



MARMAGOA STEEL LIMITED

Report & Accounts, 2000



BOARD OF DIRECTORS

A. G. Poy Raiturcar (*Chairman*)
Ashok Mittal
P. G. Chitale
V. Madhusudhan
R. K. Radhakrishna (*Executive Director*)
A. B. Pankar (*Nominee, EDC, Goa*)

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 12th Annual General Meeting of the Members of Marmagao Steel Ltd. will be held on Wednesday, 16th August, 2000 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 31-03-2000 and to consider the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. P. G. Chitale who retires by rotation and is eligible for reappointment.

3. To appoint a Director in place of Mr. R. K. Radhakrishna, 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.

By Order of the Board

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

R. K. RADHAKRISHNA
Executive Director

Date: 12-07-2000

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. Members desirous of obtaining any information concerning the accounts and operations of the Company, are requested to address their questions in writing to the Executive Director at least seven days before the date of the meeting, so that the information required may be made available at the meeting.
4. The documents referred to in the Notice 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.
5. 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.
6. The Register of Members and the Share Transfer Books of the Company, will remain closed from 14th August '00 to 16th August '00 (both days inclusive).



DIRECTORS' TWELFTH ANNUAL REPORT

Dear Shareholders,

Your Directors are pleased to present the Twelfth Annual Report along with the audited Statements of Accounts for the 18 months period ended 31st March 2000.

FINANCIAL RESULTS:

	For the 18 months period ending 31-3-2000 (Rs. in Lakhs)	For the 18 months period ending 30-9-1998 (Rs. in Lakhs)
Net Sales	6906.04	8262.08
Interest and Other Income	26.85	38.04
Profit before Interest and Depreciation	(712.46)	6.44
Interest	1268.01	776.00
Prior period adjustments	(486.01)	(196.31)
Depreciation	271.48	266.97
(Loss)/Profit before tax	(2737.96)	(1036.54)
Provision for taxation	-	-
(Loss)/Profit after tax	(2737.96)	(1036.54)

The Financial Year of the Company was extended upto 31-3-2000 with a view to coincide with the cut off date as directed by BIFR for the preparation of a revival scheme. Necessary approval was also obtained in this regard from the Registrar of Companies vide their letter dated 28-10-1999.

The figures above therefore reflects for 18 months period. There is a net operating deficit of Rs. 2737.96 lakhs after providing depreciation and Interest. A sum of Rs. 486.01 lakhs on account of prior period adjustments have also been written off.

OPERATIONS:

The performance of the Company had taken a big beating during the year 1999-2000 due to series of strikes and violence, leading to lockout and closure of operations for over 2 months. During this period Company also had power problems such as voltage fluctuations, frequent trippings, etc. forcing the Company to shut down operations for a period of

3 months to change the HT Conductors from the receiving station to the factory. Sourcing of raw materials for want of L/Cs further crippled the operations during the year.

The production during the period was 47630 MT of Billets and 32263 MT of Rolled Products. The capacity utilisation remained at a very low level of 28.87% due to the above factors.

The Rehabilitation-cum-enhancement of working capital package approved by the Banks has been put in force from Oct. '98 but the actual effect of this package did not accrue to the Company since a large portion of accumulated Principal and Interest amount has been recovered by the Consortium Banks 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 and restructuring to enable the Company to improve the performance.

FINANCIAL POSITION:

Due to the losses incurred by the Company upto the period ended 30-9-1998 the entire Net Worth of the Company had been eroded and hence the Company was required to be referred to BIFR. Accordingly reference was made to BIFR u/s 15(1) of SICA, 1985 on 19th April, 1999. At the hearing held on 20-8-1999 at BIFR, New Delhi, the company was declared as a Sick Industrial Company in terms of section 3(1)(o) of Sick Industrial Companies (Special Provisions) Act, 1985. BIFR appointed IFCI as the Operating Agency (OA) Under Section 17(3) of the Act to examine the viability of the Company and formulate a rehabilitation scheme as per RBI guidelines for revival, if found viable. Accordingly a Revival Scheme based on RBI Guidelines was prepared and the same was discussed at the Joint Meeting held on 27th December, 1999 at IFCI, Mumbai which was found to be unviable on a long term basis. The Company offered to come out with an alternate proposal based on settlement of the dues which was agreed to.



The Company submitted to IFCI (OA) the alternate proposal based on One Time Settlement of the dues with the induction of a co-promoter on 31st March 2000. As on the date of this report a Joint Meeting to discuss the OTS proposal is awaited. Your Directors are hopeful of revival of your Company with concessions/waivers from Financial Institutions, Banks, Government and other agencies and improved working.

BOARD:

During the period under review, Shri J. Mehra and Shri S. M. Lodha resigned from the Directorship on the Board of the Company. Your Directors place on record their deep appreciation of services rendered by them during the tenure of their Directorship.

Shri P. G. Chitale and Shri R. K. Radhakrishna 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(e), Note No. 1(h) (ii) and Note No. 1(i) (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(e), Note No. 1(h) (ii) and Note No. 1(i) (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 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 (2 A) 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. 141.77 lakhs
Foreign exchange outgo — Rs. 601.15 lakhs

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 : 12-7-2000

A. G. POY RAITURCAR
Chairman



ANNEXURE TO THE DIRECTORS' REPORT

Information as required under Section 217(1)(e) of the Companies Act, 1956
Total Energy Consumption and Energy Consumption per unit of production

FORM – A

A. POWER AND FUEL CONSUMPTION

	For the period ended 31-3-2000	For the period ended 30-9-1998
1. Electricity		
Purchased (Kwh in Lakhs)	493.44	600.37
Total Amount (Rs. in Lakhs)	1740.44	1654.47
Rate/Kwh (in Rs.)	3.53	2.75
2. Furnace Oil		
Quantity (in '000 Litres)	1,874	2,237
Total Amount (Rs. in Lakhs)	153.33	148.70
Average Rate Per Litre (in Rs.)	8.18	6.64
3. Others		
a) Compressed Oxygen		
Quantity (Cu.M)	57,287	16,547
Total Amount (Rs. in Lakhs)	7.86	2.64
Average Rate/Cu.M. (in Rs.)	13.72	15.95
b) Dissolved Acetylene		
Quantity (Cu.M)	513	477
Total amount (Rs. in Lakhs)	0.68	0.70
Average Rate/Cu.M. (in Rs.)	132.55	146.75
c) Liquid Oxygen		
Quantity (Cu.M)	6,70,816	821,924
Total Amount (Rs. in Lakhs)	71.95	74.52
Average Rate/Cu.M. (in Rs.)	10.72	9.06

B. CONSUMPTION PER UNIT OF PRODUCTION

Electricity – Kwh	1036	1,018
Furnace Oil (Ltrs.)	39.24	37.94
Others		
Compressed Oxygen (Cu.M.)	1.20	0.28
Dissolved Acetylene (Cu.M.)	0.01	0.01
Liquid Oxygen (Cu.M.)	14.08	13.94



FORM – B

TECHNOLOGY ABSORPTION

a) Research and Development:

The information on Research and Development is given in the Directors' Report under the Head "Conservation of Energy and Technology Absorption".

b) Technology Absorption, Adoption and Innovation:

The relevant information is given in the Directors' Report under the Head "Conservation of Energy and Technology Absorption."

c) Foreign Exchange Earnings and Outgo:

The information relating to Foreign Exchange Earnings and Outgo is given in the Directors' Report under the Head "Foreign Exchange Earnings and Outgo".

For and on behalf of the Board

Place : Curtorim
Date : 12-07-2000

A. G. POY RAITURCAR
Chairman

