

# Steel Authority of India



**Brand:** Mehta Solutions

**Product Code:** case228

**Weight:** 0.00kg

**Price: Rs500**

**Short Description**

**Steel Authority of India**

**Description**

## **Steel Authority of India CAST STUDY solution**

**Read the case situations given below and answer the questions given at the end of each case situation.**

### **(a) Birla Corporation**

This company manufactures cement, jute products, automobile components, PVC flooring, carbide, gases, synthetics and steel castings. By 2003 - 04, their sales shot up by 10.6% to Rs. 1,243.78 crore, from the previous year. Profit after tax was Rs. 41.56 crore against Rs. 4.19 crore in 2002- 03. This was achieved by the company's improved performance of cement division, and by a well planned cost management. The cement division alone, contributed for 88.75% of the company's sales in 2002 - 03, and in 2003 - 04 they achieved higher capacity utilisation. Total exports increased to Rs. 50.80 crore in 2003 - 04 from Rs. 48.19 crore in 2002 - 03. In 2003 - 04, their jute exports increased, and the company had a good performance rate. The total sale of iron and steel casting was increased to 948 tonnes in 2003 - 04, as compared to 855 tonnes in 2002 - 03. The automobile sector had to face a decline. Their calcium-carbide industry struggled much due to competition from low priced materials from China and Romania, and duty free imports from Bhutan. Increase in power tariff also contributed much to their struggle. Low interest rates activity in housing sector will continue to be robust, boosting demand for cement. Taking this into advantage, Birla Corporation has decided to expand capacity at its Durgapur Cement Plant by 1 million tonnes. They are also working hard to make the production capacity of Chanderia Cement 3 lakh tonnes per annum. Projects are underway to set up power plants of 27 MW, as new industrial undertaking at Satna, M.P. and Chanderia, Rajasthan. These power plants would enhance the cost efficiency of the units.

#### **Question :**

Discuss the business activities of Birla Corporation in the light of above key macroeconomic variables.

### **(b) Eveready Industries India**

Eveready Industries India produces products ranging from carbon zinc batteries, rechargeable batteries, alkaline batteries and flashlight, to packed tea and bulk tea. In 2003 - 04, the company had to face a loss before tax of Rs. 38 lakhs, against a profit before tax of Rs. 11.13 crore in 2002 - 03. Sales increased by about 30%. Eveready has

started to focus on outsource production. They are trying to improve their quality, and reduce costs. They had a very tough time due to the rising cost of input materials in global markets, especially non-ferrous materials like zinc and brass. Due to high demand for cheap flashlights in the market, they have started to source flashlights from small scale industry units and price them attractively. They have a market share of 430/o in zinc carbon batteries, and have launched a rechargeable torch, and 2 models of CFL rechargeable lanterns. They have also started to manufacture cordless telephone batteries and AAA batteries. The company is also concentrating on controlling costs, and increasing the yield and efficiency of their workers. They are planning to further improve their distribution channels for packed tea. They are also initiating capacity enhancement at their tea factories. The tea plantation sector had to face a number of problems, including low prices, increasing cost of production, declining export volume and price realisation, in 2003 - 04. A general over-supply situation and the slowdown of consumption growth adversely affected prices. Eveready has initiated various steps to rationalise the operations of their tea estates. Question : Discuss the impact of business trends on Eveready Industries.

## **7. Read the case situations and answer the questions given at the end.**

### **(a) Steel Authority of India**

Steel Authority of India, is a leading steel maker in India. They produce and sell a broad range of steel products, including hot and cold rolled sheets and coils, galvanized sheets, electrical sheets structurals, railway products, plates, bars and rods, stainless steel and other alloy sheets. They produce iron and steel at 4 integrated plants and 3 special steel plants, located mostly in the eastern and central regions of India. The company recorded its highest ever sales turnover of Rs. 24,78 crore in 2003 - 04, compared to Rs. 79,207 crore in 2002-03. The company has recorded a significant turnaround with net profit of Rs. 2,5L2 crore during 2003- 04, from a loss of Rs. 304 crore in 2002 - 03. The reasons for this turnaround are the increase in production, cost reduction measures, reduction in borrowings, improved product mix and buoyancy in the steel market. The debt-equity ratio improved dramatically due to better cash management and improved profitability. The total cost of production was lowered by 40/o on account of measures focused on reduction in usage of coking coal/other raw materials, in energy consumption and control on administrative expenditure. The company relieved 2000 employees through voluntary retirement. The major challenge that the sector faces is the shortage of raw materials, including coking coal, coke, etc. The scarcity has resulted in rise in international coal prices. The company can face this challenge only by finding alternative input materials like coal tar, petroleum, fuel etc.

### **Question :**

Discuss the business performance of Steel Authority of India. Do they face challenges ?

**(b) Gas Authority of India Limited (GAIL)**

The Gas Authority of India is a leading public sector enterprise, whose activities range from gas marketing and distribution through trunk and regional systems, to retailing of natural gas, and processing gas for production and marketing of liquefied petroleum gas (LPG), liquid hydrocarbons and petrochemicals. They are ranked among the top 10 companies of India. The intensification of domestic exploration activities under the new exploration and licensing policy has led to the discovery of new oil and gas reserves. The current share of gas in primary energy consumption is 8%. Macroeconomic policies would drive the demand for gas in the coming years. The industrial sector also has a large appetite for gas. The growing urban population will require greater availability of compressed natural gas. While supply sources of gas are geographically dispersed, India lacks interstate pipeline infrastructure for supply of gas to the markets. Gas Authority of India (GAIL) has made some progress in the implementation of the grid, covering acquisitions, preparing feasibility studies, identification of markets and procurement of gas management systems. Exploration, production, import of gas and other technology oriented projects make up the bulk of GAIL's business development plans for MS-3 I in the coming years. The company's aim is to transform itself into an integrated energy company with involvement in the upstream and downstream power sector, and also undertake projects in countries in West Asia and South East Asia in gas infrastructure development and processing. It is already associated with various transnational gas pipeline projects in India, and is also involved in liquefied natural gas (LNG) import projects. It also plans to interface with similar initiatives for increasing gas supplies in the market. It would undertake a low cost expansion of its infrastructure of gas pipelines and networks, to increase gas usage in the market.

**Question :**

Discuss the business structure and performance of Gas Authority of India.

## **Details**

**1. Case study solved answers**

**2. pdf/word in 24-48 hrs**

**3. Fully Solved with answers**