

Briefing of the Company's Management

Kremikovtzi with a Strategic Role in State Economy

A briefing was initiated by management of Kremikovtzi on 16-th June. Main subject was present situation in the plant and its operation from the beginning of the year. Guntupalli Jagannadham (CEO), Eng. Plamen Stoyanov (Executive Director Operations), Dr. Stoyan Pirlov (Director TD & TI) and Bozhko Bonev (Corporate Secretary) introduced detailed information about the measures, taken by management in terms of operation and personnel saving and within period

cited, to dozens of journalists. Interest was reasonably huge since process of registering the new Management Board had been completed on June 3-rd. As Mr. Jagannadham emphasized at the beginning, "it was an occasion for sharing our feelings and informing you with our actions which are directed into saving Kremikovtzi's viability". Mr. Jagannadham made a brief exposé on the steps, accomplished by management within these critical few months. Here it is what he explained:

addition as a result, world's biggest ones are currently interested in this company. We all are happy that salaries have been made up in payment, so this matter is being solved in accordance with the schedule.

Forthcoming days are of great importance for us, that is why we need to share our concepts about them. All of you are aware of the insolvency procedure which has been tried by

on future. Current condition of metallurgy branch worldwide is a ground for such special insolvency. Very high value is typical for Kremikovtzi in regards with observation in metallurgical branch. Continuous operation process should be saved and salaries have to be paid regularly; both the plant and state are interested in this. It means that assets will be transformed into a new company and

are to be kept.

Next important issue is investments in terms of modernization, in technical and technological innovation, so that units will be made efficient and effective in future. When all these things are accepted by investors, serious efforts are to put in ecology as well as investing into different necessities of the plants. State companies are significantly important for our

- We have initiated this briefing in order to emphasize once again the strategic role of Kremikovtzi in Bulgaria's economy. I thank you all for accepting our invitation. You all know that February - the month, when I joined Kremikovtzi - had been a quiet critical month for the plant. Its image was not popular; our business partners were leaving us. All plants almost stop oper-

ed working along with government; our goal was renewing the service from the side of our strategic counteragents - BDZ, Bulgargas and NEC. An agreement was concluded with them and Ministry of Economy and Energy. The contract supposed a representative of the Ministry to join Kremikovtzi's management. We are much thankful to Bulgaria's govern-



It Plays a Strategic Role in Bulgaria's Economy

- ⇒ Generates around 2 % of Bulgarian GDP
- ⇒ Around 7,000 people employed directly and 5,000 jobs linked indirectly
- ⇒ Over 1,000 Bulgaria businesses directly linked to plant as suppliers and customers
- ⇒ Originates over 10% of Bulgaria's exports, by value, to EU and 3% of overall exports
- ⇒ Logistic activities account for:
 - ⇒ 23% of Bulgaria's rail freight by volumes
 - ⇒ 70% of freight flows at Bourgas sea port
 - ⇒ 90% of freight flow at the port of Lom
- ⇒ Accounts for 3% of the national electric company's revenue
- ⇒ Accounts for 9% of Bulgargas' revenues

ating at the end of February. Many companies such as BDZ and Bulgargas firmly gave up from working with us. These were probably the worst days for the plant in its entire background. Then we, managers' team, all together developed an internal strategy and started searching for contacts with government. Transparency in company's work was our main principle, it includes Management Board. Moreover, trade unions, which are our social partners, were also welcome to join our work.

We, therefore, created a common team which included management and trade unions - and we start-

ment indeed! I would like to thank once again to Ministry of Economy and personally to Minister Petar Dimitrov who inspired life in the plant again. We have started been proposed help from the side of other Bulgarian companies after this sign. Ecometal Engineering was the first one which helped. Situation was still very vague; new Management Board was not registered yet and future was not clear at all. This is why I thank all who have helped the company - our customers who have paid in advance for future finished goods supplies. It helped us cope with expenses. I could generalize that our trip has changed a lot; it

has turned into a part of business environment again. The company of "Irida", e.g. helped us clear off our debts towards customs. ArcelorMittal then helped us much in May and in the beginning of June. I want to share with you that the efforts of management have been focused on increasing company's value

court. We consider it as of best interest if it is passed through a special kind of insolvency procedure. Main difference between normal and special kind of insolvency, as well as special kind is to prefer by management, is as follows: Normal procedure is mainly focused on debts, while special procedure focuses

will be meant for employees as soon as the insolvency procedure is over. All assets are to be transferred. It means that the company will keep its operation cycle - starting from raw materials processing, coke, sinter, hot metal, hot and cold finished goods' production. All assets and entire production process

company's infrastructure and its entire life; investors are to, therefore, conclude agreements with state companies in terms of liabilities payment. The procedure which I have just described supposes that preliminary agreement should be there with potential buyers, so that Kremikovtzi's future will be ensured.

Questions

Most of reporters' questions were reasonably related to the offers of the bidders. Here it is generalized answer of **Mr. Guntupalli Jagannadham, CEO:**



"One is already well aware about the offer of ArcelorMittal. They proposed an offer and introduced the process of its implementation and accomplishment. Their offer was addressed to both Kremikovtzi and the Government. There was one more offer sent by Vorskla Steel, which included production and exploitation of the plants of Kremikovtzi. It was an offer made by a small company which intended to control a huge one indeed.

We discussed that offer in details; it took us 2-3 days. We were not able to accomplish it, because I requested for 10 days needed in studying it in depth - in terms of conditions proposed, and possible improvements on them. Our request was rejected and 2 hours only were granted. We considered it as a reason for treating this offer as retracted. Same company renewed its revised offer afterwards; few improvements were there, but they themselves confessed that it was not about a purchase offer. As you all know, they also intended to present such a complex offer related to the future of Kremikovtzi.

Dr. Stoyan Pirlov:

- Let me say in addition that management of Kremikovtzi has not been sent an offer by Vorskla Steel. They proposed a kind of processing, operation with materials of the customers, and nothing was mentioned about purchasing the plant.

- Kremikovtzi has a viability plan which has to be fulfilled until 2008. How can it happen according to you?

Mr. Jagannadham:

- The issue has to sides. One of them is: immediately taken decision, and situating the new owner in his position; and, second one - when the new owner assume into possession, he should manage all related issues with EU. We have to proceed speedily има две страни. Едната е незабавното вземане на решение и поставянето на

новия собор the first one which would be in favour of the company.

- At what a capacity does Kremikovtzi operate currently?

Mr. Jagannadham:

As I have already been in a position to explain that current situation is positive. All companies related would like us to increase our production by 100%. Environment is presently motivating and friendly. We should, however, not forget the surrounding frame - where we were in February, and where we are now. It should be remembered.

Eng. Plamen Stoyanov:

The environment, wherein Kremikovtzi was supposed to operate in February, was very unfriendly. The plant had reached the bottom; it had been expected to stop operating within days or even hours. We then reached our poorest monthly production capacity - 40 000 t. The company of "Ecometal Engineering" then involved itself helping us (I would like to thank them for that!) revive; state also helped much. We succeeded to increase production to 60 000 t in the months of April in May. We are expecting even more improvement in terms of production capacity as a result of coals purchase subsidized by ArcelorMittal; it will bring to coke, and, respectively, hot metal and steel production. In my opinion, it will be totally different in June. I have to emphasize that many companies which had given up from Kremikovtzi last 2 months, have now renewed their interest in working with us.

ArcelorMittal expands its presence in the USA and on the Balkans

Financial Times reports that ArcelorMittal, the world's number one steel company announced on June 16, 2008 that it is going to acquire the American producer of construction steel - Bayou Steel company for \$475 million. The planned purchase is part of the expansion strategy of ArcelorMittal. A week back ArcelorMittal had negotiations for acquiring the control over the German steel supplier Dillinger Hutte, this being part of the company strategy for invasion in the high-tech sector of steel industry. Besides the planned acquisition the steel leader increased its share in the Turkish company Erdemir by spending another \$870 million.

BDS EN ISO 9001:2001

Another four plants are introducing the Quality Management System

The QMS which is in compliance with ISO 9001:2000 and for which Kremikovtzi holds an AFAQ AFNOR International certificate, functions as per the set rules and written procedures. An annual program on the QMS activities was approved for all departments/units in which the QMS is applicable. As per the approved program 40 internal audits will be conducted this year and within the first six months of the year there have already been 20 audits. The key parameters of the processes in each dept/unit have been finalized and strictly monitored. This is a brief overview of the QMS activities in different departments/units to which the system is applicable.

But there is an update of the abovementioned information - as per the company management decision another four units in the main process flow will be covered by the QMS and these are Sinter Plant, Coke Plant, Blast Furnace and Metallurgical Refractories Plant. There are approved programs on the QMS activities in these four

units. Task forces under the supervision of QMS team members were formed and they have started developing the document formats namely the work procedures and the operative forms. The process instructions of these four plants were updated by the plants themselves with the support of specialists from Technical Issues and Process Development Dept. There will be internal audits in July in these plants, and these will be thorough audits not only diagnostic ones. The main purpose of the audits will be to check progress and level of implementation of the QMS in the respective units" - this is what Eng. Rozalina Stankeva, head of QMS Dept., shared with Kremikovski Metalur newspaper. She also added "In September and October similar audits will be conducted again and the purpose is to have a prepared report on

the progress of the QMS in respective units when top management schedules a review of the QMS activities. Another purpose of the audits will be to reassure ourselves that the QMS functions properly in the units so that we can apply to the Certifying Authorities for expanding the range of applicability of our certificate. I need to congratulate Sinter Plant on the good work done so far. There the operative procedure on production planning and management is already finalized as well as the procedures on monitoring, testing and analysis. Moreover the standard operative procedure of Sinter Plant is already approved. The progress of the QMS exercise in the other units is also going on within the planned speed since the task forces there are putting the necessary efforts in this activity."

Metal News

Erdemir LF furnace by Sino Steel starts commercial operation

It is reported that after 10 month long hard work by engineers and workers in Equipment Co of Sino Steel, the 120 tonnes LF furnace in Erdemir in Turkey successfully produced the first furnace of molten steel on August 22nd 2007 and started commercial operation on November 14th 2007.

This is the first LF project constructed by Sino Steel abroad. The design capacity of the LF furnace is 1.7 million tonnes per annum and it utilizes the most advanced smelting technology.

Equipment Co of Sino Steel is took charge of the basic design, the supply to the main equipment and the installation and debugging as well. The success of the commercial operation of LF furnace in Erdemir is good for Sino Steel to further develop international smelting furnace market.

US steel import permit in November decrease by 14% MoM

Based on the Commerce Department's most recent Steel Import Monitoring and Analysis data, the American Iron and Steel Institute reported today that steel import permit applications for the month of November 2007 totaled 2,287,000 net tons. This was a 14% decrease from the 2,665,000 permit tons recorded in October 2007, a 15% decrease from the October preliminary imports total of 2,700,000 net tons and 145 lower than the 2005 monthly average.

Import permit tonnage for finished steel in November 2007 was 1,914,000 net tons, equal to the preliminary imports of 1,913,000 net tons in October. YTD finished steel imports remain 8% higher than the same period in 2005.

For November 2007, the largest volumes of steel import permit applications for countries outside of North America were China 316,000 net tons, Korea at 152,000 net tons and Japan at 102,000 net tons.

Finished steel import permit applications for Chinese steel 316,000 net tons were up 4% in November compared to the preliminary imports total for October. This tonnage for China, while still below the 2006 record tonnage amounts that occurred in the second half of last year, was 65% higher than the 2005 monthly average of 192,000 net tons for China.

Mr Andrew G Sharkey III president & CEO of AISI said that "Notwithstanding the monthly decline, the yearly totals remain at elevated levels, and concerns about China and trade-distorting practices are not going away, especially in certain individual product categories from certain countries.

RAKIA to invest USD 2 billion for aluminium smelter in India

UAE's leading provincial investment company Ras Al Khaimah Investment Authority has announced that it would invest USD 2 billion to set up an aluminium smelter in Andhra Pradesh. The plant is expected to come up in the next 2 and half years.

Mr Khattar Massad CEO of RAKIA CEO said that "We are looking at building 1.5 million tonnes per annum capacity plant for extracting alumina and 350,000 tonnes facility for aluminium. The investment would be funded through internal accruals and debt. There are presently no partners in the project, but we might look at partnering someone in the near future."

RAKIA would require land of 1,100 acres of land the project and the Andhra Pradesh Industrial Development Authority was already in the process of buying land.

Jaipur

The "Pink City" Magic

Maharaja's world is worth being snooped into - it would convince one that "1001 nights stories" pale beside them R. Kipling says that God has created maharajas in order to entertain world with precious jewelries and marvelous palaces. 601 principalities were there in India in the midst of 19-th Century. Their possessors

being built by the maharaja of Savaj Singh II, a very famous science - minded person, in 1727. He used the guidance of the ancient Indian tractate of architecture in the building project. He called the city on his own name - Jaipur - which also means "The City of the Victory". When French man Louis Roselle visited it in 18 th

the world. Jaipur became a capital city of the newly formed state of Rajasthan after India's Independence in 1947. Its popula-

istic sculptures have been used in time measuring (to the dot of a second) and planets movements observations.



Hawa Mahal, "The Pallace of Winds" (1799).

were called maharajas; they used to be a handful of very wealthy people used as a gentle tool for control from the side of British kings and queens. Maharajas turned into ordinary people on January 1 st, 1972 as a result of Indira Gandhi's reform. Some of the ex maharajas are still powerful. Gayatri Devi, widow of Jaipuri maharaja; she was ranked among 10 most beautiful women ever, along with Viviane Lee. The "pink city" of Jaipur started

century, he wrote in his report that any European city could barely compare to Jaipur in terms of functionality at that time. North American cities have been built on Jaipur style's ground later on. Golden Age of Jaipur started in 1930 when maharaja Savaj Man Singh II ascended the throne. When he was born, the entire fountain was filled with champagne; later on, his wedding was considered by Guinness Book as the most expensive one in



Astronomic observatory of "Jantar Mantar".

tion numbers 2 mln. people nowadays. It is called "Pink city", because all buildings in its old part are colored pink. The tradition dates back to 1876 when the city was painted in pink on occasion of Prince of Wales' visit. The City Palace is situated in the midst of the olda part. This building is considered as a masterpiece of local architecture. One of its wings is occupied by the son of the last maharaja. One of the main symbols of the city is Hawa Mahal. The fine stone - carving of the windows, creating the effect of a lace curtain, used to have bipartite function - it served in letting through breeze and blocking curious stares. Astronomic observatory of "Jantar Mantar" is one of the totaly five, built by Singh in Northern India. Its giant tools which look like futur-

The ancient castle of Amber, located in the midst of Aravali hills, is nearby Jaipur. Every single detail bears records of classic taste combined with rich imagination and wealth. There are enormous halls which ceilings are encrusted with numerous of small mirrors and golden paint. Naturally pigmented frescoes beautify the entrance arches with vivid colors which have not faded away in the centuries! The maharajas of Jaipur have been taking rest after tough battles in marvelous luxury in Amber. The ethno-park of "Chokhi Dhani" is a local version of "Disneyland" including camels and elephants riding, non mechanized Vienna - cycles, puppet theatre, fakirs and many other kinds of entertainment.

WELCOME TO INDIAN RESTAURANT IN LOZENETZ, SOFIA ESPECIALLY FOR KREMIKOV TZI STAFF

Restaurant: **Papas**
Street: **Golo Bardo № 8** (Near to Restaurant Kareira)
Lozenetz, Sofia, Bulgaria
Timings: **19:00 Hrs to 22:30 Hrs** (Sunday Closed)

Treat yourself and your family to the best cooked traditional Indian meals in the state at very reasonable prices.

Note: Some Bulgarian Food is also served. All types of drinks & cocktails available.

BON APPETITE!

Some dishes we are serving includes...

- ❖ Indian Samosa
- ❖ Chat Masala
- ❖ Indian Pakora
- ❖ Lenthil Daal
- ❖ Tandoori Chicken Tikka
- ❖ Murg Malai Kebab
- ❖ Chicken Curry
- ❖ Lamb Curry
- ❖ Biryani
- ❖ Indian Breads

And many more...

For bulk bookings please contact:
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