



# **MARMAGOA STEEL LIMITED**

***Report & Accounts, 2002***

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**BOARD OF DIRECTORS**

P. G. Chitale (*Chairman*)  
A. G. Poy Raiturcar  
Ashok Mittal  
R. K. Radhakrishna (*Executive Director*)

**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-2/3, Ansa Industrial Estate  
Sakivihar Road  
Saki Naka  
Andheri (E)  
Mumbai – 400 072

**REGISTERED OFFICE**

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

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## NOTICE TO THE MEMBERS

Notice is hereby given that the 14th Annual General Meeting of the Members of Marmagao Steel Ltd. will be held on Wednesday, 21st August, 2002, 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 31-03-2002 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.

### 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: 30-06-2002

### 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 19th August, 2002 to 21st August, 2002 (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, reduction in paid-up share capital has been considered in the Draft Revival Proposal circulated by 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: 30-06-2002





## DIRECTORS' FOURTEENTH ANNUAL REPORT

Dear Shareholders,

Your Directors are pleased to present the Fourteenth Annual Report along with the audited Statements of Accounts for the year ended 31<sup>st</sup> March, 2002.

### FINANCIAL RESULTS:

	For the Year ending 31-3-2002 (Rs. in Lakhs)	For the Year ending 31-03-2001 (Rs. in Lakhs)
Net Sales	5287	4253
Interest and Other Income	42	37
Profit/(Loss) before Interest, Depreciation & Extra- ordinary Items	134	(57)
Interest	413	948
Depreciation	189	187
Prior Period Adjustments	109	6
Interest Waiver – BIFR (DRS) (3043)		–
Income Tax Provision Credit (20)		–
Profit/(Loss) before Tax	2486	(1198)
Provision for Taxation	–	–
Profit/(Loss) after Tax	2486	(1198)

### OPERATIONS:

The performance of the Company has improved on both the production as well as sales front, registering an increase in the production of Billets and Rolled Products by 24% and 39% respectively as compared to the previous year. The production during the year was 32562 MT of Billets and 25478 MT of Rolled products, registering a capacity utilisation of 30%, thereby recording 6% growth, despite non-availability of Working Capital facilities from the Banks. The sales turnover of Rs. 5287 Lakhs has also registered a 24% growth as compared to the previous year.

The economy in general and the Automobile Sector in particular is showing an improvement since December, 2001. With the approvals from OEM's like M/s. Ashok Leyland and TELCO, the performance of your Company, especially during the last quarter of the financial year 2001-02 has

been good and continued to be so during the first quarter ended 30<sup>th</sup> June, 2002. The continued efforts on the cost reduction and other expenditure and better realisation have yielded better production and productivity. As there is a continuous improvement in the Global and Domestic market, your Directors are confident of bettering the performance with a little additional Working Capital support to sustain the operations.

### FINANCIAL POSITION:

We had through our report of the last year informed, that the Hon'ble BIFR had fixed the hearing on 27<sup>th</sup> August, 2001 to consider the views/objections on the DRS, by all the secured Creditors and the Government of Goa. At the said hearing the Hon'ble Bench members took strong objection and enjoined upon both SBI and SBM to consider supporting the unit during the Rehabilitation period. The BIFR also noted that certain issues relating to electricity dues, reliefs from the Directorate of Income Tax etc. needed to be sorted before sanction of the Scheme is to be considered. The above issues have been sorted out and a detailed report has been submitted to the Operating Agency (IFCI Ltd.).

The Hon'ble Bench at the said hearing had directed the OA to examine the submissions made by the Company and submit its report along with the revised DRS and the Bench would pass further direction on file or convene a hearing, if necessary. A final order from Hon'ble BIFR is awaited as on the date of this report.

On the basis of the said Draft Rehabilitation Scheme, interest payable to the Financial Institutions and Banks (SBI & SBM) up to 31<sup>st</sup> day of March, 2001, the cut-off date, amounting to Rs. 3043.66 Lakhs has been reversed during the year and has been taken as income.

### BOARD:

During the period under review, the EDC Limited withdrew its Nominee Director, Shri A. B. Pankar, 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 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:**

As regards Item 5 of Auditors' Report, the Director was not able to get written representations from the Companies in which he is a Director and place the same at the Board Meeting held on 30-06-2002 convened to approve the Audited Statement of accounts.

As regards the Auditors reference to Note No. 2 of Notes on Accounts, the Directors feel reasonably confident, that the DRS issued by the Hon'ble BIFR will be operational, as the same is based on the discussions held at the various joint meetings convened by the Operating Agency (OA) and the acceptance letters received from the Financial Institutions and Banks.

The Auditors have, referred to Note No. 5(b)(ii) of Notes on Accounts, in their report. The Directors agree, as the subject matter is under serious negotiations.

As regards item 3, 9 & 12 of the MAOCARO report, the system of physical verification of stores, spare parts and raw materials has now been streamlined and an Internal Audit System has been put in place.

#### **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. 171.98 Lakhs

Foreign exchange outgo — Rs. 764.15 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 has 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 — Goa  
Date : 30-06-2002

**P. G. CHITALE**  
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 year ended 31-3-2002	For the year ended 31-3-2001
<b>1. Electricity</b>		
Purchased (Kwh in Lakhs)	275.64	250.83
Total Amount (Rs. in Lakhs)	760.78	832.15
Rate/Kwh (in Rs.)	2.76	3.32
<b>2. Furnace Oil</b>		
Quantity (in '000 Litres)	1725	1295
Total Amount (Rs. in Lakhs)	170.01	144.65
Average Rate Per Litre (in Rs.)	9.86	11.17
<b>3. Others</b>		
a) Compressed Oxygen		
Quantity (Cu. M.)	23786	28896
Total Amount (Rs. in Lakhs)	3.89	4.44
Average Rate/Cu. M. (in Rs.)	16.35	15.37
b) Dissolved Acetylene		
Quantity (Cu. M.)	287	291
Total Amount (Rs. in Lakhs)	0.38	0.39
Average Rate/Cu. M. (in Rs.)	132.40	134.02
c) Liquid Oxygen		
Quantity (Cu. M.)	569119	236060
Total Amount (Rs. in Lakhs)	68.11	27.62
Average Rate/Cu. M. (in Rs.)	11.97	11.70
<b>B. CONSUMPTION PER UNIT OF PRODUCTION</b>		
Electricity – Kwh	847	957
Furnace Oil (Ltrs)	52.97	49.39
<b>OTHERS</b>		
Compressed Oxygen (Cu. M.)	0.73	1.10
Dissolved Acetylene (Cu. M.)	0.01	0.01
Liquid Oxygen (Cu. M.)	17.48	9.00



**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 – Goa**  
**Date : 30-06-2002**

**P. G. CHITALE**  
*Chairman*

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