

## POSCO-India Project Milestones



- 17 Aug 2004** : Investment Proposal was initiated with talks between POSCO and the Government of Orissa
- Oct 2004** : During the Korea-India Summit meeting, the discussions culminated into an understanding between POSCO and the Government of Orissa to enter into an MoU
- 22 Jun 2005** : Signing of MoU
- 25 Aug 2005** : Incorporation of POSCO-India Pvt. Ltd.
- 20 Sept 2005** : Capital of USD 51.3 million paid by POSCO
- 26 & 27 Sept 2005** : Application submitted for iron ore Prospective License
- 2 Nov 2005** : Land Acquisition approval by Govt. of Orissa
- 16 Dec 2005** : POSCO Board of Directors gives official nod to the 1<sup>st</sup> phase of POSCO-India project
- 29 Dec 2005** : Application submitted for Captive Port development
- 1 Jan 2006** : Paradip Construction Office opening

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posco-India

Fact Sheet





## Company Background

POSCO-India Private Limited is a subsidiary of POSCO, the world's No.4 steel producer and one of the most competitive steel companies (World Steel Dynamics' 06).

POSCO's Pohang and Gwangyang works in Korea have a combined production capacity of 31 million tons per annum (mtpa).

Since its establishment over 38 years ago, POSCO has risen to the top of the steel industry.

## POSCO-India Project

*The vision of the POSCO-India is to contribute significantly to India's rapid economic development and further accelerate the progress being made by India towards achieving the status of an economic superpower.*

POSCO signed a Memorandum of Understanding (MoU) with the Govt. of Orissa in June 2005, to set up a 12 mtpa capacity green field steel plant near Paradip, Jagatsinghpur District, Orissa with an estimated investment of US\$ 12 billion.



### Investment Objectives

- ▶ To achieve capacity expansion to accommodate the growing needs of international steel market; lend stability to the global market; and enhance its competitiveness.
- ▶ Leverage India's resources and POSCO's technological strengths to help POSCO-India make its mark in the global steel arena.

### Investment Details

Total estimated investment of US\$ 12 Billion (Rs. 51,000 Cr) in three phases for the Integrated Steelworks, Iron Ore Mine Development, and Infrastructure Development.

### Integrated Steelworks

- Location** : Ersama block in Jagatsinghpur District of Orissa (10 Km south of Paradip Port)
- Plant capacity** : 12 mtpa, to be completed in 3 phases of 4 mtpa each.
- Product (1st Phase)** : 2.5 MT of Hot Rolled Coil and 1.5 MT of Slab.

### Iron Ore Mine Development- Captive Mine

- Location** : Keonjhar and Sundergarh District of Orissa
- Duration** : 30 years
- Overall requirement** : 600 million ton with average iron (Fe) content of 62 %

### Infrastructure Development

- Railway** : Construction of private sidings in the mining areas and the plant site, to link to main railways, would be completed by end of 2009
- Road** : A coastal road connecting Paradip Port and the proposed plant site; and access roads are planned to be constructed.
- Port** : A Captive Port to be developed at the Jatadhari river mouth (about 10 Kms from Paradip).
- Power** : POSCO-India to set up a Captive Power Plant (CPP) with a capacity of 1300 MW.
- Water** : Water for the steel plant to be taken from the Jobra barrage of Mahanadi River.
- Land Acquisition** : Land required for the steel project and associated facilities : 4004 acres.

## Environmental Measures

*In February 2006, POSCO won the prestigious Transparent Management Award for all categories — transparent management, stable labour management relations, social contribution, and environmental friendliness.*

POSCO has been a strong supporter of environmental protection policies in the steel industry. POSCO's efforts have earned it worldwide recognition as an

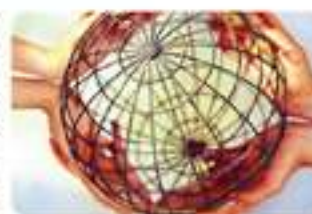
environment friendly company by International Iron and Steel Institute, and POSCO-India will strive to replicate this success in India.

Environmental Impact Assessments (EIA) for the construction of the steel plant and port are on, since August 2005. Port-related EIA is being conducted by National Institute of Oceanography.

POSCO-India is working towards implementing the state-of-the-art FINEX technology, a process that minimizes pollution.

## Corporate Social Responsibility

POSCO-India will fully support and work with the government to spearhead social responsibility programs in Orissa and the rest of the country, as it does in Korea.



POSCO-India project will strive to raise the standard of living of the people of Orissa. A detailed corporate social responsibility plan is currently being worked upon which will include in-depth inputs from the Government of Orissa and other relevant bodies.

## POSCO-India : Project Benefits over 30 years

- ▶ Projected economic effect of the project: USD 278.6 billion
- ▶ Employment: 48,000 jobs in the steel plant and about 4,67,000 man-years of employment to be created during the construction stage
- ▶ Foreign Exchange Inflows: USD 22.7 billion
- ▶ Central Government Tax Revenues: Rs 89,100 crores
- ▶ State Government Tax Revenues: Rs. 22,500 crores



Pohang (Before)



Pohang (After)



Gwangyang (Before)



Gwangyang (After)

## POSCO in Korea

- POSCO's contribution to the Korean economy is approximately USD 20.5 billion
- Value added induction stood at USD 14 billion
- Export trade balance improvement achieved to the extent of USD 1 billion per annum after 1990
- Accumulated income tax revenues through POSCO ('81-'04): USD 6.8 billion
- Accumulated number of employment during last 35 years is estimated at 500,000 and in 2005 alone, POSCO created more than 20,000 jobs in Korea
- POSCO's contribution to the economies of Pohang and Gwangyang has been remarkable. Between 1968 and 2004, Pohang's revenues went up 1141 times, with POSCO's contribution to it alone has been 20%.