

**GOVERNMENT OF INDIA
STEEL
LOK SABHA**

UNSTARRED QUESTION NO:6007
ANSWERED ON:14.05.2012
FALL IN PROFITS OF SAIL
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Will the Minister of STEEL be pleased to state:

- (a) whether the profit of Steel Authority of India Limited (SAIL) has drastically declined during the last three years;
- (b) if so, the details thereof and the reasons for decline in profits particularly in third quarter of 2011-12;
- (c) whether any steps are being taken to improve the profits and operations of the SAIL;
- (d) if so, the details thereof; and
- (e) if not, the reasons therefor?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF STEEL (SHRI BENI PRASAD VERMA)

(a)&(b): Yes, Madam. The details of Profit After Tax (PAT) of the Steel Authority of India Limited (SAIL) during 2008-09 to 2010-11 and third quarter of financial year 2011-12 are as under: -

(Rs. in crore)

2008-09	2009-10	2010-11	Quarter 3, 2011-12
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PAT	6170	6754	4905	632
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In financial year 2010-11, as compared to financial year 2009-10, the profitability declined mainly due to adverse impact of input prices, particularly imported coal, salary & wages, higher interest & depreciation and reduction in interest earnings and increase in royalty on minerals etc.

In third quarter of 2011-12, the profitability declined mainly due to lower production, sales volume of saleable steel, adverse impact of input prices, and increase in royalty on iron ore, higher interest & depreciation and adverse foreign exchange variation. The adverse impact has been partially offset by higher net sales realization of saleable steel.

(c)to(e): In order to improve its profits, the steps taken by SAIL include improvement in production by targeting higher proportion of crude steel through energy efficient continuous casting route, increasing share of value added products in product mix, improving coal dust injection rate in blast furnaces, improving health of major units/steel making equipment etc. Other measures to improve overall profitability include improving techno-economic parameters, particularly coke rate and specific energy consumption, increasing sales of by-products, scrap, sale of idle assets and non-moving/obsolete stores and spares, curtailing expenditure on traveling and other administrative expenses etc.