



MARMAGOA STEEL LIMITED

Report  Junction.com

Report & Accounts, 2004

IS/ISO 9001





BOARD OF DIRECTORS

Ashok Mittal (*Chairman*)
P. G. Chitale (*Director*)
R. K. Radhakrishna (*Managing Director*)
Mrs. Kavita Mittal (*Additional Director*)

COMPANY SECRETARY

U. V. Kini

AUDITORS

M/s. Kamath & Rau
Chartered Accountants
Mangalore

BANKERS

State Bank of India
State Bank of Mysore
Bank of Maharashtra.

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



NOTICE TO THE MEMBERS

Notice is hereby given that the 16th Annual General Meeting of the Members of Marmagao Steel Limited will be held on Thursday, 23rd September, 2004, at 4.30 p.m. at the Registered Office, Survey No. 280, Eclate, Curtorim, Goa to transact the following business:

ORDINARY BUSINESS :

1. To receive and adopt the Audited Statement of Accounts for the year ended 31-03-2004 and to consider the Reports of the Directors and Auditors thereon.
2. To appoint Auditors and fix their remuneration. M/s. Kamath & Rau, Chartered Accountants, Mangalore retire and are eligible for reappointment.

SPECIAL BUSINESS :

3. To consider, and if thought fit, to pass, with or without modification the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT Mrs. Kavita Mittal be and is hereby appointed as Director of the company, in respect of whom the company has received a notice in writing together with the requisite fees proposing her candidature for the office of Director as per the provisions of Section 257 of the Companies Act, 1956.

RESOLVED FURTHER THAT, subject to the approval of the Central Government, Mrs. Kavita Mittal be and is hereby appointed as Director **not** liable to retire by rotation. Provided further that in the event the application by the company to the Government under Section 268 of the Companies Act, 1956 is rejected by the Government, approval is hereby given for continuation of Mrs. Kavita Mittal as director liable to retire by rotation."

4. To consider, and if thought fit, to pass, with or without modification the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions,

if any, of the Companies Act, 1956, the existing Articles of Association be and are hereby altered in the manner and to the extent set out below:

That existing Article 116 shall be substituted by the following Article:

116(a) Notwithstanding anything contained in any other clause in this Articles of Association, so long as Shri Ashok Mittal, Chairman of the company and his associates (including limited companies under his control) hold not less than 10% of the paid-up Equity Share Capital of the company, Shri Ashok Mittal and such number of persons nominated by him, so as not to exceed one third of the total strength of the Board, be non-rotational director(s) of the company, i.e. director(s) not liable to retire by rotation. The remaining two thirds of the directors shall be liable to retire by rotation.

116(b) At every Annual General meeting of the company, one third of such two thirds of the directors for the time being as are liable to retire by rotation or, if their number is not three or any multiple of three, then the number nearest to one third shall retire from office."

5. To consider and if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309 and 311 and all other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII of the Companies Act, 1956, approval of the members be and is hereby accorded to the appointment of Mr. Ashok Mittal, Chairman of the company, as a whole time Director, not liable to retire by rotation, with effect from 23rd July, 2004.

Provided further that in the event the application by the company to the Government under Section 268 of the Companies Act, 1956 is



rejected by the Government, approval is hereby given for continuation of Mr. Ashok Mittal, as director liable to retire by rotation.

RESOLVED FURTHER THAT the remuneration payable to him shall be by way of salary, dearness allowance, perquisites, commission and other allowances in accordance with the above said Part I of Schedule XIII, which in any case, shall not exceed five per cent of the company's net profits in any financial year.

RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year, Mr. Ashok Mittal, shall be paid remuneration in accordance with the above said Part II of Schedule XIII, subject to the approval of the Central Government, if necessary.

RESOLVED FURTHER THAT any excess salary drawn by or paid to him in any year of loss or inadequacy of profits shall be refunded by him and for this purpose the company shall effect recovery month by month commencing from the month following the month in which the annual accounts disclosing the loss or inadequacy of profits are approved by the Board of Directors in their meeting held pursuant to Section 217 of the Act.

RESOLVED FURTHER THAT the Draft Agreement, incorporating the terms of appointment and remuneration placed at this meeting and initialed by the Chairman thereof for the purposes of identification, be and is hereby approved and Shri P. G. Chitale, Director of the company, be and is hereby authorized to sign the agreement on behalf of the company.

RESOLVED FURTHER THAT the terms and conditions of appointment and remuneration given herein may be altered and varied from time to time by the Board of Directors of the Company as it may, in its discretion deem fit, so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 (including any statutory modification or reenactment thereof, for the time being in force), or any amendments made thereto from time to time."

6. To consider and if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309 and 311 and all other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII of the Companies Act, 1956, approval of the members be and is hereby accorded to the appointment of Mr. R. K. Radhakrishna as Managing Director, for a period of five years, with effect from 23rd July, 2004.

RESOLVED FURTHER THAT the remuneration payable to him shall be by way of salary, dearness allowance, perquisites, commission and other allowances in accordance with the above said Part I of Schedule XIII, which in any case, shall not exceed five per cent of the company's net profits in any financial year.

RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year, the managing director shall be paid remuneration in accordance with the above said Part II of Schedule XIII, subject to the approval of the Central Government, if necessary.

RESOLVED FURTHER THAT any excess salary drawn by or paid to him in any year of loss or inadequacy of profits shall be refunded by him and for this purpose the company shall effect recovery month by month commencing from the month following the month in which the annual accounts disclosing the loss or inadequacy of profits are approved by the Board of Directors in their meeting held pursuant to Section 217 of the Act.

RESOLVED FURTHER THAT the Draft Agreement, incorporating the terms of appointment and remuneration placed at this meeting and initialed by the chairman thereof for the purposes of identification, be and is hereby approved and Shri P. G. Chitale, Director of the company, be and is hereby authorized to sign the agreement on behalf of the company.



RESOLVED FURTHER THAT the terms and conditions of appointment and remuneration given herein may be altered and varied from time to time by the Board of Directors of the Company as it may, in its discretion deem fit, so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 (including any statutory modification or reenactment thereof, for

the time being in force), or any amendments made thereto from time to time”.

By Order of the Board,

Registered Office:
Survey No. 280
Eclate, Curtorim
Salcette – Goa
Date: 23rd July, 2004

U. V. KINI
Company Secretary

Notes:

1. The Explanatory Statement pursuant to Section 173(2) of The Companies Act, 1956, in respect of the business under items 3 to 6 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 Managing 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 20-09-2004 to 23-09-2004 (both days inclusive).



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

Item No. 3:

Mrs. Kavita Mittal was appointed as Additional Director of the company at the Board Meeting held on 23rd July, 2004 to hold office until the ensuing Annual General Meeting. The company has received a notice in writing together with the requisite fees proposing her candidature for the office of Director as per the provisions of Section 257 of the Companies Act, 1956.

The Directors recommend this resolution to the members.

Only Mrs. Kavita Mittal and Mr. Ashok Mittal are concerned or interested in the passing of this resolution.

Item No. 4:

It is proposed to appoint Mr. Ashok Mittal and Mrs. Kavita Mittal as directors not liable to retire by rotation. Mr. Ashok Mittal presently controls about 77% of the paid-up Equity Share Capital of the Company. Article 116 of the Articles of Association is proposed to be amended by substituting the existing Article with the Article given above.

Under Section 268 of the Companies Act, 1956, such appointment takes effect only after obtaining the approval of the Central Government. The company will be making the required application after obtaining the approval of the shareholders.

The Directors recommend this resolution to the members.

Only Mrs. Kavita Mittal and Mr. Ashok Mittal, Directors of the company are concerned or interested in the passing of this resolution.

Item No. 5:

Mr. Ashok Mittal, Director of the company was appointed as Chairman of the Board at the Board Meeting held on 23rd July, 2004. He was at the same time appointed as a whole-time Director with the remuneration specified above, subject to the approval of the Shareholders.

Mr. Mittal has over 25 years of experience in the steel industry. His vast experience has enabled the company to fine tune its operations thereby leading to better efficiency, better productivity and cost reduction.

In view of the above, it is proposed to appoint Shri Ashok Mittal as whole-time Director of the company with effect from 23rd July, 2004.

The resolution and other terms and conditions of appointment require approval of the Company in General Meeting pursuant to Sections 198, 269, 309 and 311 read with Schedule XIII of the Companies Act, 1956 and the Resolution set out in Item No. 5 is intended for that purpose. The proposed remuneration is well within the prescribed limits laid down under the law.

Your Directors recommend the said resolution for your approval. This may be treated as an Abstract under Section 302 of the Companies Act, 1956.

Copy of the agreement mentioned in the Resolution is available for inspection at the Registered office of the Company on any working day during working hours.

Only Mrs. Kavita Mittal and Mr. Ashok Mittal, Directors of the company are concerned or interested in the passing of this resolution.



Item No. 6:

Mr. R. K. Radhakrishna was appointed as Executive Director of the Company by the Board of Directors on 8th April, 1997 and ratified by the shareholders at the Annual General Meeting held on 16th August, 1997.

He has since been appointed as Managing Director of the company at the Board Meeting held on 23rd July, 2004 subject to the approval of the Shareholders.

The company has made tremendous growth under the leadership of Mr. R. K. Radhakrishna. With his vast experience, the Board is of the opinion that he is fully competent to shoulder the additional responsibility for the future growth of the company.

In view of the above, it is proposed to appoint Mr. R. K. Radhakrishna as Managing Director for a period of five years with effect from 23rd July, 2004.

The resolution and other terms and conditions of appointment require approval of the Company in General Meeting pursuant to Sections 198, 269, 309 and 311 read with Schedule XIII of the Companies Act, 1956 and the Resolution set out in Item No. 6 is intended for that purpose. The proposed remuneration is well within the prescribed limits laid down under the law.

Your Directors recommend the resolution set out at Item No. 6 for your approval. This may be treated as an Abstract under Section 302 of the Companies Act, 1956.

Copy of the agreement mentioned in the Resolution is available for inspection at the Registered office of the Company on any working day during working hours.

None of the Directors of the Company except Mr. R. K. Radhakrishna, the Managing Director is concerned or interested in the passing of the resolution.

Information as required by Clause 49(VI A) of the Listing Agreement:

As required by Clause 49(VI A) of the Listing Agreement with the Stock Exchange, the information relating to the Directors proposed to be appointed/re-appointed has been provided in the Directors' report.

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

By Order of the Board,

Sd/-
U. V. KINI
Company Secretary

Date: 23rd July, 2004



DIRECTORS' SIXTEENTH ANNUAL REPORT

Dear Shareholders,

Your Directors are pleased to present the Sixteenth Annual Report along with the audited Statements of Accounts for the year ended 31st March, 2004.

FINANCIAL RESULTS:

| | For the Year ending 31-3-2004 (Rs. in Lakhs) | For the Year ending 31-03-2003 (Rs. in Lakhs) |
|--|---|--|
| Gross Sales | 12817 | 8808 |
| Interest and Other Income | 84 | 14 |
| Profit before Interest, Depreciation & Extra- ordinary Items | 872 | 553 |
| Interest | 342 | 375 |
| Depreciation | 193 | 191 |
| Prior Period Adjustments | 162 | 61 |
| Interest Waiver – BIFR | – | (62) |
| Income Tax Provision Credit | (40) | (26) |
| Profit before Tax | 215 | 14 |
| Provision for Taxation | – | – |
| Profit after Tax | 215 | 14 |

OPERATIONS:

The steel market remained buoyant in the year 2003-04 and there has been good demand for ferrous products. The management's unrelenting efforts to cutting costs with no compromise in quality, streamlining of operations, coupled with a good market for steel, thereby leading to better productivity have also contributed to the good performance of the Company. Both the production figures and the sales turnover bear testimony to this fact. Despite working capital constraints, we have achieved a production of 49163 MT and 54326 MT of billets and rolled products

respectively as compared to 42377 MT and 43369 MT for the year-ended 31-03-2003 thereby registering a growth of 16% and 25% respectively. Likewise, the sales turnover has shown a growth of 45%. As compared to the turnover of Rs. 88 Crores in the last financial year, the turnover stood at Rs. 128 Crores for the financial year 2003-04.

REHABILITATION SCHEME:

In accordance with the BIFR sanctioned scheme, as on date of this report, 3 installments have been paid to the Financial Institutions and Banks. Apart from this, the entire dues of IFCI Ltd., ICICI Ltd., and Catholic Syrian Bank Ltd., have also been repaid. These payments aggregate to Rs.15.45 Crores.

BOARD:

The BIFR had appointed Mr. Chandra Shankar as Special Director on the board w.e.f. 02-04-2003. His nomination has been withdrawn by the BIFR on his attaining the age of 65 w.e.f. 05-07-2004. The Board places on record its appreciation for his valuable contribution during his tenure.

Mrs. Kavita Mittal was appointed as additional director of the company at the Board Meeting held on 23rd July, 2004. She holds office until the ensuing Annual General Meeting. The company has received a notice in writing together with the requisite fees proposing her candidature for the office of Director as per the provisions of Section 257 of the Companies Act, 1956. Mrs. Kavita Mittal holds a diploma in textile designing. She is a director in Rukmani Finance Private Limited. Your Directors recommend her appointment.

At the Board Meeting dated 23rd July, 2004, the directors elected Mr. Ashok Mittal as the Chairman of the company. He was also appointed as the



whole time director of the Company subject to the approval of the shareholders at the ensuing Annual General Meeting. Mr. Ashok Mittal is a commerce graduate and has been in the steel business for over 25 years. He has vast experience in promoting and operating steel plants and rolling mills. He has been associated with the rehabilitation of the Company. He is a member of the Company's Audit, Shareholders' Grievance and Management Committees. He is also a director in 1) Rukmani Finance Private Limited, 2) Goa Springs Limited, 3) Goa Infralogistics Limited, 4) Nityananda Trading and Investment Company Private Limited and 5) Marmagao Sponge Private Limited. The Directors recommend this resolution to the members.

At the Board Meeting dated 23rd July, 2004, Mr. R. K. Radhakrishna was appointed as the Managing Director of the Company subject to the approval of the shareholders at the ensuing Annual General Meeting. He was hitherto the Executive Director of the Company. Mr. Radhakrishna is a metallurgist with a sound techno-commercial background having about 28 years of experience in the steel industry. He has held various senior positions in the industry. He is a member of the Company's Audit, Shareholders' Grievance and Management Committees. He is also a Director in Goa Infralogistics Limited.

Your Directors recommend his reappointment.

AUDITORS:

M/s. Kamath & Rau, Chartered Accountants, retire at the conclusion of the 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 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 year under report, our Company has earned and expended foreign exchange as under:

| | |
|-------------------------|--------------------|
| Foreign exchange earned | – Rs. 20.63 Lakhs |
| Foreign exchange outgo | – Rs. 450.83 Lakhs |

DIRECTORS' RESPONSIBILITY STATEMENT:

As required by Section 217 (2AA) of The Companies Act, 1956, the Director 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 wishes to thank the Company's shareholders, employees, customers, suppliers, bankers, Financial Institutions and the Government of Goa and its agencies for their continued and unstinted support.

For and on behalf of the Board

Place : Curtorim, Goa

Date : 23rd July, 2004

ASHOK MITTAL

Chairman