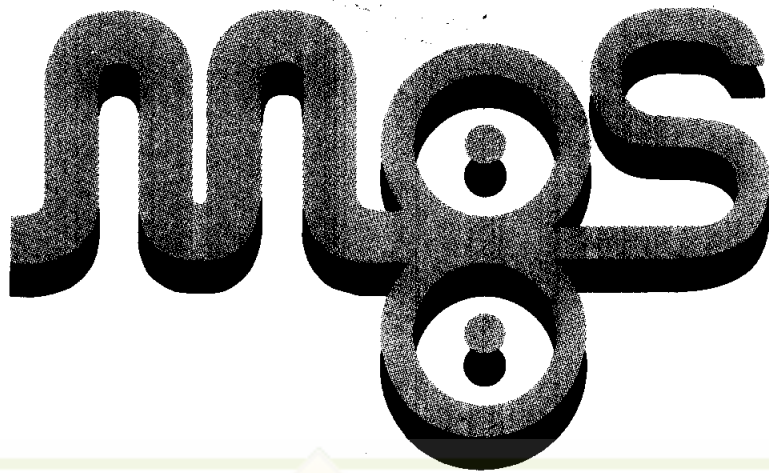


# **30th Annual Report 2001 - 2002**



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**MSL INDUSTRIES LIMITED**

# MSL Industries Ltd.



## BOARD OF DIRECTORS

**H.K. Modi B.E. (Mech.)**  
*Chairman & Managing Director*

**S.K. Modi**  
*Joint Managing Director*

**G. Bhattacharya, Nominee of ICICI Ltd.**

**A.K. Chatterjee**

**V.K. Singhania**

## COMPANY SECRETARY

**R.N. Dutta**

## AUDITORS

**Taparia & Co.**  
*Chartered Accountants*  
28, Black Burn Lane,  
Kolkata - 700 012

## BRANCH AUDITORS

**K.N. Gutgutia & Co.**  
*Chartered Accountants*  
11K, Gopala Towers,  
Rajendra Place,  
New Delhi - 110 008

## A. Mitra & Associates

*Chartered Accountants*  
514, Ashiana Towers,  
Exhibition Road,  
Patna - 800 001

## BANKERS

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

## REGD. OFFICE & WORKS (STEEL & HI-TECH)

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, Kolkata - 700 001



## MSL Industries Ltd.

### NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 30th Annual General Meeting of the Members of MSL Industries Limited will be held on Saturday, the 7th September 2002 at 10.30 a.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 2002 and the Balance Sheet as at that date and the Report of the Directors and the Auditors thereon.
2. To appoint a Director in place of Shri V.K. Singhania who retires by rotation and being eligible offers himself for reappointment.
3. 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

4. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution :

"RESOLVED THAT the report of the Board of Directors dated the 29<sup>th</sup> July 2002, to the Board for Industrial and Financial Reconstruction, reporting the erosion of Net Worth of the Company, in terms of the provision of Section 15(1) of the Sick Industrial Companies (Special Provision) Act, 1985 and such other applicable provisions, be and is hereby confirmed."

By Order of the Board

Regd. Office :

E-2 Industrial Area

Patna - 800 013

Dated : 29th day of July, 2002.

**H. 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 2nd September 2002 to 7th September 2002 (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. Shares need not be sent to the Company for this purpose.
4. The unclaimed dividends paid in respect of the Company's financial years ended upto 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 Bunglow Road, Patna - 800 001, for the payment of the dividend due to them.
5. Shareholders are hereby further informed that pursuant to an 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 provision to Section 205B of the Act, as amended, no claim shall be against the Company or "the Fund" in respect of individual amounts of dividends declared for and up to the financial year ended 31st March

**MSL Industries Ltd.****NOTICE (CONTD..)**

- 1996 and thereafter 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 the 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 the Share Department of the Company at P-22 Swallow Lane, Calcutta - 700 001 on requisition.
  7. Shareholders desiring any information as regards Accounts are requested to write to the Company to reach the Company at P-22 Swallow Lane, Kolkata - 700001, 48 hours before the meeting so as to enable the management to keep the information ready.
  8. Shareholders are requested to bring their copies of the Annual Reports to the meeting.
  9. The Company's shares are listed on Magadh Stock Exchange at Patna, Stock Exchanges at Mumbai and Kolkata. The Company has already paid the Annual Listing Fees to them for the year 2002-2003.
  10. **Shareholders are requested to intimate to the share department of the Company any change in their address promptly including Pin-code quoting the correct folio numbers and also to notify mistakes if any, in the respective addresses to ensure proper delivery of mail.**
  11. **All correspondence regarding shareholding should be addressed to :**

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

**EXPLANATORY STATEMENT**

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

**ITEM NO. 4.**

Due to continued unprofitability of the operations, the Company's Net Worth as on 31<sup>st</sup> March 2002 stands totally eroded. Under the provisions of the Sick Industrial Companies (Special Provisions) Act 1985, a reference is to be made to the BIFR immediately after the fact of the erosion is brought to the notice of the Board of Directors. The Board of Directors took cognisance of the erosion of the Networth of the Company at the meeting held on 29<sup>th</sup> July 2002. The Board also authorized that a reference be made to the BIFR under the provision of section 15(1) of the Sick Industrial Companies (Special Provisions) Act,

1985, based on the audited figures. Hence a reference was made to the BIFR, reporting the erosion of the Company's Net Worth. A copy of the reference is placed before the Meeting.

Approval of the Members is sought for the reference made to BIFR, as indicated above.

The Board recommends the Resolution at item No. 4 for the approval of the Members.

None of the Director of the Company is in any way concerned or interested in the said Ordinary Resolution except to the extent of his share holding.



# MSL Industries Ltd.

## DIRECTORS' REPORT

### TO THE MEMBERS

The Directors have pleasure in presenting the 30th Annual Report on the operation of the Company together with the Audited Accounts for year ending 31st March 2002.

#### 1. THE FINANCIAL RESULTS. (RS IN LACS)

	Year ending 31 <sup>st</sup> March 2002	Year ending 31 <sup>st</sup> March 2001
Turnover	3673	7789
Gross Profit/(Loss) before Depreciation, Interest & Tax	(1585)	(3440)
Depreciation	226	398
Interest (Net) (see Para 9(b) here in below)	1652	1156
Profit/(Loss) before Tax	(3463)	(4994)
Payment of Income Tax for earlier years	—	42
Profit/(Loss) after Tax	(3463)	(5036)
Transfer to General Reserve	—	1587
Less Transfer from Investment Allowance Reserve	68	—
Balance carried to Balance Sheet	(3395)	3449

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

#### 2. PERFORMANCE.

During the year the Company suffered a net loss of Rs. 3463 lacs (previous year Rs. 4994 lacs) resulting in erosion of more than 100% of the Net Worth. As reported earlier the production of Steel Unit at Patna was suspended from 1<sup>st</sup> April 2001 due to severe liquidity crunch. The Company already submitted application to its Bankers, State Bank of India to consider and sanction rehabilitation package which is yet to be considered. The abnormal loss recorded during the period is due to the following reasons: -

- Severely reduced production/Sales due to market recession and shortage of working Capital.
- Sharp fall in the market price of the company's finished products because of market conditions, long storage and obsolescence.
- Making substantial amount of provision for unrecoverable book debts and advances including interest charged on Debtors as reported in para 9(b) and loss on sale of investment.

#### 3. MATERIAL EVENTS DURING THE YEAR: -

- The Company has submitted a Report u/s 23 of the Sick Industrial Companies (special provisions) Act, 1985 to the Board for Industrial and Financial Reconstruction (BIFR) in form 'C' (Regulation 36 (1)) reporting erosion of net worth of the Company by 50% or more as at 31-03-2001.
- Due to severe liquidity crunch of the Company, the

lead Financial Institution, The ICICI Ltd. sanctioned a "realignment of debts" scheme providing Moratorium on re-payment of installments for four years and payment of interest for two years and then at a reduced rate of interest with increasing trend, with effect from 1<sup>st</sup> April 2001. Although similar applications were made to other Financial Institution i.e. Industrial Development Bank of India for considering and sanctioning similar rehabilitation package for revival of the Company, this has not been considered by the said financial institution and instead they have filed a petition before the Debt Recovery Tribunal (DRT), Kolkata, for recovery of the outstanding dues. Similarly, State Bank of India, IFB Branch, Patna has also filed a petition for recovery of its dues from the Company before the Debt Recovery Tribunal (DRT), Patna, where the Hon'ble Presiding officer has since directed both the parties for discussion to find out the ways to protect the interest of both the Borrower and Lender. Both the above petitions are being contested by the company.

#### 4. FUTURE PROSPECTS.

##### STEEL DIVISION: -

The year ended 31<sup>st</sup> March 2002 has been a particularly difficult year for the Steel and Metallurgical Industries in general. However, for the last 2 months there is an apparent upward improvement and this Industry appears to be pulling out of the recession and is poised for sustained growth in the future. The main products of the Steel Division are:

##### HIGH TENSILE STEEL STRAPPINGS.

MSL has been producing High Tensile Steel Strappings, which are used for packaging of Steel, Non-Ferrous Metal and other packaging applications. With a general improvement in the outlook of these industries, there is definite growth potential for this product. There is only one significant manufacturer of this product in the country, which continues to perform well. The market is also growing. High Tensile Steel Strapping is a high value added product and the company can look forward to a reasonable market share, which will provide healthy contribution to the Company. The company has also successfully executed packaging contracts with leading integrated Steel Plants and can look forward to aggressively getting into this area. This will further enhance the contribution to the Company's bottom line. The company has also successfully exported Steel Strappings to Western Europe. There is substantial demand in the Middle East and other parts of the World. This area can also be exploited successfully.

##### GALVANISED STEEL TAPE.

In this line there was intense competition in the year 2001-02. However, because of low margins as also



# MSL Industries Ltd.



## DIRECTORS' REPORT (CONTD..)

the lowest order for JFTC Cables in the last 10 years from the Department of Telecom, some of the units manufacturing this product have closed down. The low orders from DoT were mainly for clearing of inventory with the Department. Since this has been achieved the Department is again aggressively pursuing the programme of rural Telephony, as also expanding the Telephone base in the smaller cities and towns, the demand for Jelly Filled Cables remains steady if not increasing. If proper cost control is exercised the product can provide good volume business.

### **HIND POLYMERS.**

There is declining trend in the demand of Jelly Filled Telephone Cable due to introduction of large scale of Optical Fiber Cable (OFC) and WLL technology being adopted by Bharat Sanchar Nigam Ltd. (BSNL) and other private sector telecom companies. Hence, it is expected that turnover related to cable sector in last year may not be repeated during current year. However, company has already diversified into production of other compounds namely HDPE Black Pipe Compound, Additive Masterbatches, various grades of Black and White Masterbatches etc. Considering the globalization of the economy the company's thrust is also to globalize its marketing and there is intensive efforts to sell product in the Middle East and neighboring South East Asian Countries initially. There is tremendous scope of marketing HDPE pipe compound in Middle East.

The company has also established itself as a reliable source for supply of HDPE Sheathing Compound to Optical Fiber Cable Industries. Hence overall performance of the unit will be satisfactory in the current year and also in coming years.

### **REHABILITATION/ RESTRUCTURING.**

It was decided to actively pursue the Re-structuring/ Rehabilitation proposal submitted to State Bank of India/ IDBI with current modifications. It was also agreed that the Company would forward the proposal for bifurcation of the two units of the Company since now there is not much synergy in two divisions namely the Steel Division and the Polymers Division.

### **5. NEW PROJECT.**

As reported earlier, the circumstances for installation of a plant to manufacture Hi-Tech polymer compound for power cable Industry at Calcutta have not become favourable.

### **6. DIVIDEND.**

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

### **7. EXPORTS.**

The exports of the Company during the year is Rs. 183.83 lacs (previous year Rs. 272.03 lacs).

However the Company is exploring the possibility of exporting to other countries in the current year.

### **8. 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.

### **8.1 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 A. 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.

### **9. QUALIFICATION ON AUDITORS' REPORT.**

#### **a) Realisable value of investments in Jersey India Ltd.**

As reported in Note No. 14 (a) in schedule 17, the realizable value of investment is negligible. The company has made a provision of Rs. 375 lacs as 'Special Reserve' against the fall in the value of total investments which is also considered long term. The provision will be made in the Accounts after considering the actual state of affairs of Jersey India Ltd.

#### **b) Recoverable value of Sundry Debtors and Loans & Advances.**

Your Directors have reported in their Report dated 29th October 2001 that out of the total outstanding debtors of Rs. 6410.80 lacs as on 31<sup>st</sup> March 2001 about 54.49% of the amount relates to debts under litigation, debts due from the companies which have been referred to BIFR/Litigation and also includes substantial amount of interest charged on sundry debtors for delay in payment of the outstanding dues. After scrutinizing the details of outstanding due from the customers and others a sum of Rs. 1057.21 lacs, mostly on account of dues for more than three years and due from the companies under BIFR/Litigation, have been provided for during the year under review. Further a sum of Rs. 713.45 lacs representing interest charged on the debtors and others for delay in payment of the outstanding dues and credited in the Profit & Loss Accounts in the previous years have been reversed during the year under review by way of debit in the Interest account.

#### **c) Physical verification of Stock**

The statement made in Note no. 19 in Schedule 17 is reiterated herein.



# MSL Industries Ltd.

## DIRECTORS' REPORT (CONTD..)

### 10. DIRECTORS.

Shri V. K. Singhania will be retiring by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.

### 11. AUDIT COMMITTEE.

As per section 292 A of the Companies (Amendment) Act, 2000, your Company has formed Audit Committee consisting of three Directors viz. Shri A. K. Chatterjee, Shri H. K. Modi and Shri V. K. Singhania.

### 12. DIRECTORS RESPONSIBILITY STATEMENT - PURSUANT TO SECTION 217(2AA).

Your Directors confirm that :

- In the preparation of the Annual accounts, the applicable accounting Standards had been followed along with proper explanation relating to material departures;
- The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The Directors had prepared the annual accounts on a going concern basis.

### 13. DEPOSITS.

The Company has not accepted any deposits from the public.

### 14. DEMATERIALISATION OF SHARES:

Under the provisions of the Depository Act, 1996 and as per directions of the Securities and Exchange Board of India (SEBI), the Equity shares of your Company were made available for dematerialisation under the Depository system operated by the Central Depository services (India) Ltd (CDSL) and National Securities Depository Ltd (NSDL) with effect from 26th February 2001. The shares of your company are under the compulsory Demat settlement mode and can be traded only in Demat Form with effect from that date. Members are, therefore, advised to get their shares converted into Demat Mode by sending Dematerialisation Request Form (DRF) along with the share certificate(s) to the Company through their Depository participants (DP).

### 15. LIST OF THE STOCK EXCHANGES:

The Company's shares are listed on Magadh Stock Exchange at Patna, Stock Exchanges at Mumbai and

Calcutta. The Company has already paid the Annual Listing Fees to them for the year 2002-2003.

### 16. 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 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.

### 17. 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 24,00,000/- per year throughout the financial year. There was also no employees employed for part of the year and were in receipt of remuneration of not less than Rs. 2,00,000 per month thereafter.

### 18. BALANCE SHEET ABSTRACT AND CASH FLOW STATEMENT.

The Balance Sheet Abstract as at 31st March 2002 as required under Schedule VI of the Companies Act 1956 and the Cash Flow statement as required under the Listing Agreement with the Stock Exchanges, for the period ending 31st March 2002 are attached with this Annual Report.

### 19. 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.

### 20. ACKNOWLEDGEMENT.

Your Directors place on record their gratitude and appreciation to the Investors, Financial Institutions, Banks, Securities 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.

By order of the Board

**H. K. MODI**

*Chairman &  
Mng. Director*

**Patna**

Dated : 29th day of July, 2002

**MSL Industries Ltd.****ANNEXURE TO THE DIRECTORS' REPORT**

Information under section 217(1)(e) of the Companies Act 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of Directors' Report.

**1. CONSERVATION OF ENERGY**

Energy conservation continues to be given great emphasis and continuous efforts are being made to identify the prospective areas for energy saving and maximise the use of energy through various efficient methods like monitoring of performance of furnace at regular intervals, frequent review of energy generating and energy consuming equipments, monitoring of Power Factor indicators and implementation of effective maintenance of electrical motors, equipment etc.

**FORM A**

Form for disclosure of Particulars with respect to conservation of energy.

**A. Power & Fuel Consumption**

	2001-2002		2000-2001	
	Steel Divn. *	Polymer Divn.	Steel Divn.	Polymer Divn.
<b>1. ELECTRICITY</b>				
a. Purchased Units (KWH) (in lacs)	0	25.58	19.54	27.97
Total amount (Rs.in lacs)	0	113.21	110.94	125.65
Rate/Unit (Rs.)	0	4.42	5.67	4.49
b. Own generation through Diesel generator				
Units Consumed (in lacs)	0	1.12	2.53	1.91
HSD Consumed (Kltrs)	0	0.35	64.95	58.90
Total amount (Rs.in lacs)	0	6.54	9.74	9.84
Cost/Unit(Rs.)	0	5.81	3.84	5.14
<b>2. COAL</b>	—	—	—	—
<b>3. FURNACE OIL/LDO (Kltrs.)</b>	0	—	520.00	—
Total amount (Rs.in lacs)	0	—	58.72	—
Average Rate/Kltr (In Rs.)	0	—	11290.00	—

**B. CONSUMPTION PER UNIT OF PRODUCTION**

Since the Company manufactures several products having regard to the records and the books maintained by the Company, it is impracticable to apportion the utilities.

- \* The Company's production unit at Steel Division, Patna did not work throughout the year and no electricity either by way of purchase or by own generation has been consumed during the year. However, a sum of Rs. 64.86 lacs was spent by the Steel Division which includes fuel surcharge of Rs. 52.26 lacs and fixed demand charges of Rs. 12.60 lacs for official use.





# MSL Industries Ltd.

## ANNEXURE TO THE DIRECTORS' REPORT (CONTD..)

### TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION FORM B

Form for disclosure of particulars with respect to Technology Absorption : 2001-2002.

**A. Research and Development ( R & D )**

Specific Areas in which R & D carried out by the Company.

1. Reducing cost of product through minimising losses due to wastage, damage and pilferage etc.
2. Achieving optimum quality of materials through better designing.
3. Reducing down time through process implementation.

**B. Benefits derived as a result of above R&D**

1. Production of higher value added products as per Global standards.
2. Prolonging life expectancy of consumer products through better packaging.
3. Achieving of economies of scales through Plant upgradation.

**C. Future Plan of Action**

1. Development of Niche products
2. Updating process facilities in development to derive cost effective benefits.
3. Development of indigenous substitution of products which were earlier imported.

**D. Expenditure on R&D**

1. Expenditure on in house research and development has been shown under respective heads of expenditure.

**E. Technology Absorption, Adaptation and Innovation**

1. Technology is being constantly updated in conjunction with situation and is adopted in various manufacturing facilities for improvement in product quality, reduction of idle time, reduction in consumption of scarce inputs and optimising energy consumption.

**F. Pollution Control**

The Company has adopted adequate Pollution Control measures commensurate with discharge of effluents to the full satisfaction of the competent Pollution Control Authorities.

**G. Foreign Exchange Earnings and Outgo**

	(Rs. in lacs)	
	2001-2002	2000-2001
Total Foreign Exchange use and earned :		
Foreign Exchange used :		
Import	191.38	989.80
Expenditure	4.86	11.13
	196.24	1000.93
Foreign Exchange Receipt	183.83	272.03

Patna

Dated : 29th day of July, 2002

For & on behalf of the Board

**H. K. MODI**

Chairman & Mng. Director