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| | | | | | |
|-----|---|---|---|-----|----|
| MD | ✓ | | | BKC | ✓ |
| CS | ✓ | | | DPY | NA |
| RO | ✓ | | | DIV | NA |
| TRA | ✓ | | | AC | ✓ |
| AGM | ✓ | ✓ | | SHH | ✓ |
| YE | ✓ | ✓ | ✓ | | ✓ |



MARMAGOA STEEL LIMITED

Report  Junction.com

Report & Accounts, 1998



BOARD OF DIRECTORS

A. G. Poy Raiturcar (Chairman)
P. G. Chitale
V. Madhusudhan
R. K. Radhakrishna (Executive Director)
A. B. Pankar (Nominee, EDC, Goa)
J. Mehra (Additional Director)
S. M. Lodha (Additional Director)
Ashok Mittal (Additional Director)

AUDITORS

M/s. Kamath & Rau,
Chartered Accountants,
Mangalore.

BANKERS

State Bank of India
State Bank of Mysore
The Catholic Syrian Bank Ltd.
Bank of Maharashtra

**REGISTRARS & SHARE TRANSFER
AGENTS**

Big Share Services Pvt. Ltd.,
1/12, Ansa Industrial Estate,
Sakivihar Road,
Saki Naka
Andheri (E)
Mumbai - 400 072

REGISTERED OFFICE

Survey No. 280,
Eclate,
Curtorim, Salcette,
Goa - 403 709



NOTICE TO THE MEMBERS

Notice is hereby given that the 11th Annual General Meeting of the Members of Marmagoa Steel Ltd. will be held on Tuesday 16th February, 1999 at 4.30 P.M. at the Registered Office, Survey No. 280, Eclate, Curtorim, Goa to transact the following business as

ORDINARY BUSINESS:

1. To receive and adopt the Audited Statement of Accounts for the 18 months period ended 30-09-1998 and to consider the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. V. Madhusudhan, who retires by rotation and is eligible for reappointment.
3. To appoint a Director in place of Mr. A. G. Poy Raiturcar, who retires by rotation and is eligible for reappointment
4. To appoint Auditors and fix their remuneration : M/s. Kamath & Rau, Chartered Accountants, Mangalore retire and are eligible for reappointment.

SPECIAL BUSINESS:

5. To consider and if thought fit to pass with or without modification the following resolutions as Special resolution:
"Resolved that Mr. J. Mehra, Director of the Company, who holds Office till the date of this Annual General Meeting and in respect of whom the Company has received a notice under section 257 of the Companies Act, 1956 from a member proposing the candidature of Mr. J. Mehra for the Office of the Director of the Company, be and is hereby appointed as a Director of the Company, whose period of Office will be liable to determination by retirement by rotation".
6. "Resolved that Mr. S. M. Lodha, Director of the Company, who holds Office till the date of this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 from a member proposing the candidature of Mr. S.M. Lodha, for the Office of the Director of the Company, be and is hereby appointed as a Director of the Company, whose period of Office will be liable to determination by retirement by rotation".
7. "Resolved that Mr. Ashok Mittal, Director of the Company, who holds Office till the date of this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 from a member proposing the candidature of Mr. Ashok Mittal, for the Office of the Director of the Company, be and is hereby appointed as a Director of the Company, whose period of Office will be liable to determination by retirement by rotation".

Registered Office :
Survey No. 280,
Eclate, Curtorim,
Salcette - Goa.

By Order of the Board

S. M. LODHA
Director

Date: 18-01-1999



Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS BEHALF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. This instrument of proxy in order to be effective must be deposited with the Company at its Registered Office not less than 48 hours before the time of holding the meeting.
3. The explanatory statement disclosing the material facts, pursuant to Section 173 (2) of the Companies Act, 1956, in respect of the Special Business under item No. 5, 6 & 7 above are annexed hereto.
4. Members desirous of obtaining any information concerning the accounts and operations of the Company, are requested to address their questions in writing to the Director at least seven days before the date of the meeting, so that the information required may be made available at the meeting.
5. The documents referred to in the Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company on any working day during the business hours till the date of Annual General Meeting or any adjournment thereof.
6. Members are requested to:
 - [a] Intimate to the Company change in their registered address, if any with pincode.
 - [b] Quote Ledger Folio Number in all their correspondence.
 - [c] Bring along their copy of the Annual Report to the meeting.
7. The Register of Members and the Share Transfer Books of the Company, will remain closed from 14th Feb '99 to 16th Feb. '99 (both days inclusive).



EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.

Item No. 5

Mr. J. Mehra was appointed as an Additional Director of the Company effective from 27/9/97 as per the Company's Articles of Association. Mr. J. Mehra holds office upto the conclusion of the forthcoming Annual General Meeting.

The company has received a notice together with the requisite amount of deposit from a Member under section 257 of the Companies Act, 1956 proposing the candidature of Mr. J. Mehra as Director of the Company.

Except Mr. J. Mehra, none of the other Directors are interested in the resolution.

Item No. 6

Mr. S. M. Lodha was appointed as an Additional Director of the Company effective from 8/5/98 as per the Company's Articles of Association. Mr. S. M. Lodha holds office upto the conclusion of the forthcoming Annual General Meeting.

The Company has received a notice together with the requisite amount of deposit from a Member under section 257 of the Companies Act, 1956 proposing the candidature of Mr. S. M. Lodha as Director of the Company.

Except Shri S. M. Lodha, none of the other Directors are interested in the resolution.

Item No. 7

Mr. Ashok Mittal was appointed as an Additional Director of the Company effective from 18/1/99 as per the Company's Articles of Association. Mr. Ashok Mittal holds office upto the conclusion of the forthcoming Annual General Meeting.

The Company has received a notice together with the requisite amount of deposit from a Member under section 257 of the Companies Act, 1956 proposing the candidature of Mr. Ashok Mittal.

Except Shri Ashok Mittal, none of the other Directors are interested in the resolution.

By order of the Board

Place: Curtorim
Date: 18-01-1999

S. M. LODHA
Director



DIRECTORS' ELEVENTH ANNUAL REPORT

Dear Shareholders,

Your Directors are pleased to present the Eleventh Annual Report alongwith the audited Statements of Accounts for the 18 months period ended 30th September, 1998.

FINANCIAL RESULTS:

| | For the 18 months period ending 30/9/98 (Rs. in lacs) | For the year ending 31/3/97 (Rs. in lacs) |
|---|---|--|
| Net Sales | 8262.08 | 6027.36 |
| Interest & Other Income | 38.04 | 75.15 |
| Profit before Interest and Depreciation | 6.44 | 766.72 |
| Interest | 776.00 | 552.42 |
| Prior period adjustments | (196.31) | (49.08) |
| Depreciation | 266.97 | 173.36 |
| (Loss)/Profit before tax after writing off preliminary expenses | (1036.54) | 14.79 |
| Provision for taxation | - | 2.00 |
| (Loss)/Profit after tax | (1036.54) | 12.78 |

The Financial year of the Company was extended upto 30/9/98 with a view to restructure the Capital base of the Company for better operations and smooth working. Necessary approval was also obtained in this regard from the Registrar of Companies vide their letter dated 29/06/98. The various restructuring options are being evaluated and necessary action would follow in due course of time in the best interest of the Company.

The figures above therefore reflects for 18 months period. There is a net operating deficit of Rs. 1036.54 lacs after providing depreciation and Interest. A sum of Rs. 196.31 lacs on account of prior period adjustments have also been written back which is mainly on account of Insurance Claim pertaining to the previous years.

OPERATIONS:

It was a very distressing and difficult year with regard to the operations and working of the Company. The steel industry, in general, is reeling under severe recession and demand glut and the economic scenario also does not seem to be encouraging. The Company's working has also been consequently plagued with series of problems all through the year with high Input costs, lower Sales Realisations, increase in the Power Tariff etc. These factors adversely affected the operations and working of the Company. The operations also remained suspended for nearly 2 months from 24/6/98 to 14/8/98 due to power disconnection made by the Electricity Department, Govt. of Goa for alleged Arrears. The same was contested by the Company in the Hon'ble Mumbai High Court, Panaji Bench, Goa. The power connection was restored with an interim order. The final judgement is awaited. In addition to this, there was also a steep hike in the Power Tariff by the Electricity Dept. Govt. of Goa in the month of April 1998 and the impact of this hike is almost Rs. 450.00 per Ton. In addition to the steep hike in electricity and demand charges, the Electricity Dept. has also withdrawn various other concessions which were earlier available to the Industries in Goa, including night tariff charge and withdrawal of Power Tariff concessions etc. The Company also stands to substantially loose because of such abrupt withdrawal made by the Department.

The production during the period was 58,955 MT of Billets and 31,868 MT of Rolled Products. The Capacity utilisation remained at a very low level of 36% due to non availability of adequate working capital limits. Although the new and enhanced limits have been sanctioned by the Consortium Banks on 29/1/98 the same was not implemented and put into place during the period under review.



Your Directors are of the view that a new strategy and direction is needed to revive the Company and put it on sound footing. Various areas have been identified, particularly with regard to improving the volume/capacity utilisation, and high value added product mix, focus on export, cost reduction in different areas of operations, better derivation of raw mix etc. The sales realisation which has almost remained stagnant needs to be improved. Your directors are also of the view that Company needs to diversify into Export market and reduce dependence on the domestic consumers. A strategic plan taking into account all these areas have already been put in place and desired results are visible from October '98 onwards.

The steps initiated by the Company has started showing improvement as would be evident from the working of past 3 months from Oct. '98 to Dec. '98 where production has increased to 4500 MT per month on an average and costs in various areas have also gone down substantially. The focus and thrust in selling Spring Steel Flats in export market has enabled the Company to tap substantial market share in Sri Lanka, Kenya, Bangladesh and other markets during the past 3 months from October '98 to December '98. Recently, the Company has also supplied on trial basis Spring Steel Flats to Germany and our product has found its approval and acceptance. These markets were hitherto being catered by South African and other countries. Your Directors have pleasure to inform you that they are now drawing up a strategic plan to sell atleast 25% of its total production for export market in the next 4-6 months time. With the new strategies and various initiatives, your Directors are of the view that operations of the Company should substantially improve in the next financial year.

The Rehabilitation package approved by the Financial Institutions has been put in force from Oct. '98 but the actual effect of this package is to be seen since a large portion of accumulated Principal and Interest amount has been recovered by Consortium Bank due to delayed implementation. This has nullified the benefit which would have otherwise accrued with the enhanced limits. The Company is negotiating for a proper reschedulement of the accumulated principal as well as interest amount, with a view to pump the recovered funds into a productive usage.

BOARD:

Your Directors are of the view that the present Board needs to be strengthened and broad based. It is with this in view that Shri J. Mehra was co-opted as Additional Director with effect from 27/9/97 and Shri S. M. Lodha was co-opted as Additional Director with effect from 8/5/98. Shri J. Mehra and Shri S. M. Lodha hold office upto the conclusion of the forthcoming Annual General Meeting.

Mr. Ashok Mittal was appointed as an Additional Director of the Company effective 18/01/99, pursuant to the Company's Articles of Association. Mr. Ashok Mittal holds office upto the conclusion of the forthcoming Annual General Meeting. As the Company received a Notice under section 257 of the Companies Act 1956, proposing Mr. Ashok Mittal to be appointed on the Board, a separate resolution has been proposed in the notice to appoint him on the Board.

During the period under review, the Economic Development Corporation of Goa, Daman & Diu Ltd. renominated their Director on the Board of the Company. Shri A. B. Pankar was inducted on the Board of the Company.

Shri V. Madhusudhan & Sri A. G. Poy Raiturcar retire by rotation at the ensuing Annual General Meeting. They are eligible for reappointment. Your Directors recommend their reappointment.

AUDITORS' REPORT:

The auditors have referred to Note No. 1(d), Note No. 1 (i) (ii) and Note No. 1 (h) (ii) of Notes on Accounts, in their report. As regards Note No. 1 (d) is concerned, the Directors are of the opinion that in view of the low capacity utilisation, the depreciation provided on its Assets is considered adequate. Note No. 1 (i) (ii) and Note No. 1 (h) (ii) are self explanatory.

**AUDITORS:**

M/s. Kamath & Rau, Chartered Accountants, retire at the conclusion of ensuing Annual General Meeting and are eligible for reappointment.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION:

The Company continued its emphasis on upgradation of process technology and on energy conservation on a continuous basis. The details required under Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988 pursuant to section 217(1) (e) of the Companies Act, 1956 are given in the annexed Form 'A' and Form 'B'.

PARTICULARS OF EMPLOYEES:

There were no employees employed during the 18 months period or for the part of the 18 months period and who were in receipt of remuneration attracting the provisions of Section 217(2A) of the Companies Act 1956, read with Companies (Particulars of Employees) Rules, 1975.

FOREIGN EXCHANGE EARNING AND OUTGO:

During the period under report, our Company has earned and expended Foreign Exchange as under :

| | |
|-------------------------|--------------------|
| Foreign Exchange earned | : Rs. 134.47 lacs |
| Foreign Exchange outgo | : Rs. 1146.65 lacs |

ACKNOWLEDGEMENT:

The Board of Directors wish to thank Company's Shareholders, Customers; Suppliers, Bankers, Financial Institutions, Government Agencies and Employees for their continued and unstinted support.

For and on behalf of the Board

Place: Curtorim
Date : 18-01-1999

A. G. POY RAITURCAR
CHAIRMAN