


MAP	///		BKC	
CL	///		DPY	NP
BO	///		DIV	✓
LAG	///		AC	✓
ACM	///	✓	SHI	✓
DE	///	✓		

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STEEL AUTHORITY OF INDIA LIMITED



Shri Arvind Pande



Shri V. Gujral



Shri K.A.P. Singh



Shri S.B. Singh



Shri A.K. Singh



Shri U.K. Mittal



Dr. B.N. Singh



Shri V.S. Jain



Shri G.S. Garcha



Shri M.K. Moitra



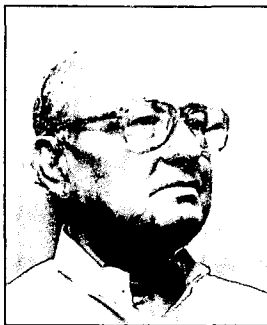
Shri B.K. Singh



Dr. S.K. Bhattacharya



Shri S.C.K. Patne



Shri Gopeshwar



Shri Naresh Narad

BOARD OF DIRECTORS



(As on 04.08.1997)

Chairman

Shri Arvind Pande

Managing Directors

Bhilai Steel Plant

Shri V. Gujral

Bokaro Steel Plant

Shri K.A.P. Singh

Durgapur Steel Plant

Shri S.B. Singh

Rourkela Steel Plant

Shri A.K. Singh

Functional Directors

Commercial

Shri U.K. Mittal

Personnel

Dr. B.N. Singh

Finance

Shri V.S. Jain

Raw Materials

Shri G.S. Garcha

Corporate Planning

Shri M.K. Moitra

Projects

Shri B.K. Singh

Research & Development

Dr. S.K. Bhattacharyya

Directors

Shri Gopeshwar

Shri S.C.K. Patne

Shri Naresh Narad

Executive Director & Company Secretary

Shri L.A.K. Sinha

Bankers

State Bank of India

Punjab National Bank

United Bank of India

Bank of Baroda

Syndicate Bank

Union Bank of India

Bank of India

Canara Bank

Indian Overseas Bank

State Bank of Patiala

Bank of Maharashtra

Oriental Bank of Commerce

Punjab & Sind Bank

Jammu & Kashmir Bank

State Bank of Saurashtra

Central Bank of India

State Bank of Hyderabad

ANZ Grindlays Bank

Bank of America

Deutsche Bank

Statutory Auditors

M/s. Ray & Ray

Chartered Accountants

M/s. A.K. Sabat & Co.

Chartered Accountants

M/s. Lodha & Co.

Chartered Accountants

M/s. K.K. Soni & Co.

Chartered Accountants

M/s. P.A. & Associates

Chartered Accountants

Registered Office

Ispat Bhawan, Lodi Road, New Delhi-110003

Phone : 4690481(14 Lines); Fax: 4694015

Gram : STEELINDA

Internet : www.sail.co.in

E.Mail : corporate.delhi@sail.sprintpg.ems.vsnl.net.in

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NOTICE

STEEL AUTHORITY OF INDIA LIMITED
REGISTERED OFFICE: ISPAT BHAWAN, LODI ROAD
NEW DELHI-110003

NOTICE IS HEREBY GIVEN THAT the 25th Annual General Meeting of the Members of Steel Authority of India Limited will be held at 1030 hours on Thursday, the 25th September, 1997 at NDMC Indoor Stadium, Talkatora Garden, New Delhi-110001 to transact the following business:

- i) To receive, consider and adopt the audited Profit & Loss Account for the year ended 31st March, 1997, the Balance Sheet as at that date and Directors' and Auditors' Reports thereon.
- ii) To declare a dividend.
- iii) To appoint Directors in place of those retiring.

SPECIAL BUSINESS

- iv) To consider and, if thought fit, to pass with or without modification the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT Mr. B.K. Singh who was appointed as an Additional Director of the Company by the Board of Directors under Section 260 of the Companies Act, 1956, and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director under Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

- v) To consider and, if thought fit, to pass with or without modification the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT Mr. A.K. Singh who was appointed as an Additional Director of the Company by the Board of Directors under Section 260 of the Companies Act, 1956, and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director under Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

- vi) To consider and, if thought fit, to pass with or without modification the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT Dr. S.K. Bhattacharyya who was appointed as an Additional Director of the Company by the Board of Directors under Section 260 of the Companies Act, 1956, and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director under Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

- vii) To consider and, if thought fit, to pass with or without modification the following Resolution as a SPECIAL RESOLUTION:

"RESOLVED THAT in supersession of the Resolution passed at the Annual General Meeting held on 23rd September, 1996, consent be and is hereby accorded to the Board of Directors of the Company pursuant to section 293(1)(d) of the Companies Act, 1956, for borrowing from time to time any sum or sums of money which together with the money already borrowed by the Company (apart from temporary loans obtained from the Bankers of the Company in the ordinary course of the business) shall not exceed in the aggregate at any one time Rs.18,000 crores."

- viii) To consider and, if thought fit, to pass with or without modification the following Resolution as a SPECIAL RESOLUTION:

"RESOLVED THAT approval of shareholders be and is hereby accorded to the substitution of Article 73(b)(i) and 84(18)(ii) of the Articles of Association of the Company by the following:

Article 73(b)(i)

Programme of capital expenditure for schemes exceeding Rs.100 crores or such other financial limit prescribed by the Central Government from time to time and with such terms and conditions as may be prescribed.

Where the Detailed Project Reports have been prepared with estimates of different component parts of the projects and where such reports have been approved by the President, it shall not be necessary for the Board to obtain the President's sanction to the incurrence of capital expenditure and the Board of Directors shall have the power to

sanction the same, subject to the provision in the sanctioned estimates, for each component part and the limits prescribed by Central Government above shall not apply. Provided further that in cases of variations in approved estimates which are not more than 10% for any particular part, the Board of Directors shall be competent to proceed with the work without further reference to the President provided there is no substantial variation in the scope of the Project.

Article 84(18)(ii)

To authorise undertaking of works of a capital nature not exceeding Rs.100 crores or such other financial limit prescribed by the Central Government from time to time and with such terms and conditions as may be prescribed and not covered by Clause 84(18)(i), if required to be taken up in advance of preparation of a Detailed Project Report or otherwise as individual work whether as part of existing or new schemes, provided that:

- a) the funds required will be found within the budget allocation for the Company for that financial year; and
- b) the expenditure on such works in subsequent years will be the first call on the respective allocations."

- ix) To consider and, if thought fit, to pass with or without modification the following Resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT pursuant to provisions of Section 396 and other applicable provisions, if any, of the Companies Act, 1956, the approval of shareholders is hereby given to amalgamation of the Company, Visvesvaraya Iron & Steel Limited with this Company as per the draft scheme laid before this meeting with such alteration or modifications thereof as may be directed by the Central Government."

By order of the Board of Directors



(L.A.K. Sinha)
Executive Director &
Company Secretary

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New Delhi
4th August, 1997

Registered Office:
Ispat Bhawan, Lodi Road, New Delhi-110003

Notes:

1. The relevant Explanatory Statements, pursuant to Section 173(2) of the Companies Act, 1956, in respect of the business Item Nos. IV to IX above are annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. THE PROXY FORM IS ENCLOSED AT THE END OF ANNUAL REPORT.
3. Only members carrying the attendance slips or holders of valid proxies registered with the Company will be permitted to attend the meeting. In case of shares held in joint names or shares held under different registered folios wherein the name of the sole holder/first joint-holder is same, only the first joint-holder/sole holder or any proxy appointed by such holder, as the case may be, will be permitted to attend the meeting.
4. Members attending the meeting are requested to bring their copy of the Annual Report as extra copies will not be supplied.
5. The Register of Members of the Company will remain **closed from 29th August, 1997 to 25th September, 1997 (both days inclusive)**.
6. Members should notify change in their addresses, if any, specifying full address in block letters with **PIN CODE** of their post offices, which is mandatory.
7. Members holding shares in identical order of names in more than one folio are requested to write to the Company's Shares Department enclosing their Share Certificates to enable the Company to consolidate their holdings in one folio.
8. Members seeking further information on the Accounts or any other matter contained in the Notice, are requested to write to the Company atleast 7 days before the meeting so that relevant information can be kept ready at the meeting.
9. The Shares Department of the Company is located at **4th Floor, 'Arunachal', 19 Barakhamba Road, New Delhi - 110001** and is open for public dealings between 10.00 a.m. and 4.00 p.m. from Monday to Saturday except 2nd & 4th Saturdays and holidays. Members are advised to send all correspondence(s)/Documents relating to transfer of shares, dividend only to Shares Department.
10. Payment of dividend as recommended by the Board, if approved at the meeting, will be made to those members whose names appear on the Register of Members of the Company as on 25th day of September, 1997.
11. Members who have not encashed the dividend warrant(s) so far for the years 1993-94, 1994-95 and 1995-96 are requested to make their claims to the Company immediately for its revalidation and subsequent encashment.
12. The amount of unclaimed dividend for and upto the financial year ended 31st March, 1993 has already been transferred to the General Revenue Account of the Central Government in terms of the provisions of Section 205-A of the Companies Act, 1956. Those members who have so far not claimed their dividends for the said period may claim the same by submitting the application in prescribed form-II to the Registrar of Companies, N.C.T. of Delhi and Haryana, Paryavaran Bhawan, CGO Complex, Lodi Road, New Delhi - 110003.
13. **Entry to the Auditorium will be strictly against Entry Slip available at the counters at the venue and against exchange of Attendance Slip.**
14. **No Brief case or Bag will be allowed to be taken inside the auditorium.**

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

Item No. (iv)

Mr. B.K. Singh was appointed as Additional Director of the Company with effect from 23rd September, 1996 (A.N.) and vacates his office of Directorship at this Annual General Meeting, pursuant to section 260 of the Companies Act, 1956 and Articles of Association of the Company. The notice under section 257 of the said Act has been received from a member signifying his intention to propose the name of Mr. B.K. Singh for appointment as a Director of the Company.

Board considers it desirable that the Company should continue to avail itself of his services as a Director and recommend this Resolution for approval of the shareholders.

Item No. (v)

Mr. A.K. Singh was appointed as Additional Director of the Company with effect from 9th December, 1996 and vacates his office of Directorship at this Annual General Meeting, pursuant to section 260 of the Companies Act, 1956 and Articles of Association of the Company. The notice under section 257 of the said Act has been received from a member signifying his intention to propose the name of Mr. A.K. Singh for appointment as a Director of the Company.

Board considers it desirable that the Company should continue to avail itself of his services as a Director and recommend this Resolution for approval of the shareholders.

Item No. (vi)

Dr. S.K. Bhattacharyya was appointed as Additional Director of the Company with effect from 12th June, 1997 and vacates his office of Directorship at this Annual General Meeting, pursuant to section 260 of the Companies Act, 1956 and Articles of Association of the Company. The notice under section 257 of the said Act has been received from a member signifying his intention to propose the name of Dr. S.K. Bhattacharyya for appointment as a Director of the Company.

Board considers it desirable that the Company should continue to avail itself of his services as a Director and recommend this Resolution for approval of the shareholders.

Item No. (vii)

Pursuant to the provisions of clause (d) of sub-section (1) of section 293 of the Companies Act, 1956, the Board of Directors cannot borrow more than the aggregate amount of the paid up capital of the Company and its free reserves at any one time except with the consent of shareholders of the Company in the General Meeting. At the Annual General Meeting of the Company held on 23rd September, 1996 consent of the members had been obtained for the Directors to borrow upto the maximum amount of Rs.15000 crores. The modernisation programmes of the Company are in full swing and it would be needing substantial amount of funds for financing modernisation programmes of Bokaro and Rourkela Steel Plants, Additions, Modifications and Replacements (AMRs) and other capital schemes and also for meeting operational requirements in the years to come. The borrowing limit of the Company presently at Rs.15000 crores approved by the shareholders is likely to exceed soon. Your Directors, therefore, place before you the proposal to increase the maximum borrowing limit upto Rs.18000 crores.

None of the Directors of your Company is interested or concerned in this Resolution.

Item No. (viii)

The Government of India Ministry of Industry, Department of Public Enterprises vide their Office Memorandum No.DPE/16/22/90-Fin dated 6th May, 1997 communicated the revised delegation of powers of the Board of Directors to sanction capital expenditure. Since the gross block of the Company is more than Rs.500 crores, the power to Board to sanction expenditure on Capital Schemes without prior approval of the Government would now be Rs.100 crores or any further revision of power by Government from time to time. The existing powers of the Board on capital expenditure as communicated by the Government earlier were included in Article 73(b)(i) and 84(18)(ii) of Articles of Association of the Company. Due to revision of powers of the Board of Directors on capital expenditure and to cater to the need arising out of further revision of powers by Government from time to time, it would be necessary to amend the Articles of Association of the Company. Your Directors, therefore, place before you the proposal to amend the Articles of Association of the Company.

None of the Directors of your Company is interested or concerned in this Resolution.

Item No. (ix)

Visvesvaraya Iron and Steel Limited (VISL), a subsidiary of SAIL having its Registered Office at Bhadravati, Karnataka, is one of the oldest Steel Plants in the country which was set up under the inspiration of the Engineer, Statesman and Visionary, Sir M. Visvesvaraya. The plant is situated near huge iron deposits of good quality. In order to improve the performance of VISL, it is necessary to upgrade the technological health of the plant. Its merger in Steel Authority of India Limited (SAIL) would provide the right opportunity for technical upgradation and better access to SAIL's rich technical expertise.

Government of India, Ministry of Steel vide their letter No.13(26)/96-SAIL-V, dated 15th April, 1997 has conveyed its approval for merger of Visvesvaraya Iron & Steel Limited with SAIL under Section 396 of the Companies Act, 1956. As a part of merger package following concessions have been agreed to by the Government of India:

- Relief from Steel Development Fund (SDF) limited to accumulated losses and other liabilities estimated at Rs. 248 crores based on audited accounts of VISL.
- Continuance of grant from National Renewal Fund (NRF) of Rs. 8 crores per year during the next five years even after merger with SAIL towards Voluntary Retirement Scheme.

Government of Karnataka had also agreed to transfer its equity holding of 67766750 shares at a token price of Re.1/- and further agreed to extend, inter-alia, the following concessions:

- Sales tax exemption on Pig Iron for 4 years and on other finished/semi-finished products for a period of 3 years.
- Implementation of all existing MOUs/Agreements.
- Assured supply of agreed quantity of power as envisaged in MOU and carry forward of short supplies to subsequent years.

Government of Karnataka has already transferred 67766750 equity shares of Rs.10/- each in favour of Steel Authority of India Limited and thereby VISL became a wholly owned subsidiary of SAIL w.e.f. 23rd May, 1997.

A draft scheme of amalgamation duly approved by Board of Directors and shareholders of SAIL and VISL is required to be submitted to Department of Company Affairs for approving the scheme and issue necessary order to this effect. The scheme has already been approved by Board of Directors and shareholders of VISL.

The draft scheme as approved by Board of Directors of SAIL duly initialled by Chairman is available at Registered office of SAIL at Ispat Bhawan, Lodi Road, New Delhi - 110003 during business hours on any working day and would also be available at the venue of AGM for inspection by any of the members.

Your directors, therefore, place before you this scheme of amalgamation of VISL with your Company for approval of shareholders and authorising Chairman of the Company for making such alterations as may be required, and also authorising Secretary of the company to take all necessary steps in connection with filing of application and other such acts as may be necessary for amalgamation of VISL with this Company.

None of the Directors of your Company is interested or concerned in this Resolution.

By order of the Board of Directors


(L.A.K. Sinha)
Executive Director &
Company Secretary

New Delhi
4th August, 1997

Registered Office:
Ispat Bhawan, Lodi Road, New Delhi-110003

DIRECTORS' REPORT



To
The Members

The Directors have pleasure in presenting the Twenty-fifth Annual Report of the Company together with audited accounts for the year ended 31st March, 1997.

FINANCIAL REVIEW

During the year, the Company has achieved a turnover of Rs.14131.22 crores (Previous year Rs.14710.21 crores). The profit before tax at Rs.588.03 crores (Previous year Rs.1318.61 crores) is after providing for interest of Rs.1179.48 crores (Previous year Rs.808.37 crores) and depreciation of Rs.690.70 crores (Previous year Rs.584.81 crores). After providing for Minimum Alternate Tax(MAT) of Rs.75.86 crores (Previous year Nil) and write-back of excess tax provision for earlier years of Rs.3 crores, the Net Profit after tax is Rs.515.17 crores (Previous year Rs.1318.61 crores).

The Directors recommend for your approval a dividend at the rate of 2.5 per cent on the paid-up equity capital as at 31st March, 1997 amounting to Rs.103.26 crores. The Company has also made a provision of Rs.10.33 crores towards dividend tax.

1996-97 was a difficult year for the steel industry as it faced sluggish demand for steel. There was greater competition from imports due to lower international prices compounded by further reduction in custom duties and also enhancement in supplies in the domestic market which resulted in greater stress on margins. Further, the profits of the Company were adversely affected by abnormal escalations in input prices primarily of coking coal, petroleum products, power, transportation, and higher interest costs which could not be fully neutralised despite higher volume of production, better techno-economic parameters and cost reduction measures. The market situation did not allow for matching increase in output prices to neutralise the adverse impact.

The Company during the year has raised Rs.965 crores through issue of non-convertible bonds through private placement to various financial institutions, banks, trusts etc. for financing the company's modernisation and other capital schemes. Despite tight money market conditions, Public Deposit Scheme of the company could attract an all time high deposits of Rs.1908.49 crores as on 31.3.97, which increased from Rs.1652.56 crores as

on 31.3.96. The Public Deposit Scheme is being operated totally in-house and provides services to around one lakh fifty thousand depositors.

SALES & MARKETING REVIEW

Industrial production during the year continued to increase but at a rate much slower than the previous year. During the year, the product-mix was constantly reviewed and adjusted to make it market oriented. Specific segments like construction, tube-makers, furniture, etc. were identified and supplies were made in the customised sizes to match their exact requirements. The long term relationship with the major customers in the form of Memorandum of Understanding (MOU) yielded benefits in terms of better customer satisfaction and also helped to retain the company's customer base. Order booking systems and after sales services were constantly monitored and modified to suit the market requirements in addition to intensified customer contact and feed-back system.

As a result of the above measures, the company marketed about 8.1 million tonnes of saleable steel and 0.5 million tonnes of pig iron in domestic and international markets during the year.

The constant efforts to market steel internationally yielded a good export market and over 0.5 million tonnes were exported giving an export realisation of Rs.641.63 crores. Steel products namely Plates, HR Coils / Sheets, Billets, Slabs, Structural, CR Coils/ Sheets, Wire Rods in Coils and Deformed Bars, Alloy Steels and Stainless Steel were exported to USA, Japan, Korea, Malaysia, Thailand, Indonesia and European Countries.

PRODUCTION REVIEW

The company faced abnormal rise in the cost of inputs during 1996-97 and responded by improving efficiency of operations and controlling expenditure. Entire operations were optimised focussing on better productivity, cost reduction and quality improvement. This resulted in significant improvement in major efficiency parameters. Energy consumption at 8.4 G.cal/tcs reduced by 3.3 per cent, coke rate at 620 kg/thm came down by 5 per cent and refractory consumption at 20.86 kg/tcs down by 8 per cent over previous year. Blast Furnace productivity went up by 6.5 per cent during the year. Production through BOF-Concast route increased by 13 per cent.