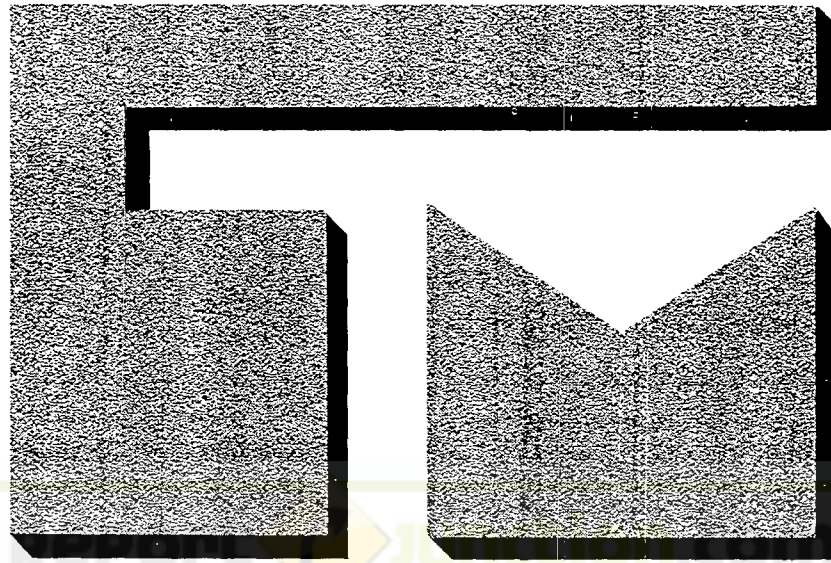


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YE	<input checked="" type="checkbox"/>			



**TATA METALIKS**

# **Annual Report**

## **1996-97**

Report  Junction.com



## TATA METALIKS LIMITED

### SEVENTH ANNUAL REPORT 1996-97

## Board of Directors

(AS ON 16TH JUNE 1997)

Dr. T. Mukherjee (*Chairman*)  
Mr. Rajeev Dubey (*Managing Director*)  
Mr. R. C. Nandrajog  
Mr. M. C. De Tarafdar  
Mr. H. S. Majumder  
Mr. Dinesh Bahl  
Mr. L. M. Chatterjee  
Mr. M. V. Srinivasan  
Mr. D. P. Patra  
Mr. Daljit Singh

**Company Secretary**  
Mr. Sunit Sengupta

Report  junction.com

### Registered Office

Tata Centre  
43, Chowringhee Road  
Calcutta 700 071  
Ph. : 033-2473702/2477051/2404014  
Fax : 033-2474372

### Works

Village Gokulpur  
P.O. Samuraipur  
Kharagpur, Dist. Midnapur  
West Bengal, Pin-721 301  
Ph. : 03222 33325  
Fax : 03222 33316

### Bankers

Indian Overseas Bank  
State Bank of India  
Citibank N. A.

### Auditors

Messrs A. F. Ferguson & Company  
Chartered Accountants

### Share Registrars & Transfer Agents

ABC Computers Private Limited  
National Council of Education Building  
Jadavpur University Campus  
Calcutta 700 032  
Ph. : (033) 4731163/4731292/4735363  
AND  
43/3 Hazra Road  
Calcutta 700 019  
Ph. : 033-4753679/4753580  
Fax : 033-4746548



TATA METALIKS LIMITED

## NOTICE

Notice is hereby given that the Seventh Annual General Meeting of TATA METALIKS LIMITED will be held at Kalamandir, 48, Shakespeare Sarani, Calcutta-700 017 on Thursday the 21st August, 1997 at 11-00 a.m. to transact the following business:-

### ORDINARY BUSINESS

1. To receive and adopt the Audited Profit and Loss Account of the Company for the year ended 31st March, 1997 and the Balance Sheet as at that date together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in the place of Mr. Dinesh Bahl who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in the place of Mr. L. M. Chatterjee who retires by rotation and is eligible for re-appointment.
4. To appoint Auditors of the Company and to fix their remuneration.

### SPECIAL BUSINESS

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution(s) as Ordinary Resolution(s):
  - a) "RESOLVED THAT Mr. M. V. Srinivasan be and is hereby appointed a Director of the Company."
  - b) "RESOLVED THAT Mr. Rajeev Dubey be and is hereby appointed a Director of the Company."
  - c) "RESOLVED THAT Mr. D. P. Patra be and is hereby appointed a Director of the Company."
  - d) "RESOLVED THAT Mr. Daljit Singh be and is hereby appointed a Director of the Company."
6. To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:
 

"RESOLVED THAT in accordance with the provisions of Sections 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves of the appointment and terms of remuneration of Mr. Rajeev Dubey as Managing Director of the Company for a period of five years with effect from 1.12.1996 upon the terms and conditions set out in the draft Agreement submitted to this meeting and for identification, signed by the Chairman thereof, which Agreement is hereby specifically sanctioned with authority to the Board of Directors to alter and vary terms and conditions of the said appointment and/or Agreement in such manner as may be agreed to between the Board of Directors of the Company and Mr. Rajeev Dubey."
7. To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:-
 

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1) (a) and other applicable provisions, if any, of the Companies Act, 1956 to mortgaging and /or charging by the Board of Directors, of the Company of all the immovable and movable properties of the Company wheresoever situate, present and future, and the whole of the undertaking of the Company together with power to take over the management of the business and concern of the Company in certain events, to or



## SEVENTH ANNUAL REPORT 1996-97

in favour of Industrial Development Bank of India (IDBI), Indian Overseas Bank (IOB) and/or other commercial banks, to secure :

(i) Rupee Term Loan not exceeding Rs. 760 lacs (Rupees Seven Hundred and Sixty lacs only) lent and advanced/agreed to be lent and advanced by IDBI to the Company ; and

(ii) credit facilities for working capital lent and advanced/agreed to be lent and advanced to the Company by IOB and/or other commercial banks ;

together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, premia on prepayment costs, charges, expenses and other monies payable by the Company to IDBI, IOB and/or other commercial banks respectively under their Heads of Agreement/Loan Agreement(s)/Letters of Sanction/Memorandum of Terms and Conditions entered into/to be entered into by the Company in respect of the said term loan(s) and credit facilities for working capital."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise with IDBI, IOB and/or other commercial banks, the documents for creating aforesaid mortgage and/or charge and to do all such acts and things as may be necessary for giving effect to the above resolution."

Calcutta, 16th June, 1997

By Order of the Board of Directors

**Registered Office:**  
Tata Centre,  
43, Chowringhee Road,  
Calcutta - 700071

**Sunit Sengupta**  
Company Secretary

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**Notes :**

- (a) The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of business under items 5 to 7 is annexed hereto.
- (b) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
- (c) The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, the 12th August, 1997 to Thursday, the 21st August, 1997, both days inclusive.
- (d) Shareholders desiring any information as regards the Accounts are requested to write to the Company at an early date so as to enable the Management to keep the information ready.
- (e) Members/Proxies should bring the Attendance Slip duly filled in for attending the meeting.
- (f) All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company during office hours on all working days, between 11.00 a.m. and 1.00 p.m. prior to the date of the meeting and also at the meeting.
- (g) Shareholders are requested to kindly bring their copies of Annual Report to the Meeting.



## ANNEXURE TO THE NOTICE

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

#### ITEM NO.5 (a)

Mr. M.V. Srinivasan, Member Traffic (Retd.) Railway Board was appointed as Additional Director of the Company with effect from 4.11.96.

In terms of Section 260 of the Companies Act, 1956, Mr. M.V. Srinivasan as Additional Director shall hold office till the ensuing Annual General Meeting.

The Company has received a notice in writing from a member, under Section 257 of the Companies Act, 1956, signifying his intention to propose Mr. Srinivasan for the office of Director of the Company. The Board of Directors ("the Board") considers that his services as Director will be in the interest of the Company. None of the Directors, other than Mr. Srinivasan is interested or concerned in the resolution.

#### ITEM NO. 5 (b)

Mr. Rajeev Dubey was appointed as Additional Director of the Company with effect from 4.11.96.

In terms of Section 260 of the Companies Act, 1956, Mr. Rajeev Dubey, as Additional Director shall hold office till the ensuing Annual General Meeting.

The Company has received a notice in writing, from a member under section 257 of the Companies Act, 1956, signifying his intention to propose, Mr. Dubey for the office of Director of the Company.

None of the Directors other than Mr. Dubey has any interest or concern in the proposed resolution.

Your Directors commend passing of the proposed resolution.

#### ITEM NO. 5 (c)

Mr. D.P. Patra, presently the Managing Director of West Bengal Industrial Development Corporation Ltd. (WBIDC) was appointed as Additional Director of the Company with effect from 6.2.97.

In terms of Section 260 of the Companies Act, 1956, Mr. D.P. Patra, as Additional Director shall hold office till the ensuing Annual General Meeting.

A notice in writing has been received from a member under Section 257 of the Companies Act, 1956 signifying his intention to propose Mr. Patra for the office of Director of the Company.

The Board considers it desirable to avail the services of Mr. Patra as a Director of the Company.

None of the Directors, other than Mr. Patra, is concerned or interested in the resolution.

#### ITEM NO. 5 (d)

Mr. Daljit Singh had resigned as Managing Director, of the Company with effect from 31.1.97.

However, considering Mr. Singh's long association with the Company as Managing Director, the Board decided to re-induct him on the Board and on confirmation of his availability for the services of the Company again, the Board appointed him as Additional Director of the Company, with effect from 16.6.97. In terms of Section 260 of the Companies Act, 1956, Mr. Singh as Additional Director shall hold office till the ensuing Annual General Meeting.

The Company has received a notice, in writing from a member under Section 257 of the Companies Act, 1956, signifying his intention to propose Mr. Singh for the office of Director of the Company.

None of the Directors other than Mr. Singh has any interest or concern in the proposed resolution.





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**ITEM NO.6**

In accordance with Article 108 (b) of the Articles of Association of the Company, the Board by resolution dated 28.11.96 appointed Mr. Rajeev Dubey as Managing Director of the Company for a period of five years with effect from 1st December, 1996. An intimation under section 302 of the Companies Act, 1956 dated 29.11.96 was sent to every member of the Company.

Mr. Dubey joined the Tata Administrative Service in 1975. Prior to his appointment as Managing Director of the Company, Mr. Dubey was the General Manager (Town Services) of Tata Steel in Jamshedpur since August 1994.

Mr. Dubey studied Economics at St. Stephen's College and the Delhi School of Economics, Delhi University. He has a Master's degree in Management from the Yale School of Management, Yale University, U.S.A. In addition, he has done advanced Management Programmes at Cedep - Insead (European Institute of Business Administration, Fontainebleau, France) and at the National Institute of Advanced Studies, Bangalore.

The draft Agreement between the Company and Mr. Dubey for his appointment as Managing Director contains the following terms of remuneration :-

**Salary**

Rs. 24,000/- per month with effect from 1st December 1996 with annual increment not exceeding Rs. 2,000/- per month as may be sanctioned by the Board; such increments shall fall due on the 1st April of every succeeding year.

**Commission**

In addition to salary and perquisites and allowances, commission would be paid between half and twice the annual salary paid to Mr. Dubey depending upon the performance criteria as may be settled by the Board and will be payable annually after the Annual Accounts have been approved by the Board and adopted by the members of the Company in General Meeting.

The commission would depend upon the net profit of the Company in a particular year, subject to overall ceiling laid down in Sections 198 and 309 of the Companies Act, 1956.

**Perquisites & Allowances**

In addition to the salary and commission payable, Mr. Dubey shall also be entitled to perquisites and allowances like accommodation (furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowance, together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings and repairs, medical reimbursement, leave travel concession for himself and his family, club fees, medical insurance, and such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board or a Committee thereof and Mr. Dubey, such perquisites and allowances to be restricted to an overall limit of 125% of the annual salary of Mr. Dubey.

**Provided that :-**

- (i) for the purpose of calculating the above ceiling, perquisites shall be evaluated as per the Income-tax Rules, wherever applicable. In the absence of any such Rules, perquisites shall be evaluated at actual cost;
- (ii) provision for use of the Company's car for official duties and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling; and
- (iii) Company's contribution to Provident Fund and Superannuation Fund or Annuity Fund, to the extent these either singly or together are not taxable under the Income-tax Act, Gratuity payable as per the rules of the Company and encashment of leave at the end of the tenure, shall not be included in the computation of the said ceiling.

Where in any financial year during the tenure of Mr. Dubey as the Managing Director, the Company has not made any profit or its profits are inadequate, the remuneration payable to Mr. Dubey shall not exceed the limit specified



TATA METALIKS LIMITED

in Section II of Part II of the Schedule XIII to the Companies Act, 1956 as modified from time to time.

The extent and scope of the remuneration, perquisites and allowances, including monetary value thereof, specified above may be enhanced, enlarged, widened, altered or varied from time to time by the Board or a Committee thereof, as the Board or the Committee may, in its discretion, deem fit, within the maximum amount payable to the Managing Director in accordance with Schedule XIII to the Companies Act, 1956 or any amendments made thereto.

Mr. Dubey shall be allowed leave as per rules of the Company. Leave accumulated and not availed of during his tenure as Managing Director shall be allowed to be encashed at the end of his tenure as per rules of the Company.

So long as he acts as Managing Director Mr. Dubey shall not be entitled to sitting fees for attending meetings of the Board or any Committee thereof.

In compliance of Section 309 of the Companies Act, 1956 the terms of the remuneration payable to the Managing Director are now being placed before the Members for their approval.

The draft Agreement between the Company and Mr. Dubey is available for inspection by the Members of the Company at its Registered Office between 11 a.m. and 1 p.m. on any working day prior to the date of the meeting and also at the meeting. None of the Directors other than Mr. Rajeev Dubey is concerned or interested in the resolution.

#### ITEM NO. 7

The Company has approached Industrial Development Bank of India (IDBI) for financial assistance in the form of term loan in connection with its project for the construction of Railway Siding at its existing plant at Kharagpur in the State of West Bengal.

The financial assistance from IDBI has to be secured by a first mortgage of all the immovable and movable properties of the Company, present and future.

Moreover, Indian Overseas Bank (IOB), International Business branch, Wood Street, Calcutta have sanctioned to the Company, credit facilities for working capital upto an overall limit of Rs. 39 crores, to be secured by 2nd charge/mortgage on the fixed assets of the Company.

Section 293(1) (a) of the Companies Act, 1956 provides inter alia that the Board of Directors of a public Company shall not, without the consent of such public Company in general meeting, sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking, of the whole, or substantially the whole, of any such undertaking.

Since the mortgaging by the Company of its immovable and movable properties as aforesaid in favour of IDBI, IOB and/or other commercial banks may be regarded as disposal of the Company's properties/undertakings, it is necessary for the members to pass a resolution under Section 293(1) (a) of the Companies Act, 1956 before creation of the said mortgages/charges.

Copy of the Letter of Sanction No. 44/PFD.714 dated 1.4.97 received from IDBI and copies of the relevant documents/correspondence between IDBI and the Company and copy of the Letter of Sanction dated 6.5.97 from IOB are open for inspection at the Registered Office of the Company between 11 a.m. and 1 p.m. on any working day prior to the date of the meeting and also at the meeting.

None of the Directors of the Company is interested in the resolution under Item No. 7.

Calcutta, the 16th June, 1997

Registered Office:  
Tata Centre,  
43, Chowringhee Road,  
Calcutta - 700071

By Order of the Board of Directors  
Sunit Sengupta  
Company Secretary





## CHAIRMAN'S STATEMENT

Dear Shareholder,

1996-1997 was a year of mixed fortunes. The performance in the area of production and productivity continued to excel with capacity utilisation at 112%. While the country experienced a slow-down of the economy, the pig iron production from primary and secondary producers went up by 17% from 2.67 to 3.125 m.t. This, coupled with a 15% reduction in net exports to 0.41 m.t., resulted in a build up of pig iron stocks.

The emergence of a buyers market was reflected in a sharp drop in prices. In addition, sales on credit terms, imperative because of the liquidity crunch, yielded lower effective net realisation. In spite of curtailing the increase in production costs to within 2% of that of the previous year, the Company registered a net loss.

This however, appears to be a transient phase. It is envisaged that with the steel market turning more buoyant and the public sector steel producers converting more iron into steel, this excess stock situation will be corrected. Through continued focus on cost reduction, productivity improvement and employee involvement, our efforts to improve profitability will continue. The investment in the railway siding, to reduce input and material costs is a step in this direction.

Our long term strategies will be to add value to our products, capture niche markets and sustain our technological competitive advantage.

I take this opportunity to express my sincere appreciation to all members of the management and union for their unstinted co-operation and support. On behalf of the board of Tata Metaliks and on my own personal behalf, I thank all of you for the confidence reposed in us.

Calcutta  
16th June, 1997

A handwritten signature in black ink, appearing to read 'T. Mukherjee'.

(T. Mukherjee)

Chairman