

35th Annual Report 2006 -2007

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MSL

MSL INDUSTRIES LIMITED

MSL Industries Ltd.



BOARD OF DIRECTORS

S. K. Modi

Managing Director

A. K. Chatterjee

(Non Executive & Independent Director)

V.K.Singhania

(Executive Director)

K. C. Mukherjee

(Non Executive & Independent Director)

A. K. Kundu

(Non Executive & Independent Director)

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

11 K. 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 Adjourned Annual General Meeting of the Members of MSL Industries Limited will be held on Wednesday, the 31st December, 2008 at 10.00 a.m. at E-2, Industrial Area, Patliputra Colony, Patna - 800 013 to transact the following business which were included under item Nos. 1 and 3 of the Notice dated 27th August 2007 convening 35th Annual General Meeting of the Members of the company, which was adjourned without dealing with the below mentioned business :

AS AN ORDINARY BUSINESS

1. To receive and to adopt the Profit & Loss account of the Company for the year ended 31st March 2007 and its Balance Sheet as at that date along with Schedules annexed thereto and the Report of the Directors and the Auditors thereon.
2. To appoint Auditors and Branch Auditors to hold office from the date of this adjourned Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

By Order of the Board

Head Office :

P-22 Swallow Lane

Kolkata - 700 001.

S. K. Modi

Dated :26th day of November, 2008. Managing 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. Shareholders, who hold share in dematerialised form, are requested to bring their Client ID and DPID Nos. for easier identification of attendance at the Meeting.
2. Shareholders desiring any information on the Accounts are requested to write to the company at P-22, Swallow Lane, Kolkata - 700001 at least 48 hours in advance before the date of Meeting to enable the Company to keep the information ready.
3. Shareholders are requested to bring their copy of the Annual Report at the Meeting.

DIRECTORS' REPORT

TO THE MEMBERS

The Directors have pleasure in presenting the 35th Annual Report on the operation of the Company together with the Audited Accounts for the year ending 31st March, 2007.

1. THE FINANCIAL RESULTS. (RS IN LACS)

	Year ending 31st March 2007	Year ending 31st March 2006
Turnover	138	296
Gross Profit/(Loss) before Depreciation Interest & Tax and after other exceptional items	(180)	(150)
Depreciation	56	60
Interest (Net)		
(see notes no ii in below)	18	19
Exceptional Items :-		
a) Royalty Charges	06	00
b) Bad Debts Written Off	220	000
c) Provision for Impairment		
Fixed Assets	03	00
d) Provision for Loss of Cancellation of Lease	17	00
Profit/(Loss) before Tax	(500)	(229)
Profit/(Loss) after Tax	(500)	(229)
Balance carried to Balance Sheet	(500)	(229)

Note :

- i. Figures of the previous year have been regrouped wherever necessary.
- ii. The Company has not provided interest liability in respect of its loans from IDBI and its cash credit/ working capital loan from SBI from 2002-03 to 2006-07 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. Similarly provision of Interest on Loans from ICICI Bank Ltd for the year 2006-07 has not been made in the Accounts in view of the facts stated herein after. However, in case the company provided interest on those loans on existing term the estimated unprovided interest liabilities for the year ending 31st March 2007 and estimated

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DIRECTOR'S REPORT

loss for the said year would have increased by Rs. 2415 lacs. After considering unprovided Interest up to 31-03-07 for Rs. 8876 lacs, the accumulated loss as at 31st March 2007 would be Rs. 20705 lacs (previous year Rs. 17790 lacs) including interest payable to ICICI Bank Ltd and other Secured Creditors.

2. PERFORMANCE

a) During the year the Company suffered a net loss of Rs. 500 lacs (previous year Rs. 229 lacs). The operation of Hi-tech Steel & Steel Unit at Patna were 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 as stated earlier which has not been changed: -

- i. Severely reduced production/Sales due to market recession and shortage of working Capital.
- ii. 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.
- iii. Shortage of working capital.

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

a) It has already been reported by your Directors on the last Accounts of the Company for the year ending 31st March, 2006 that State Bank of India (SBI) and ICICI Bank Ltd (ICICI) had transferred their interest on various facilities granted by the said ICICI and SBI to "Assets Reconstruction Company (India) Ltd (ARCIL)" under SARFAESI Act 2002 and that the Secured Assets, both movable and immovable at the units at Patna, which were previously charged in favour of said ICICI and SBI, were modified and such modification was filed with the Registrar of Companies, Patna, creating charges in favour of the said ARCIL. The said ARCIL took possession of the movable and immovable Assets of the Company's unit at Patna and thereafter of Hind Polymer at Gaziabad and in the process of selling those Assets at Patna. It was also reported earlier that Industrial Development Bank of India (IDBI), another secured creditor of the Company has assigned their rights on the various facilities granted by them to the company in favour of "Stressed Assets Stabilization Fund" under SARFAESI Act 2002.

Thereafter IDBI has also joined with ARCIL in the process of taking possession of the secured assets of the company. ARCIL by its letter no. ARCIL/SL/FY09/03141 dated 18th June 2008 reported that out of secured assets taken over by them on behalf of ICICI Bank Ltd. SBI and IDBI under SARFAESI Act 2002 they have sold moveable assets of the units at Patna including structure standing thereon (except the mortgaged land and the moveable assets secured in favour of BSFC and BICICO for their financial assistance to the company), including Plant & Machinery & all other miscellaneous tools, scrap, electrical goods, raw materials and finished goods of both the units at Patna at value of Rs. 5.15 crores. The sale of the assets by ARCIL was made with all encumbrances known and unknown except the financial facilities granted by BSFC & BICICO. The sales proceeds of the above assets amounting to Rs. 5.10 lacs have been received by ARCIL to liquidate dues of the concerned secured creditors. Loss or profit, if any, on sale of those assets would be adjusted in the Accounts on final settlement of the dues of all concerned secured creditors with the consent and advice of ARCIL.

b) Your Directors are pleased to report that hearing of the Company's case with BIFR under provision of SICA was held on 29th April 2008, 07th August 2008 and 09th September 2008. As per said hearings, on the basis of the submission made by the Secured and Unsecured Creditors before the Hon'ble Bench of the BIFR it was directed that, since ARCIL took possession of all movable and immovable assets of the three units of the company namely Hi-tech Steel and Steel unit at Patna and Hind Polymer units at Ghaziabad u/s 13 of SARFAESI Act, 2002 and sold the movable assets of both unit at Patna, Operating Agent (OA) need not to conduct Techno Economic Viability Study (TEVS). However, viability study of the unit at Nodia can be made by the OA, in view of the fact that the company wants to continue with Hind Polymer unit at Nodia. The company was directed to submit DRS within the time as stipulated. Further, on the date of hearing on 09th September 2008, as mutually agreed upon, the case was adjourned till further notice.

c) Book debts, Advances and other current assets of the units at Patna which were not taken over by ARCIL, are lying for more than three years. As reported by the Branch Auditor of the said units those Book debts, advances and other current assets of the said units aggregating Rs. 1427 lacs are con

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DIRECTOR'S REPORT (CONTD.)

sidered to be doubtful. Considering the provision of sub section 13 of section 13 of the SARFAESI Act, provision/write off action would be made on final settlement with secured creditors. Similarly book debt of the Polymer unit at Ghaziabad aggregating Rs. 1273 lacs are considered to be doubtful and will be dealt as stated above.

d) Recovery proceeding for P. F dues of Rs. 2593506/- was initiated by the P F Authority against which writ petition was filed by the unit at Patna High Court. However, the said P F authority recovered the said amount of Rs. 2593506/- encroaching bank account of the Company subsequently. In the process they have also recovered from another bank of the Company for Rs. 1.64 lakhs in excess of the original demand. Further recovery proceeding for interest/damage on the amount of demand have also been initiated which is contested by the Company.

e) A winding up petition for recovery of the outstanding dues was filed by a Creditor under the Companies Act, 1956 claiming about Rs. 32.29 lakhs (including interest of Rs. 14.13 lacs @ 24%) and pending before the Hon'ble High Court at Patna have since been settled.

f) Company's Investment in shares as in Schedule 6 annexed with the Balance Sheet as at 31st March 2007 aggregating Rs. 127.20 lacs having market value as at 31-03-2006 of Rs. 215.16 lacs for quoted shares and at cost of Rs. 5.55 lacs for unquoted shares have been transferred by the Company in favour of Assets Reconstruction Company (India) Ltd (ARCIL) as part payment of their demand raised under section 13 of the SARFAESI Act, 2002. The said transfer of shares will also be adjusted on final settlement with the Secured Creditors.

4. FUTURE PROSPECTS.

The Company's Hi-tech Steel and Steel units at Patna have been closed since 01st April 2001. The ARCIL took possession of the movable and immovable assets of the said Hi-tech Steel and Steel units at Patna and thereafter also Hind Polymer unit at Ghaziabad and sold the moveable Assets at Patna as stated above.

Regarding prospects of the unit Hind Polymers at Ghaziabad, the condition of the Assets including Plant and Machinery are in good working condition and

can perform well after certain diversifications required to suit the revised market of the Polymers Compound, provided however some financial assistance are forthcoming from Financial Institutions and Bank and also after IDBI submit viability report as per direction of the BIFR. The ARCIL has however taken possession of all moveable and immoveable assets of the unit at Ghaziabad.

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 is Rs. nil (previous year Rs. Nil).

7. AUDITORS.

7.1 M/s Taparia & Co., Chartered Accountants, retire at the conclusion of the ensuing Adjourned 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.

7.2 BRANCH AUDITORS.

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

8. QUALIFICATION ON AUDITORS' REPORT.

Directors' clarification on the qualification of Auditors' Report have been stated in the respective Notes in Schedule 17 as referred to by the Auditors in their report, i.e.

- a) For Non-provision for Doubtful Debts and Loans & Advances including Income Tax refund due on account of TDS certificate not received from the concerned parties - as referred to in Note no 5 in Schedule 17.
- b) For Not writing Off on account of Bad Delivery of shares -as referred to in Note no 10 in Schedule 17.
- c) For Non-deposit of un-claimed dividend and interest

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DIRECTOR'S REPORT (CONTD.)

of FCD to the concerned Authorities as required under Companies Act 1956 due to circumstances - as mentioned in Note no 9 in Schedule 17.

- d) For Non-assessment of actual liabilities of the Company in respect of all matters mentioned under the head "Contingent Liabilities" - as referred to in Note no 3 in Schedule 17.
- e) For Non-provision of Interest payable on Loans from Industrial Development Bank of India (IDBI), State Bank of India (SBI) and Pradesiya Industrial Credit and Investment Corporation of UP (PICCUP) - as referred to in Note no 6(e), 6(f) in Schedule 17.
- f) For Loss if any on the value of Plant & Machinery and installation charges which has been dismantled and shifted from Lease Hold Land belonging to Patna unit to their Steel Unit - as stated in Note no 7(c) in Schedule 17.
- g) For Loss if any on account of decrease in value on Lease Hold Land appearing in the books of Hind Polymers - as referred to in Note no 5(c) in Schedule 17.

9. DIRECTORS.

The Board of Directors at their meeting held on 14th March 2008 appointed Shri Ajay Kumar Kundu as independent Director in the casual vacancy caused by resignation of Shri Jaidev Neogi to hold office till the date of AGM. The said Directors shall be liable to retire by rotation.

10. 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 loss of the Company for that period;
- iii. The Directors had taken proper and sufficient care as far as practicable under the prevailing circumstances 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 7(c) in

schedule 17 annexed to the Balance Sheet as at 31st March 2007.

- iv. As reported earlier, all moveable & immovable assets of the units at Patna and at Ghaziabad were taken over by ARCIL on behalf of most of the Secured Creditors namely ICICI Ltd, State Bank of India and Industrial Development Bank of India. There is no operation at the units at Patna since 01st April 2001. The moveable assets of the units at Patna have since been sold by ARCIL and sale of immoveable assets of the said units are in process. The unit at Ghaziabad is partially working since there is little market for its products. However, the unit is capable to work satisfactorily after some diversifications, to cater for the changed market condition of the Polymer compounds, provided however, some financial assistance is forthcoming. Under the above circumstances, Annual Accounts of the company has been prepared with the expectation of the revival of the Polymer unit at Ghaziabad. With this expectation Directors are not having any intention for Liquidation of the company as on date.

11. CORPORATE GOVERNANCE :-

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

12. DEPOSITS.

The Company has not accepted any deposits from the public.

13. 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 for the year 2006-2007 to Stock Exchange Mumbai and Calcutta Stock Exchange and up to 2005-06 to Magadh Stock Exchange.

14. 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

MSL Industries Ltd.**DIRECTOR'S REPORT (CONTD.)**

with Balance Sheet & Profit and Loss Account.

15. 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.

16. BALANCE SHEET ABSTRACT AND CASH FLOW STATEMENT.

The Balance Sheet Abstract as at 31st March 2007 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 2007 are attached with this Annual Report.

17. 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.

18. 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

(S. K. Modi)

Kolkata

Managing Director

Dated . the 26 day of November, 2008.

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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

The company has been declared sick under SICA by BIFR. The assets of the units were taken over by ARCIL under SARF AESI Act 2002, on behalf of the secured creditors namely ICICI Bank Ltd., IDBI, SBI. The movable assets including Plant & Machinery Structures thereon, Stock-in-trade and all other Electrical Installation etc at the units of Patna, were sold by ARCIL and have been dismantled. The question of energy saving at the units situated at Patna namely Hi-tech Steels unit and Steel units does not, therefore, arise.

Although the Plant & Machinery and other movable assets situated at the other unit namely Hind Polymers unit have yet to be sold by BIFR. The said unit is working at a very low capacity as there is no demand of this product. Therefore, Conservation of Energy has got little effect so far the company is concerned. Therefore, "Research & Development" has got little effect so far the company is concerned

FORM A

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

A. Power & Fuel Consumption

	2006-2007		2005-2006	
	Steel Divn.*	Polymer Divn.	Steel Divn.	Polymer Divn.
1. ELECTRICITY				
a. Purchased Units (KWH) (in lacs)	0	0.00	0.68	2.78
Total amount (Rs.in lacs)	0	00.00	6.06	24.82
Rate/Unit (Rs.)	0	0.00	8.85	6.92
b. Own generation through Diesel generator				
Units Consumed (in lacs)	0	0.00	0.86	0.09
HSD Consumed (Kltrs)	0	0.00	0.26	0.03
Total amount (Rs.in lacs)	0	0.00	9.40	0.81
Cost/Unit(Rs.)	0	0.00	10.88	9.68
2. COAL	-	-	-	-
3. FURNACE OIL/LDO (Kltrs.)	0	-	0.00	-
Total amount (Rs.in lacs)	0	-	0.00	-
Average Rate/Kltr (In Rs.)	0	-	0.00	-

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.

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ANNEXURE TO THE DIRECTORS' REPORT

Annexure - 1. (Contd.)

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION
FORM B

Form for disclosure of particulars with respect to Technology Absorption : 2006-2007.

A. Research and Development (R & D)

Since the Company has become a sick unit as declared by the BIFR in October 2005 and the Company's performance has become negligible because of drastic reduction of market demand due to change in technology from cable link telephone to mobile and cordless telephone, the scope of research and development has become negligible.

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

As stated above.

C. Future Plan of Action

As stated above.

D. Expenditure on R&D

As stated above.

E. Technology Absorption, Adaptation and Innovation

As stated above.

F. Pollution Control

As stated above.

G. Foreign Exchange Earnings and Outgo

	(Rs. in lacs)	
	2006-2007	2005-2006
Total Foreign Exchange use and earned :		
Foreign Exchange used:		
Import	Nil	Nil
Expenditure	Nil	Nil
	00.00	00.00
Foreign Exchange Receipt	00.00	000.00

For & on behalf of the Board

Kolkata.
Dated : the 26th day of Nov. 2008

(S. K. Modi)
Managing Director

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ANNEXURE TO THE DIRECTORS' REPORT

Annexure - 2

CORPORATE GOVERNANCE.

A. MANAGEMENT DISCUSSION AND ANALYSIS REPORT.

I. INDUSTRIES STRUCTURE & DEVELOPMENT, OPPORTUNITIES & THREATS, INTERNAL CONTROL SYSTEM & THEIR ADEQUACY.

The Company's two units namely Steel Division at Patna and Polymers division at Ghaziabad were catering to meet the demand the Jelly filled telephone cable industries (JFTC). Due to complete change in Technology the company producing JETC in India have become sick and mostly not-in-operation. Due to such reason this company also became sick and its major units at Patna were taken over and sold by ARCIL on behalf of the Company's Secured Creditors under SARF AESI Act, 2002. The Company's Polymer Division is working at a very low capacity.

B. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE.

The object of the "Corporate Governance" & its compliance as required under clause 49 of the Listing Agreement is towards the achievement of high level of transparency & accountability to protect the interest of the shareholders. With this object the company has constituted Audit Committee, Remuneration Committee, Shareholders/Investors Grievance Committee etc to fulfil such objectives.

As required under SEBI rules, trading of the company's share have been made compulsory for dematerialisation from 26th February 2001 with an option to the shareholders to hold the same in physical form also. Further, in compliance with the directions of the SEBI for appointment of common Agent in respect of share transfer & other related matters, both in physical & demat form, the company has appointed M/s MCS Ltd., Kolkata as its transfer agent with all authorities to serve the Shareholders/Investors to their satisfaction and to comply with the other requirements under SEBI Rules, Listing Agreement and other related Acts and Rules thereunder.

C. Composition of Board of Directors as at 31-03-07.

1. Shri S. K. Modi, Managing Director.
2. Shri A. K. Chatterjee, Independent and Non-executive Director
3. Shri V. K. Singhania, Executive Director.
4. Shri Jaideb Neogi was appointed as an Independent & Non-executive Director from 27th September 2006 and was ratified by the Shareholders on 23rd December 2006. He has however resigned with effect from 31st March 2008.
5. Shri K C Mukherjee was appointed as an Independent & Non-executive Director from 19th October 2006 and was ratified by the Shareholders on 23rd December 2006

D. Attendance of the Directors in the Meeting held during the year 2006-07.

Name of the Director	No of Meeting held	No of Meeting attended	Attendance in last AGM on 30-09-08	No of Directors in other public Co.
Shri S. K. Modi	6	5	Not attended	Nil
Shri A. K. Chatterjee	6	6	Attended	2
Shri V. K. Singhania	6	6	Attended	1
Shri Jaideb Neogi	6	4	Not Attended	Nil
Shri K C Mukherjee	6	2	Not Attended	Nil

E. Dates of Board Meeting Held during the year 2006-07.

Date of Board Meeting

On 29th May 2006
On 27th September 2006
On 19th October 2006