

# ANNUAL REPORT

2005-06



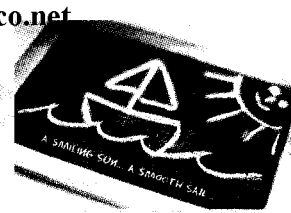
**DRAWING A BRIGHT FUTURE  
FOR INDIA**



**सेल SAIL**



The Indian steelscape is changing rapidly. The steel industry has emerged as one of the fastest growing sectors, contributing in a big way to India's evolving stature as an economic superpower. Steel-intensive sectors like construction, capital goods, manufacturing and consumer durables are also demonstrating continuous improvement, providing immense opportunity to steel producers for further growth. As the market leader, SAIL is at the forefront of the growth trajectory, turning India's dreams into an inspiring reality.



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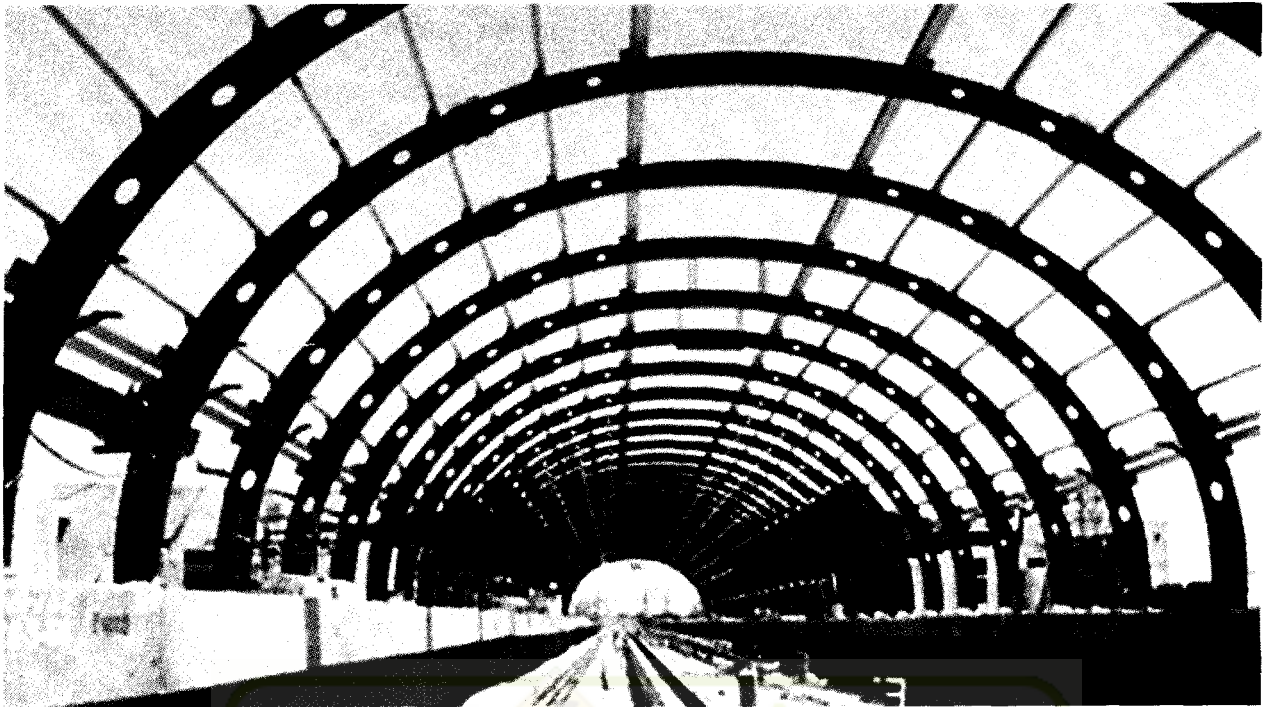
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**स्टील अथॉरिटी ऑफ इण्डिया लिमिटेड**  
**STEEL AUTHORITY OF INDIA LIMITED**

**Registered Office**

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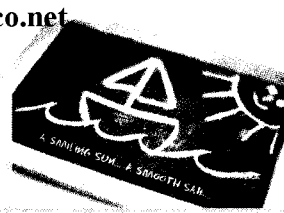


# DRAWING A BRIGHT FUTURE



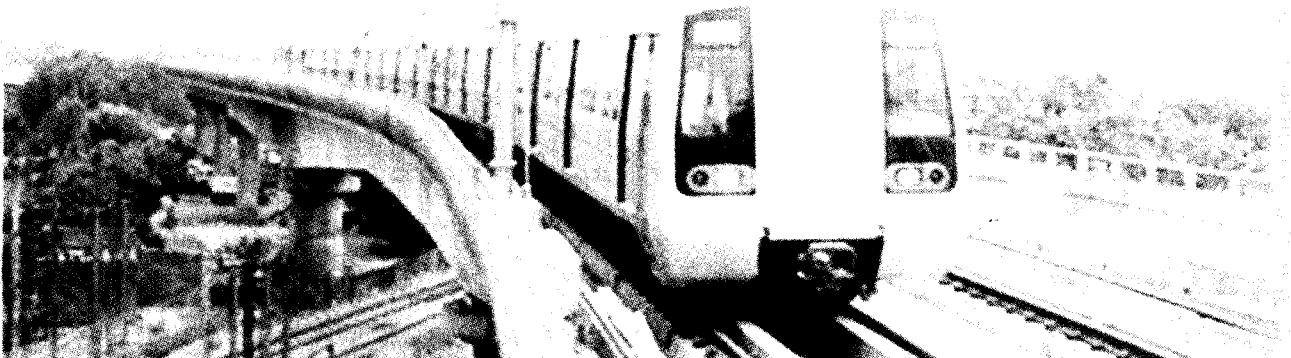
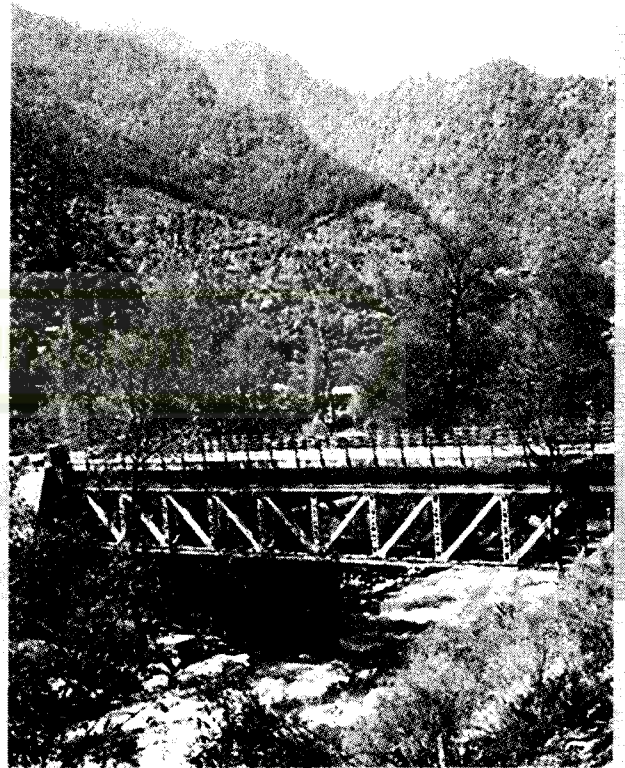
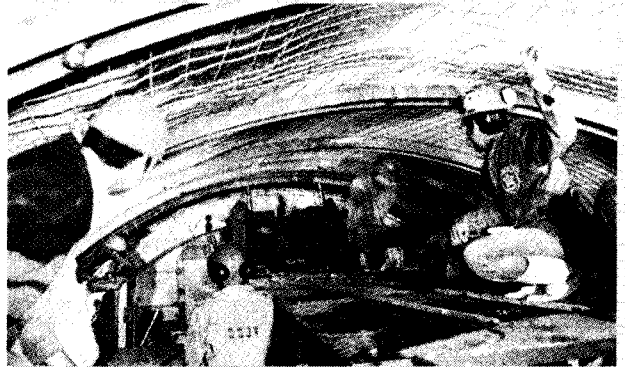
*SAIL has embarked upon a massive expansion programme that holds the promise of sharpening its competitive edge further. With a strong financial base, state-of-the-art technology, professionalism and expertise of its highly skilled, motivated and committed human resource pool, SAIL is set to continue its tradition of creating new milestones in the coming years too.*

*Well-organised operations, captive sources of raw materials and power plants, innovative R&D and structured planning, motivated teamwork, backed by a*



countrywide customer-friendly marketing network, SAIL is a force to reckon with in the Indian steel industry. Today, it is the preferred supplier of steel for a wide range of user segments, including railways, defence, nuclear & atomic energy, oil & gas transportation, automobiles, shipbuilding, heavy machinery, roads & highways, construction, power & telecom, electrical equipment manufacturers, sea and airports, consumer durables, etc. In fact, SAIL steel touches all facets of life in Indian society.

We at SAIL firmly believe in paving the way for the all-round development of our country by providing a strong infrastructure linked by bonds of steel. The thought of nation building is deeply rooted in all our endeavours. Team SAIL is determined to reach a pinnacle of glory and success in the world of steel. It is all set to draw a bright future of India.





# VISION

To be a respected world-class corporation  
and the leader in Indian steel business in  
quality, productivity, profitability and  
customer satisfaction.

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# CREDO

- We build lasting relationships with customers based on trust and mutual benefit.
- We uphold highest ethical standards in conduct of our business.
- We create and nurture a culture that supports flexibility, learning and is proactive to change.
- We chart a challenging career for employees with opportunities for advancement and rewards.
- We value the opportunity and responsibility to make a meaningful difference in people's lives.



# HIGHLIGHTS

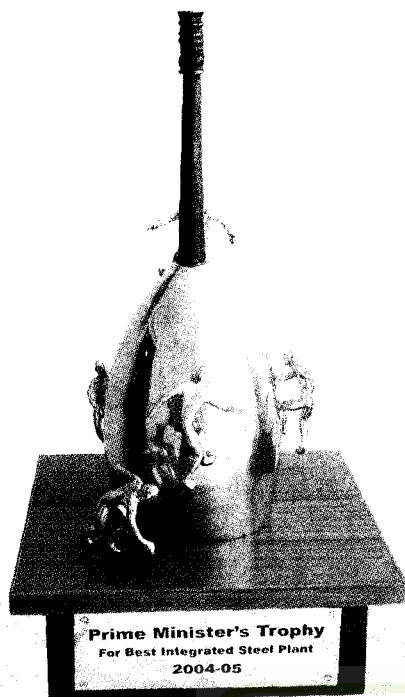
## 2005-2006

Report



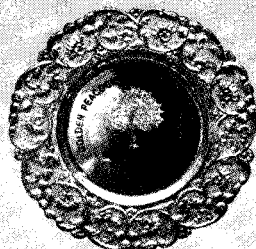
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- Highest ever production of 14.6 million tonnes of hot metal, 13.5 million tonnes of crude steel and 12.1 million tonnes of saleable steel.
- Prime Minister's Trophy to Bhilai Steel Plant for best operational integrated steel plant consecutively for 2003-04 and 2004-05. Only steel plant in the country to have won seven times.
- Highest ever turnover at Rs. 32,280 crore, an increase of Rs. 475 crore over previous year.
- Achieved highest ever domestic sales of 10.7 million tonnes in 2005-06.
- Exports of steel at 5.3 lakhs tonnes, a growth of 32% over previous year.
- Maintaining track record of consistent profitability with Profit after tax of Rs. 4,013 crore.
- Best ever energy consumption of 7.24 Gcal/Tonne/crude steel.
- Lowest ever coke rate of 543 Kg/tonnes/hot metal.
- Continued improvement in debt-equity ratio from 0.58:1 as on 31<sup>st</sup> March, 2005 to 0.35:1 as on 31<sup>st</sup> March, 2006.
- Reduction in borrowings by Rs. 1,472 crore during the year. Considering the funds invested in the year 2005-06, the Company is virtually debt free.
- Dividend @20% of paid up equity capital (including 12.5% interim dividend) declared by the Company.
- Amalgamation of the Indian Iron & Steel Company Limited with the company, resulting in synergy of operations.
- Production of 260 meter long rails panel for Railways for the first time.
- Labour productivity witnessed an increase of around 12% over previous year, to 150 tonnes of crude steel per man per year.
- Projects worth over Rs. 17,000 crore are at various stages of implementation.



- Bhilai Steel Plant of the company has bagged the prestigious **"Prime Minister's Trophy"** for the years 2003-04 & 2004-05 for being adjudged the **"Best performing Integrated Steel Plant"** in the country. BSP has the unparalleled distinction of becoming the only steel plant in the country, public or private to have been honoured with the trophy 7 times out of 13 times.
- Company has won the Gold Trophy of the prestigious **"SCOPE Award for excellence and outstanding contributions to the public sector management"** for the year 2004-05.
- Company has been selected for **"SCOPE Meritorious Award for Environmental Excellence & Sustainable Development"** for the year 2004-05.
- **"Indira Priyadarshini Vrikshamitra Award"** was awarded to Company's Rourkela Steel Plant by Ministry of Environment & Forest, Govt. of India, in recognition of its afforestation activities.

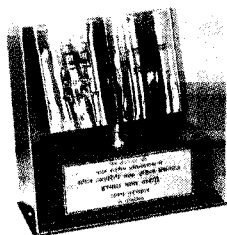
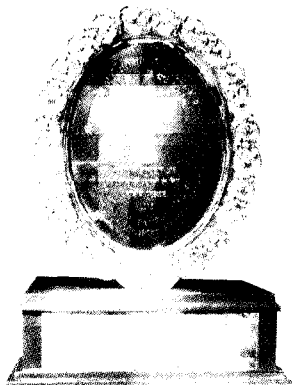
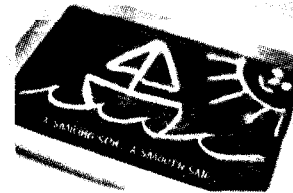
# AWARDS AND ACCOLADES



- Company's Rourkela Steel Plant was awarded the **"Golden Peacock Environment Management Award"** for the Year 2005, by World Environment Foundation, New Delhi, for Excellence in Effective Environment Management System.



- Company's Rourkela Steel Plant was awarded the **"Jawaharlal Nehru Memorial Pollution Control Excellence Award"** for the Year 2005, by the International Greenland Society, Hyderabad, for Excellence in Effective Environment Management System.
- Company's Bhilai Steel Plant has been honoured with the prize for the Independent Unit category of first ever **"Sustainability Award"** to recognize and reward excellence in social, economic and environmental performance by Confederation of Indian Industry (CII).
- Company's Bhilai Steel Plant & Rourkela Steel Plant bagged the prestigious **"Golden Peacock Innovation Award"** from Institute of Directors (IOD).



- Company's Research & Development Centre for Iron & Steel (RDCIS) has won the **"National Award for R & D efforts in Industry"** for the year 2005, instituted by the Department of Scientific and Industrial Research, Ministry of Science and Technology. The award has been conferred on RDCIS in recognition of its pioneering contribution in design, development and application of new special steel products to meet the stringent requirements of various market segments.
- Company's 13 employees have been selected for the prestigious **"Vishwakarma Rashtriya Puraskar - 2004"**. Out of these, 5 employees of Rourkela Steel Plant (RSP) have been awarded with 'A' category awards. 5 employees of Bhilai Steel Plant (BSP) and 3 employees of RSP have received 'C' category awards.
- Company was crowned a **"Business Superbrand"** for the years 2004-06 at Mumbai for best practice on brand management by Superbrand India Pvt. Ltd., an independent arbiter of branding that promotes the discipline of branding and pays tributes to exceptional brands.
- SAIL team has been adjudged as the Best team for the **"National Training Award – Innovative Training Practices"** instituted by Indian Society for Training and Development (ISTD) New Delhi. In addition, SAIL's Management Training Institute (MTI) was also awarded the **"National Award"** for the year 2005, by ISTD in recognition of Innovative Training Practices in SAIL.
- Company was awarded first prize for the **"Best performance in official language implementation"** for the year 2004-05, amongst all PSUs by Town Official Language Implementation Committee (TOLIC), Delhi. In addition, **"Ispat Bhasha Bharti"** was adjudged best house journal amongst all PSU's in Delhi and has been awarded first prize for the year 2005-06 by TOLIC, Delhi for the third consecutive year.
- Company's Rourkela Steel Plant was awarded the **"Ispat Suraksha Puraskar"** by Joint Committee on Safety, health & environment in the Steel Industry (JCSSI), for maintaining Safety Standards in its maintenance services and reduction in accident rate for Project & Construction services.
- **"Global Corporate Excellence Award"** for the year 2005 was presented to Company in recognition of Corporate Excellence, by the centre of International Business, Amity Business School, International Business Horizon - 2005.



# BOARD OF DIRECTORS

(As on 17.08.2006)

## Chairman

Shri S.K. Roongta

## Functional Directors

### Finance

Shri G.C. Daga

### Technical

Shri K.K. Khanna

### Personnel

Shri G. Ojha

## Managing Directors

### IISCO Steel Plant

Shri Nilotpal Roy

### Durgapur Steel Plant

Shri V. Shyamsundar

### Rourkela Steel Plant

Shri B.N. Singh

### Bokaro Steel Plant

Shri V.K. Srivastava

## Government Directors

Shri A.K. Rath

*Additional Secretary & Financial Adviser  
Ministry of Steel, Government of India*

Shri G. Elias

*Joint Secretary  
Ministry of Steel, Government of India*

## Independent Directors

Dr. S.C. Jain

Prof. R.P. Sengupta

Dr. Velu Annamalai

Shri Siddharth Kak

Shri Shyamal Ghosh

Shri S.N.P.N. Sinha

Shri Mohammad Yusuf Khan

Prof. Deepak Nayyar

## Secretary

Shri Devinder Kumar

## Bankers

- State Bank of India
- Punjab National Bank
- Canara Bank
- Bank of Baroda
- United Bank of India
- Bank of India
- Union Bank of India
- Oriental Bank of Commerce
- Allahabad Bank
- Bank of Maharashtra
- UCO Bank
- Central Bank of India
- State Bank of Patiala
- Indian Overseas Bank
- Syndicate Bank
- Punjab & Sind Bank
- Jammu & Kashmir Bank Ltd.
- State Bank of Hyderabad
- State Bank of Saurashtra
- State Bank of Bikaner & Jaipur
- State Bank of Indore
- State Bank of Mysore
- IDBI Ltd. (for Bond Servicing)
- HDFC Bank Ltd. (for e-payment only)

## Statutory Auditors

M/s. S.K. Mittal & Co.  
*Chartered Accountants*

M/s. Ray & Ray  
*Chartered Accountants*

M/s. Dass Maulik Mahendra K Agrawala & Co.  
*Chartered Accountants*