



MARMAGOA STEEL LIMITED

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Report & Accounts, 2001





BOARD OF DIRECTORS

P. G. Chitale (*Chairman*)
A. G. Poy Raiturcar
Ashok Mittal
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
Bank of Maharashtra
The Catholic Syrian Bank Ltd.

REGISTRARS & SHARE TRANSFER AGENTS

Big Share Services Pvt. Ltd.
E/2, 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 13th Annual General Meeting of the Members of Marmagao Steel Ltd. will be held on Saturday, 11th August, 2001 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 year ended 31-03-2001 and to consider the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. A. G. Poy Raiturcar who retires by rotation and is eligible for reappointment.
3. To appoint a Director in place of Mr. Ashok Mittal, 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 resolution as a Special Resolution:

"RESOLVED that the paid-up share capital of the Company be reduced by 90%.

RESOLVED FURTHER, that subject to approvals if any required, the Board of Directors of the Company be and are hereby authorised to do all such acts, deeds, matters and things to such extent as may be necessary, usual, proper or expedient to give effect to this resolution."

By Order of the Board

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

R. K. RADHAKRISHNA
Executive Director

Date: 27-06-2001

Notes:

1. The Explanatory Statement pursuant to Section 173 (2) of The Companies Act, 1956, in respect of the business under item 5 above is annexed herewith.
2. 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.
3. 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.
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 Executive 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 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 9th August '01 to 11th August '01 (both days inclusive).

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

Item 5:

As the networth of the Company is completely eroded, with a view to realistically reflect the available assets, the Company has considered reduction in paid-up share capital in the Revival Proposal submitted to BIFR, New Delhi, alongwith other concessions and waivers.

None of the Directors are interested in the Resolution.

By Order of the Board

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

R. K. RADHAKRISHNA
Executive Director

Date: 27-06-2001





DIRECTORS' THIRTEENTH ANNUAL REPORT

Dear Shareholders,

Your Directors are pleased to present the Thirteenth Annual Report alongwith the audited Statements of Accounts for the year ended 31st March, 2001.

FINANCIAL RESULTS:

	For the Year ending 31-3-2001 (Rs. in Lakhs)	For the Year ending 31-03-2000 (Rs. in Lakhs)
Net Sales	4253	4022
Interest and Other Income	37	16
(Loss)/Profit before Interest and Depreciation	(57)	(392)
Interest	948	946
Prior period adjustments	6	(138)
Depreciation	187	182
(Loss)/Profit before tax	(1198)	(1382)
Provision for taxation	-	-
(Loss)/Profit after tax	(1198)	(1382)

OPERATIONS:

The Capacity utilisation of the Company continued to remain at a very low level mainly on account of non-sourcing of raw materials on account of non-availability of Working Capital facilities from the Banks and general recession in the Economy resulting in lower demand. The production during the year was 26211 MT of Billets and 18341 MT of Rolled Products, registering a very low Capacity utilisation of 24%. In spite of low Capacity utilisation and the increase in the input cost, the performance has been better compared to the last year. This is due to the continued efforts on the reduction in the cost and other expenditure and better realisation. Your Directors are pleased to inform you that during the year

the Government of Goa has granted concessional power tariff and waiver of demand charges for a period of 5 years.

Your Directors have pleasure to announce that the Company has been accredited with IS/ISO 9002 : 1994 for manufacture and supply of spring steel, alloy steel, carbon steel and free cutting steel in the form of Billets, Blooms and Rolled Products. This is a result of your Company's committed efforts on continuous improvement in quality, delivery, services and reliability.

FINANCIAL POSITION:

We had through our report of the last year informed the shareholders that the Company was declared as a Sick Industrial Company in terms of Section 3(1) (o) of Sick Industrial Companies (Special Provisions) Act, 1985 at the BIFR hearing held on 20-08-1999. Thereafter the Company submitted a Revival Proposal based on RBI guidelines which was found to be unviable on a long term basis, at the Joint Meeting held on 27-12-1999 at IFCI, Mumbai.

The Company thereafter sought 2 months time to submit an alternate proposal based on one time settlement which was agreed to. However, the Company could submit the same only on 31-03-2000 mainly because it had to tie up all the loose ends. The Hon'ble BIFR in the meantime, directed IFCI (OA) to advertise in the newspaper for change of Management as the Company had delayed in submitting an alternate proposal for revival.

However, there was no response from anybody except the alternate proposal submitted by your Company envisaging OTS of dues, waiver of interest by Banks and Financial Institutions, Concessions from Central and State Government, reduction of share capital and induction of a co-promoter. Your Directors recommend reduction of share capital to reflect the erosion in the net-worth.



The said proposal was discussed at the Joint Meeting held on 17-11-2000. The OA Report, based on Company's proposal was considered by BIFR at the hearing held on 20-11-2000, and directed IFCI to sort out the differences with regard to outstandings of Banks and submit DRS based on OTS with revised cut-off date of 31-03-2001.

The revised DRS taking cut-off date of 31-03-2001 was discussed at the Joint Meeting held on 17-04-2001 at IFCI, Mumbai, minutes of which have been submitted to the Hon'ble BIFR by IFCI. As on the date of this report, we have received an order from the Hon'ble BIFR, wherein they have circulated the DRS to all secured creditors and the Govt. of Goa to express their views/objections within 60 days and have fixed the next hearing on 27-08-2001 to consider objections if any. With the concessions and better working as envisaged in the DRS your Directors are hopeful of revival of your Company.

BOARD:

During the period under review, Shri V. Madhusudan resigned from the Directorship on the Board of the Company. Your Directors place on record their deep appreciation of services rendered by him during the tenure of his Directorship.

Shri A. G. Poy Raiturcar and Shri Ashok Mittal retire by rotation at the ensuing Annual General Meeting. They are eligible for reappointment. Your Directors recommend their reappointment.

AUDITORS' REPORT:

As regards Item 5 of the Auditors' Report, the Directors were not able to get written representations from the Companies in which they are Directors and place the same at the Board Meeting held on 27-06-2001 convened to approve the Audited Statement of accounts.

The Auditors have, referred to Note No. 4 (ii) of Notes on Accounts, in their report. The Directors

agree, as the subject matter is under serious negotiations.

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 'B'.

PARTICULARS OF EMPLOYEES:

There were no employees during the year or for the part of the year 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) Rule, 1975.

FOREIGN EXCHANGE EARNING AND OUTGO:

During the year under report, our Company has earned and expended foreign exchange as under:
Foreign exchange earned — Rs. 42.28 lakhs
Foreign exchange outgo — Rs. 591.52 lakhs

DIRECTORS' RESPONSIBILITY STATEMENT:

As required by Section 217 (2AA) of The Companies Act, 1956, the Directors' state as under:

- (i) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) that the Directors had selected such accounting policies and applied them consistently and made judgements 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) that 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 preventing and detecting fraud and other irregularities;

- (iv) that the Directors had prepared the annual accounts on a going concern basis.

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 : 27-06-2001

P. G. CHITALE
Chairman

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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 year ended 31-3-2001	For the year ended 31-3-2000
1. Electricity		
Purchased (Kwh in Lakhs)	250.83	281.50
Total Amount (Rs. in Lakhs)	832.15	1049.29
Rate/Kwh (in Rs.)	3.32	3.73
2. Furnace Oil		
Quantity (in '000 Litres)	1295	1208
Total Amount (Rs. in Lakhs)	144.65	110.12
Average Rate Per Litre (in Rs.)	11.17	9.11
3. Others		
a) Compressed Oxygen		
Quantity (Cu. M.)	28896	52094
Total Amount (Rs. in Lakhs)	4.44	7.20
Average Rate/Cu. M. (in Rs.)	15.37	13.82
b) Dissolved Acetylene		
Quantity (Cu. M.)	291	362
Total Amount (Rs. in Lakhs)	0.39	0.48
Average Rate/Cu. M. (in Rs.)	134.02	132.46
c) Liquid Oxygen		
Quantity (Cu. M.)	236060	390977
Total Amount (Rs. in Lakhs)	27.62	44.41
Average Rate/Cu.M. (in Rs.)	11.70	11.36

B. CONSUMPTION PER UNIT OF PRODUCTION

Electricity - Kwh	957	1089
Furnace Oil (Ltrs)	49.39	46.77
OTHERS		
Compressed Oxygen (Cu. M.)	1.16	2.02
Dissolved Acetylene (Cu. M.)	0.01	0.01
Liquid Oxygen (Cu. M.)	9.00	15.13