

ANNUAL REPORT

1999

2000



STEEL AUTHORITY OF INDIA LIMITED

Board of Directors

As on 31.07.2000

Chairman

Shri Arvind Pande

Managing Directors

Bhilai Steel Plant

Shri V. Gujral

Durgapur Steel Plant

Shri S.B. Singh

Bokaro Steel Plant

Shri B.K. Singh

Rourkela Steel Plant

Shri R.C. Jha

Functional Directors

Finance

Shri V.S. Jain

Restructuring & Corporate Planning

Shri M.K. Moitra

Projects

Shri S.C.K. Patne

Commercial

Shri A.K. Singh

Research & Development

Dr. S.K. Bhattacharyya

Operations

Shri S. Pandey

Directors

Dr. Arul Sarma

Shri D. Basu

Dr. Y.R.K. Reddy

Shri D.V. Singh

Shri C.S. Rao

Secretary

Shri R.K. Garg

Bankers

State Bank of India

Bank of Baroda

Canara Bank

Punjab National Bank

United Bank of India

Syndicate Bank

Union Bank of India

Bank of India

Indian Overseas Bank

Oriental Bank of Commerce

Central Bank of India

UCO Bank

State Bank of Patiala

Punjab & Sind Bank Ltd.

Allahabad Bank

Jammu & Kashmir Bank

State Bank of Saurashtra

State Bank of Hyderabad

Bank of Maharashtra

State Bank of Indore

State Bank of Bikaner & Jaipur

Times Bank

State Bank of Mysore

Statutory Auditors

M/s. S.R. Batliboi & Co.

Chartered Accountants

M/s. Ray & Ray

Chartered Accountants

M/s. Fraser & Ross

Chartered Accountants

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

Chartered Accountants

M/s. S.N. Nanda & Co.

Chartered Accountants

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Registered Office

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Notice

STEEL AUTHORITY OF INDIA LIMITED REGISTERED OFFICE : ISPAT BHAWAN, LODI ROAD NEW DELHI - 110 003

NOTICE IS HEREBY GIVEN THAT the 28th Annual General Meeting of the Members of Steel Authority of India Limited will be held at 1030 hours on Friday, the 22nd September, 2000 at NDMC Indoor Stadium, Talkatora Garden, New Delhi-110001 to transact the following business:

1. To receive, consider and adopt the audited Profit & Loss Account for the year ended 31st March, 2000, the Balance Sheet as at that date and Directors' and Auditors' Reports thereon.
2. To appoint Directors in place of those retiring.

SPECIAL BUSINESS

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

"RESOLVED THAT Shri R.C. Jha 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."

By order of the Board of Directors

R.K. Garg
(R.K. Garg)
Secretary

New Delhi
3rd August, 2000

Notes:

1. The relevant Explanatory Statement, pursuant to Section 173(2) of the Companies Act, 1956, in respect of the business Item No. 3 above is 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 26th August, 2000 to 22nd September, 2000 (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 etc. only to Shares Department.
10. Members who have not encashed the dividend warrant(s) so far for the years 1994-95, 1995-96, 1996-97 and 1997-98 are requested to make their claims to the Company immediately for its revalidation and subsequent encashment.
11. Entry to the Stadium will be strictly against Entry Slip available at the counters at the venue and against exchange of Attendance Slip.
12. 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. 3

On nomination by the President of India vide Government's Notification No.8(5)98-SAIL.I dated 24th September, 1999, Shri R.C. Jha was appointed as an Additional Director of the Company with effect from 27th September, 1999 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 proposing the name of Shri R.C. Jha as a candidate for the office of 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.

None of the Directors other than Shri R.C. Jha to the extent of his appointment as Director, is concerned or interested in the above resolution.

By order of the Board of Directors

R.K. Garg
(R.K. Garg)
Secretary

New Delhi
3rd August, 2000

Directors' Report

To,

The Members,

The Directors have pleasure in presenting the Twenty eighth Annual Report of the Company together with Audited Accounts for the year ended 31st March, 2000.

FINANCIAL REVIEW

During the year, the Company has recorded a growth of 8.4% over previous year in sales turnover at Rs.16250.16 crores, (previous year Rs.14993.85 crores). The net loss after tax at Rs.1720.02 crores (previous year Rs.1573.66 crores) is after providing interest of Rs.1788.79 crores (previous year Rs.2017.44 crores) and depreciation of Rs.1132.79 crores (previous year Rs.1104.06 crores). The recessionary conditions in most of the steel consuming units continued particularly during first half of the year. The average price realisations remained unchanged with the domestic market prices improving by 3% while export realisations declined. However, there has been indication of revival during the second half of fiscal 2000 with improvement in sales volume and realisations.

Making further strides in the area of cost reduction, SAIL effected savings of Rs.713 crores during 1999-2000 partly neutralising adverse market related factors and impact of input cost escalation. The cost reduction drive focussed upon improvement in techno-economic parameters through reduction in specific consumption of coal and other raw materials, improvement in yields, reduction in consumption of stores & spares, maximising utilisation of captive engineering shops. Savings also resulted from reduction in price of imported coking coal pursuant to negotiations with long-term suppliers of coal.

In view of the loss, the Directors do not recommend a dividend. Further, no additional appropriation towards Bonds Redemption Reserve is proposed to be made.

FINANCIAL AND BUSINESS RESTRUCTURING

With a view to overcome adverse business scenario and improve the competitive strength in fiercely competitive market, your company formulated a financial and business restructuring plan which was approved by the Government in February, 2000. The financial restructuring will help the company in mitigation of financial risk by reducing debt-equity ratio and improvement in debt service capability. The business restructuring would provide long-term competitiveness retaining competitive edge of the company in its core business of steel making by divesting the non-core assets of the company. The restructuring proposals envisage:

- Financial restructuring envisaged waiver of loans advanced to SAIL from Steel Development Fund (SDF) to a value of Rs.5073 crores to be set off against

write-down in the value of assets by Rs.3001 crores, write-off of loans and advances from SAIL to Indian Iron & Steel Company Limited (IISCO), a wholly-owned subsidiary company of SAIL, of Rs.1566 crores and write-back of Rs.506 crores representing interest written-off in the past in respect of loans to IISCO. Government of India loan together with interest accrued thereon amounting to Rs.380.17 crores to SAIL which was further lent to IISCO was also waived. This has been made effective from 1st April 1999 and the accounting adjustments have been carried out during the year.

- Government guarantee with 50% interest subsidy for loans and interest thereon of Rs.1500 crores to be raised by SAIL from the market to finance reduction in manpower through voluntary retirement scheme. Further, Government guarantee for loan and interest thereon of Rs.1500 crores to be raised by SAIL from the market primarily for meeting repayment obligation on past loans. The company has already raised an amount of Rs.1102.50 crores by issue of Government guaranteed bonds upto 31st March, 2000.
- Business restructuring proposals envisage initiating the process of divestment of the following non-core assets while protecting the jobs of the existing employees:
 - (a) Power plants at Rourkela, Durgapur and Bokaro.
 - 2x60 MW captive power plant-II at Rourkela Steel Plant and the Central Power Training Institute at Rourkela.
 - 2x60 MW captive power plant-II at Durgapur Steel Plant.
 - 122 MW (2x55 MW plus 12 MW back pressure turbine) captive power plant-I, 3x60 MW captive power plant-II and steam generating capacity of 660 MT/hour at Bokaro Steel Plant.
 - (b) Oxygen Plant-2 of Bhilai Steel Plant
 - (c) Salem Steel Plant (SSP), Salem
 - (d) Alloy Steels Plant (ASP), Durgapur
 - (e) Visvesvaraya Iron and Steel Plant (VISL), Bhadravati
 - (f) Fertiliser Plant at Rourkela.
- Conversion of IISCO into a joint venture with SAIL holding minority shareholding.

SAIL has signed a Memorandum of Understanding with the Ministry of Steel in March, 2000 for implementation of the business restructuring plan with detailed milestones. Responsibilities have been assigned to senior executives for carrying the implementation forward and accomplishing the milestones within agreed timeframe.



The process of divestment has already been initiated by appointing Financial Advisers/merchant bankers. The company has issued advertisement inviting Expression of Interest for divestment of identified units.

SALES AND MARKETING REVIEW

During the year, the steel market generally remained stagnant, with some improvement only in the later part of the year. In sluggish market conditions, your company adopted aggressive marketing strategies which included intensified customer contact and feed back system coupled with customer friendly order booking system and after-sales service. Customer satisfaction was further enhanced by undertaking a larger component of sales as direct despatches from plants.

The company achieved sales of over 9.71 million tonnes (previous year 8.97 million tonnes) of saleable steel recording growth of 8.25% in the domestic and international markets during the year. The company exported 0.89 million tonnes (previous year 0.49 million tonnes) of steel and pig iron recording growth of 81% in exports. Your company earned foreign exchange of Rs.886.42 crores during the year through exports and other activities. As a result of imposition of anti-dumping and countervailing duties on import of plates from India in the important markets of USA, EU countries and Canada, exports to these major markets were restricted.

As a part of SAIL's business restructuring, the product management group was reorganised into long products and flat products for greater thrust and focus on productwise marketing. Key Account Management process has been introduced in select branches in order to service the requirements of key customers in terms of quality, delivery, etc. and also to bring in new/lost customers in a fiercely competitive market and increase our market share. The process would be subsequently extended to other branches.

PRODUCTION REVIEW

Saleable steel production picked up significantly during 1999-2000, after decline in last two years. SAIL plants produced highest ever saleable steel of 9.53 million tonnes with a growth of 11 per cent over previous year. The production in primary areas of hot metal and crude steel was regulated, leading to substantial liquidation of in-process and finished inventories. SAIL produced 11.1 million tonnes hot metal and 9.99 million tonnes crude steel during the year.

The cost reduction and improvement in operational efficiency continued during the year. Overall energy consumption declined to lowest ever 7.96 Gcal/tcs, a reduction of 1.6 per cent over previous year. Coke rate was lowest at 564 kg/thm, a reduction of 3 per cent. Blast furnace productivity (tonnes/cubic metre/day) also

improved by 4.9 per cent during the year. BOF lining life improved at all plants. The downward trend in specific consumption of raw materials continued during the year. There was 1 per cent growth in production of coal chemicals with 3 per cent less tonnage of coal carbonisation.

There has been improvement in output from modernised facilities, which are in final stage of stabilisation. Continuous cast production at 4.92 million tonnes from main plants, was higher by 17 per cent and formed 50 per cent of total crude steel against 43 per cent last year.

Your company continued its efforts in implementing ISO 9000 standards in its plants/units. During the year, Skelp Mill of Durgapur Steel Plant, Repair Shops of Rourkela Steel Plant and Hot Strip Mill of Bokaro Steel Plant achieved the ISO 9002 certification.

Raw Materials

The total iron ore production from company's captive mines during the year was 18.58 million tonnes and flux production was 2.52 million tonnes and almost total requirement of iron ore for different plants was met from company's own mines. Ministry of Environment & Forest (MOEF) has not granted forestry clearance for Rowghat Iron Ore Project for Bhilai Steel Plant in view of rich flora and fauna in the said area. Your company is examining the other available options for sourcing iron ore for Bhilai to meet its future requirements.

Materials Management

Your company initiated a Purchase Cost Reduction linking the same with production and other productivity measures. In the first phase conveyor belts, ferro alloys, rolls and refractories were covered and is expected to yield at saving of about 8-10% during 2000-2001, by adopting newer concepts of performance based and centralised purchasing. The exercise is being further expanded covering 4 more commodities, viz., lubricants, aluminium, zinc and dolomite aiming at a saving of around 5%.

Y2K Compliance

During the course of the last year, the company had taken various steps to ensure Y2k compliance. On January 1, 2000 all the systems were checked to ensure that they were functional. The entire exercise was successful and all systems were able to switch over to year 2000 smoothly.

MODERNISATION AND OTHER CAPITAL SCHEMES

The modernisation schemes at Durgapur, Rourkela and Bokaro Steel Plants started yielding results during the year. The techno-economic parameters like energy consumption, coke rate, yield, etc. have shown significant improvements at Durgapur Steel Plant (DSP).

Reheating Furnace No.5 at Rourkela Steel Plant (RSP)

was also commissioned in November, 1999 thereby completing the RSP modernisation. Significant improvement has been achieved in the quality of coke, sinter, hot metal and steel after modernisation. Special grades of steel like CRNO, API, Medium carbon, etc. have been made through Continuous Casting route. However, considering sluggish market of steel, the production of RSP was regulated and the plant was operated with 3 out of 4 Blast Furnaces.

At Bokaro Steel Plant (BSL), with the completion of Reheating Furnace No.3 and Fourth Coiler in January, 2000, all the facilities under Modernisation have been completed. The quality of concast slabs is considerably better than the rolled slabs and has improved the quality parameters of the finished products from Hot Strip Mill. The Hot Rolled products of BSL is being well accepted in domestic and international market. BSL is now able to produce Corrosion Resistant steel sheets (SAILCOR) which were earlier produced at Alloy Steels Plant and rolled at BSL. The commercial production of SAILCOR sheets has helped in meeting orders from railways on a regular basis.

The installation of Sinter Plant-3 at Bhilai Steel Plant (BSP) is in advanced stage of completion and is likely to be completed by March, 2001. On line ultrasonic testing machine and eddy current tester for rails have been installed. Also, Ladle Furnace & RH Degassing facilities at BSP have been installed and undergoing trial runs for improvement in Rail quality.

The Company incurred a capital expenditure of Rs.522.34 crores during the year on fixed assets and capital work-in-progress which has primarily been financed through borrowings from external sources.

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.

Most of the major projects completed during 1999-2000 were implemented with in-house consultancy services. Some of the ongoing projects being implemented with in-house consultancy are - Sinter Plant-3 (Raw Material Handling Package) of BSP; Rebuilding of Coke Oven Battery No.3 of BSL, introduction of Combined Blowing Technology in SMS-II at BSL; upgradation of BF No.3 of DSP etc.

Besides the above, CET has also done the consultancy of some of the projects under implementation for clients other than SAIL viz. Basic Engineering for Installation of Romelt Unit for National Mineral Development Corporation (NMDC), Installation of a Bar Mill for National Iron & Steel Company, Belur, installation of a

Section Mill for M/s Mohkeen Felez Industrial Company, Tehran, Enlargement, Modification and Reconstruction of BF-3 of EISCO, Egypt, Dust Extraction for coal crushing plant at Al-Nasir Co., Egypt etc.

RESEARCH & DEVELOPMENT

Research & Development Centre for Iron & Steel (RDCIS) of the Company completed 78 R&D projects during the year. These projects provided technological inputs to SAIL plants/units with thrust on cost reduction, value addition, quality improvement and development of new products.

The R&D Centre has filed 1 foreign and 29 Indian patents in 1999-2000. The Centre also filed 15 copyright proposals. In addition, RDCIS undertook contract research and also provided consultancy services and know-how to organisations outside SAIL.

During the year, 9 prestigious national awards were bagged by RDCIS collective and 133 technical papers were published/presented.

HUMAN RESOURCES MANAGEMENT REVIEW

The Company continued its efforts for upgradation and optimum utilisation of human resources towards fulfilment of organisational objectives and goals. A conducive and congenial work environment was maintained through the support and co-operation of the trade unions and officers' association.

The manpower strength as on 31st March, 2000 was 159940 comprising of 16995 executives and 142945 non-executives. A Voluntary Retirement Scheme based on a system of deferred payment was introduced on 1st June, 1999 which remained in operation up to 31.10.1999. During this period 13,617 employees separated through Voluntary Retirement.

During the year training continued to play a vital role in the on-going process of change and development to meet the priorities of the company. The focus was on managerial competence building and skill development of our employees during the year. Out of 69164 employees trained during the year, around 54% of the training was in area of skill and efficiency enhancement.

The welfare of employees remained a priority for the company during the year as 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.

Consistent efforts were made by the SAIL Safety Organisation for competence building through HRD interventions covering Heads of Shops, Line Managers,



Safety Personnel and Trade Union Members. During the year, there was overall improvement in the safety performance of the Company.

A team of two employees from RSP, and one employee from VISL was selected for Prime Minister's Shram Vir Award. In addition one employee from VISL was selected for Shram Shri Award during the year.

Presidential directives on Scheduled Castes and Scheduled Tribes continued to be implemented and monitored on a regular basis. As on 31st December, 1999 out of the total manpower, 14 per cent were Scheduled Castes and 10 per cent were Schedules Tribes.

The Company continued its efforts in the implementation of Official Language Policy of the Government of India. Emphasis was given to create an environment in which employees voluntarily adopt Hindi in their office work. SAIL Headquarters and its quarterly journal on Official Language ISPAT BHASHA BHARTI were awarded 1st and 2nd prizes by the Town Official Language Implementation Committee of Delhi. SAIL-H.Q., Raw Materials Division, Calcutta, CET-Ranchi and Bokaro Steel Plant were awarded prizes by the Deptt. for Official Language, Ministry of Home Affairs for noteworthy implementation of Hindi.

Prioritised and focussed attention on Youth Sports have consolidated the system of precipitating new champions from SAIL Plants/Units regularly. SAIL Football topping "A" Division IFA League of Calcutta entered Super League to lock horns with Mohan Bagan, East Bengal and Tollygunge in year 2000 and SAIL Sponsored Indian National Football Club became Delhi Super League Champions in 1999. SAIL employees served the cause of Cricket, Hockey, Boxing, Athletics and Football deputed by National Federations and Boards. Nisha Millet sponsored by SAIL since 1996 became the first ever Indian Women to be eligible in Olympics - Sydney.

VIGILANCE ACTIVITIES

Sensitive areas which are prone to corruption are identified and regular Surprise Checks are conducted to plug any loop-holes in the existing systems and to identify the officials indulging in corrupt practices so that action can be taken against them. Job rotation policy for the employees deployed in sensitive areas has been formulated and being implemented. Complaints received from various sources are examined and based on the outcome of investigation, Departmental Action is initiated against the concerned officials. During the year 1999-2000, 731 complaints were handled. Based on the Surprise Checks conducted and Complaints investigated and consequent Departmental Action, Major Penalty Punishment was imposed on 147 employees and Minor Penalty Punishment was imposed on 70 employees.

MARKETING OF SERVICES

SAIL Consultancy Division (SAILCON) continued to register growth in business in providing quality services in the domestic as well as in foreign markets. SAILCON secured orders worth Rs.5.9 crores, registering a growth of 50% over the last year. During the year, entries were made into the markets of Kingdom of Saudi Arabia and Qatar. The marketing efforts abroad were focussed in Africa and the Middle-East region. SAILCON has already carved out a niche for SAIL in Egypt and Saudi Arabia, where satisfied customers have complimented the quality services provided by SAILCON through repeat orders. SAILCON is putting efforts to obtain more orders in Egypt, Iran, Saudi Arabia, Sudan, Vietnam, Kazakastan, Bhutan and Bangladesh besides India.

ENVIRONMENT MANAGEMENT

With continued thrust on pollution control, improved performance has been witnessed during the year 1999-2000, in respect of compliance with norms for ambient air quality, effluent discharge quality and stack emissions.

During the year, two units of Bhilai Steel Plant, namely, Plate Mill and Dalli Iron Ore Mines, were accredited with Environment Management System (EMS)/ISO-14001 certification. Besides, satisfactory progress has been recorded during the year, in our efforts to achieve EMS certification for Silicon Steel Mill of RSP and Meghahataburu Iron Ore Mines.

Salem Steel Plant bagged the Golden Peacock Environment Management Runners Up award for 1999, organised by the World Environment Foundation, New Delhi, for outstanding achievement in the field of environment management, in medium enterprises category.

Sustained efforts to green the SAIL plants, mines and township with plantation were continued during the year.

SUBSIDIARIES

The Indian Iron & Steel Company Limited (IISCO)

The Company recorded a turnover of Rs.918.06 crores. The net loss for the year after charging depreciation of Rs.23.47 crores and interest of Rs.12.27 crores was Rs.210.38 crores compared to net loss of Rs.357.24 crores during 1998-99, the major reason being lower sales realisation due to adverse market conditions.

The company produced 290 thousand tonnes of crude steel, 250 thousand tonnes of saleable steel and 378 thousand tonnes of pig iron during the year.

As part of financial restructuring, SAIL has written-off loans and advances (including interest receivable) from own sources of IISCO of Rs.1566 crores against waiver of SDF loans. The Government of India has also written off loans (including interest receivable thereon) of

Rs.380.17 crores to IISCO, routed through SAIL. IISCO has utilised the write-off amount to adjust against infructuous capital work-in-progress of Rs.252.31 crores and accumulated losses of Rs.1693.86 crores as on 1st April, 1999.

IISCO was declared a sick industrial company by the Board for Industrial & Financial Reconstruction (BIFR) on 17th August, 1994. SAIL has appointed the Industrial Development Bank of India as a global advisor for disinvestment of IISCO to a suitable strategic partner with SAIL holding minority stake.

IISCO-Ujjain Pipe & Foundry Company Limited, a wholly owned subsidiary of IISCO, was decided to be wound up by BIFR in June'96. The Official Liquidator has initiated the liquidation process.

Maharashtra Elektrosnelt Limited (MEL)

MEL achieved a turnover of Rs.169.26 crores during the year as against Rs.158.14 crores during the previous year. MEL has incurred a net loss of Rs.16.10 crores as compared to the loss of Rs.11.07 crores during the previous year. The major factors contributing to the losses were mainly increase in power tariff, input escalation and severe sluggish market condition. MEL is a potential sick company in terms of the provisions of Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985. In order to improve its financial health, SAIL has converted its existing loan of Rs. 14 crores granted to MEL into its equity capital through preferential allotment of shares resulting in enhancement of paid up capital of MEL from Rs. 10 crores to Rs. 24 crores.

SAIL Power Supply Company Limited (SPSCL) and Bhilai Oxygen Limited (BOL)

As a part of the business restructuring plan, two separate subsidiary companies with a nominal authorised capital of Rs.1 lakh each were incorporated under the name of SAIL Power Supply Company Limited (SPSCL) and Bhilai Oxygen Limited (BOL) on 8th and 9th February, 1999, respectively. The process of identification/selection of strategic alliance(s)/partners and transfer of identified undertakings to the newly formed companies is under way.

Audited Accounts of Subsidiaries

Audited Accounts of the Indian Iron & Steel Company Limited, Maharashtra Elektrosnelt Limited, SAIL Power Supply Company Limited and Bhilai Oxygen Limited for the period ending 31st March, 2000 are enclosed.

Auditors' Report

The Statutory Auditors' Report on the Accounts of the Company for the financial year ended 31st March, 2000 alongwith Management's replies are enclosed at Annexure-I. The comments and the review on accounts for the year ended 31st March, 2000 by the Comptroller

& Auditor General of India under the Section 619 (4) of the Companies Act, 1956 alongwith Management's replies are placed at Annexure-II.

Report on Conservation of Energy, Technology Absorption, etc.

Information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo is given at Annexure-III to this report.

Particulars of Employees

There was no employee of the Company who received remuneration in excess of the limits prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

Directors

Shri K.S. Rajendra Kumar resigned from the Directorship of the Company w.e.f. 31st August, 1999.

Shri D.V. Singh, Joint Secretary, Ministry of Steel was appointed as Director w.e.f. 31st August, 1999.

Shri R.C. Jha, was appointed as Additional Director under Section 260 of the Companies Act, 1956 w.e.f. 27th September, 1999.

Shri A.H Jung resigned from the Directorship of the Company w.e.f. 18th January, 2000.

Shri C.S. Rao, Additional Secretary & Financial Adviser, Ministry of Steel was appointed as Director w.e.f. 24th January, 2000.

Shri G.S. Garcha ceased from the Directorship of the Company w.e.f. 3rd February, 2000.

Acknowledgement

The Board of Directors wish to place on record their appreciation for the support and cooperation extended by every member of the SAIL family. The Directors are thankful to the State Governments, Electricity Boards, Railways, Suppliers, Customers and Shareholders for their continued cooperation. The Directors also wish to acknowledge the continued support and guidance received from the different wings of the Government of India and more particularly from the Ministry of Steel.


(ARVIND PANDE)
Chairman

New Delhi.

Dated : 3rd August, 2000

10-Year Digest



FINANCIAL HIGHLIGHTS

	99-2000	98-99	97-98	96-97	95-96	94-95	93-94	92-93	91-92	90-91
	<i>(Rupees in crores)</i>									
Sales	16250	14994	14624	14131	14710	13867	11671	10175	9360	8184
Other Income										
(Net of stock Accretion/Depletion)	-974	-31	1788	2057	1027	346	656	1422	923	511
Expenditure	14075	13460	13914	13730	13025	11816	10507	9776	8780	7485
Operating Profit (PBDIT)	1202	1503	2498	2458	2712	2397	1820	1821	1503	1210
Depreciation	1133	1104	795	691	585	524	510	727	673	607
Interest & Finance charges	1789	2017	1554	1179	808	710	765	671	463	355
Profit before tax	-1720	-1618	149	588	1319	1163	545	423	367	248
Provision for tax/Income Tax Refund	-	-44	16	73	-	55	-	-	1	3
Profit After tax	-1720	-1574	133	515	1319	1108	545	423	366	245
Equity Capital	4130	4130	4130	4130	4130	3986	3986	3986	3986	3986
Reserves & Surplus (Net of DRE)	635	2756	4359	3868	3807	2570	1677	1286	957	690
Net Worth	4765	6886	8489	7998	7937	6556	5663	5272	4943	4676
Total Loans	14875	20851	19872	17302	14476	12136	11272	9521	7212	5492
Net Fixed Assets	15873	18307	14137	12624	8771	7557	7011	5398	5381	5222
Working Capital	3025	6353	7008	5862	4185	3205	3889	3348	2245	2001
Capital Employed (Net Fixed Assets+ Working Capital)	18898	24660	21145	18486	12956	10762	10900	8746	7626	7223

PRODUCTION STATISTICS

Item	99-2000	98-99	97-98	96-97	95-96	94-95	93-94	92-93	91-92	90-91
	<i>(Thousand tonnes)</i>									
Main integrated Steel Plant										
Hot Metal	10939	11180	11615	11393	10901	10868	10172	9918	9789	9144
Crude Steel	9788	9858	10297	10319	9986	9821	9506	9464	9267	8438
Pig Iron	574	731	772	673	574	750	586	335	456	566
Saleable Steel										
— Semi Finished Steel	2592	2293	3110	2104	1784	1680	1434	1321	1227	1037
— Finished Steel	6637	6034	5602	6798	7136	6951	6877	6616	6414	5998
Total	9229	8327	8712	8902	8920	8631	8311	7937	7641	7035
Alloy & Special Steel Plants*										
Saleable Steel	301	275	331	333	239	210	206	199	202	187
Total Saleable Steel*	9530	8602	9043	9235	9159	8841	8517	8136	7843	7222

* Includes VISL, merged with SAIL from 1998-99 onwards.

SHAREHOLDING PATTERN

(As on 31.03.2000)

CATEGORY	NUMBER OF SHARE HOLDERS	AMOUNT RS./CRORES	% OF EQUITY
Government of India	1	3544.69	85.82
Financial Institutions	9	384.06	9.30
Global Depository Receipts (GDRs)	1	20.47	0.50
Individuals	194309	116.99	2.83
Mutual Funds/Banks	48	8.95	0.22
Foreign Institutional Investors (FII's)	36	8.86	0.21
Domestic Companies etc.	2360	26.52	0.64
Dematerialised Shares in Transit	—	19.86	0.48
TOTAL	196764	4130.40	100.00

Balance Sheet

AS AT 31ST MARCH, 2000

	Schedule No.	As at 31st March, 2000	As at 31st March, 1999
SOURCES OF FUNDS (Rupees in crores)			
Shareholders' Funds			
Share Capital	1.1	4130.40	4130.40
Reserves and Surplus	1.2	1931.44	2858.14
		6061.84	6988.54
Loan Funds			
Secured Loans	1.3	8849.96	9891.64
Unsecured Loans	1.4	6232.45	11125.61
		15082.41	21017.25
		21144.25	28005.79
APPLICATION OF FUNDS			
Fixed Assets	1.5		
Gross Block		26823.32	28187.98
Less: Depreciation		10950.53	9880.72
Net Block		15872.79	18307.26
Capital Work-in-progress	1.6	1474.62	2588.62
		17347.41	20895.88
Investments	1.7	376.62	386.44
Current Assets, Loans & Advances			
Inventories	1.8	4622.99	6795.07
Sundry Debtors	1.9	1817.36	1921.55
Cash & Bank Balances	1.10	392.68	383.90
Interest Receivable/Accrued	1.11	164.29	739.74
Loans & Advances			
Subsidiary Companies	1.12	14.31	1429.37
Others	1.13	1261.85	1558.29
		8273.48	12827.92
Less: Current Liabilities & Provisions			
Current Liabilities	1.14	4839.89	5371.30
Provisions	1.15	1310.24	835.93
		6150.13	6207.23
Net Current Assets		2123.35	6620.69
Miscellaneous Expenditure	1.16	499.97	102.78
(to the extent not written off or adjusted)			
Profit & Loss Account Balance		796.90	-
		21144.25	28005.79

Accounting Policies and Notes on Accounts 3
Schedules 1 and 3 annexed here to, form part of the Balance Sheet.

Sd/-
(R.K. Garg)
Secretary

For and on behalf of Board of Directors

Sd/-
(V.S. Jain)
Director (Finance)

Sd/-
(Arvind Pande)
Chairman

In terms of our report of even date
For and on behalf of

S.R. Batliboi & Co.
Chartered Accountants
Sd/-
(R.K. Agrawal)
Partner

Ray & Ray
Chartered Accountants
Sd/-
(N. Saha)
Partner

Fraser & Ross
Chartered Accountants
Sd/-
(K.N. Ramasubramanian)
Partner

A.K. Sabat & Co.
Chartered Accountants
Sd/-
(A.K. Sabat)
Partner

S.N. Nanda & Co.
Chartered Accountants
Sd/-
(S.N. Nanda)
Partner

Place : New Delhi
Dated : May 27, 2000