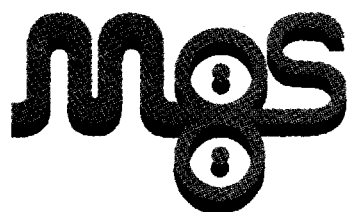


31st Annual Report 2002-2003



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MSL INDUSTRIES LIMITED

MSL Industries Ltd.



BOARD OF DIRECTORS

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

Chairman & Managing Director (Since Resigned)

S.K. Modi

Director

G. Bhattacharya

Nominee of ICICI Ltd. (Since Resigned)

A.K. Chatterjee

V.K. Singhania

S. Mukherjee *(From 10th November 2003)*

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 31st Annual General Meeting of the Members of MSL Industries Limited will be held on Monday, the 11th October, 2004 at 3.30 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 & Loss Account for the financial year ended 31st March, 2003 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 S.K. Modi 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 remunerations.

SPECIAL BUSINESS

4. To consider, and if thought fit, to pass, with or without modification(s), the following resolutions

A) AS AN ORDINARY RESOLUTION :

Appointment of a Director

"RESOLVED THAT Shri Saibal Mukherjee be and is hereby appointed as a Director of the Company and that he shall be liable to retire by rotation".

B) AS A SPECIAL RESOLUTION

i. Re-appointment of Shri S.K.Modi as Managing Director

"RESOLVED that in accordance with the provision of sections 198, 269 and 309 read with schedule XIII and also other applicable provisions of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force) and also subject to the approval of the Central Government, the consent of the Company be and is hereby accorded to the re-appointment of Shri S.K.Modi as Managing Director of the Company for a further period of three years with effect from 1st December, 2003 on the Terms & Conditions including the remuneration as, are set out in the Agreement to be entered into between the Company and Shri S. K. Modi, a draft whereof is placed before the meeting, which Agreement is hereby specially approved with liberty to the Board of Directors to alter and vary Terms & Conditions of the said reappointment and/or agreement and as may be

approved by the Central Government so as not to exceed the limits as specified in Schedule XIII of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) or any amendments and/or modifications that may hereof be made thereto by the Central Government in their behalf from time to time or any amendment thereof, as may be agreed to between the Board of Directors and Shri S.K.Modi or as may be varied by the Shareholders."

ii. Appointment of Shri V K Singhania, a Director of the company as Director-in-charge of the Company's Steel and Hi-Tech steel units at Patna

"RESOLVED that in accordance with the provision of section 314 and also any other applicable provisions of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force) the consent of the Company be and is hereby accorded to the appointment of Shri V. K. Singhania as Director-in-charge of Steel and Hi-Tech Steel unit at Patna of the Company for a period of three years with effect from 1st October, 2003 on the Terms & Conditions including the remuneration @ Rs. 10,000/- per month (Rupees Ten thousand per months - all inclusive) as are set out in the Agreement to be entered into between the Company and Shri V.K. Singhania, a draft whereof is placed before the meeting, which Agreement is hereby specially approved with liberty to the Board of Directors to alter and vary Terms & Conditions of the said appointment and or agreement with such modification that may hereof be made thereto by the Shareholders."

By Order of the Board

Regd. Office :
E-2, Industrial Area
Patna - 800 013
Kolkata
Dated : 20th day of August, 2004.

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

MSL Industries Ltd.



NOTICE (CONTD.)

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 Wednesday 6th October, 2004 to Monday 11th October, 2004 (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, 1996 have been transferred by Company to the General Revenue Account of the Central Government. Shareholders who have not claimed or received any dividend for 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, 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. Shareholders are hereby further informed that pursuant to the direction given by Securities & Exchanges Board of India (SEBI) vide its circular dated 27.12.2002 regarding appointment of Common Agency for all works related to share registry both in physical and electronic form, M/s MCS Ltd. having its local office at 77/2A, Hazra Road, 3rd & 5th floor, Kolkata - 700029 who was already appointed as Registrar and Transfer Agent in respect of Securities held in by the shareholders in electronic form has also been appointed as Registrar and Transfer Agent in respect of share held in Physical form with effect from 1st July, 2003. The Shareholders are, therefore, requested to send all correspondences regarding share related matters to the said MCS Ltd. at their above local address at Kolkata.
7. As per the amended provisions of the Companies Act, 1956, facility for making nominations is now available for Shareholders in respect of the Shares held by them. Nomination forms can be obtained from the Share Department of the Company at P-22, Swallow Lane, Kolkata - 700 001 on requisition.
8. Shareholders desiring any information as regards Accounts are requested to write to the Company to reach the Company's Headoffice at P-22, Swallow Lane, Kolkata - 700 001, 48 hours before the meeting so as to enable the management to keep the information ready.
9. Shareholders are requested to bring their copies of the Annual Reports to the meeting.
10. 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 2003-2004. the trading of company's share in Stock Exchange, Mumbai has been suspended w.e.f. 27.01.04 due to delay in publication of the Quarterly Financial Result arising out of closure of the units of the company at Patna w.e.f. 1st April, 2001.
11. **Shareholders are requested to intimate to the share department of the Company or to the Registrar and Transfer Agent 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.**
12. **Correspondence regarding shareholding could also be addressed to :
MSL INDUSTRIES LTD. (Share Department)
P-22, Swallow Lane, Kolkata - 700 001.**



MSL Industries Ltd.

EXPLANATORY STATEMENT

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

Item No. 4A

APPOINTMENT OF ADDITIONAL DIRECTOR

In view of recent amendment of the Companies Act, 1956 and the provision in the Listing Agreement with Stock Exchanges the Listed Companies are required to expand its Board of Directors by way of inducting additional Non-executive Independent Directors to ensure better corporate Governance.

In Pursuance of the said amendments/provisions of the Act/Listing Agreement your Board of Directors appointed Shri Saibal Mukherjee as an Additional Director at their meeting held on 10th November, 2003 u/s 260 of the Companies Act, 1956 as authorised under clause 90 of the Articles of Association of the Company, to hold office upto this Annual General Meeting. A brief Résumé, nature of expertise in specific functional areas of Shri Saibal Mukherjee as also the name of the Company(s) where he holds Directors/Members in the Board are stated hereunder as required under the Listing Agreement. Notice signifying his consent to act as a Director, if appointed, has been received from Shri Saibal Mukherjee.

Name : Shri Saibal Mukherjee

Age : 46 years

Qualification : BE, Chartered Engineer, PGDBM (Post Graduate Diploma in Business Management - IIM, Kolkata).

Experience : 14 years experience in Ferrous & Non-Ferrous Industries.

8 years experience in consultancy organisation of repute.

Directorship
in other Co. : Nil

Your Directors recommend the Resolution for your approval.

Item No. 4B (i)

The present term of office of Shri H.K.Modi and of Shri S.K. Modi as Chairman & Managing Director and Joint Managing Director receptively expired on 30th November, 2003, Shri H.K.Modi has resigned from the Board by his letter dated 8th September, 2003. The Board of Directors has at its meeting held on 29th December, 2003, after approval of the Remuneration Committee at their meeting held on 14th November, 2003, in compliance of Schedule XIII of the Companies Act, 1956, re-appointed Shri S.K.Modi as Managing Director of the Company for a period of three years with effect from 1st December, 2003 on the existing terms as stated hereunder, subject however, to your approval and to the approval of Term Lending Institutes, if any, and to the approval of Central Government.

A brief Resume, nature of expertise in specific functional areas of Shri S.K.Modi as also the name of the Company(s) where he holds Director/Members in the Board are stated hereunder as required under the Listing Agreement.

Name : Shri Satish Kumar Modi

Age : 61 years

Qualification : B.Com., Calcutta University

Experience : He has been working as Joint Managing Director in charge of Polymer Division of this Company for about fifteen years. He is having wide experience, both International and Domestic, in Commercial, Export & Finance, with dynamic leadership in Trading, Manufacturing and Export business for about forty years combined with the expertise and Technical knowledge in Cable Industries.

Directorship

in other Co. : Nil

The draft Agreement to be entered into by the Company with Shri S.K.Modi in respect of his re-appointment for a further period of three years, interalia contains the following terms and conditions :

1. **NAME AND DESIGNATION** **PERIOD**
Shri S. K. Modi From 1-12-2003 to
(Managing Director) 30-11-2006
2. **REMUNERATION :**
 - (a) **Salary :** Rs. 40,000/- (Forty Thousand only) per month including dearness and all other allowances.
 - (b) **Perquisites :** In addition to the salary, perquisites payable shall be restricted to an amount equal to the annual salary or Rs. 5,25,000/- (Five Lac twenty five Thousan only) per annum, whichever is less. Perquisites are classified as follows :

PART A

(i) HOUSING :

- (a) The expenditure by the Company on hiring furnished accommodation will be subject to the following ceilings : 60% of the Salary, over and above 10% payable by the Managing Director.
- (b) If the Company does not provide accommodation to the Managing Director he shall be entitled to house rent allowance subject to the ceiling laid down in (a) above.
- (c) If accommodation is provided in the Company owned house to the Managing Director a deduction of 10% shall be made from the salary of the Managing Director.

EXPLANATION :

The expenditure incurred by the Company for gas, electricity, water and furnishings shall be valued as per Income Tax Rules, 1962. This shall, however be subejct to a ceiling of 10% of the salary of the Managing Director.

(ii) MEDICAL REIMBURSEMENT :

Reimbursement of expense incurred for self and family subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.

(iii) LEAVE TRAVEL CONCESSION :

Leave Travel Concession for self and family once in a year incurred in accordance with the rules of the Company.

- (iv) **CLUB FEES :** Fees of clubs subejct to a maximum of two clubs. No admission and life membership fees will be paid by the Company.

MSL Industries Ltd.



EXPLANATORY STATEMENT (CONTD.)

- (v) **PERSONAL ACCIDENT INSURANCE** : Personal Accident Insurance of an amount, the Annual Premium of which shall not exceed Rs. 4,000/-.

NOTE : For the purpose of perquisites stated in part A(ii) & (iii) above "family" means the spouse, the dependent children and dependent parents of the Managing Director.

PART B

- (i) Contribution to Provident Fund and Superannuation *Fund or Annuity Fund will not be included in the* Computation of the ceiling on perquisites to the extent these, either singly or put together, are not taxable under the Income Tax Act, 1961. Gratuity payable shall not exceed half a month's salary for each completed year of service subject to ceiling limit under gratuity Act, 1971.
- (ii) **Earned Leave** : On full pay and allowances as per the rules of the Company but not exceeding one month's leave for every eleven months of service. Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

PART C

Provision of two Cars for use on the Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephones and use of car for private purpose shall be billed by the Company.

(C) COMMISSION :

In addition to salary as per 2(a) & perquisites as per 2(b) above, the Managing Director shall be entitled to commission @ 1% p.a. of Net Profit of the Company computed in the manner laid down under Section 309(5) of the Companies Act, 1956, restricted to an amount equal to annual salary, subject to the overall ceiling laid down in Section 198 and Section 309 of the Companies Act, 1956.

3. Notwithstanding the above, where in a financial year during the currency of tenure of Managing Directors, the Company has no profits or its profits are inadequate, it may pay him only remuneration by way of salary and perquisites not exceeding the limits specified hereinabove.
4. The terms and conditions set out for re-appointment herein and/or in the Agreement shall be altered and varied from time to time by the Board of Directors of the Company as it may, at its discretion, deem fit so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 and the limit, if any, fixed by the Central government (includes any statutory modifications or re-enactments thereof, for the time being in force, or any amendments made thereto).
5. The agreement may be terminated by either party by giving to other party six month's notice unless otherwise mutually agreed.
6. The Managing Director were appointed by virtue of his employment with the Company and his appointment is subject to the provisions of Section 283(1) (i) of the Companies Act, 1956 (including any statutory modifications or re-enactments thereof for the time being in force).

7. The Managing Director shall not be entitled to supplement his earning under any agreement with any buying or selling agency and shall also not be interested or concerned directly or indirectly through spouse or minor children in any selling agency of the Company without the prior approval of the Central Government.

The said draft Agreement is available for inspection at the Registered Office of the Company or at its Head Office at P-22 Swallow Lane, Kolkata-700 001 on any working day between 11 A.M. to 1 P.M.

Your Directors recommend the resolutions for your approval.

The above may also be treated as an abstract of the term of contract/agreement between the Company and Shri S. K. Modi pursuant to section 302 of the Companies act, 1956.

Shri S. K. Modi may be deemed to be interested in the resolution which pertains to his re-appointment and remuneration payable to him.

Appointment of Shri V. K. Singhania, a Director of the Company as Director-in-charge of Steel and Hi-Tech Steels units of the Company at Patna.

Terms of office of Shri H. K. Modi as Chairman & Managing Director of the Company has expired on 30th November, 2003. He has since resigned from the Board of Directors of the Company. Shri H. K. Modi, as per Managing Director's Agreement, was responsible for looking after all affairs and day to day management of the Steel and Hi-Tech Steels units of the Company at Patna. Shri V. K. Singhania has been associated with the said units for long years and well acquainted with all affairs of the Steel Units. He was appointed as Director of the Company on 28th September, 2001. It was proposed by the Board of Directors at their meeting held on 22nd May, 2004 to appoint Shri V. K. Singhania as Director-in-charge for a period of three years with effect from 1st October, 2003 at a remuneration of Rs. 10,000/- per month (Rupees Ten thousand per months - all inclusive) for looking after affairs and day to day management of the above two units at Patna.

In order to comply with the provision of section 314 of the Companies Act, 1956, the appointment of Shri V. K. Singhania, Director of the Company as "Director-in-charge" with remuneration as stated herein above is required to be approved by you by way of Special Resolution.

Shri V. K. Singhania may be deemed to be interested in the resolution which pertains to his appointment as Director-in-charge on remuneration payable to him as stated hereabove.

The Draft Agreement is available for inspection at the Registered Office of the Company or at its Head Office at P-22, Swallow Lane, Kolkata - 700 001 on any working day between 11 a.m. to 1 p.m.

Your Directors recommend the resolution for your approval.

By Order of the Board

P-22, Swallow Lane,
Kolkata - 700 001
Dated 20th August, 2004

(S. K. Modi)
Director



MSL Industries Ltd.

DIRECTORS' REPORT

TO THE MEMBERS

The Directors have pleasure in presenting the 31st Annual Report on the operation of the Company together with the Audited Accounts for year ending 31st March, 2003.

1. THE FINANCIAL RESULTS (RS IN LACS)

	Year ending 31st March, 2003	Year ending 31st March, 2002
Turnover	1656	3673
Gross Profit/(Loss) before Depreciation, Interest & Tax	(576)	(1585)
Depreciation	225	226
Interest (Net) (see notes no ii & iii here in below)	44	1652
Profit/(Loss) before Tax	(845)	(3463)
Profit/(Loss) after Tax	(845)	(3463)
Investment in Jersey India Ltd. (in liquidation) written off	265	-
Transfer from Special Reserve	265	-
Less Transfer from Investment Allowance Reserve	-	68
Balance carried to Balance Sheet (845)		(3395)

Note :

- Figures of the previous year have been regrouped wherever necessary.
- Interest of Rs.1652 lac in previous year includes inter alia interest on term loans Rs.320 lac, on bank Rs.664 lac and Rs.713 lac due to reversal of interest credit charged on debtors in previous years for delay in payment, as the same were found to be not recoverable.
- The Company has not provided interest liability in respect of its loans from IDBI and its cash credit / working capital loan from SBI in view of the fact that the Company has been referred to BIFR and the said IDBI and SBI having filed recovery suit before the DRTs against the Company and not intimated any debit of interest on the said loans and also on the basis of the Company's contention that interest provided during the last years is in excess of the expected interest payable at the time of restructuring under rehabilitation scheme, if any, to be framed by the operating agency.

2. PERFORMANCE

During the year the Company suffered a net loss of Rs. 1110 lac including Rs. 265 lac on A/c of investment in share in Jersey India Ltd (in liquidation) written off (previous year Rs. 3463 lac). Networth of the Company was eroded more than 100% in last year. With the above loss there has been further erosion of Networth. The operation of Steel Unit at Patna was suspended from 1st April, 2001 due to severe liquidity crunch. The abnormal loss of Polymers unit recorded during the year 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, and change in technology from cable link telephone to cord less and mobile telephone.

- Making substantial amount of provision for un-recoverable book debts settled under criminal suit and small balances.

3. MATERIAL EVENTS SINCE AFTER THE DATE OF BALANCE SHEET :

- The State Bank of India (SBI) vide its letter no ADV/871 dated 15th March, 2004 advised the Company for making application to State Bank of India, Patna for an one time settlement in respect of their dues. It has also been mentioned in the said letter that SBI has issued to the Company notice under the "Securitisation & Reconstruction of Financial Assets & Enforcement of Security interest Act, 2002". Since the matter is subjudice before the Hon'ble Debts Recovery Tribunal, Patna and also since Company's reference to BIFR made u/s 15 of the Sick Industrial Company's (Special Provision) Act, 1985 (SICA) is also pending for further hearing, no further action could be initiated by the company in this regard.
- ICICI Bank Ltd. has informed the company about their appointment of a valuer for valuations of Fixed Assets of the Company which we understood, has since been completed.

4. FUTURE PROSPECTS

STEEL DIVISION

Steel Division is lying closed since April 2001. This division was manufacturing GST and catering to the Jelly Filled telephone cable (JFTC) manufactures. However, with new technology in the telecom sector the demand for JFTC has declined sharply. In fact a number of JFTC manufacturers have also closed down and most of them have gone to BIFR.

Under the circumstances it was not possible to sustain the unit on manufacture of single product GST and unless other avenues of production come up, the outlook is bleak.

HIGH TENSILE STEEL STRAPPINGS & GALVANISED STEEL TAPE

The largest buyer for this product namely M/s SAIL (Bokaro Steel plant) has started in-house production and hence the unit is no longer viable.

HIND POLYMERS

The years 2002-03 and 2003-04 have seen a sharp fall in demand as well as prices of Jelly Filled Cables and OFC. This has adversely affected the order position of Hind Polymers from these sectors.

The unit over the years had developed other products like metal pipe coating compound, aerial bunched cables insulating compound. The unit has also developed some speciality master batches besides the white and black master batch.

The Unit's plant and equipment are in good condition and capable to perform to the highest standard. There is a growing demand for metal pipe coating compounds both in the domestic as well as in the international market. There is also scope for making this compound on job work basis. The Company is exploring this area of compounding with a view to the future.

However, since the main market for Hind Polymers, i.e., telecom

MSL Industries Ltd.



DIRECTORS' REPORT (CONTD.)

compounds have become very small and not leaving any working margin, the immediate outlook is not bright.

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. 136.29 lac (previous year Rs. 183.83 lac).

8. AUDITORS

8.1 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. Your Directors recommend for their re-appointment.

8.2 BRANCH AUDITORS

- a) M/s. K.N. Gutgutia & Company, Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment as Branch Auditors. Your Directors recommend for their re-appointment.
- b) M/s A. Mitra & Associates, Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment as Branch Auditors. Your Directors recommend for their re-appointment.

9. QUALIFICATION ON AUDITORS' REPORT

I. Recoverability of loans and advances

Auditors remark about recoverability of all debts, loans and advances and inter corporate deposit have been explained in note no 6, 22, 23 and 25 in schedule 17.

II. Non-provision of shortfall in the market value of share

Auditors remark regarding non-provision of shortfall in the market value of certain investments has been explained in note no 19(b) in schedule 17.

III. Non-undertaking of physical verification of stock of finished goods, raw material, process stock, stores and spare, trading goods, and fixed assets as also non-updating of Fixed Assets Register of company's Steel division at Patna and diminution in realisable value of stock

The reason for not undertaking physical verification of stock of finished goods, raw materials, process stock, stores and spare parts, trading goods and fixed assets as also for non updating of Fixed Assets Register of Company's Steel division at Patna and its diminution in value, if any, have been explained in note no 24 in schedule 17.

IV. Non-consideration of interest on fixed deposit lying with State Bank of India, Patna

A recovery suit has been filed by State Bank of India, Patna

against the Company before the Debt Recovery Tribunal, Patna. Since fixed deposits are lying with the said bank the amount of interest due on fixed deposits, has been considered to be taken into credit in profit & loss A/c on its realisation.

V. Non-provision of interest payable on terms loan and working capital loan

The matter has been explained in note no 10 in schedule 17.

VI. Non-deposit of unclaimed dividend to the Registrar of Companies for credit to "Investors Education & Protection Fund"

A sum of Rs. 10,36,072/- on account of unclaimed dividend & unclaimed interest on FCD including due for more than 7 years for Rs. 6,32,670/- were kept deposited with the Company's banker, State Bank of India (SBI), Patna under 'No-Lien A/c to comply with the provision of section 205A of the Companies Act, 1956 which has been confirmed by SBI, Patna vide its letter No. ADV/73 dated 10th May 2004. The Company has been requesting SBI, Patna to release the said fund belonging to the Shareholders & required to be deposited with the ROC, Patna for credit in the accounts of "Investors Education & Protection Fund" as required under section 205C of the said Act.

SBI, Patna vide its letter No. ADV/302 dated 3rd August 2004 has refused to release the aforesaid fund with the plea that the matter is subjudice at the Debts Recovery Tribunal (DRT), Patna. Further SBI has also filed an application before the hon'ble DRT, Patna for allowing them to set off the aforesaid amount of unclaimed dividend and interest, kept under "No lien A/c", with their dues from the Company. The Company is filing a reply before the hon'ble DRT, Patna praying for rejection of the above application on the ground that the money belongs to the Shareholder and to be deposited with the ROC, Patna for credit to "Investors Education & Protection Fund A/c" as required u/s 205C of the Companies Act, 1956. Both are pending for adjudication. As a result the amount of Rs. 6,32,670 representing unclaimed dividend/interest on FCD due for more than 7 years could not be deposited with ROC, Patna as required u/s 205C of the Companies Act, 1956.

However, the share application money refundable for Rs. 2,18,216 and refund issue for Rs. 2,573.20 due for more than 7 years kept in other banks have since been deposited with the ROC, Patna for credit to the aforesaid "Investors Education & Protection Fund" A/c.

VII. Non-provision of loss on sale of shares made by SBI during 2003-04 for Rs. 44.34 lac

The reason for non-provision of loss on sale of shares held by the Company and pledged with State Bank of India, Patna has been explained in note no. 11 in schedule 17.

10. DIRECTORS

- (i) Shri S. K. Modi will be retiring by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.



MSL Industries Ltd.

DIRECTORS' REPORT (CONTD.)

- (ii) Shri H.K.Modi, the Chairman and Managing Director has sent letter dated 8th September, 2003 resigning from the Board of Directors. His terms of office as Chairman and Managing Director of the Company has expired on 30th November, 2003.
- (iii) Terms of office of Shri S.K.Modi as Joint Managing Directors of the Company has expired on 30th November, 2003. The Remuneration Committee and the Board of Directors of the Company have approved re-appointment of Shri S. K. Modi as Managing Director of the Company on the existing terms and conditions for a period of three years w.e.f. 1st December, 2003, at their meetings held on 14th November, 2003 and 29th December, 2003 respectively, subject, however, to your approval and approval of the Central Government as required under the Companies Act, 1956.
- (iv) The Board of Directors at their meeting held on 10th November, 2003 appointed Shri Saibal Mukherjee as additional Director to hold office up to the ensuing Annual General Meeting as authorised under its Articles of Association. Shri Mukherjee has submitted his consent to act as director, if appointed. Your directors recommend his appointment for your approval.
- (v) Shri Gautam Bhatyacharya, a nominee director from ICICI Bank Ltd., has ceased to be director of the Company w.e.f. 21.06.03.
- (vi) The Board of Directors at their meeting held on 22nd May, 2004 appointed Shri V K Singhania, a Director of the Company as Director-in-charge for Patna units with effect from 1st October, 2003 at a remuneration of Rs. 10,000/- per month (all inclusive), subject however to your approval at the ensuing Annual General Meeting for which recommendation has been made accordingly.

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

Your Directors confirm that:

- i. In the preparation of the Annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii. 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;
- iii. 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, subject, however, to note no 24 in schedule 17 annexed to the Balance Sheet as at 31st March 2003;
- iv. The Directors had prepared the annual accounts on a going concern basis.

12. CORPORATE GOVERNANCE

Pursuant to clause 49 of the Listing Agreements with the Stock Exchanges, report on Corporate Governance along with certificate from the Auditor are attached hereto and form part of this report.

13. DEPOSITS

The Company has not accepted any deposit from the public.

14. 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 upto the year 2003-2004.

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 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 and Profit & 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 24,00,000 per year throughout the financial year. There was also no employee employed for part of the year and were in receipt of remuneration of not less than Rs. 2,00,000 per month thereafter.

17. BALANCE SHEET ABSTRACT AND CASH FLOW STATEMENT

The Balance Sheet Abstract as at 31st March, 2003 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, 2003 are attached with this Annual Report.

18. 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.

19. 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.

Kolkata

Dated : 20th day of August, 2004.

By order of the Board

S. K. Modi

Director

MSL Industries Ltd.



ANNEXURE TO THE DIRECTORS' REPORT

ANNEXURE - 1

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

	2002-2003		2001-2002	
	Steel Divn. *	Polymer Divn.	Steel Divn.	Polymer Divn.
1. ELECTRICITY				
a. Purchased Units (KWH) (in lacs)	0.00	12.29	0.00	25.58
Total amount (Rs.in lacs)	0.00	59.09	0.00	113.21
Rate/Unit (Rs.)	0.00	4.85	0.00	4.42
b. Own generation through Diesel generator				
Units Consumed (in lacs)	0.00	2.03	0.00	1.12
HSD Consumed (Kltrs)	0.00	0.63	0.00	0.35
Total amount (Rs.in lacs)	0.00	12.80	0.00	6.54
Cost/Unit(Rs.)	0.00	6.29	0.00	5.81
2. COAL	-	-	-	-
3. FURNACE OIL/LDO (Kltrs.)	-	-	-	-
Total amount (Rs.in lacs)	-	-	-	-
Average Rate/Kltr (In Rs.)	-	-	-	-

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. 2.10 lacs was spent by the Steel Division for official use.