

FIFTEENTH ANNUAL REPORT

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MD	✓		✓
CS	✓		✓
RO	✓		✓
TP	✓	✓	✓
AC	✓		✓
YE	✓		✓

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TATA SPONGE IRON LIMITED



TATA SPONGE IRON LIMITED

Regd. Office : P. O. Joda, Dist. Keonjhar, Orissa - 758034

PROXY

I/We.....

(in Block Letters)

of.....

being a Member/Members of TATA SPONGE IRON LIMITED hereby appoint.....

.....of.....

or failing him/her.....of.....

as my/our proxy in my/our absence to attend and vote for me/us, and on my/our behalf at the FIFTEENTH ANNUAL GENERAL MEETING of the Company to be held on 19th September, 1998 at 12.00 noon and /or any adjournment thereof.

As witness my/our hand (s) this.....day of.....1998

Signed by the said.....

Affix
30 Paise
Revenue
Stamp

R. F.No.....

Notes : 1) The Proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the Meeting.

2) The form should be signed across the stamp as per specimen signature registered with the Company.

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ATTENDANCE SLIP

Fifteenth Annual General Meeting—19th September, 1998 at the Registered Office of the Company.

Name of the attending Member/Proxy.....

Name of the Member.....

(in Block Letters)

Registered Folio No.....

No. of Shares held.....

I hereby record my presence at the Fifteenth Annual General Meeting held on 19th September, 1998.

.....
Member's/Proxy's Signature

Note : Shareholder/Proxy holder desiring to attend the meeting should bring his copy of the Annual Report for reference at the meeting.

PLEASE BRING THIS ATTENDANCE SLIP TO THE MEETING AND HAND OVER AT THE ENTRANCE DULY FILLED IN AND SIGNED.



The logo for Report Junction.com is centered on the page. It features the word "Report" in a grey sans-serif font, followed by a yellow diamond icon containing a black curved arrow pointing upwards and to the right. To the right of the icon is the word "junction.com" in a green sans-serif font. The entire logo is enclosed within a light green rounded rectangular border.

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Board of Directors

(as on 18th June, 1998)

Mr. N. P. Sinha	—	Chairman
Mr. S. Pandey		
Mr. N. Patnaik		
Dr. H. P. Mishra		
Mr. H. S. Majumder		
Mr. S. V. Kale		
Mr. V. Vishwanath	—	Nominee - IDBI
Mr. M. Fasihuddin		
Mr. P. K. Lahiri		
Mr. I. S. P. Shetti	—	Managing Director

Management

Mr. I. S. P. Shetti	—	Managing Director
Mr. B. M. Sarangi	—	Senior General Manager
Mr. A. C. Sen	—	Chief Executive (Finance & Accounts)
Mr. T. P. Ninan	—	General Manager
Mr. G. Kalyanasundaram	—	Company Secretary & Treasurer
Mr. R. Raju	—	Controller of Accounts
Mr. S. Murlidharan	—	Chief Marketing Manager

Registered Office & Works

P. O. Joda - 758 034
Dist. - Keonjhar
Orissa.

Bankers

State Bank of India
Canara Bank

Marketing Offices

1. SBI Building
(2nd Floor)
Circuit House Area (East)
Jamshedpur - 831 001
2. Tata Centre
(10th Floor)
43, Chowringhee Road
Calcutta - 700 071

Auditors

Messrs S. B. Billimoria & Co.
Chartered Accountants

Share Registrars

Tata Share Registry Ltd.
Army & Navy Building
148, Mahatma Gandhi Road
Mumbai - 400 001

TATA SPONGE IRON LIMITED

Regd. Office : P. O. Joda, Dist. Keonjhar, Orissa - 758034

NOTICE

Notice is hereby given that the Fifteenth Annual General Meeting of TATA SPONGE IRON LIMITED will be held at the Registered Office at Joda on Saturday, the 19th September, 1998, at 12-00 Noon to transact the following business :

ORDINARY BUSINESS

- 1) To receive and adopt the Board's Report and Audited Profit and Loss Account for the year ended 31st March, 1998 and the Balance Sheet as at that date together with the Auditors' Report thereon.
- 2) To declare a dividend.
- 3) To appoint a Director in place of Mr. I. S. P. Shetti, who retires by rotation and being eligible, offers himself for reappointment.
- 4) To appoint Auditors and fix their remuneration and for that purpose, to consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution :

"RESOLVED that pursuant to the provisions of Section 224A and other applicable provisions, if any, of the Companies Act, 1956, Messrs S. B. Billimoria & Co., the retiring auditors, be and are hereby reappointed auditors of the Company to hold office from the conclusion of this meeting upto the conclusion of the next Annual General Meeting and audit the accounts of the Company for the Financial year ending 31st March, 1999 or any extension thereof at such remuneration as may be mutually agreed upon between the Board of Directors and the auditors, plus out of pocket, travelling and living expenses."

SPECIAL BUSINESS

- 5) To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution :

"RESOLVED that Dr. H. P. Mishra, a Director liable to retire by rotation, who does not seek re-election, is not therefore re-appointed a Director of the Company."

"RESOLVED FURTHER that the vacancy on the Board of Directors of the Company so created be not filled."

- 6) To consider and if thought fit to pass, with or without modification, the following resolution as an Ordinary Resolution :

"RESOLVED that Mr. S. Pandey be and is hereby appointed a Director of the Company."

- 7) To consider and if thought fit to pass, with or without modification, the following resolution as an Ordinary Resolution :

"RESOLVED that in partial modification of Resolution No. 7 passed at the Annual General Meeting held on 7th September, 1996 in respect of the remuneration payable to Mr. I. S. P. Shetti, Managing Director of the Company and in accordance with the provisions of Sections 269, 309, 310, and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves of the change in remuneration applicable to Mr. I. S. P. Shetti (including remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the tenure of his appointment) with authority to the Board of Directors to fix his salary within the salary scale, increasing thereby

TATA SPONGE IRON LIMITED

proportionately all benefits related to the quantum of salary with effect from 1st April, 1998 for the remainder of the tenure of his contract as set out in the draft agreement submitted to this meeting and initialled by a Director for the purpose of identification which Agreement is hereby specifically sanctioned."

Notes :

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL, VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY AT JODA, DIST-KEONJHAR, ORISSA, PIN 758 034, NOT LESS THAN 48 HOURS BEFORE THIS ANNUAL GENERAL MEETING.
- 2) The Special Resolution under item No. 4 above is in pursuance of the provisions of Section 224A of the Companies Act, 1956, which are applicable to the Company since the combined shareholding of the Financial Institutions in the Company exceeds 25% of the Subscribed Capital of the Company.
- 3) The Register of Members and Share Transfer Books will remain closed from 18th August to 27th August, 1998, both days inclusive.
- 4) Dividend, if declared, will be paid to those shareholders, whose names are on the Company's Register of Members as on 27th August, 1998. The payment will be made on or after 25th September, 1998.
- 5) Your dividend warrant is valid for payment by the Company's Bankers for three months from the date of issue. Thereafter, please contact our Share Registrars, M/s. Tata Share Registry Ltd., Army & Navy Building, 148, Mahatma Gandhi Road, Mumbai - 400 001, for revalidation of the warrants. Please encash your dividend warrants immediately as the dividend amounts remaining unpaid at the expiry of three years from the 49th day of its declaration are required to be transferred to the General Reserve Account of the Central Government in terms of Section 205A of the Companies Act, 1956 and you will thereafter have to claim the amount from the Registrar of Companies, Orissa, Chalachitra Bhawan (IInd Floor), Buxi Bazar, Cuttack - 753 001.
- 6) The unclaimed dividend for the financial year 1993-94 has been transferred to the General Revenue Account of Central Government. Members, who have not encashed their dividend warrant for 1993-94 are, therefore, requested to claim the amount from the Registrar of Companies, Orissa, Chalachitra Bhawan (IInd Floor), Buxi Bazar, Cuttack - 753 001.
- 7) The unclaimed dividend for the year 1994-95 will be deposited by the Company with the Central Government on 6th October, 1998. Members, who have not encashed their dividend warrants for 1994-95 are, therefore, requested to immediately forward the same for revalidation to our Share Registrars at their address given under (5) above, and get the encashment at the earliest.
- 8) Members, who have multiple accounts in identical names or joint names in same order, are requested to intimate M/s. Tata Share Registry Ltd. the Ledger Folios of such accounts to enable the Company to consolidate all such share holdings into one account.
- 9) The Members are requested to notify change of their address, if any, immediately to M/s. Tata Share Registry Ltd.

By Order of the Board

Calcutta,
18th June, 1998.

S. S. Dhanjal
Dy. Company Secretary

ANNEXURE TO NOTICE

Explanatory Statement under Section 173 (2) of the Companies Act, 1956.

The following information is supplementary to the Notice convening the Fifteenth Annual General Meeting of the Company to be held on Saturday, the 19th September, 1998 and is being given as required under Section 173 (2) of the Companies Act, 1956.

ITEM NO. 5

Dr. H. P. Mishra, one of the Directors liable to retire by rotation at this meeting, has informed the Company that he does not wish to seek re-appointment. A Resolution pursuant to Section 256 of the Companies Act, 1956 is, therefore, necessary for not filling the vacancy caused by the retirement of Dr. Mishra.

No Director of the Company, except Dr. Mishra, is concerned or interested in the Resolution.

ITEM NO. 6

The Board of Directors of the Company at its meeting held on 18th June, 1998, appointed Mr. S. Pandey as an Additional Director of the Company. Pursuant to Article 109 of the Articles of Association of the Company, Mr. Pandey will hold office as Director upto the date of the next Annual General Meeting and is eligible for appointment. The Company has received from a member a notice in writing in terms of Section 257 of the Companies Act, 1956 signifying his intention to propose the appointment of Mr. Pandey as a Director of the Company at the forthcoming Annual General Meeting.

Mr. S. Pandey is presently the Vice President (Human Resource Management) of TISCO. The Board considers that the appointment of Mr. Pandey as a Director of the Company would be beneficial to the Company and accordingly recommends acceptance of the Resolution set out in Item No. 6 of the convening Notice.

No Director of the Company, except Mr. Pandey, is concerned or interested in the Resolution.

ITEM NO. 7

At the Annual General Meeting of the Company held on 7th September, 1996, the Members had approved of the re-appointment of Mr. I. S. P. Shetti, Managing Director of the Company and a salary of Rs. 28,000/- per month together with such perquisites and commission as specified in the Explanatory Statement annexed to the Notice of the Meeting.

As the shareholders are aware, the Government had liberalised Schedule XIII of the Companies Act in 1994 enhancing the limits of managerial remuneration, but the Company had set for itself certain limits in this regard. The present salary of the Managing Director was based on the internal limits of the Company and as approved by the shareholders. It is now proposed to specify the salary scale of the Managing Director with effect from 1st April, 1998 as follows :

The salary scale of Mr. I. S. P. Shetti, Managing Director, be fixed to Rs. 25,000 - Rs. 75,000 per month (with proportionate increase in the value of the benefits related to salary) for the remainder of the tenure of the contract, i.e. upto 31st May, 1999 with the authority to the Board to fix his salary within the scale from time to time. The annual increment will be merit based and take into account the Company's performance.

All other terms and conditions of the appointment of Mr. I. S. P. Shetti, Managing Director, as approved by the shareholders, will remain unchanged. The Resolution for the change in the scale of remuneration payable to the Managing Director is commended for acceptance by the Shareholders.

The draft agreement between the Company and Mr. I. S. P. Shetti is available for inspection at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on any working day of the Company.

Mr. I. S. P. Shetti is concerned or interested in the Resolution at Item No. 7 of the convening Notice.

This may also be treated as an abstract of the draft Agreement between the Company and Mr. I. S. P. Shetti pursuant to Section 302 of the Companies Act, 1956.

Calcutta,
18th June, 1998.

S. S. Dhanjal
Dy. Company Secretary

TATA SPONGE IRON LIMITED

DIRECTORS' REPORT

The Directors have pleasure in presenting the Fifteenth Annual Report on the business and operations of the Company and its working results for the year ended 31st March, 1998.

FINANCIAL RESULTS

	Current year (Rs. Lakhs)	Previous year (Rs. Lakhs)
2. (i) Sales and other income	6,220	7,169
(ii) Profit before depreciation and other non-cash expenses	896	1,570
(iii) Depreciation and other non-cash expenses	(152)	(246)
(iv) Profit for the year	744	1,324
(v) Provision for Taxation	(79)	(529)
(vi) Profit/(Loss) brought forward from previous year	757	346
(vii) Profit available for appropriation	<u>1,422</u>	<u>1,141</u>
(viii) Proposed Dividend	277	277
(ix) Tax on Dividend	28	28
(x) Transfer to General Reserve	793	79
(xi) Surplus carried to Balance Sheet	<u>324</u>	<u>757</u>
	<u>1,422</u>	<u>1,141</u>

DIVIDEND

3. The Directors are pleased to recommend a dividend of Rs. 1.80 per share on 1,54,00,000 equity shares of Rs. 10/- each for the Financial Year ended 31st March, 1998, subject to the approval of the shareholders at the ensuing Annual General Meeting. The cash outgo on account of payment of dividend is Rs. 277.20 lakhs and on account of tax on distributed profits is Rs. 27.72 lakhs.

TURNOVER & PROFIT

4. Turnover for the year under review amounted to Rs. 5,987 lakhs as against Rs. 6,937 lakhs for the previous year, registering a decrease of 13.69%.

The profit for the year was lower by Rs. 580 lakhs compared to previous year because of loss of production on account of unforeseen shutdown of the plant for a period of 20 days in January, 1998 coupled with the steep increase in the input (viz. coal & iron ore) cost and hike in power tariff.

OPERATIONS

5. During the year, the plant was operated for 307 days as against 346 days in the previous year. The average daily production was 330 MT with average metallisation of 89.39% as against 335 MT and 89.84% respectively in the previous year.