18th

Annual Report

2000-2001

TATA SPONGE IRON LIMITED

Board of Directors
(As on 7th June, 2001)

Mr. N. P. Sinha
Chairman

Mr. Ashok Pandit
Managing Director

Mr. S. Pandey
Mr. N. Patnaik
Mr. P. K. Lahiri
Mr. H. S. Majumder
Mr. S. V. Kale
Mr. A. D. Baijal

Management Team
(As on 7th June, 2001)

Mr. Ashok Pandit	—	*Managing Director*
Mr. B. M. Sarangi	—	*Executive In-Charge (Operations)*
Mr. T. P. Ninan	—	*General Manager (Marketing)*
Mr. R. Raju	—	*Controller of Finance & Accounts*
Mr. O. P. Sharma	—	*Deputy General Manager (Works)*
Mr. S. P. Nigam	—	*Asst. General Manager (Admn., Training & Environment)*
Mr. S. S. Dhanjal	—	*Company Secretary*

Bankers

State Bank of India
Canara Bank

Auditors

Messrs S. B. Billimoria & Co.
Chartered Accountants

Registered Office & Works

P. O. Joda
Dist. - Keonjhar
Orissa - 758 034
Tel No. : (06767) 78122
Fax No. : (06767) 78159
E-Mail : tsil@dte.vsnl.net.in
Website : www.tatasponge.com

Share Registrars

M/s. Tata Share Registry Ltd.
Army & Navy Building
148, Mahatma Gandhi Road
Mumbai - 400 001
Tel No. : (022) 2873831
Fax No. : (022) 2844160
Website : www.tatashare.com

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NOTICE

Notice is hereby given that the Eighteenth Annual General Meeting of TATA SPONGE IRON LIMITED will be held at the 'Lake View', (Officers' Club of Tata Sponge Iron Limited) at TSIL Township, Joda, Dist - Keonjhar, Orissa -758034 on Monday, the 3rd September, 2001 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, 2001 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. S. Pandey who, retires by rotation and being eligible, offers himself for reappointment.

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, the following resolution as Ordinary Resolutions :

"RESOLVED that Mr. H. S. Majumder, 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 Ordinary Resolution :

"RESOLVED that in partial modification of the resolutions passed at the 17th Annual General Meeting held on 9th September, 2000 in respect of appointment and remuneration payable to Mr. Ashok Pandit and in accordance with the provisions of Sections 198, 269, 309 and 311 read with Schedule XIII of the Companies Act, 1956 and other applicable provisions of the Companies Act, 1956, and Article 112 of the Articles of Association of the Company, the Company hereby approves of the change in the designation of Mr. Ashok Pandit from Joint Managing Director to Managing Director and variation in the terms and conditions of his appointment and remuneration with effect from 5th January, 2001 for the remainder period of his current tenure, as set out in the Annexure to the Notice of Eighteenth Annual General Meeting.

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

RESOLVED that in partial modification of the resolutions passed at the 17th Annual General Meeting held on 9th September, 2000 in respect of appointment and remuneration payable to Mr. Ashok Pandit and in accordance with the provisions of Sections 198, 269, 309 and 311 read with Schedule XIII of the Companies Act, 1956 and other applicable provisions of the Companies Act, 1956, and Article 112 of the Articles of Association of the Company, the Company hereby approves of the change in the remuneration applicable to Mr. Ashok Pandit (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/Committee of Directors to fix his salary within the pay scale, increasing thereby proportionately all benefits related to the quantum of salary, with effect from 7th June, 2001 for the remainder period of his current tenure, as set out in the Annexure to the Notice of Eighteenth Annual General Meeting.

8) To consider and if thought fit, to pass with or without modification the following resolutions as Ordinary Resolutions :

"RESOLVED that in supersession of the Resolution passed at the 13th Annual General Meeting of the Company held on 7th September, 1996, and pursuant to Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing from time to time any sum or sums of money on such terms and conditions as the Board may deem fit, which together with the monies already borrowed by the Company (apart from temporary loans obtained/to be obtained from the Company's Bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the maximum amount so borrowed by the Board shall not at any time exceed Rupees Three hundred and Fifty Crores."

"RESOLVED FURTHER that pursuant to the provisions of Section 293(1)(a) of the Companies Act, 1956, the Board of Directors be and is hereby authorised to secure the borrowings of monies as aforesaid with interest, costs, charges and other monies in such manner as they may think fit and for that purpose to execute mortgage, charge and/or hypothecation in respect of the whole or any part of the properties and assets of the Company, both present and future, and on such terms and conditions as the Board of Directors may think fit from time to time."

Notes :

1) The relative Explanatory Statements pursuant to Section 173(2) of the Companies Act, 1956 in respect of business under Item Nos. 5, 6, 7 & 8 above are annexed hereto.

2) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING 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.

3) The Register of Members and Share Transfer Books will remain closed from 17th July, 2001 to 26th July, 2001, both days inclusive.

4) Dividend, if declared, will be paid to those shareholders, whose names appear on the Company's Register of Members as on 26th July, 2001. The payment will be made on or after 7th September, 2001

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 7 years from the 37th day of its declaration are required to be transferred by the Company to the Investor Education and Protection Fund to be established under Section 205C in terms of Section 205A of the Companies Act, 1956.

6) The unclaimed dividend for the financial years 1993-94 and 1994-95 has been transferred to the General Revenue Account of Central Government. Members, who have not encashed their dividend warrants for 1993-94 and 1994-95 are, therefore, requested to claim the amount from the Registrar of Companies, Orissa, Chalachitra Bhawan (IInd Floor), Buxi Bazar, Cuttack - 753 001.

7) Members, who have not encashed their dividend warrants issued for the years 1995-96, 1996-97, 1997-98, 1998-99 and 1999-2000 are 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 of Directors

Kolkata,
7th June, 2001

S. S. Dhanjal
Company Secretary

ANNEXURE TO NOTICE

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

ITEM NO. 5

Mr. H. S. Majumder, 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 Mr. H. S. Majumder.

The Board recommends acceptance of the resolutions set out in item no. 5 of the convening Notice.

None of the Directors other than Mr. H. S. Majumder is concerned or interested in the Resolutions.

ITEM NO. 6

At the 17th Annual General Meeting of the Company held on 9th September, 2000 the members had approved the appointment of Mr. Ashok Pandit as Joint Managing Director with effect from 15th April, 2000 for a period of 5 years i.e. up to 14th April, 2005 on certain terms and conditions as contained in the Resolution No. 8 of the Notice and also in the Annexure to the Notice of the said meeting with authority to the Board/Committee of Directors to fix his salary within the scale (Rs. 20,000 - Rs. 60,000 per month) and also to alter and vary from time to time the terms and conditions of the appointment and/or agreement.

Exercising the above authority, the Board of Directors of the Company in its meeting held on 10th January, 2001, re-designated Mr. Ashok Pandit as Managing Director with effect from 5th January, 2001 for the remainder period of his tenure i.e. up to 14th April, 2005 with the following variation in the terms and conditions of this appointment.

1. Mr. Ashok Pandit shall be re-designated as Managing Director of the Company w.e.f. 5th January, 2001 for remainder period of his current tenure, i.e. up to 14th April, 2005.
2. Mr. Ashok Pandit, Managing Director, shall carry out and perform such duties and services as may be entrusted to him from time to time by the Board of Directors subject to superintendence and control of the Board of Directors.

3. **REMUNERATION :**

   (a) **Salary :**

   Rs. 55,000/- per month in the scale of Rs. 25,000-Rs. 75,000 per month (with proportionate increase in the value of the benefits related to salary) with authority to the Board/Committee of Directors to fix his salary within the scale from time to time. The annual increments will be merit based and take into account the Company's performance.

4. The words "Joint Managing Director" appearing in various resolutions and clauses of terms and conditions of appointment/remuneration of Mr. Ashok Pandit be substituted with the words "Managing Director".

5. All other terms and conditions of his appointment and remuneration as approved by the Board in its meeting held on 29th March, 2000, and by the shareholders at the Annual General Meeting held on 9th September, 2000, will remain unchanged.

The Abstract of the Contract and Memorandum of Interest of Directors in such contract, were sent to the Members of the Company under Section 302 of the Companies Act, 1956.

The Board recommends acceptance of the Resolution set out in Item No. 6 of the convening Notice.

None of the Directors other than Mr. Ashok Pandit is concerned or interested in the Resolution.

ITEM NO. 7

The Board of Directors in its meeting held on 10th January, 2001 redesignated Mr. Ashok Pandit as Managing Director of the Company with effect from 5th January, 2001 for the remainder period of his tenure, i.e. upto 14th April, 2005 with the variation in the terms and conditions of his appointment as mentioned above in the Item No. 6 of this Explanatory Statement, which includes fixation of new pay scale of Rs. 25,000 - Rs. 75,000 per month with effect from 5th January, 2001.

Now it is proposed that the pay scale of Mr. Ashok Pandit, Managing Director, be revised to Rs. 50,000 - Rs. 1,20,000 per month (with proportionate increase in the value of the benefits related to salary) w.e.f. 7th June 2001 for the remainder period of his current tenure (i.e. upto 14th April, 2005) with the authority to the Board/Committee to fix his salary within the pay 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 his appointment and remuneration as approved by the Board in its meetings held on 29th March, 2000, 10th January, 2001 and by the Shareholders at the 17th Annual General Meeting held on 9th September, 2000, will remain unchanged.

The draft agreement of variation between the Company and Mr. Ashok Pandit 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.

The Board recommends acceptance of the Resolution set out in Item No. 7 of the convening Notice.

None of the Directors other than Mr. Ashok Pandit is concerned or interested in the Resolution.

This may also be treated as an abstract of the draft agreement of variation between the Company and Mr. Ashok Pandit pursuant to Section 302 of the Companies Act, 1956.

ITEM NO. 8

Under Section 293(1)(d) of the Companies Act, 1956, the Board of Directors cannot, except with the consent of the Company in a general meeting, borrow monies apart from temporary loans obtained from the Company's Bankers in the ordinary course of business, in excess of the aggregate of the paid up capital and free reserves of the Company, that is to say, reserves not set apart for any specific purpose.

The shareholders from time to time prescribed the limits and authorised the Board to borrow monies, and at the Thirteenth Annual General meeting limit has been fixed at Rs. 150 crores.

In view of the Company's fund requirements in the near future for further expansion, power generation facilities, growing operations etc. it is considered desirable to enhance this limit to Rs. 350 crores. The Board, therefore, recommends the Resolutions for your approval.

None of the directors of the Company is concerned or interested in these resolutions.

By Order of the Board of Directors

Kolkata,
7th June, 2001

S. S. Dhanjal
Company Secretary

Chairman's Statement

Dear Shareholder,

I have great pleasure while addressing you once again with hope and expectations.

The Indian economy started looking up during the year in general and the industrial scenario for sponge iron looked better in particular. The demand for sponge iron remained encouraging. Production improved marginally and your Company was able to sell its entire production from both the kilns, despite pressure on prices in the latter half of the year.

A higher turnover, better working capital management, cost cutting, interest savings etc. have kept the Company in profitable position. Therefore, the Board of Directors has pleasure to recommend a dividend of 20%, after retaining the normal requirement of internally generated funds for the new power generation plant, the work for which will be completed by year end. This is expected to improve the profitability of your company in the near future by savings in the cost of input electrical power significantly. It is hoped that the company will be able to share more of the profit with the shareholders in the years to come.

The company has also embarked upon the implementation of Tata Business Excellence Model to achieve all around success in the management of the company.

Several awards have been won by the Company in the areas of quality and safety during the year. It is already an ISO 9002 company and is now in the process of implementing the ISO 14001 standard of the Environment Management System.

The future of TSIL looks bright. Further plans in additional power generation facilities are under active consideration, though in the conceptual stage. This will help the company in becoming more competitive with the mini sponge iron plants coming up in the eastern region.

Challenges of local and global competition lie ahead. WTO is expected to leave a significant impact on the Indian industry. Protection of industry is now a thing of the past. TSIL is keeping alert of what is happening in our economic environment and chalking out appropriate strategies to meet the challenges, ahead.

The Board of Directors sincerely mourns the sad demise of thousands of people who lost their lives in the recent earthquake which devastated the State of Gujarat. All the employees of TSIL feel proud to have contributed one day's salary towards relief for the unfortunate victims.

Kolkata,
7th June, 2001

N. P. Sinha
Chairman

DIRECTORS' REPORT

The Directors have pleasure in presenting the Eighteenth Annual Report on the business and operations of the Company and its financial results for the year ended 31st March, 2001.

FINANCIALS

			Current year (Rs. Lakhs)	Previous year (Rs. Lakhs)
2.	(i)	Sales and other income	13,614	12,794
	(ii)	Profit before depreciation and other non-cash expenses	1,579	1,749
	(iii)	Depreciation and other non-cash expenses	616	590
	(iv)	Profit for the year	963	1,159
	(v)	Provision for Taxation	110	222
	(vi)	Profit after tax	853	937
	(vii)	Profit/(Loss) brought forward from previous year	239	314
	(viii)	Profit available for appropriation	1,092	1,251
	(ix)	Proposed Dividend : 20% (1999-2000 : Nil)	308	—
		Interim Dividend : Nil (1999-2000 : 20%)	—	308
	(x)	Tax on Dividend	32	34
	(xi)	Transfer to General Reserve	500	670
	(xii)	Surplus carried to Balance Sheet	252	239
			1,092	1,251

DIVIDEND

3. Directors are pleased to recommend a dividend of 20% on 1,54,00,000 equity shares of Rs. 10 each for the Financial Year ended 31st March, 2001, subject to the approval of the shareholders at the ensuing Annual General Meeting. The dividend decision has been taken by the Board keeping in view the fund requirement for ongoing power generation facilities as well as meeting its financial obligations in near future.

MANAGEMENT DISCUSSION & ANALYSIS (4 to 12 below)

Industry structure and developments

4. The Sponge Iron industry has seen good growth during the last decade. Sponge Iron, as a metallic, is being preferred to steel scrap by secondary steel producers operating induction and electric arc furnaces for producing long products for catering to the construction and infrastructure sectors. As the Government is encouraging infrastructure development, the direction in which our country has a long way to go, the demand for long products is likely to improve in the future. The performance of the Company to a large extent has always been influenced by the steel scenario in the country. Coal based sponge iron units have concentrated in the eastern region due to the proximity of raw materials and a ready market. As the availability of steel scrap is getting scarce worldwide due to technological and process improvements in the steel industry, the demand for sponge iron by secondary steel makers is expected to be on the increase.

The sponge iron industry had done fairly well during the year just gone by (except during the third quarter) with the long awaited increase in selling prices consequent upon an upturn in the economy.

Since the price of sponge iron is market driven, the Company perennially addresses itself to the reduction of cost of production to sustain its margins. The principal cost of sponge iron consists of coal, iron ore, power and capital service charges. Special task forces have been set up to examine ways and means on a continuous basis for process improvement to lower cost.

In order to curtail operating costs, your Company has initiated process re-engineering and operations improvement exercises and successfully re-sourced coal at economical landed prices without sacrificing quality of the end product. Product quality was improved by changing the input size of iron ore. The Company has also taken the initiative to conduct an energy audit to reduce power costs.

Opportunities and threats

5. The Company keeps exploring new opportunities. In the recent past, it seized upon the opportunity of doubling its capacity. It has also adopted the good management practices of the Tata group of companies. The Company also keeps constant vigil on possible threats and does not foresee a significant threat in the near future.

Segment-wise/Product-wise performance

6. During the year the Company was engaged in the manufacturing and selling of sponge iron the only segment and this has been dealt with in the foregoing paragraphs.

   In order to maintain a consistent quality of feed (iron ore) to the extent possible from one source, the Company has leased assets worth Rs. 682.29 lakhs to the Tata Iron and Steel Co. Ltd. for operating a near by iron ore mine.

Outlook

7. The Company is well poised for installing additional power generation facilities by using the waste heat of the hot spent kiln gases. Appropriate decisions will be taken in due course with regard to power generation and disposal.

Risks and concerns

8. The Management periodically carries out risk assessment exercises. Wherever possible and necessary, insurance cover is taken for risk mitigation. However, an economic slowdown can adversely affect the demand-supply equation prevailing in the sponge iron industry. The price of sponge iron is very sensitive to the demand-supply position of steel scrap and the price of long products. The Management does not perceive any major technological, environmental and/or financial risks for the Company in near future.

Internal control systems and their adequacy

9. The internal controls of the Company are adequate, as may be seen from the Annexure to the Auditors' Report.

Financial performance with respect to operational performance

10. Turnover for the year under review amounted to Rs. 13,133 lakhs as against Rs. 12,365 lakhs for the previous year, registering an increase of 6%, which is attributable mainly to increased net realisation during the year. The profit before tax was lower compared to the previous year since some provisions had been made as a prudent accounting policy, considering present customer profile.

11. During the year, the first kiln was operated for 320 days compared to 312 days in the previous year. The Company produced 1,03,436 MT in the year compared to 1,01,564 MT of sponge iron in the previous year. The second kiln was operated for 333 days and produced 1,09,600 MT as compared to 323 operating days with a production of 1,09,165 MT of sponge iron in the previous year.

    The fund requirements of the Company is generally met by borrowing from Banks at competitive rates of interest and wherever possible, the Company has retired expensive debts with lower cost loans.

Human Resources and Industrial Relations

12. The Company at the year end had 392 employees and industrial relations remained cordial during the year. The productivity per employee has increased. A new in-house Training Centre is under construction and expected to commence functioning shortly.

ASSETS MANAGEMENT

Fixed Assets

13. The Company has been vigilant with investments in fixed assets. All such proposals for investments in fixed assets are scrutinised by a competent committee comprising of members from appropriate disciplines and are placed before the Board of Directors for approval. 'Make Good Reports' are subsequently made to assess the financial returns from major investments and also to decide upon corrective actions to be taken, if any. Periodical reviews of the technology are made and where applicable, the upgradations and modifications to equipment are carried out. Currently, the Company does not possess any non-performing assets. In the near future, a technology shift is unlikely to impair any company asset.

    Since the Company's plant is located in a rural setting, investments were made over a period of time to build a township. DG sets were installed to take care of interruptions in the power supply and a railway siding was erected to facilitate the movement of coal and sponge iron by rail.

Current Assets

14. The major components of current assets consist of raw materials, spares & consumables, advances and debtors. Since the sponge iron production process is very sensitive to the quality of coal, which is one of Company's prime raw materials, the same is sourced carefully from different collieries so as to keep costs to a minimum. Inventory holding is periodically examined and corrective actions initiated to ensure the lowest possible blockage of funds.

The overall working capital turnover and cycle time for the year 2000-01 and the previous two years is shown below :

	1998-99	1999-2000	2000-2001
Working capital turnover (in times)	6.75	17.56	22.19
Working capital cycle (in days)	54	21	16

The financial statements and reports highlighting working capital management are reviewed by the Board of Directors in the board meetings.

CASH FLOW

15. The borrowings for both long and short term funds have been done at competitive rates from nationalised banks. The limits of working capital borrowings availed from banks have been need based and the Company has efficiently managed its cash flow and, wherever possible, all long term loans are being repaid on or before the scheduled dates to keep interest cost at minimum levels.

The Company does not have any overdue outstandings to Banks arising out of contractual obligations. Since the Company has not borrowed any new funds from the public and those banks, which require a rating, it has not undergone a credit rating by any agency.

ABILITY TO SERVICE DEBT OBLIGATIONS

16. Barring unforeseen circumstances, the Company shall be able to meet its obligation of servicing debts.

POWER

17. The total outlay for the captive power plant has been revised at Rs. 2700 lakhs to be financed by banks to the extent of approx. Rs. 1920 lakhs and from internal accruals amounting to Rs. 780 lakhs.

The work of installing a captive power generation plant started during 2000-2001 is in progress and the plant is expected to be commissioned by end of 2001-2002. This power plant, which will utilise the waste heat of the hot spent kiln gases, can be expected to reduce, not only the Company's dependence on an external power supply, but also in the overall cost of production by saving the cost of input power and improve upon the environment at the same time.

EVA

18. The EVA for the year under review is 0.89%. Attention shall be continuously given to maximise earnings.

TATA BUSINESS EXCELLENCE MODEL

19. The Company is endeavouring to implement the JRD-QV process and adoption of the Tata Business Excellence Model as a frame work for managing the Company. This will help in catering to customers' and shareholders' rising expectations. During the year, the Vision and Mission of the Company were finalised along with strategic goals, which have been identified and initiative for achieving these are being taken. It is expected that the business performance of the Company will improve further in the coming years as a result of these efforts.

CONTINGENT GAINS, LIABILITIES & FOREIGN EXCHANGE EXPOSURE

20. Contingent liabilities discussed in the notes to financial statements donot include any contingencies which are likely to result in a loss and, therefore, require adjustments in assets or liabilities.

The Company does not recognise contingent gains.

The Company's foreign exchange exposure as on 31st March, 2001 was minimal and no difficulties are anticipated in meeting its obligations.

ENVIRONMENTAL ISSUES

21. Your Company has always been concerned with the protection and improvement of the surrounding environment. Emission and ambient air quality are regularly measured and corrective/preventive actions are taken wherever necessary. Management has initiated action to eliminate chance of pollution and a green belt

has already been developed around the plant. The work on implementation of the Environmental Management System (EMS) for meeting the requirements of ISO-14001 standards is in progress. Accordingly, steps have been initiated to formulate environment management plans and to implement the same. An Environmental Policy was declared by the Company in the recent past in line with the requirements of ISO-14001 standards.

A system covering all the requirements of the ISO-14001 clauses was prepared and documented, and also implemented. An apex manual has been prepared. Departmental and functional heads are being encouraged to bring about further improvements and to activate operational controls to reduce and prevent any adverse impacts on the environment.

Training on 'Awareness of the Environment' has been imparted to all employees. The Company is hopeful of obtaining the ISO-14001 certificate in the near future.

EXTRAORDINARY EVENTS

22. The Company did not experience any extra ordinary event during the year under review.

QUALITY

23. The certificate for ISO-9002 quality standards was renewed during the year after a thorough audit by an external agency.

AWARDS

24. During the year, the Company won the first prize for Quality in the Pig Iron/DR/Major Re-rolling Unit category in the National Quality Competition for the year 1999-2000 held by the Indian Institute of Metals. The Company also won the Hindustan Cable Trophy for Total Quality management as first prize from the Confederation of Indian Industry (Eastern Region).

During the year, the Company also received several National Safety Awards along with certificates from the Ministry of Labour, Govt. of India, as detailed under :

(i) for the year 1996 "Accident Free Period", Runner's Cup
(ii) for the year 1997 "Accident Free Period", Winner of Shield
(iii) for the year 1997 "Average Frequency Rate of Accident", Winner of Shield
(iv) for the year 1998 "Average Frequency Rate of Accident", Runner's Cup.

LISTING FEES

25. The Annual Listing Fee for the year 2000-2001 has been paid to those Stock Exchanges where the Company's shares are listed.

DIRECTORS

26. Mr. I. S. P. Shetti retired as Managing Director from the services of the Company on attaining superannuation on and from 5th January, 2001. He had served for more than a decade and was instrumental in turning around the Company's fortune during early years of his tenure. His other major contributions include, doubling the plant's production capacity by expansion, starting the power project, securing ISO-9002 certification and in achieving a number of quality and safety related awards for the Company. Therefore, the Board placed on records their sincere thanks and gratitude for all the contributions.

Consequent upon the retirement of Mr. I. S. P. Shetti, the Board at its meeting held on 10th January, 2001 re-designated Mr. Ashok Pandit (Joint Managing Director) as the Managing Director of the Company with effect from 5th January, 2001. Necessary resolutions together with the explanatory statement have been included in the Notice of the Eighteenth Annual General Meeting since the above variation in the terms of appointment is subject to approval of the shareholders.

Mr. S. Pandey retires by rotation and, being eligible, offers himself for reappointment.

Mr. H. S. Majumder, who is also due to retire at the forthcoming Annual General Meeting, had informed the Company that he does not wish to seek reappointment. A resolution pursuant to Section 256 of the Companies Act, for not filling the vacancy caused by Mr. Majumder's retirement has been included in the Notice of the Annual General Meeting.

Mr. H. S. Majumder remained on the Board for over 13 years His rich experience in the field of banking and finance helped the Board in taking a number of right decisions and the Company has been enormously benefited from his wisdom. The Board at its meeting held on 7th June, 2001 recapitulated the active role on the Board and rich contribution made by Mr. Majumder to the Company particularly during the difficult days in the initial years of operations and placed on record its sincere gratitude.