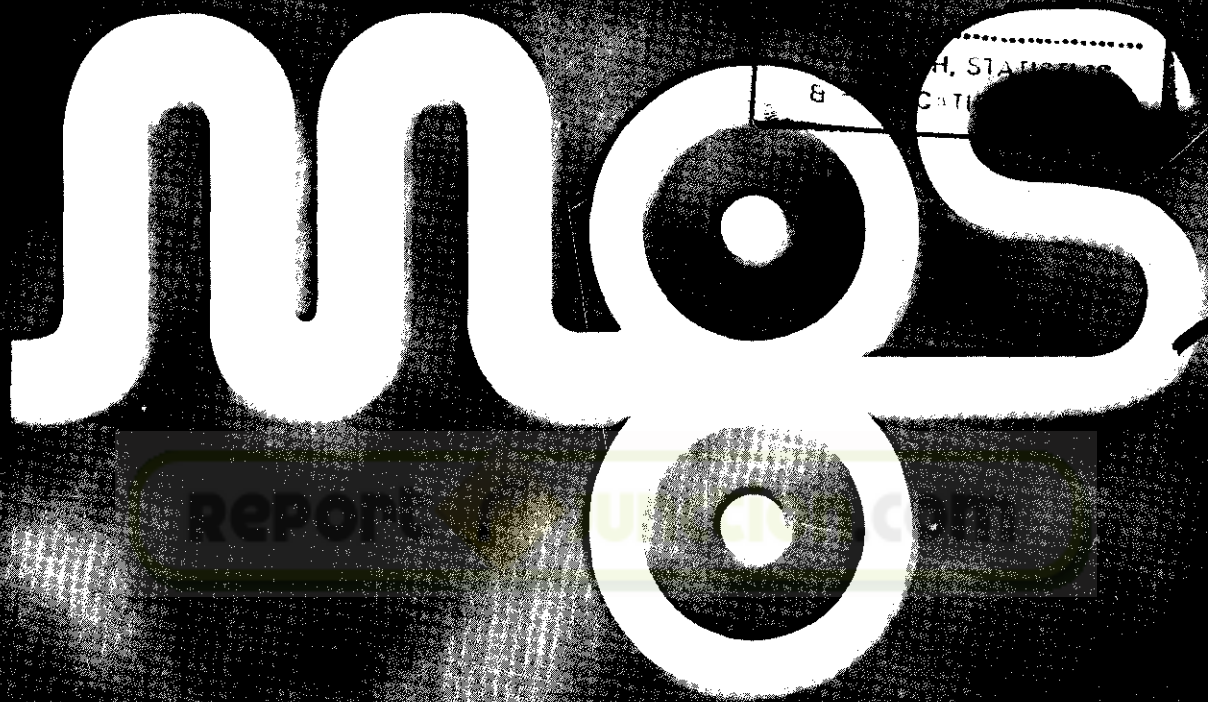


27th Annual Report 1998-99



MSL INDUSTRIES LIMITED



MSL Industries Ltd.

BOARD OF DIRECTORS

H.K. Modi B.E. (Mech.)

Chairman & Managing Director

S.K. Modi

Joint Managing Director

P.L. Agarwal

A.K. Chatterjee

R. M. Desai

Nominee of ICICI Ltd.

COMPANY SECRETARY

R.N. Dutta

AUDITORS

Taparia & Co.

Chartered Accountants

28, Black Burn Lane,

Calcutta - 700 012

BRANCH AUDITORS

K.N. Gutgutia & Co.

Chartered Accountants

11K, Gopala Towers,

Rajendra Place,

New Delhi - 110 008

A. Mitra & Associates

Ashiana Towers,

Exhibition Road,

Patna - 800 001

BANKERS

State Bank of India

Indian Overseas Bank

Citi Bank N.A.

REGD. OFFICE & WORKS (STEEL)

E-2 Industrial Area, Patliputra,

Patna - 800 013

Polymer Unit


Hind Polymers

Noida-Dadri Road, Surajpur,

Dist. Ghaziabad (U.P.)

Head Office & Share Department

P-22 Swallow Lane, Calcutta - 700 001

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MSL Industries Ltd.

Notice of the Annual General Meeting

NOTICE IS HEREBY GIVEN that the 27th Annual General Meeting of the Members of MSL Industries Limited will be held on Wednesday, the 29th December, 1999 at 3.00 p.m. at E-2, Industrial Area, Patliputra, Patna - 800 013 to transact the following business :

Ordinary Business

1. To consider and adopt the Profit and Loss Account for the financial year ended 31st March, 1999 and the Balance Sheet as at that date and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Shri S.K. Modi who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri P.L. Agrawal who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and Branch Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

Special Business

5. To consider and if thought fit, to pass the following resolutions with or without modifications as SPECIAL RESOLUTION :

"RESOLVED that pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and are hereby altered in the manner and to the extent set out below :

- A. After Article 49, the following new Article be inserted as Article 49A and be read as follows :-

49A Nomination :-

- i. Every holder of shares in, or holder of debentures of the Company may at any time nominate, in the prescribed manner, a person to whom his shares in, or debentures of the Company shall vest in the event of his death.
- ii. Notwithstanding anything contained in Articles 48 & 49 or in any other Law for the time being in force, where a nomination has been made in the manner prescribed in Section 109A of the Act, purporting to confer on any person the right to vest the shares in, or debentures of the Company, the nominees shall, on the death of the shareholder or holder of debentures of the Company or as the case may be, on the death of the joint holders, become entitled to all the rights in the shares or debentures of the Company as the case may be, all the joint holders, in relation to such shares in, or debentures of the Company to the exclusion of all other persons unless the nomination is varied or cancelled in the prescribed manner and the provisions contained in Section 109A and 109B of the Act, shall be applicable to such cases.
- iii. Where the shares in, or debentures of, a Company are held by more than one person jointly, the joint holders may together nominate in the prescribed manner, a person to whom all the rights in the shares or debentures of the Company shall vest in the event of death of all the joint holders.
- iv. Where the nominee is a minor, it shall be lawful for the holder of shares or holder of debentures, to make the nomination to appoint in the prescribed manner any person to become entitled to shares in or debentures of, the company, in the event of his / her death, during the minority."

MSL Industries Ltd.

B. After Article 49A, the following new Article be inserted as Article 49B and be read as follows :-

49B Transmission of Securities in case of nomination

- i. A nominee, upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect either –
 - (a) to register himself as holder of the shares or debentures as the case may be, or
 - (b) to make such transfer of the shares or debentures, as the deceased shareholder or debenture holder as the case may be, could have made.
- ii. If the nominee elects to be registered as holder of the shares or debentures himself, as the case may be, he shall deliver or send to the Company, a notice in writing signed by him stating that he so elects and such notice shall be accompanied with a death certificate of the deceased shareholder or debenture holder, as the case may be.
- iii. A nominee shall be entitled to the dividend on shares, interest on debentures and other advantages to which he would be entitled if he were the registered holder of the share or debenture. Provided that he shall not, before being registered as a member, be entitled to exercise any right conferred by membership in relation to a meeting of the Company.

Provided further that the Board may at any time, give notice requiring any such person to elect either to register himself or to transfer the share or debenture and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the shares or debentures, until the requirements of the notice have been complied with.

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Regd. Office :
E-2 Industrial Area
Patna - 800 013
Dated : 15th November, 1999.

By Order of the Board

S. K. MODI
Director

NOTES :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member of the Company. The proxy Form in order to be effective must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
2. **The Register of Members and Share Transfer books of the Company will remain closed from 28th December, 1999 to 29th December, 1999 (both days inclusive).**
3. Shareholders who have multiple folios in identical names or joint names in the same order are requested to intimate to the Company their folio numbers to enable the Company to consolidate all such shareholdings into one folio. Share Certificates need not be sent to the Company for this purpose.
4. The unclaimed dividends paid in respect of the Company's financial year ended 31st March 1995 have been transferred by Company to the General Revenue Account of the Central Government. Shareholders who have not claimed or received any dividend of the said period or earlier years transferred by the Company to General Revenue Account of the Central Government may prefer an application in the prescribed form to the Registrar of Companies, Bihar, Maurya Lok Complex, A Block, 4th floor, Dak Bungalow Road, Patna - 800 001, for the payment of the dividend due to them.



MSL Industries Ltd.

5. Shareholders are hereby informed that pursuant to a recent amendment to the Companies Act, 1956 the Company is obliged to transfer any money lying in the unpaid Dividend Account, which remains unpaid or unclaimed for a period of seven years from the date of such transfer to the Unpaid Dividend Account, to the credit of "Investor Education and Protection Fund" 'the Fund' to be established by the Central Government. In accordance with the provisions of Section 205B of the Act, as amended, no claim shall lie against the Company or 'the Fund' in respect of individual amounts of dividends remaining unclaimed and unpaid for a period of seven years from the dates they first become due for payment and no payment shall be made in respect of any such claims out of the said 'Fund'.
6. As per the amended provisions of Companies Act, 1956, facility for making nominations is now available for shareholders/debenture holders in respect of the shares/debentures held by them. Nomination forms can be obtained from Share Department of the Company at P-22 Swallow Lane, Calcutta-700 001 on requisition.
7. Members desiring any information as regards accounts are requested to write to the Company to reach the Company 48 hours before the meeting so as to enable the management to keep the information ready.
8. Members are requested to bring their copies of the Annual Reports to the meeting.
9. The Company's shares are listed on Magadh Stock Exchange, Stock Exchanges at Mumbai and Calcutta. The Company has already paid the Annual Listing Fees to them for 1999-2000.
10. **Members are requested to intimate to the share department any change in their address promptly including Pincode, quoting the correct folio numbers and also notifying mistakes if any, in the respective addresses to ensure proper delivery of mail.**
11. The Company has taken appropriate and effective steps to be Y2K compliant. The expenditure to ensure such Y2K compliance will not have any material financial impact.
12. **All correspondence regarding shareholding should be addressed to :**

MSL INDUSTRIES LTD. (Share Department)
P-22 Swallow Lane, Calcutta - 700 001

The Company has no Registrars and Transfer Agents.

Explanatory Statement

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

Item Nos. 5

An Amendment has been made to the Companies Act, 1956 through the Companies Amendment Act 1999, to permit the holders of every share in or debentures of the Company, to nominate in the prescribed manner a person to whom his shares in or debentures of the Company shall vest in the event of his/her death. In order to bring the Articles of Association of the Company in conformity with the provisions of the said amendment made to the Companies Act, new Articles are being inserted to conform to the legal provisions. The Board of Directors of your Company recommends passing of the aforesaid Special Resolution of Item No. 5. The above Resolution is set out as a Special Resolution for approval by the members in terms of Section 31 of the Companies Act, 1956.

None of the Directors is concerned or interested in this Special Resolution at Item No. 5.

MSL Industries Ltd.

Directors' Report

To the Members

The Directors have pleasure in presenting the 27th Annual Report on the operations of the Company together with the Audited Accounts for the year ended 31st March 1999.

1. THE FINANCIAL RESULTS

	(Rs. in lacs)	
	1998-99	1997-98
Turnover	10,196	10,113
Gross Profit before Depreciation, Interest & Tax	733	728
Depreciation	370	143
Interest (Net)	1,074	519
Profit / Loss (-) before tax	(-) 711	66
Provision for taxation for the year	-	7
Profit / Loss(-) after tax	(-) 711	59
Balance brought forward from previous year	32	199
Appropriations		
Provision for Tax for earlier years	-	(123)
Adjustment relating to previous year	-	37
Transfer to Special Reserve	-	125
Transfer to Debenture Redemption Reserve	-	15
Transfer from Debenture Redemption Reserve	105	-
Balance transferred to General Reserve	(-) 574	-
Balance carried forward to next year	-	32

Note : Figures of the previous year have been regrouped wherever necessary.

2. PERFORMANCE

(A) POLYMER DIVISION

There has been a slight improvement in the performance of the Company's polymer unit during the year as there was increase in the demand. However, the prices of polymer compounds both in the international as also in the domestic markets were greatly depressed and margins were under pressure. In the current year there has been a greater demand from the beginning of the year and the second half has seen marked by further improvement in the demand. Hence performance for the year should improve.

(B) STEEL DIVISION

The Steel Division primarily manufactures Galvanised Steel Tapes used in the manufacture of jelly filled cables. On account of political instability there was substantial delay in finalization of order by the Department of Telecommunication to the cable Industry. Because of this, there was shortage of orders initially affecting both Production & Profitability.

The performance of the High Tensile Strapping Division which mainly caters to the steel industry, was affected adversely due to the severe recession in this sector.

However, the Company is actively exploring alternative markets like export & different industry groups for better capacity utilisation.

FUTURE PROSPECTS

The demand in the telecom sector has increased during the current year. With a stable Govt. at the Centre and with improved outlook it is expected that the performance of the Company will substantially improve in the current year as well as the coming years. It is expected that with the renewed emphasis on communication, and increased requirement of telephones in the country, the demand of Jelly Filled Cables and the demand for the company's products will increase. With tight fiscal control and cost control measures, the Company is envisaging achieving higher profit margin on sales.



MSL Industries Ltd.

Directors' Report

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3. NEW PROJECT

As reported earlier, there has been no change in the circumstances leading to holding on the implementation of the project for installation of a plant to manufacture Hi-Tech polymer compound for power cable Industry at Calcutta. Your Directors, therefore, thought it prudent to wait for the favourable situation.

4. PROJECT & PERFORMANCE

Pursuant to SEBI Guidelines, a comparison between Projections given in the Letter of Offer dated 1st February, 1996 and the results for the year 1998-99 is stated below :-

PARTICULARS	Projections	Rs. in Lacs Performance
Total Income	19,338	10,239
PBIDT	3,708	733
Profit / Loss (-) before tax	2,557	(-) 711
Profit / Loss after tax	1,862	(-) 711
Equity Share Capital	878	878
Free Reserves	11,156	7,065
Dividend (%)	32%	-
Earning per share (Rs.)	21.21	-
Book value per share (Rs.)	137.06	95.62

Projection of profitability for 1998-99 as stated in the Letter of Offer for Rights Issue dated 1.2.96 could not be achieved due to the following circumstances which were beyond the control of the Management.

1. As reported earlier, the Company's proposed new project for setting up a plant to manufacture Hi-Tech Power Cable Compounds could not be implemented because the much publicised fast track projects in the Power Sector failed to take off. Coupled with this the continuous poor financial condition of most of the State Electricity Boards resulting in sharp decline in the demand from the Power Cable Industry created severe uncertainties on the feasibility of the proposed project - both marketing and financial and the same is still continuing. As such, the implementation of the proposed project has been deferred.
2. The performance of the Hi-Tensile Steel Strapping Unit could not achieve the expected results during the year 1998-99 as most of the Steel Industries who are the main customers of the product of the said unit, are suffering heavy loss. As a result, the unit's product had to be sold at very competitive prices resulting in very low margin of profit.
3. As reported earlier, the global recession and the adverse economic conditions prevailing in the Far East continued till most of the Financial Year 1998-99. On account of the political uncertainty arising out of the unstable Government at the Centre, the PIJF Sector's own off-take fell short of DOT's projections for the year. Since the products of both the divisions of the Company i.e. Polymer Compounds & Steel Tapes are dependant on the consumption by the PIJF Sector, operations had to be restricted vis-a-vis the envisaged levels. In spite of a marginal increase in sales, due to intense competition, profit margins were severely strained. However the Company has implemented various cost cutting measures which will not only enhance the Company's competitive position but will also vastly improve business operations.

5. DIVIDEND

In view of the poor Results of the Company your Directors regret not being able to recommend any Dividend for the year.

6. EXPORTS

The exports of the Company during the year have decreased from Rs. 278.97 lacs to Rs. 56.15 lacs. However the Company is exploring the possibility of exporting to some other countries in the current year. The response is quite encouraging.

7. INDUSTRIAL RELATIONS

The Management and Employee relations remained cordial and the Directors place on record their appreciation of the dedication shown by the Officers and Employees at all levels.

8. ACKNOWLEDGEMENT

Your Directors place on record their gratitude and appreciation to the Investors, Financial Institutions, Banks, Security and Exchange Board of India, Reserve Bank of India, Stock Exchanges, State and Central Governments and other Government Agencies for the recognition given and the trust reposed by them in your Company.



MSL Industries Ltd.

Directors' Report

(Contd..)

9. AUDITORS

M/s Taparia & Co., Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The retiring auditors have furnished certificates of their eligibility for reappointment as required under the Companies Act, 1956.

9.1 BRANCH AUDITORS

- a) M/s K. N. Gutgutia & Company, Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment as Branch Auditors.
- b) M/s Mitra & Associates, Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment as Branch Auditors.

10. AUDITOR'S REPORT

Notes referred by the Auditors in their report have been explained, wherever necessary, in the respective Notes on Accounts.

11. DIRECTORS

Mr. S.K. Modi and Mr. P.L. Agarwal retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

12. DEPOSITS

The Company has not accepted any deposits from the public.

13. NOMINATION FACILITIES

As per amended provisions of the Companies Act 1956, the Shareholders / Debenture holders can now make nomination in favour of any person according to their choice to whom the shares / debentures would devolve in the event of demise of the registered holder (s). The nomination, in order to be effective, should be made in the prescribed form. The Articles of Association of your Company has been proposed to be amended to include the said Nomination facilities.

14. THE YEAR 2000 COMPLIANCE (Y2K)

Considering the nature and the extent of the uses of the computers installed and the type of systems prevailing in the Company, appropriate and effective steps including replacement, additions / alteration of the existing computers have since been taken to make the computers for correctly reckoning the dates in the 20th century, 21st century and thereafter and also the leap years. Effective steps have also been taken to meet the future contingency, if any. The expenditure to ensure such Y2K compliance will not have any material financial impact on the performance of the Company for the current year.

15. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

As required under Section 217 (1) (e) of the Companies Act, 1956, read with Rule 2 of the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988, the particulars relating to Conservation of Energy, Technology absorption and Foreign Exchange Earnings and Outgo are annexed with Balance Sheet & Profit and Loss Account.

16. PARTICULARS OF EMPLOYEES

Pursuant to Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, the Directors have to report to you that there was no such employees employed for the whole year and were in receipt of remuneration in aggregate of not less than 6,00,000/- throughout the financial year. There was also no employees employed for part of the year and were in receipt of remuneration of Rs. 50,000 per month.

17. BALANCE SHEET ABSTRACT AND CASH FLOW STATEMENT

The Balance Sheet Abstract as at 31st March, 1999 as required under Schedule VI of the Companies Act 1956 and the Cash Flow statement as required under the Listing Agreement with the Stock Exchange for the year ending 31st March 1999 are attached with this Annual Report.

By order of the Board

H. K. Modi

Chairman & Managing Director

Calcutta, the 15th November, 1999.