# PUBLIC SECTOR

## STEEL AUTHORITY OF INDIA LIMITED (Excluding Subsidiaries)

### General

Steel Authority of India Ltd. (SAIL) is a Company registered under the Indian Companies Act, 1956 and is an enterprise of the Government of India. It operates and manages five integrated steel plants at Bhilai (Chhatisgarh), Bokaro (Jharkhand), Durgapur (West Bengal), Rourkela (Orissa) and Burnpur (West Bengal), a plant of the Indian Iron and Steel Co. Ltd., which is wholly owned subsidiary of SAIL.

SAIL has also four Special and Alloy Steels and Ferro-alloys units at Durgapur (West Bengal), Salem (Tamil Nadu), Chandrapur (Maharashtra) and Bhadravati (Karnataka). The plant at Chandrapur belongs to the Maharashtra Elektrosmelt Limited which is a subsidiary of SAIL. The IISCO-Ujjain Pipe and Foundry Company Ltd., a subsidiary of IISCO, which was manufacturing Cast Iron Spun Pipes at its works at Ujjain (Madhya Pradesh), is under liquidation. Besides, SAIL has seven central units viz. the Research and Development Centre for Iron and Steel (RDCIS), the Centre for Engineering and Technology (CET), the Management Training Institute (MTI) all located at Ranchi, Central Coal Supply Organisation located at Dhanbad, Raw Materials Division, Growth Division and Environment Management Division all located at Kolkata. SAIL Consultancy Division (SAILCON) functions from New Delhi. The marketing of products of SAIL plants is done through the Central Marketing Organisation (CMO), Kolkata which has a countrywide distribution network. As part of the business restructuring plan, subsidiary companies were incorporated under the name of Bhilai Oxygen Limited (BOL) on 9th February, 1999, Bokaro Power Supply Company Limited on 17.8.2001 and Bhilai Electric Supply Company Limited on 20.9.2001.

### Finance

The authorised capital of SAIL is Rs.5000 crore. The paid-up capital of the Company was Rs.4,130.40 crore as on 30th September, 2001 which was held to the extent of 85.82% by the Government of India and the balance 14.18% by the financial institutions/GDR-holders/banks/employees/individuals etc.

### Turnover and Profit

The Company recorded a sales turnover of Rs.16232.63 crore in 2000-01. The post-tax net loss for the year 2000-01 was Rs.728.66 crore. The Company had not declared a dividend for the year ended 31st March, 2001.

The Gross margin (profit before depreciation and interest) and net loss for the half year ended 30th September, 2001 was Rs. 662.13 crore and Rs.704.44 crore respectively. The company recorded a sales turnover of Rs. 6977.48 crore during the period.

The upsurge in the market which started during last quarter (Q4) of previous year (1999-00) continued in the early part of the financial year 2000-01 also. However, due to fall in international prices coupled with continued sluggishness in the economy, the market price realisation in the domestic market also started declining in the later part of the year. There was about 9 percent improvement in the average price realisation during the year which has largely contributed to turn around strategies of the Company. In addition, increase in the price of most of the products particularly long products, a number of other measures such as more thrust on sale of finished steel, improved product-mix, reduction in export sales, realisation of long over due rail price increase etc. also helped in achieving increased sales realization.

The efforts in the cost control measures including revenue maximisation were continued and SAIL made a saving of about Rs.525 crore during the year 2000-01. This cost control saving encompasses all areas of operation in addition to the conventional areas of savings like reduction in consumption of coking coal/ other raw materials, yield improvement, lower consumption of stores and spares, control on administrative expenditure etc. Substantial savings have also been achieved in the non-conventional areas like control on arisings, reduction in payment of demurrage/idle freight and savings through optimization of purchases.

During the year, accounting policy with regard to provisioning of leave encashment liability has been amended to comply with the Accounting Standard (AS-15). The leave liability has been actuarially assessed and Rs. 377.03 crore (including Rs. 331.83 crore for previous year) has been charged to Profit and Loss Account.

The long-term agreements for employees' salaries & wages expired on 31st December, 1996. Based on the approved scheme/offer, additional estimated liability of Rs.267.02 crore on account of revision of salary & wages and consequential benefits like Provident Fund, Gratuity, Leave Encashment liabilities etc. has been provided for in the accounts for the year 2000-2001.

**Capital Expenditure**

Capital investment is being restricted to only on-going capital schemes, schemes relating to statutory requirements viz. safety, environment, etc., essential replacement & also schemes required from marketing/quality angle.

**Business Restructuring**

Subsequent to the approval of the Financial and Business Restructuring plan, a Memorandum of Understanding (MOU) was signed between SAIL and Ministry of Steel in March 2000. The MOU had well defined tasks, each having detailed milestones and specific time-frame for implementation.

As a part of Business Restructuring Plan, the company has transferred and assigned its Unit-II of Captive Power Plants at Durgapur Steel Plant (DSP) and Rourkela Steel Plant (RSP) at Rs.391 crore on 7th March, 2001 to the then subsidiary company, SAIL Power Supply Company Limited, later converted to a joint venture company with National Thermal Power Corporation Limited (NTPC) for generation and sale of entire power to the Company. NTPC has acquired 50 % shareholding in the joint venture company. The profit of Rs.286.89 crore on such transfer has been considered in the financial results of the Company.

Steps have been initiated for divestment of Captive Power Plants of Bokaro Steel Plant (BSL) and Bhilai Steel Plant (BSP) during 2001-2002. The Oxygen Plant-II of BSP, Salem Steel Plant, Visvesvaraya Iron and Steel Plant and Fertilizer Plant at Rourkela are also under various stages of divestment. SAIL has also initiated action for conversion of The Indian Iron and Steel Company Limited (IISCO) into a Joint Venture with SAIL holding minority shareholding. The other important measures for business restructuring include - introduction of Key Account Management Process (KAM) in all branches of Central Marketing Organisation and Operating cost reduction, which have made satisfactory progress.

## Production Performance

The four integrated steel plants of SAIL at Bhilai, Bokaro, Durgapur and Rourkela ended the year 2000-01 with an output of 11.20 million tonnes of hot metal, 10.31 million tonnes of crude steel and 9.41 million tonnes of saleable steel. Alloy and Special Steel Plants produced 293 thousand tonnes of saleable steel.

The details of production plan and achievement for 4 integrated steel plants during 2000-01 are as follows :

(In Million Tonnes)

| Item | Target | Actual | Fulfilment(%) |
|---|---|---|---|
| Hot Metal | 12.06 | 11.20 | 93 |
| Crude Steel | 11.00 | 10.30 | 94 |
| Saleable Steel | 10.22 | 9.70 | 95 |

The plant wise production performance of saleable steel during April-September, 2001 is given hereunder:

'000 Tonnes

| | Plant | Target | Actual | Fulfilment(%) |
|---|---|---|---|---|
| - | Bhilai Steel Plant | 1730 | 1584 | 92 |
| - | Bokaro Steel Plant | 1629 | 1474 | 90 |
| - | Durgapur Steel Plant | 749 | 752 | 100 |
| - | Rourkela Steel Plant | 632 | 630 | 100 |
| **(A)** | **Total Four Plants** | **4740** | **4440** | **94** |
| - | Alloy Steels Plant | 41 | 46 | 112 |
| - | Salem Steel Plant | 48 | 31.2 | 65 |
| - | Visvesvaraya Iron & Steel Plant | 43 | 40.8 | 94 |
| **(B)** | **Total Special Steel Plants** | **132** | **118.0** | **89** |
| | **Total SAIL(A+B)** | **4873** | **4558** | **94** |

Improvement in techno-economic parameters continued during the year. Basic Oxygen Furnace (BOF ) lining life improved at all plants and specific refractory consumption reduced by 7 %.

Performance of modernised units improved significantly during the year. Continuous cast production improved by 14 % to 5.6 Million Tonnes and was 54 % of crude steel. DSP concast operated above capacity and BSP concast exceeded capacity from November, 2000 onwards. Improvement in production of Hot Strip Mills of RSP and BSL was 15 % and 12 % respectively over previous year.

**Energy Conservation**

The continued emphasis on energy conservation measures helped further in reducing energy consumption per tonne of crude steel for the 14th successive year and reached and all time low of 7.9 Gcal/tcs during 2000-01. During the period April-September, 2001 energy consumption was 7.82 Gcal/tcs.

**Captive Power Generation**

Captive power generation in SAIL during 2000-01 improved by 7 % to 486 MW reducing dependence on public utilities. Captive power generation during the period April-September, 2001 improved by 2.4%.

**Sales and Marketing Performance**

During the year, the steel market experienced a fluctuating trend. While the first half of the year witnessed an upward movement in demand and prices, the subsequent decline in international prices coupled with trade actions by major countries led to a subdued growth in domestic market. As such, SAIL could achieve sales of 9.21 million tonnes (previous year 9.71 million tonnes) of saleable steel by pursuing an aggressive and market-driven production and marketing strategy.

There was a significant increase in the sales of Wire Rods, Structural Plates, HR Coils, GP/GC sheets, Pipes and Railway Materials. The product mix was continuously reoriented to keep pace with market demand. Higher availability of special grade products like API Grade HR Coils/Plates/Pipes, HR Coils for Cold Reducing segments etc. enabled SAIL to maintain and achieve larger market share in value added segments. SAIL has endeavored to expand the customer base by entering into annual tie up with major customers and project authorities. With a market driven pricing system, emphasis on key customers accounts by special customer service, increased product focus and constant reviewing of distribution channels SAIL could achieve an appreciable growth in sales realisation during the year.

In spite of Anti-dumping (AD)/ Countervailing Duty (CVD) imposed by USA/Canada/EU restricting market access for Indian exports, SAIL had exported 0.46 million tonnes of saleable steel earning foreign exchange worth Rs.554.69 crore during the year through exports and other activities.

## CAPITAL SCHEMES

The modernised units at Durgapur, Rourkela and Bokaro Steel Plants have stabilised and started yielding results during the year. The techno-economic parameters have also shown significant improvements.

During the period, the operation of Ladle Furnace & RH Degasser Unit in Steel Melting Shop-2 of Bhilai Steel Plant has stabilised . The Hot Trial of Sinter Plant-3 at Bhilai Steel Plant has been taken up. Defects observed during Hot Trial are being rectified and the Plant is under advanced stage of commissioning.

At Durgapur, the modernised units are operating nearly at their rated capacities. The continuous casting plant is working over 100 % capacity. The techno-economic parameters are also at planned level. The Project for upgradation of Blast Furnace No. 3 is being implemented on non-turnkey basis with in-house consultancy to contain the cost. Main Works package has been ordered on M/s MECON and the erection jobs have started. The implementation of this Project in about a years time shall enhance the hot metal capacity to more than 2 Mtpa with three Blast Furnace operation.

At Rourkela Steel Plant, rebuilding of Coke Oven Battery No.5 has been completed and operations stabilised.

At Bokaro Steel Plant, all the facilities under Modernisation have been completed and stabilised. Concast slabs have improved the quality parameters of the finished products from Hot Strip Mill. The Concast shop is presently performing at rated capacity. Hot Strip Mill attained production level of 82 % of its rated capacity during 2000-01. Rebuilding of Coke Oven Battery No.3 was also completed resulting in improvement in the oven pushings. All the Electrostatic Precipitators of Boiler Nos.6 to 8 have been commissioned. This has helped in meeting stack emission norms prescribed by Central Pollution Control Board.

### Raw Materials

During the year, the total iron ore and flux production from captive mines were 18.85 million tonnes and 2.68 million tonnes respectively. Almost the total requirement of iron ore for different plants was met from company's own captive sources. The production of iron ore and fluxes during the period April-September, 2001 was 8.4 Million Tonnes and 1.186 Million Tonnes respectively.

## IN HOUSE ENGINEERING

Centre for Engineering & Technology (CET) has been providing its services in the areas of modernisation, technological upgradation and additions, modifications and replacement schemes to plants and units within SAIL and clients outside SAIL - both in India and abroad.

The major projects implemented during 2000-2001 with in-house consultancy services include Rebuilding of Coke Oven Battery No.5 of RSP, Rebuilding of Coke

Oven Battery No.3 of BSL, Installation of Ladle Furnace in SMS-II at BSP and Installation of RH Degassing Facilities for Rails at BSP. Some of the ongoing projects being implemented with in-house consultancy are Sinter Plant No.3 (Raw materials handling package) at BSP, Upgradation of BF-3 at DSP, Introduction of Combined Blowing Technology in SMS-II at BSL and Installation of Gas Cleaning Plant in BF-4 at RSP etc.

Besides the above, CET also provided consultancy for some of the projects under implementation for clients other than SAIL. The Bar Mill at NISCO, Belur was commissioned during the year and Modernisation of Wire Rod Mill of M/s. NICCO is under implementation.

## HUMAN RESOURCES MANAGEMENT REVIEW

The company has maintained an ongoing system of communication and dialogue with the employees, representative forums and other stakeholders to obtain their commitment and support for the current business initiatives particularly the Business Restructuring Plan. A harmonious work environment, enabling employees to display their latent potential was maintained with the co-operation of the trade unions and officers' association.

### Manpower Utilisation

The manpower strength as on 31st March, 2001 was 1,56,719 comprising of 16,775 executives and 1,39,944 non-executives. There was a reduction of about 3200 employees over the previous year. The manpower productivity was 105 tonnes of crude steel per man year which is an increase of 9.4 % over the previous year. Voluntary Retirement Schemes (VRS) based on deferred payment basis were implemented in 1998 and 1999 resulting in separation of about 20,000 employees. A VRS based on Department of Public Enterprises (DPE) guidelines with lump sum payment was introduced during the year and continued upto 1st October, 2001. The manpower strength as on 30.9.2001 was 1,49,414 comprising of 16,015 executives and 1,33,399 non-executives

### Training

Need-based training was provided to employees to equip them to meet the challenges of the competitive environment. Out of the 71420 employees trained during the year, around 48 % of the training was in the area of competence enhancement. During April-September 2001, 36083 employees were trained.

### Employees welfare

The welfare of employees remained a priority for the company during the year as it has been throughout the past several years. The company continued to provide community support through various welfare measures including providing avenues for social and cultural activities, education for children, housing facilities, co-operative societies and extension of mediclaim schemes to retired employees. On this account, the Company spent an amount of Rs.459.82 crore during 2000-01, and Rs. 253.69 crore during April-September, 2001.

### Sports

In the area of Sports**,** the company's faith in young talent continues to give impressive results. Thirty-one SAIL wards won National medals or played for India during the year, the accent being on Athletics, Boxing, Basketball and Handball. Two Bokaro boys created new national records in Junior Athletics. The SAIL Football Academy team again lifted the Subroto Cup. The Delhi Soccer League sponsored by SAIL maintained highest audience ratings in the Capital compared to any other sports event and also got prime media coverage. The Indian National Football Club, also sponsored by the company retained Delhi's Super League Champion status.

### Industrial Relations

A conducive and congenial work environment was maintained through the support and cooperation of the trade unions and officers association.

### Awards

One employee from BSP was selected for Prime Minister's Shram Vir Award.

### Total Quality Process

SAIL continued its efforts towards implementation and maintenance of ISO 9000 Quality Assurance Standards in its plants/units. During the year, Steel Melting Shop-I & II, Continuous Casting Shop and Slabbing Mill at BSL received ISO 9002 Certification.

## SUBSIDIARIES

### The Indian Iron and Steel Company Limited

The Indian Iron & Steel Company Limited (IISCO) owns and operates an integrated steel plant at Burnpur, captive Iron ore mines at Gua and Manoharpur, captive collieries at Chasnalla, Jitpur and Ramnagore, a coal washery at Chasnalla and a large foundry complex at Kulti. The Management of IISCO was taken over by the Government of India on the 14th July, 1972. Shares held by the Private Parties were acquired by the Central Government on 17th July, 1976. The Shares held by the Public Financial Institutions etc. were also purchased by the Central Government and subsequently all these shares were transferred to SAIL. IISCO became a wholly-owned subsidiary of SAIL on 30th March, 1979.

## PRODUCTION PERFORMANCE

### Burnpur Works

During 2000-2001 the Steel Plant produced 716.65 thousand tonnes of Hot Metal, 330.9 thousand tonnes of Pig Iron, 329.6 thousand tonnes of Crude Steel and 276.9 thousand tonnes of Saleable Steel.

Production Performance: 2000-2001

000/T

| | Plan | Actual | Fulfillment(%) |
|---|---|---|---|
| - Hot Metal | 750 | 716.6 | 96 |
| - Crude Steel | 380 | 329.6 | 87 |
| - Pig Iron | 324 | 330.9 | 102 |
| - Saleable Steel | 305 | 276.9 | 91 |

Production Performance April-September, 2001

000/T

| | Plan | Actual | Fulfillment(%) |
|---|---|---|---|
| - Hot Metal | 362 | 343.3 | 95 |
| - Crude Steel | 183 | 167.6 | 92 |
| - Pig Iron | 155.9 | 149.6 | 96 |
| - Saleable Steel | 142 | 142.4 | 100 |

### Kulti Works

Total Castings output during 2000-01 and April-September, 2001 was 11.4 thousand tonnes and 7.6 thousand tonnes respectively. Spun Pipes production was 17.7 thousand tonnes and 6.1 thousand tonnes during 2000-2001 and April-September, 2001 respectively.

### Collieries

Total coal raisings from three Captive Collieries was 1246.2 thousand tonnes during 2000-2001 and 630.1 thousand tonnes during April-September, 2001.

### Ore Mines

Iron Ore Lump production from captive ore mines was 1328.4 thousand tonnes during 2000-01 and 644.1 thousand tonnes during April-September, 2001.

## CAPITAL SCHEMES

### Burnpur Works

During the year 2000-01, the Company incurred cash expenditure to the tune of Rs.21.94 crore on various Capital Schemes including Additions/modifications/ replacements. Financial constraints continued to affect the progress of work against ongoing schemes.

Under the Scheme for Revamping and upgradation of Merchant and Rod (M&R) Mill, a crop cum cobble shear has been installed and commissioned in December, 2000 to overcome the problem of cobbles which was affecting productivity of the mill and to improve the viability of the Mill, the installation of facilities for Thermo-Mechanical Treatment (TMT) of the bars has been completed during May, 2001.

A few more schemes like revamping of existing mill control system at M & R Mill, installation of Normalising furnace at SMS and augmentation of 11 KV distribution Network at Steel Section have been taken up for implementation. Proposal for rolling of smaller diameter bars (10mm & 12mm) at M&R Mill for higher revenue earnings is under active consideration.

### Kulti Works

A 6T medium frequency Induction furnace has been installed and commissioned at Kulti Works in April, 2000.

A chemically bonded continuous sand mixer plant at Kulti Works has been installed and successfully commissioned in September, 2000.

## FINANCIAL PERFORMANCE

During 2000-2001 the Company achieved a turnover of Rs. 941.37 crore (previous year Rs. 918.06 crore) registering a growth of 2.5%. The net loss for the year after charging depreciation (Rs. 29.25 crore) and interest (Rs. 11.25 crore) was Rs. 187.31 crore compared to the net loss of Rs. 210.38 crore during 1999-2000. The major factors contributing to the reduction in loss were higher net sales realisation, higher volume of output and favourable techno-economic factors which were, however, partly reduced by higher input cost. The Company achieved sales turnover of Rs.431.46 crore during April-September, 2001 and incurred a net loss of Rs.101.75 crore.

As on 31st March, 2001 the Authorised Capital and paid-up capital of the Company remained at Rs.550 crore and Rs.387.67 crore, respectively.

## SALES & MARKETING PERFORMANCE

### Domestic Sales

The steel demand continued to be sluggish. Sale of Saleable Steel was 278.8 thousand tonnes. Sale of Pig Iron was 282.4 thousand tonnes. During the second half of the financial year, the demand for Pig iron showed some improvement due to limited availability.

During April-September, 2001, the saleable steel and pig iron was 124.6 thousand tonnes and 143.6 thousand tonnes respectively.

### Export

7.9 thousand tonnes of Steel Materials was exported to Nepal and Bangladesh and 11.8 thousand tonnes of Pig Iron was exported to Bangladesh.

## HUMAN RESOURCES DEVELOPMENT

The Company attaches great importance to the development of its human resource to improve efficiency and productivity.

The Manpower strength as on 31$^{st}$ March, 2001 and 30th September, 2001 was 23670 (comprising 1129 executives and 22541 non-executives) and 23214 (comprising 1098 Executives and 22116 Non-executives) respectively.

The Company received from 1994-95 to 31$^{st}$ March, 2001 Rs.69.55 crore from the National Renewal Fund as Grant-in-Aid for disbursement to 2402 employees separated under Voluntary Retirement Scheme. The entire amount stands disbursed/ committed as on 31.3.2001.

Scheduled Caste and Scheduled Tribes employees were 12.41 percent and 3.23 percent respectively of the total manpower as on 31.3.2001.

## WELFARE MEASURES

The Company undertook various welfare measures like maintenance of houses, education for children, medical facilities, socio-cultural activities and other facilities and spent Rs.39.94 crore during the year.

## IISCO UJJAIN PIPE & FOUNDRY CO. LTD.

IISCO Ujjain Pipe & Foundry Co. Ltd. (IISCO Ujjain) a wholly-owned Subsidiary of IISCO, is a sick company and its production has been suspended since 27-01-1993. The Hon'ble High Court of Calcutta had considered the opinion of Board for Industrial & Financial Reconstruction (BIFR) for winding up of the Company and by its order dated 10-07-1997 directed that the Company be wound up. The Official Liquidator attached to

Hon'ble Calcutta High Court has taken over possession of IISCO Ujjain. Liquidation process is in progress.

## MAHARASHTRA ELEKTROSMELT LIMITED

Maharashtra Elektrosmelt Limited (MEL) is a subsidiary of SAIL situated at Chandrapur, Maharashtra and is a major producer of Ferro Manganese and Silico Manganese.

## FINANCIAL PERFORMANCE

During the year the Company has recorded a turnover of Rs.186.97 Crore (including conversion income of Rs.76.94 crore) as compared to Rs.196.15 crore (including NIL conversion income) in the previous year. Due to increase in power tariff, raw material cost and severe sluggish market conditions, the Company has incurred a loss of Rs.17.84 crore (previous year Rs.16.10 crore). The turnover and net loss of the Company during April-September, 2001 was 7605.90 lakh and 815.82 lakh respectively.

The Authorised and Paid-Up Share Capital of the Company as on 31.3.2001 was Rs. 30 crore and Rs. 24 crore respectively. SAIL's holding is approx. 99.12 percent of the paid-up capital.

## PRODUCTION PERFORMANCE

The Company's production of different grades of ferro alloys was as under:-

| | 2000-01<br>Tonnes |
|---|---|
| High Carbon Ferro Manganese | 53,356 |
| Silico Manganese | 37,011 |
| Medium Carbon Ferro Manganese | 721 |

Production performance: 2001-02 (April-September, 2001)

| | 2001-02 (Tonnes) | | |
|---|---|---|---|
| | Plan | Actual | Fulfilment % |
| High Carbon Ferro Manganese | 27,578 | 21,386 | 77.55 |
| Silico Manganese | 18,048 | 14,447 | 80.05 |
| Medium Carbon Ferro Manganese | - | 65 | - |

## SALES & MARKETING PERFORMANCE

In order to meet the challenges arising out of the new economic policies and further liberalisation in import, measure were taken by the Company to find markets outside SAIL under the policy of "Strategy for Managing Change".

The sales of different grades of Ferro Alloys was 91088 tonnes as compared to 84208 tonnes in the previous year.

In view of sluggish market conditions, measures were taken by the Company to find markets outside SAIL. During the year, the Company has resorted to conversion arrangement with SAIL Steel Plants to maximise revenue generation.

Though there was severe competition and excess supply in the Ferro Alloys market, continuous efforts were made by the Company to sell its products to various customers and also find new customers for disposal of its products.

**HUMAN RESOURCES MANAGEMENT REVIEW**

The manpower strength as on 31st March, 2001 was 949 comprising of 145 Executives & 804 Non-Executives. The manpower strength as on 30.9.2001 was 930 comprising of 148 executives and 782 non-executives.

The number of Scheduled Castes and Scheduled Tribes employees as on 31.3.2001 were 130 and 47 respectively.

The industrial relations throughout the year remained normal.

A total of 542 employees were trained during 2000-2001.

In order to motivate the employees, 82 employees were given the "Best Performance Award". Similarly 57 children of MEL Employees were awarded "MEL Award for Bright Pupils" for their outstanding performance in academic career.

**TOTAL QUALITY & INDUSTRIAL SAFETY**

ISO-9002 Quality Assurance System (QAS) was successfully maintained in the organisation during the year 2000-2001. The maintenance of Quality Assurance System has been verified by the Certifying Body M/s. LRQA, Mumbai, by conducting surveillance audit.

Operation of organization in tune with Quality Assurance System has benefited the Company for improvement in production process, waste management control and customer satisfaction to a great extent.

During the year under review in Industrial Safety the Company has been awarded the Prestigious National Safety Award of the British Safety Council, London, Three National Safety awards from Government of India, Steel Minister's Trophy for best safety performance for the year 1998, SAIL Chairman's Silver Plaque for No Fatal Accident during the year 1999 and Two Regional Safety Awards were received from Vidarbha Industrial Safety Committee for the year 1999-2000 for longest period of accident free mandays and training in emergency preparation.

## FUTURE PLAN

To achieve the objectives of the Corporate Plan 2005 A.D., studies were carried out for installation of Ferro Alloy Casting machine for casting of Ferro Alloy in marketable size to achieve better yield.

Installation of 30 MW Power Plant on Build Own and Operate basis is under consideration. 4.2 MW Gas based power plant has been installed recently.

## BHILAI OXYGEN LIMITED

The company was incorporated with an objective to acquire, promote, develop, establish, own, operate and maintain Oxygen plants of all types and capacities and manufacture, purchase and supply Oxygen, Nitrogen, Acetylene, Hydrogen and other industrial gases to the Steel Plants, other agencies and consumer etc. The Company was to take over assets covered under the Business Restructuring of SAIL relating to Oxygen Plant-II of Bhilai Steel Plant. Due to delay in the restructuring process, no asset has been transferred to the company so far. As such, no commercial activity has been carried out by the company during the period. The company has, however, spent Rs.9,260/- on various miscellaneous matters. There being no income, loss for the period was also Rs.9,260/-. The activities for transfer of identified assets to the Company are under way at SAIL.

## RASHTRIYA ISPAT NIGAM LIMITED (Visakhapatnam Steel Plant)

### Introduction:

Visakhapatnam Steel Plant (VSP) is the first shore based Integrated Steel Plant located at Visakhapatnam in Andhra Pradesh. The plant was commissioned in August 1992 with a capacity to produce 3 mtpa of Liquid Steel. The Plant has been built to matching international standards in design and engineering with the State-of-the Art Technology, incorporating extensive Energy Saving and Pollution Control Measures. VSP has an excellent layout, which can be expanded to over 10 mtpa capacity. Since its commissioning, within a short period of time, the plant achieved high levels of performance in production and technological norms. VSP has emerged as a good corporate citizen and has contributed its mite for the development of the region. Right from the year of its integrated operation, VSP established its presence both in the domestic and international markets with its superior quality of products. The plant has been awarded a certificate of ISO 9002, covering all the processes.

### Financial Performance:

There has been a significant improvement in the Operating Profits in the last two years. From a level of Rs. 15 crore of Operating Profits in 1998-99, VSP registered an Operating Profit of Rs. 252 crore in 1999-2000. During 2000-01, by achieving an Operating Profit of Rs. 504 crore, VSP registered a growth of 100%.

During April-Sept., 2001 VSP registered an Operating Profit of Rs. 275 crore and a Cash Profit of Rs. 109 crore.

**Energy Conservation:**

The energy consumption for the last two years is as shown under:

Unit: G.Cal. of Liquid Steel.

| Year | Plan | Actual |
|---|---|---|
| 1999-2000 | 7.6 | 7.51 |
| 2000-2001 | 7.6 | 7.10 |
| 2001-02(April-Sept.) | 7.6 | 6.82 |

Implementation of various Energy Conservation measures resulted in steady improvement in techno-economic indices as under:

| Item | 1999-2000 | 2000-01 | 2001-02 (April-Sept) |
|---|---|---|---|
| **Specific Heat Consumption (M Cal/ton)** | | | |
| ➢ Sinter Plant | 57 | 49 | 47 |
| ➢ Billet Mill | 520 | 511 | 485 |
| ➢ Bar Mill | 37 | 28 | 25 |
| ➢ Wire Rod Mill | 323 | 277 | 266 |
| ➢ MMSM | 377 | 372 | 337 |

**Industrial Relations:**

During 2000-01 and April-September, 2001, the overall Industrial Relations Scenario in VSP remained peaceful and cordial. During 2000-01, Elections through secret ballot system were held by the State Labour Department to determine the majority Union for according recognition. The elections were held in a smooth and peaceful manner without hampering production and productivity. A host of pro-active IR measures were taken during this period, some of which are indicated below:

- Confidence Building Measures (CBMs) between the Unions and the Management
- Extensive Communication
- Continuous interaction with Plant and Shop-floor level Union Leaders on various issues
- Continuous Monitoring of Welfare Measures
- Quick redressal of Grievances

These initiatives have helped in developing a congenial IR climate. A Memorandum of Settlement on Revision of wages was signed with the recognized Union on 27.09.2001 and the Union has committed to maintain industrial peace and harmony and work towards higher production, productivity and net profits. Also, a modified Scheme on Incentives was implemented to the satisfaction of all employees.

## NATIONAL MINERAL DEVELOPMENT CORPORATION LIMITED(NMDC)

### GENERAL

Incorporated on November 15, 1958, the National Mineral Development Corporation Limited (NMDC) is an undertaking of the Government of India engaged in the business of developing and exploiting mineral resources of the country (other than coal, oil, natural gas and atomic minerals). Presently its activities are concentrated on mining of iron ore, limestone and diamonds. NMDC operates the largest mechanised iron ore mines in the Country at Bailadila (Chattisgarh) and Donimalai (Karnataka). The limestone project is at Chawandia, Rajasthan and the Diamond Mine is situated at Panna (Madhya Pradesh).

### IRON ORE PRODUCTION

During 2000-01, NMDC produced 15.05 Million Tonnes of Iron Ore. During the year 2001-2002 (upto Sept.01), 6.47 million tonnes of iron ore has been produced.

### EXPORTS

Exports of iron ore produced by NMDC is canalized through Minerals and Metals Trading Corporation (MMTC). Iron Ore export is mainly to Japan, South Korea and China. In 2000-2001 Export of Iron Ore stood at 8.12 Million Tonnes (including direct export of 9.65 L.T.) valued at Rs. 591.49 Crore. In 2001-2002 (upto Sept.2001), NMDC exported 4.11 million tonnes (including direct export of 8.26 L.T.) of iron ore valued at Rs.287.48 Crore approximately.

### DOMESTIC SALES

During 2000-2001, Domestic Sales of Iron Ore was 10.03 Million Tonnes. In the year 2001-2002 (upto Sept.2001) sale of iron ore to domestic consumers was 4.04 M.T.

### DIAMONDS

During 2000-2001, 56955 Carats of Diamonds were produced. In the year 2001-2002 (upto Sept.2001) the production was 39037 Carats.

### LALAPUR SILICA SAND PROJECT, ALLAHABAD

Trial production of Silica Sand has started from November 2000 onwards.

### FINANCE

The authorised share capital of the company is Rs.150 crore. The paid up equity share capital was Rs.132.16 crore. Government of India loans outstanding are Nil.

## Financial Performance

The financial performance of the company for the year 2000-2001 and 2001-2002 (upto Sept.2001) are given below:-

**(Rs. in crore)**

| Item | 2000-2001 | 2001-2002(upto Sept.2001) As per Balance Sheet |
|---|---|---|
| Sales/Turnover | 1012.09 | 480.42 |
| Gross Margin | 352.22 | 150.40 |
| Profit/loss before tax | 316.04 | 130.37 |

## DISINVESTMENT OF SHARES OF NMDC

The Government of India had dis-invested shares of NMDC for the first time in the year 92-93. A total of 21.30 lakh shares representing 1.61% of the paid-up capital was dis-invested. The dis-investment fetched the Government an average price of Rs.83.52 per share and maximum price of Rs.100/- per share against the face value of Rs.10/- per share. During the year 1997-98, 5,154 shares of Rs.10/- each were disinvested in favour of the employees of the Corporation at the price of Rs.71/- per share. In the year 2000-01 and 2001-2002 (upto Sept.2001) no dis-investment of shares was done.

## OPERATING RESULTS

During 2000-01, the company earned a profit (before Tax) of Rs.316.04 Crore and in the year 2001-2002 (upto Sept.2001) the Company earned a profit (before Tax) of Rs. 129.16 crore.

## RECOGNITION/AWARDS IN 2001-2002

NMDC received IIIE ENTERPRISE EXCELLENCE AWARD 1999-2000 and received the shield at 4th CEOs Conference held on 10th May 2001 at Cochin.

Shri S.Guruswamy, ED (Per.) received the Personnel Manager of the year 2001 Award from Hyderabad Management Association on 28.6.2001.

Dr. C. Keshava Rao and Dr. Kamlesh Kumar, Jr. Managers of R&D Centre have received FAPCCI Award (Chelikani Achuta Rao Memorial Award) for the outstanding scientists for the year 2000-01 at the 84th Annual function ceremony.

Shri B.S.S. Rao, Sr. Manager (Mineral Processing) of R&D Centre has been selected for Sita Ram Rungta Memorial Award for the year 2001 from Society of Geo-Scientists and Allied Technologists, Bhubaneshwar.

## WORKERS' PARTICIPATION IN MANAGEMENT

The Scheme of workers' participation in management is working satisfactorily at all the three levels viz. Shop, Plant (Project) and Apex (Corporate) level. The meeting of the Joint Councils takes place regularly and follow up action taken.

## CAPITAL SCHEMES

### A) Bailadila-10/11A

Govt. of India approved the scheme of developing deposit-10/11A with a estimated capital cost of Rs.430.50 crore including foreign exchange component of Rs.18.61 crore. Project Implementation has been taken up and Equipment required for construction and mine development which were ordered have arrived. These are deployed at Deposit-11A suitably for mine development work. M.P.Govt. while giving the final forest clearance stipulated in the letter that orders of Hon'ble Supreme Court have to be complied. As per the orders of Hon'ble Supreme Court dated 25.2.97, no tree can be cut in Bastar District even with the permission from Local Authorities. In this aspect NMDC filed an interlocutory application in the Hon'ble Supreme Court. Finally, the Hon'ble Supreme Court has accorded permission for tree felling on 21.12.99 and thereafter the then MP State Forest Department has given clearance in 3rd week of February, 2000. Due to delay in the process of getting clearance from the Hon'ble Supreme Court, the project has been delayed. The construction is likely to be completed by July, 2002.

### B) Ultra Pure Ferric Oxide Plant, Visakhapatnam

NMDC's Board of Directors in Feb. 95 approved setting up an Ultra Pure Ferric Oxide Plant at Visakhapatnam, A.P. at a cost of Rs.45.98 crore.

Due to inordinate delay and repeated failure of various equipment of the systems during trail runs, NMDC after issuing 30 days notice to M/s. ISSI & KTI, has taken over the plant at the risk and cost of M/s. ISSI /KTI on 29.06.2001.

Rectification work of the plant has been taken up in the two phases. Phase-I is almost complete and Section wise trials are in progress. Integrated trial runs will be taken up in March, 2002.

### C) NMDC Iron & Steel Plant(Romelt Process) at Nagarnar, Chattisgarh

The feasibility report for setting up of a commercial pig iron plant of 0.30 MTPA capacity utilising iron ore slimes from Bailadila mines based on Romelt technology was approved by the NMDC Board on 19.12.98 at an estimated capital cost of Rs.298.68 crore including foreign exchange component of Rs.34.89 crore. An agreement was made with M/s. Romelt Sail India Ltd.,(RSIL) and M/s. Amet Ltd., Russia for basic engineering and grant of sub-license for setting up of ROMELT Pig Iron Plant, on 19.1.99 and subsequently amended on 25.5.99. The unit is registered with the

"Secretariat of Industrial Assistance (SIA), New Delhi" vide Lr.No.1702/SIA/INO/99, dated 30.8.99. The Project is to be completed within two years from the date of land acquisition, required for the plant construction.

Originally the state Govt. had offered land in Geedam village of Dantewada District of Chattisgarh. Accordingly NMDC had obtained various statutory clearances required for the project and also has completed the basic engineering works by engaging consultants M/s. RSIL and M/s. AMET. Even though the state Govt. handed over the Govt. land, it could not hand over the private land due to administrative reasons. In May 2001, the State Govt. offered land at Nagarnar and four other villages near by, located on NH-43, approximately 16 kms. from Jagdalpur on Raipur-Vijayanagaram road. Application to Collector, Jagadalpur for the proposed land at this site was filed on 18.06.2001.

The State Govt. of Chattisgarh has issued possession certificate on 29.09.2001 in respect of Private Land. Subsequently, Govt. land has also been handed over to NMDC on 8.10.2001.

Due to change in site, all the statutory clearances have to be obtained again. In this regard following is the progress:

1) NMDC has obtained an amendment to the letter of intent no. 1702/SIA/INO/99 dated 30.08.1999 issued by Secretariat of Industrial Assistance, New Delhi regarding the change in site vide SIA's letter dated 09.07.2001.

2) NMDC has submitted application to MPPCB on 25.07.2001 for grant of In-Principle NOC for establishment of the Steel Plant at Nagarnar.

3) Towards getting clearance from MOEF, collection of data at new site is in progress.

The cumulative commitments upto 30.09.2001 is Rs. 14.96 crore and the cumulative expenditure is Rs. 10.59 crore.

**NEW BUSINESS DEVELOPMENT**

A. **Exploration of Gold in Madagascar**

NMDC Board of Directors in its 325$^{th}$ Meeting held on 28.5.99 approved the Madagascar Gold Investigation work to be carried out in two phases in association with NGRI. A Wholly Owned Subsidiary (WOS) company has been registered & incorporated with the name National Mineral Development Corporation-SARL in the Republic of Madagascar.

Report on Gold exploration work done during the year 2000 in two targets of EA and EB of Antalaha region, North Madagascar has been prepared. Departmental core drilling work in EA and EB blocks of Antalaha region is completed with a total 2115.20 metres of drilling.

Moderate resolution surface geological, geochemical and geophysical exploration work in total 6 identified prospects/blocks of Ankatoka zone of Betsiaka region, North Madagascar has been completed. Data processing, interpretation and report writing are continued.

Efforts are in progress to identify a promising property for gem stone mining. There are a few offers of joint participation in prospected areas and outright purchase of potential properties.

## B. Exploration / Exploitation of Gold in Tanzania

NMDC obtained three Prospecting Licenses for Gold in the United Republic of Tanzania. Phase-I exploration involving 1135 m. of RC drilling, survey, mapping, sampling and chemical analysis (1132 samples) in Bulyang'Ombe PL-1 has been completed. Reconnaitory survey and surface sampling has been done in Bulyangombe PL-II. The Board of Directors in their 350th meeting has approved the proposal for conducting 2nd phase exploration work in Bulyang'Ombe-I and reconnaitory nature of work in Bulyang'Ombe-II and Siga Hill areas. A total of 8000 m. of RAB drilling has been planned in 3 areas. Second phase of exploration work, as indicated has been taken up and the work is in progress.

## C. NAMIBIA

NMDC has opened a wholly owned subsidiary company "Nam India Mineral Development Corporation" (NIMDC) on 2nd February, 2001. NMDC branch office is also opened on 23rd June, 2001 at Windhock, capital of Namibia.

NMDC has been allotted Exclusive Prospecting License (EPL) over an area of 15,000 hectares along the Henties Bay for prospecting of diamonds. Two EPL' s have been applied for Tin and Tantallite deposits in North Namibia. M/s. Reefton is interested in JV with NMDC for carrying out exploration in their EPL's, Sr. Manager (Geol.) has been deputed to Namibia to study the applied areas and also to look for potential localities for Titanium, Industrial Minerals and base metals.

## MAN POWER POSITION

As on 30th Sept 2001, the manpower position in the company is as follows:

| Group | Total No.of Regular Employees | No.of S/C Employees out of Col.2 | No.of S/T Employees out of Col.2 | No.of OBC Employees out of Col.2 |
|---|---|---|---|---|
| (1) | (2) | (3) | (4) | (5) |
| A | 949 | 102 | 33 | 52 |
| B | 1125 | 113 | 120 | 31 |
| C | 2502 | 458 | 603 | 87 |
| D | 1655 | 388 | 410 | 167 |
| TOTAL | 6231 | 1061 | 1166 | 337 |

## ENERGY CONSERVATION

1. Consumption of Energy per tonne of Iron Ore Excavated

A) Electrical Energy - KW / Tonne of excavation

| Year | Target | Actual |
|---|---|---|
| 1999-2000 | 2.22 | 2.11 |
| 2000-2001 | 2.02 | 2.11 |
| 2001-2002 (upto Sept.,2001) | 2.70 | 2.06 |

B) Diesel Consumption - Ltrs./Tonne of Excavation

| Year | Target | Actual |
|---|---|---|
| 1999-2000 | 0.29 | 0.29 |
| 2000-01 | 0.27 | 0.28 |
| 2001-02 (upto Sept.,2001) | 0.28 | 0.25 |

## PROJECTS IMPLEMENTED DURING 2001-2002 (upto Sept.2001)

a. Extensive use of Fluorescent Lamps for all industrial uses.

b. Installation of PF improving Capacitors and maintenance of PF at + 0.95.

c. Installation of Non-Conventional Energy Sources like Solar Panels for water heating and cooking purposes in Guest House and hospital.

d. 10 nos. Solar Energy Lamps and 5 nos. of Solar Street Lamps are being procured.

e. Automatic power factor correction devices installed.

f. Replacement of asbestos sheets by transparent sheets to reduce electricity requirement in conveyor galleries in day time.

g. 2 nos. flow meters have been installed in pumping line and RCP line.

h. Reduction in domestic energy consumption.

i. Reduction of idling time of dumpers.

j. Recycling of Lubricants.

k. Formulation of Energy Audit Teams and carrying out energy audits.

l. Award schemes for best Suggestions.

**MANDOVI PELLETS LIMITED**

**Mandovi Pellets** Limited (MPL), Goa is a joint venture company floated by Govt. of India through NMDC Ltd. and M/s. Chowgule & Co.Pvt.Ltd. (CCPL), a private Sector Company. The company has its pellet plant at Goa with an annual capacity of 1.8 million tonnes.

During the year 2001-2002 (upto Sept.2001) the company produced 2.02 Lakh tonnes of pellets and despatched 2.41 lakh tonnes of pellets. The operations of the company for the period April to Sept.2001 have resulted in a cash loss of Rs.546.27 lakhs. The accumulated losses have thus stood at Rs.9718 lakhs.

**J&K MINERAL DEVELOPMENT CORPORATION LIMITED**

Jammu & Kashmir Mineral Development Corporation Limited (J&KMDC) as a subsidiary company of NMDC was incorporated on 19.5.1989 for development of various mineral projects in the state of Jammu & Kashmir. NMDC holds 74% of equity in J&KMDC, the remaining 26% is owned by J&K Minerals Limited, a State Government Public Sector Undertaking. The Dead Burnt Magnesite (DBM) plant of 30,000 tonnes per annum was sanctioned by Govt. of India in Nov.'92. But, the project construction could not start since the viability of the project was badly affected due to reduction in customs duty on DBM in 1993-94 and further fall in the International price. NMDC intimated this to the Ministry of Steel on whose direction, further activities of the project were kept in abeyance pending establishment of the economic viability of the project. This matter was discussed in detail and it was felt that the project will not become economically viable and therefore it was decided to close the project in its original form for which Government approval was sought.

Subsequently, with the improvement in market situation, it was decided in JKMDC Board in the meeting held on 23.12.97 to develop the project in a modified form in three phases, subject to confirmation from the promoters regarding their commitment for equity subscription.

Phase-I Develop the deposit for a production of 25,000 MT of saleable Magnesite at a capital cost of Rs.451.82 lakhs.

Phase-II Expand the production to 50,000 MT of saleable Magnesite per annum subject to availability of market from the second year onwards.

Phase-III Expand the mine capacity to approx. 1 lakh tonnes and set up a 30,000 TPA DBM plant subject to economic viability based on the then prevailing market price for DBM.

The Board of Directors of J&KML and NMDC have also agreed to the above proposal and Ministry of Steel has been informed accordingly. Works are taken up in the project in accordance with the above modified plan to start Phase-I.

## KUDREMUKH IRON ORE COMPANY LIMITED(KIOCL)

### GENERAL

The Kudremukh Iron Ore Company Limited (KIOCL), country's largest 100% EOU, an ISO 9002 & ISO 14001 Company was established in April, 1976 to meet the long term requirements of Iran. An Iron Ore Concentrate Plant of 7.5 million tonnes capacity was set up at Kudremukh. This project was to be financed in full by Iran. However, as Iran stopped further loan disbursements after paying US $ 255 million, the project was completed as per schedule with the funds provided by Government of India.

While the project was commissioned on schedule, consequent upon the political developments in Iran, they did not lift any quantity of Concentrate. As a diversification measure, the Government approved the construction of a 3 million tonnes per year capacity Pellet Plant in Mangalore in May, 1981. The plant went into commercial production in 1987 and is now exporting both Blast Furnace and DR grade Pellets to many countries including Japan, China, Taiwan and Turkey and also to domestic Sponge Iron units such as Vikram Ispat, Ispat Industries, Ispat Matallics India Ltd and Jindal Vijayanagar Steel Ltd. Iron Ore Concentrate is exported to Iran, Japan and China.

### PRODUCTION

A target of 5.5 million tonnes and 3.75 million tonnes is set for production of Iron Ore Concentrate and Iron Ore Pellets respectively during the year 2001-2002. As against a target of 2.740 million tonnes of Iron Ore Concentrate fixed for the period April to September, 2001, the actual production was 2.570 million tonnes which represents 94% target fulfilment. Production of Pellets during the period April to September, 2001 was targetted at 1.730 million tonnes and the actual production during this period was 1.553 million tonnes representing 90% target fulfilment. In addition to this, 41,100 tonnes of Pellet Fines were generated during the said period.

There is shortfall in production of both Iron Ore Concentrate and Iron Oxide Pellets upto September, 2001 as compared to the targets. The reason for shortfall in Concentrate production is that the Plant was stopped for 2 days in April, 2001, and from 25-07-2001 to 04-08-2001 due to non availability of Mining lease and also due to shedfull condition. The shortfall in Pellet production was due to stoppage of the plant for 2 days in May, 2001, 8 days in September, 2001 and also due to shedfull condition.

**EXPORTS:**

During the year 2000-2001, total shipments were 4.822 million tonnes comprising 2.136 million tonnes of Concentrate and 2.686 million tonnes of Pellets. For the year 2001-2002, a target of 1.9 million tonnes of Concentrate and 3.75 million tonnes of Pellets has been fixed. As against a target of 1.025 million tonnes of Concentrate and 1.795 million tonnes of Pellets fixed for the period April, 2001 to September, 2001, actual shipments were 0.917 million tonnes of Concentrate and 1.515 million tonnes of Pellets representing 89% and 84% of the respective targets.. In addition to this, 37451 DMT of Pellet Fines were shipped during the first half of 2001-2002. There is shortfall in export of both Concentrate and Pellets during the first half of 2001-2002. The reason for shortfall is the sluggish market condition, excessive stock of Steel products, poor export demand and stagnation in economy forcing the Steel Mills to reduce production. Pellet manufacturers from Brazil and other places including competitors within the Country are exerting pressure to dump the Pellets at a much lower price in the Chinese market. The buyers are not lifting the contracted quantity of Concentrate and Pellets.

Total sales for the year 2000-2001 was Rs.583.03 crore. Estimated sales for the year 2001-2002 is Rs. 762.26 crore. As against a target of Rs.376.09 crore fixed for the period April, 2001 to September, 2001, actual sales were Rs.326.18 crore representing 87% of the target.

The Export earnings during the last three years from 1998-99 and upto September,2001, during 2001-2002 are detailed below:

**(Rs. in lakhs)**

| Year | Concentrate | Pellets | Total |
|---|---|---|---|
| 2001-2002 (upto Sept. 2001) | 8191 | 24427 | 32618 |
| 2000-2001 | 17323 | 40980 | 58303 |
| 1999-2000 | 20731 | 41348 | 62079 |
| 1998-1999 | 18407 | 36369 | 54776 |

**FINANCIAL PERFORMANCE:**

An overview of the performance of KIOCL during the year 2001-2002 upto September, 2001 together with actuals for the previous three years, is indicated below:-

(Rs. in lakhs)

| Particulars | 2001-02 upto Sept. 2001 | 2000-2001 | 1999-2000 | 1998-99 |
|---|---|---|---|---|
| Total value of Sales | 32618 | 58303 | 62079 | 54776 |
| Gross Margin | 6948 | 11853 | 12138 | 8048 |
| Profit after Tax | 3458 | 5850 | 5851 | 1853 |
| Inventories (excluding finished stock) | 8925 | 8556 | 9992 | 10708 |

**MANPOWER POSITION:**

As on 30th September,2001, the total number of employees in KIOCL were as follows:-

| Group | Total No. of employees including SC, ST as on 30th Sept.2001 | SC in position | ST in position |
|---|---|---|---|
| A | 456 | 57 | 12 |
| B | 294 | 11 | 01 |
| C | 1335 | 196 | 49 |
| D | 165 | 45 | 26 |
| D (Sweepers) | 38 | 32 | 02 |
| Total | 2288* | 341 | 90 |

* Excludes 40 employees deployed from KIOCL to KISCO.

**WORKERS' PARTICIPATION IN MANAGEMENT:**

The Works Committee in the Plants of the Company are functioning effectively and Joint Plant and Shop Councils have contributed to the improved industrial relations as well as workers' participation.

**MANGANESE ORE (INDIA) LIMITED (MOIL)**

Manganese Ore (India) Limited, (MOIL) was established in 1962. It is the largest producer of Manganese Ore in India. At the time of inception, 49% of its shares were held by the Central Province Manganese Ore Co. Ltd. (C.P.M.O.), and the remaining 51% in equal proportion by Govt. of India and the State Govt. of Madhya Pradesh and Maharashtra. Subsequently, in 1977, the shares held by C.P.M.O. in MOIL were acquired by Govt. of India and MOIL became a wholly owned Govt. Company with effect from October, 1977. As on 31.03.2001, the Govt. of India held 81.57% shares in MOIL with State Governments of Maharashtra and Madhya Pradesh holding 9.62% and 8.81% shares respectively.

MOIL produces and sells different grades of Manganese Ore. These are :-

* High Grade Ores for production of Ferro Manganese.
* Medium Grade Ore for production of Silico Manganese
* Blast Furnace Grade Ore required for production of Hot Metal, and,
* Dioxide Ore, which goes into production of Dry Battery Cells.

MOIL has set up a plant based on indigenous technology to manufacture Electrolytic Manganese Dioxide (EMD). This product is also used for the manufacture of dry battery cells. EMD produced by the Company is of good quality and well accepted by market. MOIL has commissioned a Ferro Manganese Plant in 1998 having a capacity of 10,000 tonnes per Annum.

**Finance**

Authorised Capital of the Company is Rs. 30.00 Crore and paid-up Capital was Rs. 15.33 Crore as on 31.10.2001.

**Performance**

**Operational & Financial Results**

The Physical & Financial Performance of the Company for the last 3 years is as below :

| | **Item** | **1998-99** | **1999-2000** | **2000-2001** |
|---|---|---|---|---|
| 1. | Production<br>a) Manganese Ore (Thousand tonnes)<br>b) E.M.D. (tonnes)<br>c) Ferro Manganese (tonnes) | 614<br>764<br>2690 | 652<br>761<br>9787 | 654<br>781<br>11327 |
| 2. | Turnover (in Crore) | 118.27 | 134.11 | 165.22 |
| 3. | Profit before tax (Rs. Crore) | 20.03 | 17.21 | 30.99 |
| 4. | Reserves (Rs. Crore) | 65.53 | 73.58 | 89.00 |
| 5. | Net Worth (Rs. Crore) | 80.78 | 88.83 | 102.13 |
| 6. | Book Value per share (Rupees) | 527.40 | 579.91 | 666.67 |
| 7. | Earning per share (Rupees) | 89.43 | 76.52 | 130.79 |

Performance of the Company in 2001-2002 (upto Oct. 2001) is as under :

| | Item | **2001-2002 MOU Target (Full year)** | **2001-2002 Actual upto (31.10.2001)** |
|---|---|---|---|
| 1. | Production<br>a) Manganese Ore (Thousand tonnes)<br>b) E.M.D. (tonnes)<br>c) Ferro Manganese (tonnes) | <br>660<br>950<br>10000 | <br>347<br>454<br>5640 |
| 2. | Turnover (Rs. in Crore) | 145.40 | 86.18 |
| 3. | Profit before tax (Rs. In Crore) | 18.00 | 13.58 |

**Marketing**

Due to slow down in the Steel Sector, consumption of Ferro Manganese in the country has come down, thereby affecting the domestic sale of Manganese Ore. In order to reduce inventory, Company has made efforts to export the Ore. During 2001-2002, the Company has exported more than 62,350 tonnes till October, 2001 which is 50% more than that of last year's exports for the same period.

**Conservation of Energy**

Consistent with the National Policy of conserving energy and also with a view to contain the cost of production, the Company has embarked upon an economy drive in this sphere. Various steps including energy audit have been undertaken to conserve energy and minimise power consumption.

**Capital Schemes/Projects**

MOIL is planning/implementing the following projects/schemes :

**Electrolytic Manganese Dioxide Plant (EMD) :**

The 600 TPA Capacity Electrolytic Manganese Dioxide (EMD) Plant set-up as a part of diversification plan. The quality of the product is of international standard. The capacity of this plant has been expanded twice by 200 TPA considering the good demand in the domestic market. The company has received ISO-9002 Certification for its EMD Plant. The present capacity is 1000 Tonnes Per Annum.

**New EMD Plant :**

The work of preparing project report was awarded to MECON who have submitted their report. The same is being studied by the Company. However, due to recession in the industry, this report is being re-examined.

**Ferro Manganese Plant - Balaghat Mine :**

The plant was Commissioned in October, 1998, and various technical parameters were stabilized. During 2000-2001, the Plant produced 11,327 MT HC Ferro Manganese as against 9,787 MT last year thus achieving 123% of capacity utilization. The sales escalated to 11,851 MT against 8883 MT last year. The quality is one of the best in the country and firmly established in the market. Inspite of rising prices of coke and power and comparatively low prices of Ferro Manganese, the techno-economic norms were improved by constant monitoring. Specific consumption norms in respect of Manganese Ore, Coke, Dolomite Electrode paste and other consumables per tonne of HC Ferro Manganese could be brought below targeted consumption pattern by continuous effort to improve the technology. Further, measures of cost reduction are under implementation. The Plant has started making a turn around and generated Rs. 127.44 lakhs profit before tax in 2000-2001.

**Captive Power Plant :**

The Company has proposed to set-up a Captive Power Plant at Balaghat Mine but due to increase in the price of Diesel and the possibility of further increase in future, the proposal regarding installation of DG Set has been dropped. The Company is now exploring the possibility of setting captive power plant by using Biomass technology. The Techno-Economic Report is under preparation by MECON Ltd.

**Cost Reduction Plans :**

The Company has introduced following cost reduction measures :

* Proper manpower planning and introduction of Voluntary retirement Scheme (without replacement) to reduce surplus man power.
* Judicious mechanisation of various mining operations.

**Workers' participation in Management :**

The Company has set-up a mechanism for the association of workers representatives from the grass root level to the Apex Council which functions at the Corporate level, with workers and Management representatives under the Chairmanship of the Chairman-cum-Managing Director to review and find solutions to major problems. There is continuing effort to strengthen this arrangement. In addition Works/Canteen/Grievance Committees are functioning satisfactorily at each unit. The members of these committees are from different sections of employees.

**Social Commitment :**

MOIL had adopted a Tribal Village viz. Gondi, close to Ukwa Mine in Madhya Pradesh. The Company has introduced a wide range of development activities such as repair of roads, construction of houses for homeless tribals, construction of school building to impart education to tribal children etc. as a part of their ongoing social welfare promotion scheme.

**Personnel :**

The composition of the work force of the Company as on 31st October, 2001 was as under :

| Group | S.C. | S.T. | O.B.C. | Others | Total |
|---|---|---|---|---|---|
| A | 17 | 4 | 22 | 149 | 192 |
| B | 15 | 11 | 25 | 134 | 185 |
| C | 283 | 348 | 390 | 670 | 1691 |
| D | 1059 | 1655 | 2110 | 869 | 5693 |
| **Total** | **1374** | **2018** | **2547** | **1822** | **7761** |

Out of the total number of 7,761 employees, 858 are women.

**MSTC LIMITED**

INTRODUCTION

MSTC Limited (formerly known as Metal Scrap Trade Corporation Limited)was incorporated under the Companies Act, 1956 on 9th September, 1964. The status of the Company underwent a change in February, 1974 to make it a subsidiary of Steel

Authority of India Limited (SAIL). In the year 1982-83, the Corporation was converted into a Government of India Company transferring the shares of SAIL to the President of India. It was the canalising agency for import of carbon steel melting scrap, sponge iron/hot briquetted iron and re-rollable scrap till February, 1992. It was also the canalising agency for import of old ships for breaking, import of which was decanalised and put under OGL w.e.f. August, 1991 . Presently, the company undertakes disposal of ferrous and non-ferrous scrap arisings from integrated steel plants under SAIL/RINL etc. and diposal of scrap, surplus stores etc. from other Public Sector Undertakings and Govt. Departments and also import of ferrous and non-ferrous scrap, coke finished steel and Petroleum products in competition with any other private trader.

**CAPITAL STRUCTURE**

The Company has an authorised capital of Rs. 5 crore and paid up capital is Rs. 2.20 crore as on 31.3.2001 of which approximately 90% is held by President of India and balance 10% is held by members of Steel Furnace Association of India , Iron and Steel Scrap Association of India and others . Paid up capital of Rs. 2.20 crore includes Bonus shares issued in the year 1993-94 in the ratio 1:1. Reserves and surplus as on 31.3.2001 has been Rs.55.91 crore.

**LOCATION OF UNITS**

The registered and corporate office of the Company is located at Kolkata and it has four Regional Offices at Kolkatta, Delhi , Chennai and Mumbai, four branch offices at Visakhapatnam, Bhopal, Bangalore and Vadodara and three resident offices at Bokaro, Rourkela and Surat.

**ACTIVITIES**

The company has two major spheres of activities i.e. Domestic Marketing and International Marketing.

**DOMESTIC MARKETING**

Company undertakes disposal of ferrous scrap and other secondary arisings generated in integrated steel plants and disposal of scrap, surplus stores, etc. from other public sector enterprises and Govt. Departments including Ministry of Defence. It also undertakes trading in items procured from within India.

**INTERNATIONAL MARKETING**

After decanalisation in February, 1992, the demand for imported scrap was considerably reduced in the country. The company, therefore, enlarged its import basket and it now undertakes import of scrap on behalf of large industrial houses to back to back order basis and other items such as petroleum products, lam coke, superior kerosene oil, furnace oil, ferro alloys, slab-end cuttings, DR pellets, non-ferrous and fero alloys etc. as per the needs of actual users in competition with other private parties.

## SUBSIDIARY OF MSTC

MSTC plays yet another role of holding company of Ferro Scrap Nigam Ltd. (FSNL) whose 60% shares are held by MSTC and 40% by Harsco Corporation Incorporated, USA. FSNL is engaged in salvaging and processing of scrap for recycling in the SAIL steel plants and elsewhere.

## PERFORMANCE DURING 2000-2001

## DOMESTIC MARKETING

Volume of sales achieved during the year 2000-2001 was Rs.601 crore against a target of Rs.620 crore and actuals of Rs.565 crore during previous year. Generation of scrap from integrated steel plants have come down drastically due to modernisation of steel plants and due to cash crunch. Steel plants are selling directly to customers at a heavy discount and also recycling their own scrap to the maximum extent possible.

## INTERNATIONAL MARKETING

In the area of International Marketing total volume of sales achieved during the year 2000-2001 was Rs.274 crore as against a target of Rs.220 crore and actuals of Rs. 285 crore achieved in the previous year.

## PHYSICAL AND FINANCIAL PERFORMANCE

The physical and financial performance for the years 1999-2000, 2000-2001 and 2001-2002 (upto Sept.2001 ) are given below:-

(Rs.in crore)

| | 1999-2000 | 2000-2001 | 2001-2002(upto Sept.2001(provisional) |
|---|---|---|---|
| Financial performance | | | |
| Turnover | 224.96 | 349.32 | 228.93 |
| Operating profit (before interest depreciation and other provision) | 6.26 | 6.73 | 2.86 |
| Interest and depreciation | 0.53 | 0.40 | 0.23 |
| Profit before tax | 5.73 | 6.33 | 2.63 |
| Physical performance | | | |
| International Marketing value (Rs in crore) | 285.00 | 274.00 | 218.82 |
| Domestic Marketing (Rs in crore) | 565.00 | 601.00 | 237.67 |
| Total volume of business (Rs in crore) | 850.00 | 875.00 | 699.65 |

## FERRO SCRAP NIGAM LIMITED

### INTRODUCTION

Ferro Scrap Nigam Limited (FSNL) is a joint sector company under the Ministry of Steel with a paid up capital of Rs. 200 lakhs in which M/S. MSTC hold 60% of the equity shares and the remaining 40% are held by M/s. Harsco Inc. of USA. The Company is thus a subsidiary of MSTC.

### ACTIVITIES AND OBJECTIVES

The Company undertakes the recovery and processing of scrap from slag and refuse dumps in the six steel plants at Rourkela, Burnpur, Bhilai, Bokaro, Visakhapatnam Durgapur and in Ispat Metallics India Limited, Dolvi.

The scrap recovered is returned to the steel plants for recycling /disposal and the Company is paid processing charges on the quantity recovered at varying rates depending on the category of scrap. Scrap is generated during Iron and Steel making and also in the Rolling Mills.

In addition, the Company is also providing Steel Mill Services such as scarfing of Slabs, handling of BOF Slag, etc.

### LOCATION OF UNITS

The Corporate Office is situated at Bhilai and the Corporation has seven fields units situated at Bhilai, Burnpur, Rourkela, Bokaro, Visakhapatnam, Durgapur and Dolvi.

### PHYSICAL & FINANCIAL PERFORMANCE

#### Physical Performance

The production performance of FSNL for the last two years and for the year 2001-2002 (upto 30/9/01) are given below:-

| Item | 1999-2000 | 2000-2001 | 2001-02(upto 30/9/01) (provisional) |
|---|---|---|---|
| Recovery of scrap(lakh MTs) | 15.05 | 15.04 | 7.18 |
| Market Value of Production (Rs. In crore ) | 662.20 | 661.76 | 315.92 |

**FINANCIAL PERFORMANCE (Rs. in lakhs)**

| Item | 1999-2000 | 2000-2001 | 01-02(upto 30.9.01) (Provisional) |
|---|---|---|---|
| Total turnover i.e. service charge realised including misc. income etc. | 8593.79 | 8681.41 | 3725.08 |
| Gross Margin (before Int. & Dep) | 2570.46 | 2268.16 | 950.97 |
| Int.& Dep. | 645.64 | 653.94 | 453.73 |
| Profit before Tax | 1924.82 | 1614.22 | 497.24 |

SALES REALISATION

Sales realisation per metric tonne for the last two years and estimated sales realisation for the year 2001-02 upto 30th Sept.2001 are indicated below:-

(Rs. In lakhs )

| Item | 1999-00 | 2000-01 | 2001-2002 (upto 30/9/01 (Provisional) |
|---|---|---|---|
| Sales realisation | 549.06 | 525.97 | 518.81 |

**EMPLOYMENT STATISTICS**

The employment statistics of the Company, including SC/ST as on 30.9.01 are given below:-

**General**

| | Executives | | Non-Executives | | Total |
|---|---|---|---|---|---|
| | Male | Female | Male | Female | |
| Corporate office | 29 | - | 31 | 4 | 64 |
| Rourkela Unit | 19 | - | 191 | 3 | 213 |
| Burnpur Unit | 15 | - | 99 | 5 | 119 |
| Bhilai Unit | 21 | - | 212 | 1 | 234 |
| Bokaro Unit | 20 | - | 233 | 1 | 254 |
| Durgapur Unit | 21 | - | 144 | 3 | 168 |
| Vizag. Unit | 21 | - | 197 | 2 | 220 |
| Dolvi Unit | 4 | - | 18 | - | 22 |
| Total | 150 | - | 1125 | 19 | 1294 |

**SCHEDULED CASTES/TRIBES,EX-SERVICEMEN AND PHYSICALLY HANDICAPPED PERSONS:-**

| Group | No.of Employees | | S.C | | S.T | | Ex-Servicemen | | Physically handicapped | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Male | Female | Male | Female | Male | Female | Male | Female | Male | Female |
| A | 150 | - | 9 | - | 4 | - | 3 | - | - | - |
| B | 271 | 7 | 14 | - | 2 | - | - | - | - | - |
| C | 851 | 11 | 175 | 3 | 138 | 1 | 56 | - | 2 | - |
| D | Nil | - | - | - | - | - | - | - | - | - |
| Excl Safai Karmachari | | | | | | | | | | |
| D. | 3 | 1 | 4 | - | - | - | - | - | - | - |
| Incld.Safai Karmachari | | | | | | | | | | |
| Total | 1275 | 19 | 202 | 3 | 144 | 1 | 59 | - | 2 | - |

**TRAINING**

An yearly plan for imparting training to the employees both Executives as well as Non-Executives is chalked out and the employees are imparted trainings through Internal as well as External agencies.

**INDUSTRIAL RELATIONS**

The company is maintaining a very harmonious industrial relations in all the units. There has not been any loss of mandays due to Strike, Gherao; Bandh, etc. in the Company . The Union-Management relationship is very cordial and is being maintained well since inception.

**SPONGE IRON INDIA LIMITED (SIIL)**

**INTRODUCTION**

Sponge Iron Plant of the Company was initially established as a demonstration unit with a capacity of 30,000 tpa with UNDP/UNIDO assistance to establish the techno-economic feasibility of producing sponge iron (a part substitute for ferrous scrap used by steel-melting electric arc furnaces) from lump iron ore and 100% non-coking coal. The unit, based on non coking coal from Singareni Collieries Company Limited (SCCL) and iron ores available at various regions in Andhra Pradesh and neighbouring states of Madhya Pradesh and Karnataka went into regular operations in November, 1980. Being a demonstration plant it is designed to be operated on a semi commercial basis i.e., both for production of saleable product and for R&D work. Several improvements and modifications were effected to the Sponge Iron Plant based on Rotary Kiln Process to suit the local raw materials and operating conditions, as a result of which it has not only established the viability of the technology but also paved way for the development of Sponge Iron Industry in the Country.

Taking note of the successful operations of the demonstration plant, the Company doubled its capacity from 30,000 tpa to 60,000 tpa by setting up a second kiln of like capacity. This unit, which was designed and built by the Company's engineers incorporating various improvements and design modifications carried out in the demonstration plant for adapting the technology to Indian conditions, went into regular production from October, 1985.

The Company has also successfully designed and built a plant for briquetting of sponge iron fines (below 5 mm size) which were earlier not used by electric arc furnaces and were being discarded. The briquetting plant was commissioned during October, 1987 and is operating to capacity.

A new and innovative project aimed at conservation of energy was commissioned with effect from 1.3.1993 for effectively utilising the sensible heat in the kiln off-gases for generation of electric power. By doing so it has not only improved the thermal efficiency of the process but also substantially reduced the dependence on external power thus effecting saving in costs.

The Submerged Arc Furnace Project with an installed capacity of 45,000 tpa was set up by SIIL for smelting sponge iron (including sponge iron fines) into high quality (low phos.) pig iron. After having completed the trial runs by January 1996 wherein it was established that the plant could achieve chemical composition at the required level for special grade pig iron, the plant was shutdown without going in for commercial operations due to;

a) shortage of availability of power in the State involving a power cut to the extent of 60%. Even the available power was costing Rs.3.25 per unit as against Rs.2.15 per unit envisaged in the project report.

b) as per the assessment made by M/s Kirloskar Consultants, the maximum selling price that the quality pig iron proposed to be manufactured could fetch in the market was only Rs.7,000/ t. The actual cost of production was working out to about Rs.10,500/ t , of which the share of direct costs alone was Rs.8,500/ t.

c) while the selling price envisaged in the project report remained more or less constant, costs had gone up substantially, particularly, under raw materials and power.

In order to utilise the existing infrastructure established with a capital cost of about Rs.30 crore possibilities of going in for production of Ferro Alloys have been explored, when it was found that production of Silico-Manganese can be taken up with the existing furnace and other equipment with some modifications. The plant is not in operation due to commercial reasons after completion of the modification works.

**FINANCE**

The authorized capital of the Company stood at Rs.66.00 crore on 31.03.2001; paid up capital was Rs.65.10 crore. (Rs.64.27 crore held by Government of India and the balance of Rs.0.83 crore by the Government of Andhra Pradesh).

**PRODUCTION**

The Production and Financial Performance of the Company during the last two years, together with provisional figures for 2001-02, is furnished in the table below:

**T A B L E**

| | 1999-2000 | 2000-01 | 2001-02 (Provi-sional Upto 30.09.01 |
|---|---|---|---|
| Production | | | |
| - Sponge Iron (t) | 39,793 | 55,786 | 32,425 |
| - Capacity Utilisation (%) | 66 | 93 | 108 |
| - Power Generation (lakh Kwh) | 25 | 54 | 53 |
| Sales (t) | | | |
| - Sponge Iron | 48,986 | 55,819 | 30,797 |
| - Sales Turnover (Rs. In lakhs) | 2,068 | 2,929 | 1,666 |
| - Generation of Internal Resources (Rs. in lakhs) | -1,107 | 987 | 313 |
| - Net Profit (Rs. in lakhs) | -1,470 | 664 | 163 |

As against the target of 26,600 tonnes, actual sponge iron production upto September, 2001 was 32,425 tonnes representing 122% of target.

## SALES AND PROFITABILITY

Against a target of 26,600 tonnes upto 30 September, 2001, actual despatches were 30,797 tonnes representing 116% achievement of the target.

Operations upto the end of 30 September, 2001 have resulted in provisional net profit of Rs.163 lakhs. The Gross Margin is at Rs.319 lakhs.

## COST REDUCTION

The Company has been laying emphasis on cost reduction in all the areas. This has enabled the company to reduce its costs significantly.

## EFFORTS MADE TOWARDS INDIGENISATION

The Company has been making all-out efforts for indigenisation of all the equipment which were earlier being imported. At present the Company has achieved 100% indigenisation of all equipment and spares.

## MANPOWER

The total number of Non-Executives as on 30.09.2001 was 271 out of which 52 employees belong to SC Category (19.19%), 22 persons belong to ST Category (8.12%). There are 19 women (7.01%) and 3 Physically Handicapped persons.

The total number of Executives as on 30.09.2001 was 70, out of which 14 employees belong to SC Category (20%) and one (1) employee belongs to ST Category (1.43%). There is one (1) woman employee (1.43%) and one (1) Physically Handicapped employee (1.43%).

| Sl. No. | Groups | Total No. of Employees | SC | ST | Ex-Servi-Cemen | PHC | Women |
|---|---|---|---|---|---|---|---|
| 1 | Group A | 70 | 14 | 1 | - | 1 | 1 |
| 2 | Group B | 51 | 8 | 3 | - | - | 1 |
| 3 | Group C | 148 | 30 | 7 | - | 3 | 5 |
| 4 | Group D | 72 | 14 | 12 | - | - | 13 |
| 5 | Group D1 | -- | -- | -- | - | - | -- |
| | Total | 341 | 66 | 23 | - | 4 | 20 |

## EMPLOYEES' PARTICIPATION IN MANAGEMENT

In accordance with the Government guidelines various Committees have been constituted for implementing the scheme for participation of workers and officers in all the activities of the company. The specific areas of participation of the employees as decided, are as under:

- Items relating to planning, modification, house keeping, better inventory control, targets, working result, etc.

- Items relating to operation and safety.

- Items relating to welfare of the employees.

Covering the above items, Plant Level Committee, Shop Level Committee, Safety Committee, Canteen Committee, Games and Sports Committee and Communal Harmony Committee are functioning. The participation of the employees in all these Committees is active. The suggestions from the officers and employees in the said fora are properly reviewed and implemented wherever they are found to be feasible. Since all the Committees constituted are found to be working satisfactorily, the scheme of employees participation in management may be considered as having yielded good results.

## MECON LIMITED

MECON is the first consultancy and engineering organisation in the country to be accredited with ISO: 9001. It has developed considerable expertise not only in the field of consultancy services like basic engineering, detailed engineering, project management etc. but also in design and supply of equipment for the ferrous, non-ferrous, oil and gas, petro-chemical and other general industries. Long association with integrated steel plants has enabled MECON to build a strong technological base. MECON has diversified its services not only in traditional areas but also in infrastructure areas like power, environmental engineering, ocean engineering, roads & highways, oil and petrochemical, gas pipelines, information technology, defence projects etc. The company is undertaking some of the prestigious projects like Second Launch Pad Project of ISRO, Food Grade Hexane and Special Boiling Point Solvent project of ONGC and City Gas Project of Indraprastha Gas Limited, New Delhi etc.

The company has its registered office at Ranchi, Jharkhand and regional office at Bangalore, Engineering offices at Delhi, Calcutta, Mumbai, Hyderabad and Chennai. Besides this MECON has its site offices at Bhilai, Bokaro, Durgapur, Rourkela and Duburi and an overseas office at Ajaokuta (Nigeria).

### Capital Structure

The authorised share capital of the company, as on 31$^{st}$ March 2001 is Rs. 400 Lakhs against which the paid up capital is Rs. 242 Lakhs. Out of the paid up capital of Rs. 242 Lakhs Bonus Shares of Rs. 40.31 Lakhs were issued during the year 1996-97.

## Financial Performance

The company recorded consistent profits till 1997-98. Due to recessionary trend in Steel Sector, the company has incurred losses in the last three years.

The financial performance of the company in the last four years is enumerated as under: -

**[ Rs. in Lakhs ]**

| Particulars | 1998-99 | 1999-2000 | 2000-2001* | 2001-02 Upto September 2001* |
|---|---|---|---|---|
| Turnover | 20793 | 23504 | 27380 | 12062 |
| Profit/Loss before tax | (-)1117 | (-)2027 | (-)5268 | (-)3700 |
| Tax Provision | NIL | NIL | NIL | NIL |
| Profit after tax | (-)1117 | (-)2027 | (-)5268 | (-)3700 |

* Provisional

## MANAGEMENT INITIATIVE

During the year, a number of steps were taken to keep pace with the customer needs and emerging business scenario of working with foreign companies both in India and abroad. Some of the steps taken by the company are :-

### State-of-the-art Technology Incorporation :

MECON was fully associated in Renovation, Modernisation & Updating (RMU) Residual Life Assessment (RLA) and Modernisation and Life Extension Studies, which the company has bagged in thermal as well as hydel power generation sectors from various State Electricity Boards.

### MOU / Agreement on Technology & Business Promotion

During the year the company has signed following important MOUs/Agreement with reputed national/international organisations :-

- Agreement with M/s Iron Steel Raw Material Production & Supply Co. Ltd. (ISRMPS), Iran
- Agreement with Inland Waterways Authority of India for Consultancy services.
- Agreement with National Aerospace Laboratory for design, consultancy, & detail engineering services for setting up a computer test facility at NAL.
- MOU with M/s SEAH MILLTECH, South Korea and M/s YODER Manufacturing, USA for Pipe Plant of Rourkela Steel Plant.

**MOU with Ministry of Steel**

The company has signed MOU with Ministry of Steel on 29th March 2001 for the year 2001-2002.

**ISO – 9001 Certification**

MECON is the first consultancy organisation in the country to be accredited with ISO-9001 certification. This certification for Consultancy, Design & Engineering, Procurement of Plant & Equipment, Construction & Project Management Services and Execution of Turnkey Projects is valid till December 2002.

**Business Diversification**

Oil and gas pipelines, LNG/LPG terminals, refineries, petro-chemicals, POL terminals power generation & transmission, information technology, material handling, infrastructure like ports, roads, highways, bridges, water supply etc. continue to be the main thrust areas identified for business diversification of MECON and notable success had been made in securing jobs in these areas.

**Foreign Assignments in Progress**

- **Nepal: -** Updation of TEFR for Ganesh-Himal Lead Zinc Project of Nepal Metal Co. Limited.
- **Bangladesh:**- Third Party Inspection Services for Modernisation of Bangladesh Steel Re-rolling Mills.
- **Nigeria**:- Techno commercial assistance to M/s ASCL.
- **Mauritius**: - Engineering & procurement services for IOCL oil terminal.
- **Saudi Arabia**:- Updation of Market Survey Report for Medium & Heavy Section Mill.
- **IRAN : -** Engineering assignment for Hot Strip Mill of M/s MSCO.
  Basic Engg. for setting up R&D laboratory for iron ore & coal of M/s ISRMPS Co.
  Back-up consultancy services with International Steel Industrial Engineering Company Ltd. to Tavazon Project.

**Other works in India**

- Consultancy, Inspection & supervision services for Smelter, Refinary and auxiliary facilities for Indo-Gulf Corporation Limited.
- Consultancy for Stable Power Supply and improvement in division for Ranchi Circle for Jharkhand State Electricity Board.
- Consultancy services for Terminal Installation at Hassan for Hindustan Petroleum Corporation Limited, Mumbai.
- Consultancy Services for Township at Sipat for NTPC, Noida.
- PMC and pre-tender activities for Construction of Flyover for MSRDC, Mumbai & Pune.

- Third Party Inspection & supervision services for Gujrat Water Supply and Sewerage Board, Gujrat.
- Food Grade Hexane - SBP project (turnkey basis) for ONGC, Hazira.
- Construction of Road Bridges for KRDCL, Karnataka.
- Blast Furnace Complex of Jindal Steel & Power.
- Onshore Infrastructure facilities for Project Seabird.
- Pipeline tank terninal at Amousi of IOCL.
- Indian engineering and consultancy for installation of 1.1 Mt/yr integrated steel plant for Neelachal Ispat Nigam Limited and for installation of 7m tall coke oven battery for Konark Metcoke Limited.
- Detailed engineering & consultancy services for POL terminal at Mathura for IOCL.
- Consultancy, engineering and project monitoring services for expansion of Steam Generation Plant at Alumina Refinery at Damanjodi for National Aluminium Company Limited.
- Consultancy for 2 x 20 MW expansion of Thermal Power Station-1 of Neyveli Lignite Corporation, Neyveli.
- Some other important assignments under execution include SLP Project of ISRO, Reheating Furnace of Bokaro Steel Plant, etc.

**Conservation of Energy**

During 2000-2001 MECON has bagged a prestigious assignment from Ministry of Steel regarding Energy Efficiency in Secondary Steel Sector – Re-rolling Mills. This project is supported financially by UNDP/GEF, USA.

MECON has earlier done similar study during 1999-2000 related to Electric Arc Furnaces (EAF) and Induction Furnaces.

The Energy Conservation Bill, 2001 is expected to open up large business opportunities in the area of energy audit / management / conservation for host of industries including Iron & Steel / non-ferrous / cement / chemical etc. Ministry of Power, IDBI and various State Governments have registered MECON as an authorised energy auditor.

**Human Resources Development**

During 2000-01 MECON laid emphasis on imparting knowledge and skill in following areas by organising programme & workshops.

- ❖ Programme on Negotiation strategies and skills for managers.
- ❖ Workshop on enhancing productivity
- ❖ Programme on Tender Evaluation.
- ❖ Programme on computer languages and skills.
- ❖ Programme on Benchmarking.
- ❖ Programme on effective project execution

## Manpower Position

The company has been able to reduce its employee's strength from 3250 as on 31.3.1999 to 2810 as on 31.9.2001. Out of this employee strength, 608 belong to Scheduled Caste and Scheduled Tribe categories. MECON continued with its Voluntary Retirement Scheme and 55 employees availed the benefits under the VRS between 1st Oct 2000 to 30th September 2001.

## Industrial Relations

On the industrial relations front, the company continued to have peaceful and cordial relations with the employees. Most of the issues were settled through dialogue with representatives of non-executive and executive employees.

## Hindustan Steelworks Construction Limited ( HSCL):

General Background

Hindustan Steelworks Construction Limited (HSCL) was incorporated in June 1964 with the primary objective of creating in the Public Sector an organisation capable of undertaking complete construction of modern integrated steel plants. HSCL has executed works in Steel Plants right from the inception till commissioning viz. Bokaro Steel Plant, Salem Steel Plant and was associated with the expansion and Modernising activities of Bhilai Steel Plant, Durgapur Steel Plant, IISCO (Burnpur) as also Bhadravati Steel Plant. With the tapering of works, the company diversified its activities in other sectors like Power, Coal, Oil and Gas as also infrastructural facilities like Roads and Highways, Bridges, Dams, Underground communication and Transport System besides Industrial and Township complexes involving high degree of planning, and modern sophisticated techniques.

The company has developed its expertise in the areas of Piling, Soil investigation, Massive Foundation works, High rise structures, Structural Fabrication and Erection, Refractory, Technological Structures and Pipelines, Equipment Erection, instrumentation including testing and commissioning.

The company also specialises in carrying out capital repairs and rebuilding works, including Hot repairs of Coke Ovens and Blast Furnaces and other allied areas in the Integrated Steel Plants.

To meet the present day need for setting up of number of infrastructural facilities, the company has tie-up arrangements with some reputed agencies both in India and abroad for providing technical know-how.

Capital Structure

The Authorised and Paid-up share Capital as on 31st March 2002 is Rs.150 crore and Rs.117.10 crore respectively. The total amount of Government of India loan outstanding as on date is Rs.280.76 crore (Plan Loan Rs.11.50 crore and Non-Plan Loan Rs.269.26 crore).

Loan from Banks for V.R.

The company has drawn loan of Rs.318.36 crore from the following Banks under the Guarantee given by Government of India for separating employees under Voluntary Retirement Scheme under the "Financial Restructuring-cum-Financial Assistance Package" approved by Government of India. Position of Loan drawn as on 30th September 2001 is as under: -

| | (Rs. in crore) |
|---|---|
| State Bank of India | 209.82 |
| Indian Bank | 56.38 |
| Indian Overseas Bank | 52.16 |
| **Total** | 318.16 |

By 31st December entire loan fund has been utilised for Terminal Benefits paid to 7373 employees.

Performance

The financial performance of the company during the period 2000-01 and 2001-02 are as under: -

| | | (Rs. In Crore) |
|---|---|---|
| Year | 2000-01 | 2001-02 (April-January) |
| Turnover | 257.16 | 177.70 |
| Gross Loss | 127.05 | 31.13 |
| Net Loss | 172.55* | 37.88** |
| | | |

* The loss includes 1/5th of the expenditure incurred for VR during 2000-01.

** the loss does not include the expenditure of VR.

**Order Booking**

HSCL has secured orders valued Rs.174 crore from 1st April 2001 to 31st January 2002 which includes orders from Steel Sector for Rs.45 crore (30%) and from Non-steel sector for Rs.129 crore (70%).

**Manpower Position**

Due to reasons beyond its control the company was carrying a manpower strength of 22902 in the year 1985-86 which was far beyond its requirements and adversely affected the profitability of the company. In order to reduce the excess manpower, the company decided to introduce Voluntary Retirement Scheme on the line of DPE's approved scheme in 1986-87. Till July, 2001 a total of 15441 employees have been separated under the scheme. Total amount spent is Rs.451.88 crore. The manpower position of the company as on 31st January 2002 was 6011.

**Employees Voluntary Welfare Scheme**

Central Welfare Scheme for HSCL employees was introduced w.e.f. 1st April 1987. It covers all sections of employees in the company. The scheme is intended to provide immediate financial assistance to the dependents of employees in the event of death due to any reasons while in service in the company by a system of voluntary contribution by employees at the maximum level of Rs.10/- per month.

**Bharat Refractories Limited (BRL):**

**Background:**

Bharat Refractories Ltd. (BRL), a Government of India Undertaking was incorporated on 22nd July, 1974 and at present it has the following four units: -

i) Bhandaridah Refractories Plant at Bhandaridah;
ii) Ranchi Road Refractories Plant at Ramgarh;
iii) Bhilai Refractories Plant at Bhilai; and
iv) IFICO Refractories Plant at Ramgarh

The Company is engaged in the manufacture and supply of various kinds of refractories not only to the Integrated Steel Plants but also to the Mini Steel and Midi Steel Plants.

**Capital Structure:**

The authorised share capital of the company as on 31st March, 2001 was Rs. 11300.00 lakhs against which the paid-up capital was Rs.10390.42 lakhs.

**Performance:**

The production performance of the different units of the Company during 2000-2001 and 2001-2002 up to September 2001 was as follows: -

| Quantity in Tonne, Value (Rs. in lakh) | | | | | | |
|---|---|---|---|---|---|---|
| | 2000-2001 | | 2001-2002 (Provisional) up to September 2001 | | | |
| | **Actual** | | Target | | Actual | |
| | Qty | Value | Qty | Value | Qty | Value |
| Bhandaridah Ref. Plant (BhRP) | 14725 | 1896.53 | 12450 | 1556.70 | 7517 | 962.26 |
| Ranchi Road Ref. Plant (RRRP) | 4227 | 1369.29 | 04700 | 1604.26 | 1938 | 548.87 |
| Bhilai Ref. Plant (BRP) | 5744 | 0552.50 | 19200 | 2785.51 | 0730 | 108.92 |
| IFICO Ref. Plant (IFIC RP) | 8218 | 1217.90 | 10290 | 1704.60 | 3826 | 496.35 |
| | | | | | | |
| **Total** | 33114 | 5036.22 | 46640 | 7651.07 | 14011 | 2116.40 |

**Financial Performance:**

During the year 2000-01 the loss before interest and depreciation in respect of BRL amounted to Rs.4389.86 lakh, but after providing for interest, depreciation and prior period adjustment to the tune of Rs.301.25 lakhs, Rs.326.76 lakh and Rs.317.85 lakhs respectively, it incurred a net loss of Rs.5335.72 lakhs. During the year 2001-02 up to September 2001 the Company incurred a net loss of Rs.2143.95 lakhs.

**Foreign Collaboration**

Bharat Refractories Ltd. has been able to adapt successfully, the technical know-how acquired from KRC for various items of which spinal bricks, the technology of which could not be adapted due to constraints of firing facilities. Commercial production of all other items, namely, Magnesia Carbon Bricks, Slide Gate Refractories, Gunning Repair materials and Cast Mixes of Steel Ladle have already been established. Consequently, the Company has emerged to be one of the major suppliers of MCB to SAIL Steel Plants. The Company has also started commercial production for Coke Oven Silica Refractories Co. Ltd., Japan.

The Company has also entered into foreign collaboration agreement with M/s PLIBRICO, France for manufacture of Castables for Blast Furnace. The Company's project for setting up facilities for production of refractories for continues Casting of Steel is under active consideration of Government for its approval.

**Energy Conservation:**

Some of the steps taken for improvement in conservation of energy are as under:-

a) Pre-heating of furnace oil is done for achieving better atomisation of oil in burner;
b) Callibration of Fuel pump and nozzle of engines at regular intervals;
c) Adoption of appropriate setting pattern of green bricks;
d) Use of recommended lubricating oil for engines; and
e) Switching off unwanted load for reducing electricity consumption.

**Manpower**

The manpower position of Bharat Refractories Ltd. as on 30th September 2001 was as follows: -

| Indicator | Total No. of employees | No. of SC | No. of ST | No. of Ex-Servicemen | No of physically handicapped | No. of women employed |
|---|---|---|---|---|---|---|
| BRL | 2772 | 266 | 313 | 60 | 29 | 146 |

**Contract Labour:**

Contract labourers are engaged occasionally on non-perennial jobs only. They are being paid statutory wages. In addition, they are provided other benefits like Provident Fund, Medical facilities, Leave etc.

**Bird Group of Companies:**

The Undertaking of the erstwhile Bird & Company Limited was nationalised by the Govt. of India by virtue of The Bird & Company Limited (Acquisition and Transfer of Undertakings and other properties) Act, 1980 (Act No. 67 of 1980). Consequent upon the nationalisation of the Undertaking of Bird & Company Limited shares held by the said company in twenty one companies as referred to in schedule I to the aforesaid Act, as "specified companies", stood transferred in the name of the President of India.

Based on the shareholding pattern, the following eight companies out of the twentyone companies as mentioned above came under the administrative control of the Ministry of Steel, Govt. of India.

(a) The Orissa Minerals Development Company Limited **(OMDC).**
(b) The Bisra Stone Lime Company Limited **(BSLC)**
(c) The Karanpura Development Company Limited **(KDCL)**
(d) Scott & Saxby Limited **(SSL)**
(e) Eastern Investments Limited **(EIL)**
(f) Burrakar Coal Company Limited **(Burrakar).**
(g) Borrea Coal Company Limited **(Borrea).**
(h) Kumardhubi Fireclay & Silica Works Limited (KFSW).

KFSW was engaged in manufacturing and marketing of refractory materials and got linked with Bharat Refractories Limited.

EIL is an investment company. In 1984 through a scheme of amalgamation under section 396 of the Companies Act, six other companies under the Bird Group were amalgamated with EIL . Coal Companies viz. Burrakar and Borrea, have become non operational after nationalisation of coal mines.

Three Companies, viz., OMDC, BSLC & KDCL are mining companies. SSL is engaged in the work relating to sinking of deep tubewells and mineral exploration.

**<u>PERFORMANCE OF OPERATIONAL COMPANIES (OMDC, BSLC, KDCL & SSL ) OF BIRD GROUP</u>**

At the time when the above named companies came under the administrative control of the Ministry of Steel, Govt. of India, all of them were financially sick. The basic problems which were faced by the above companies are listed below :

i) Inadequate market demand particularly of BSLC's products due to change in steel making technology.

ii) Outstanding liabilities.

iii) Excessive manpower coupled with high wage structure of BSLC resulting into heavy burden of fixed expenses.

iv) Huge accumulated losses.

v) Erosion of working capital.

vi) Continuous pressure from unions for better emoluments/amenities which the companies could not agree due to poor financial health resulting in frequent industrial unrest.

With the financial support from the Ministry of Steel, Govt. of India, problems mainly relating to excessive manpower, erosion of working capital and outstanding liabilities could be solved to a considerable extent. Efforts were simultaneously made at the Group level to improve marketability of products through better product mix and enrichment of quality.

Performance of the four operating companies as a whole during the past few years as well as in the current year with respect to sales turnover and gross margin before charging depreciation and interest on govt. loans is given below :

(Rs. in lacs )

| | 96-97 | 97-98 | 98-99 | 99-00 | 2000-01 | April'01 to Sept.'01 | 2001-02 (Exptd.) |
|---|---|---|---|---|---|---|---|
| Sales | 5147 | 3681 | 3494 | 3817 | 4476 | 2442 | 5266 |
| Gross Margin (Before charging Interest on Govt. loans & Deprn.) | + 241 | - 112 | - 104 | + 93 | + 964 * | + 100 | + 2268 $ |

* Includes extra-ordinary income in respect of OMDC.

$ Subject to the approval of Government for the restructuring proposal of OMDC..

The group had registered continuous growth in terms of sales turnover till 1996-97. Against the negative gross margin before charging depreciation and interest on Govt. loans during 1992-93 to the extent of Rs. 171 lacs, the situation considerably changed during 1995-96 when there was positive gross margin of Rs.538 lacs. The highest turnover of Rs.5147 lacs was however achieved during 1996-97 against Rs.3312 lacs during 1992-93.

There had been set back in the performance of the operating companies particularly The Orissa Minerals Development Co Ltd ( OMDC ) and The Bisra Stone Lime Co Ltd. (BSLC) since 1997-98 due to fall in demand for their products arising out of recession in Iron & Steel Industry. Despite the fact that overall turnover had considerably reduced, yet as a result of the efforts made towards reduction of the cost, the negative gross margin could be kept under control. As a result of various measures taken by these companies during the year 1999-2000, the four operating companies under the group again earned positive gross margin of Rs.93 lacs as against the negative gross margin of Rs.104 lacs during the year 1998-99. This progress was maintained during the year 2000-01 also when the Group as a whole registered positive gross margin to the extent of Rs.145 lacs excluding extra ordinary income of Rs.819 lacs. It is anticipated that due to various steps taken, the group as a whole shall have positive gross margin during 2001-2002 and also during subsequent years.

**PERFORMANCE OF COMPANIES**

**<u>THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED (OMDC)</u>**

The company was incorporated in the year 1918 with authorised capital of Rs.60 lacs. The mines of the company are located around Barbil, Dist. Keonjhar, Orissa. The activities relate to mining and marketing of iron ore and manganese ore. A number of steps have been taken since 1991-92 to improve upon its performance. This resulted in net profit (after charging depreciation and interest on Govt. loan) during three consequtive years i.e. 1994-95, 1995-96 and 1996-97. The position however deteriorated since 1997-98 due to recession in Iron and Steel Industry. There was sharp decline in the demand for its products. With the improvement in the recessionary trend of the steel industry, the demand for iron ore is picking up. The company is trying to take advantage of the situation by stepping up production/ despatch of the sized ore. Stress has also been laid on the development of the new areas in the company's Roida mines with a view to step up production of medium grade Manganese Ore to meet the demand for the same. The company has also installed a beneficiation plant (Joplin Jigs) at its Bhadrasai Mines, Roida to produce value added Manganese Dioxide ore from the low value Manganese Ore Fines.

The demand for B F grade iron ore and B F grade manganese ore is also showing signs of improvement.

The company has taken steps to reduce manpower by implementing Voluntary Retirement Scheme (VRS) with the grant-in-aid from Ministry of Steel, Govt. of India. During the year 1999-2000, 104 employees could be separated. Total separation under the scheme is 466 nos. of employees till date. In view of the changed scenario and also rationalisation of surplus manpower it is expected that the company will improve upon its performance in the years to come.

The year-wise performance of the company is given below :

(Rs. in lacs )

| | 96-97 | 97-98 | 98-99 | 99-00 | 2000-01 | April'01 to Sept.'01 | 2001-02 (Exptd.) |
|---|---|---|---|---|---|---|---|
| Production ('000 MT) | 768 | 467 | 578 | 564 | 668 | 315 | 712 |
| Sales | 3302 | 1846 | 2042 | 1986 | 2282 | 1194 | 2700 |
| Gross Margin | 618 | 209 | 406 | 238 | 1144 * | 135 | 2317$ |
| Before charging Interest on Govt. loans & Deprn. | | | | | | | |
| Net Profit/Loss | 43 | -475 | - 368 | - 635 | 364* | - 297 | 1882$ |

* Includes extra ordinary items i.e. interest on unsecured loan and excess provision towards depreciation written back.

$ Assuming Re-structuring Plan will be approved and penal interest on Govt. loan of Rs.1881 lacs will be waived.

## THE BISRA STONE LIME COMPANY LIMITED (BSLC)

The company was incorporated in 1910 with authorised capital of Rs.50 lacs. Its mines are located around Birmitrapur in the District of Sundargarh, Orissa. The main activities are mining and marketing of limestone and dolomite. With the change in steel making technology the demand for BSLC's products declined considerably and as a consequence company ran into heavy losses year after year. During the year 1991-92 the negative gross margin i.e. margin before charging depreciation and interest on Govt. loans stood at Rs.585 lacs. With the financial support from the Govt. of India steps were taken to rationalise manpower through implementation of Voluntary Retirement Scheme (VRS). Steps were also taken to change the product mix and improve upon the quality. As a result the company could earn positive gross margin i.e. margin before charging depreciation and interest on Govt. loan in the year 1995-96. The position however deteriorated from 1996-97 initially due to labour trouble and thereafter due to demand constraint since 1997-98 as a result of recession in Iron and Steel Industry. With the gradual improvement of recessionary trend, production and despatch had shown marginal improvement during the year 2000-01 as would be evident from the performance of the company.

The year-wise performance of the company is given below :

**(Rs. in lakhs )**

| | **96-97** | **97-98** | **98-99** | **99-00** | **2000-01** | **April'01 to Sept.'01** | **2001-02 (Exptd.)** |
|---|---|---|---|---|---|---|---|
| Production ('000 MT) | 743 | 666 | 534 | 702 | 789 | 452 | 900 |
| Sales | 1740 | 1549 | 1157 | 1574 | 1848 | 1043 | 2200 |
| Gross Margin (Before charging Interest on Govt. loans & Deprn.) | -361 | -332 | -516 | -278 | - 230 | -51 | -80 |
| Net Profit/Loss | -1477 | - 2223 | -2590 | – 2753 | - 3143 | -1719 | -3400 |

During the year 1999-2000, 309 employees were separated. Since introduction of VRS total 3001 nos. of employees have been separated till 30.9.2001. Despite this position the company is still overburdened with excessive manpower coupled with high wage structure compared to what is existing in the competitors' mines. As a consequence there is imbalance between the expenditure on account of salaries and wages and the turnover. For the very survival, the company needs to have further rationalisation of manpower from existing strength of 1578 to around 1300 to reduce the fixed cost and bring back the balance between the expenditure on account of salaries, wages and turnover.

**THE KARANPURA DEVELOPMENT COMPANY LIMITED (KDCL)**

The Company was incorporated in 1920 with authorised capital of Rs.40.00 lacs. The subscribed and paid up capital of the Company is Rs.20.00 lacs only . The mines are located around Sirka, Dist. Hazaribagh, Jharkhand . The company produces limestone suitable for cement manufacture.

The Company suffered a set back during December, 1995 when in pursuance of a notification issued by the Govt. of India prohibiting mining of limestone through contractors, the activities of the Company came to standstill. The company could resume normal mining operations from December, 1996 onwards with the help of departmental workers and through deployment of hired equipment for raising of limestone.

The Govt. has permitted to have contract mining for a period of two years from 22.6.1999. During the year 1999-2000, the company's performance improved and it was in a position to earn positive gross margin before charging interest on Govt. loans and depreciation during the year 1999-2000 and 2000-01. The market for cement grade limestone is improving and it is therefore expected that activities relating to production/despatch will be stepped up during the financial year 2001-02 onwards.

The company had taken cost control measure through rationalisation of manpower under Voluntary Retirement Scheme ( VRS ). This resulted in considerable reduction of fixed cost. Since introduction of the VR Scheme, 132 nos. of employees out of total strength of 203 as on 01.04.1992 had been separated till date.

The year-wise performance of the company is given below :

(Rs. in lacs )

| | 96-97 | 97-98 | 98-99 | 99-00 | 2000-01 | April'01 to Sept.'01 | 2001-02 (Exptd.) |
|---|---|---|---|---|---|---|---|
| Production ('000 MT) | 24 | 83 | 76 | 48 | 83 | 52 | 85 |
| Sales | 47 | 170 | 156 | 97 | 174 | 111 | 181 |
| Gross Margin Before charging Interest on Govt. loans & Deprn. | -18 | + 9 | + 4 | +102 | + 13 | + 9 | + 15 |
| Net Profit/Loss | -56 | - 29 | - 33 | + 66 | - 22 | - 8 | - 19 |

## SCOTT & SAXBY LIMITED (SSL)

The Company is a wholly owned subsidiary of The Karanpura Development Company Limited (KDCL) with authorised capital of Rs.1.00 lac only . The Company is mainly engaged in the activities of sinking deep tubewells and mineral exploration work.

Owing to continued disruption in the normal working environment the Company was compelled to declare 'Suspension of Work' w.e.f. 14.11.1992 at its factory and at all the working sites. After prolonged negotiation a Tripartite Memorandum of Settlement was signed on 19.08.1996 by representatives of Govt. of West Bengal, workmen of negotiating unions and the management. The order for 'Suspension of Work' was lifted w.e.f. 01.11.1996 and activities restarted at the workshop in Kolkata and at the work sites.

During the year 1997-98 and 1998-99 the company earned positive gross margin before charging depreciation and interest on Govt. loan to the extent of Rs.2 lacs. The company expanded its business considerably in the States of Tripura and Assam. Apart from the normal activities the company also diversified its activities in the field of erection and commissioning of water treatment plants, construction of overhead tanks etc. As a consequence the sales turnover of the company showed significant improvement. With the present trend, it is expected that the performance of the Company will improve further. With a view to rationalise man power and reduce the fixed cost the company introduced Voluntary Retirement Scheme (VRS). Out of a strength of 365 as on 01.04.1992, a total of 251 employees were separated under the scheme till date.

Consequent to enforcement of the Companies(Amendment) Act, 2000, the status of SSL changed from deemed public company (under Section 43A) to that of a public limited company, SSL being wholly owned subsidiary company of KDCL a public limited company. Pursuant to the said amendment SSL is required to raise its paid up capital from Rs.1 lakh to Rs.5 lakh within 2 years from 13.12.2000. The additional fund for raising the share capital is to be provided by KDCL, the holding company. SSL expects to raise the additional capital in two phases within the stipulated time period.

The performance of the company in recent years is given below :

**(Rs. in lakhs )**

| | **96-97** | **97-98** | **98-99** | **99-00** | **2000-01** | **April'01 to Sept.'01** | **2001-02 (Exptd.)** |
|---|---|---|---|---|---|---|---|
| Sales | 58 | 116 | 139 | 160 | 172 | 94 | 185 |
| Gross Margin Before charging Interest on Govt. loans & Deprn. | 2 | 2 | 2 | 31 | 37 | 7 | 16 |
| Net Profit/Loss | -136 | -139 | -135 | -102 | - 96 | - 65 | -120 |