the mining of iron ore, chrome ore and coal. Captive iron ore mining leases in Odisha are presently under the process of allotment by the Government. A chrome ore deposit in Odisha is being developed through Ghotaringa Minerals Limited, a subsidiary of the Company. A share of 54 million tonne out of 640 million tonne steam coal reserve has been allotted to the company at Patrapara Coal Block in Talcher, Odisha.
VISA Steel also plans to set up a fully integrated 2.5 million TPA Steel Plant with 500 MW Captive Power Plant at Raigarh in Chhattisgarh.

The Company also plans to set up a 1.25 million TPA Steel Plant, 100,000 TPA Manganese Alloy Plant and 300 MW Captive Power Plant in Madhya Pradesh. The Company plans to integrate backwards to the mining of Iron Ore in Chhattisgarh and Manganese Ore in MP for which grant of captive lease is presently under the process of allotment by the Government.

Table (4.6) is showing performance of Visa steel ltd during financial five years from 2006-2007 to 2010-2011.

Table (4.6); Visa company performance from 2007 to 2011 in crores

<table>
<thead>
<tr>
<th>Year</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Profit</td>
<td>205.21</td>
<td>431.48</td>
<td>-668.14</td>
<td>474.16</td>
<td>513.77</td>
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<td>Operating Profit</td>
<td>2314.72</td>
<td>2924.56</td>
<td>1474.88</td>
<td>3682.33</td>
<td>3477.46</td>
</tr>
<tr>
<td>Gross profit</td>
<td>944.12</td>
<td>1981.1</td>
<td>2302.23</td>
<td>3578.23</td>
<td>3667.52</td>
</tr>
<tr>
<td>Net Sale</td>
<td>5311.80</td>
<td>6828.05</td>
<td>10350.06</td>
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<td>Total assets</td>
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<td>13496.31</td>
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<td>Current assets</td>
<td>3842.55</td>
<td>5603.46</td>
<td>6351.96</td>
<td>6333.18</td>
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<td>Equity</td>
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<td>3469.6</td>
<td>2801.46</td>
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<td>Working capital</td>
<td>2016.64</td>
<td>760.49</td>
<td>-1801.98</td>
<td>-1586.53</td>
<td>-4013.84</td>
</tr>
</tbody>
</table>

4.7 Profile of Ispat

Ispat Industries Limited (IIL) is one of the leading integrated steel makers and the largest private sector producer of hot rolled coils in India. Set up as
Nippon Denro Ispat Limited in May 1984 by founding chairman Mr M L Mittal, IIL has steadily grown into a Rs 9,400-crore company, assuming its position as flagship of the reputed Ispat Group A corporate powerhouse with operations in iron, steel, mining, energy and infrastructure, the Group today figures among the top 20 business houses in the country.

Headquartered at Mumbai, IIL employs a total of 3000 people and is the leader in the national especially steel market. The company's core competency is the production of high quality steel, for which it employs cutting edge technologies and stringent quality standards. It produces world-class sponge iron, galvanized sheets and cold rolled coils, in addition to hot rolled coils, through its two state-of-the art integrated steel plants, located at Dolvi and Kalmeshwar in the state of Maharashtra.

The sprawling 1,200 acres Dolvi complex houses the 3 million tonne per annum hot rolled coils plant, that combines the latest technologies - the Conarc process for steel making and the compact strip process (CSP) - introduced for the first time in Asia.

The complex also has a 1.6 million tonne per annum sponge iron (DRI) plant, which was commissioned in 1994 as the world's largest and most efficient gas-based single mega module plant. Moreover, the Dolvi complex is home to a 2 million tonne blast furnace and also boasts a mechanised multi-functional jetty situated nearby, that facilitates the automation of raw material handling. A new 2.24 million tonnes per annum sinter plant, a 1260 tonnes per day oxygen and a new electric arc furnace have also been commissioned at IIL Dolvi. Ispat is the only steel maker in India and among a few in the world to have total flexibility in choice of steel making route, be it the conventional blast
furnace route or the electric arc furnace route. Its dual technology allows Ispat the freedom to choose its raw material feed, be it pig iron, sponge iron, iron ore, scrap or any combination of various feeds. It also has total flexibility in choosing its energy source, be it electricity, coal or gas.

Table (4.7) is showing performance of Ispat steel ltd during financial five years from 2006-2007 to 2010-2011.

Table (4.7); Ispat company performance from 2007 to 2011 in crores

<table>
<thead>
<tr>
<th>Year</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Profit</td>
<td>-9.53</td>
<td>34.80</td>
<td>-688.11</td>
<td>-322.34</td>
<td>-1805.88</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>994.24</td>
<td>964.87</td>
<td>135.41</td>
<td>1033.52</td>
<td>-1127.42</td>
</tr>
<tr>
<td>Gross profit</td>
<td>2454.05</td>
<td>2449.95</td>
<td>1472.27</td>
<td>2612.87</td>
<td>101.56</td>
</tr>
<tr>
<td>Net Sale</td>
<td>7486.57</td>
<td>8284.14</td>
<td>8131.98</td>
<td>10132.73</td>
<td>8226.64</td>
</tr>
<tr>
<td>Total assets</td>
<td>9991.6</td>
<td>9432.3</td>
<td>9223.41</td>
<td>8220.45</td>
<td>7470.42</td>
</tr>
<tr>
<td>Current assets</td>
<td>2807.71</td>
<td>2874.79</td>
<td>2953.83</td>
<td>3691.52</td>
<td>3577.51</td>
</tr>
<tr>
<td>Equity</td>
<td>2949.31</td>
<td>2841.46</td>
<td>2822.97</td>
<td>1882.77</td>
<td>3832.28</td>
</tr>
<tr>
<td>Working capital</td>
<td>641.96</td>
<td>147.78</td>
<td>-790.61</td>
<td>-424.37</td>
<td>179.98</td>
</tr>
</tbody>
</table>

4.8 Profile of Vizag

Vizag Steel, also known as Visakhapatnam Steel Plant is a steel producing company located 26 kilometers from Visakhapatnam, Andhra Pradesh and among India's Premier Steel Mills.

It has been conferred Navarathna status in the year 2010. It is the only integrated steel plant in the country to be certified for ISO

On 17 April 1970, the then prime minister of India, Late Mrs. Indira Gandhi announced the government’s decision in the Parliament to establish a steel plant at Visakhapatnam. The activities kicked off by appointing site selection committee in June 1970 and subsequently the committee’s report was approved for site. On 20 January 1971 she laid the foundation stone. Consultants were appointed in February 1971, and feasibility reports were submitted in 1972. The first block of land was taken over on 7 April 1974. M/s M.N. Dastur & Co was appointed as the consultant for preparing the detailed Project report in April 1975 and in October 1977 they have submitted the report for 3.4 mtpa of liquid steel. With the offer for assistance from government of erstwhile USSR, a revised project concept was evolved. Detailed Project Report for a plant capacity of 3.4 Mtpa was prepared by M/s M.N. Dastur & Co in November 1980. In February 1981 the contract was signed with USSR for preparation of working drawings for coke ovens, Blast Furnace and Sinter Plant. The blast furnace foundation was laid with first mass concreting in the project in January 1982. The construction of township also started.

A new company Rashtriya Ispat Nigam Limited (RINL) was formed on 18 February 1982. Visakhapatnam Steel Plant was separated from SAIL and RINL was made the corporate entity of Visakhapatnam Steel Plant in April 1982.
Vizag Steel Plant is the only Indian shore-based steel plant, and it has massive land, up to 19,000 acres (7,700 ha), and is poised to become up to 20 MT in a single campus and turnover in 2011-2012 was 14,457 Crores. On 20 May 2009 Honorable Prime Minister Manmohan Singh launched the expansion project of Visakhapatnam Steel Plant from a capacity of 3.6MT to 6.3MT at a cost of Rs. 8,692 Crores.

Table (4.8) is showing performance of Vizag steel ltd during financial five years from 2006-2007 to 2010-2011.

Table (4.8); Vizag company performance from 2007 to 2011 in crores

<table>
<thead>
<tr>
<th>Year</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Profit</td>
<td>1363.43</td>
<td>1942.74</td>
<td>1335.57</td>
<td>796.67</td>
<td>658.49</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>270.76</td>
<td>3026.93</td>
<td>2114.73</td>
<td>1325.2</td>
<td>1146.21</td>
</tr>
<tr>
<td>Gross profit</td>
<td>4712.43</td>
<td>6095.23</td>
<td>5167.76</td>
<td>4646</td>
<td>4424.76</td>
</tr>
<tr>
<td>Net Sale</td>
<td>7932.66</td>
<td>9088.37</td>
<td>9128.38</td>
<td>9809.15</td>
<td>10471.18</td>
</tr>
<tr>
<td>Total assets</td>
<td>2387.7</td>
<td>3471.92</td>
<td>5874.16</td>
<td>8972.55</td>
<td>11428.23</td>
</tr>
<tr>
<td>Current assets</td>
<td>10448.10</td>
<td>11804.59</td>
<td>11859.32</td>
<td>9550.66</td>
<td>7625.21</td>
</tr>
<tr>
<td>Equity</td>
<td>9538.2</td>
<td>11481.04</td>
<td>12419.91</td>
<td>12885</td>
<td>13229.22</td>
</tr>
<tr>
<td>Working capital</td>
<td>8343.80</td>
<td>8612.97</td>
<td>7678</td>
<td>5242.82</td>
<td>3017.72</td>
</tr>
</tbody>
</table>
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