



MARMAGOA STEEL LIMITED

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Report & Accounts, 2008

IS/ISO 9001





BOARD OF DIRECTORS

Ashok Mittal (Chairman)
R. K. Radhakrishna (Managing Director)
Mrs. Kavita Mittal
A. K. Sinha
P. J. Bhide
K. V. Ramarathnam
Arun Datta (Nominee BIFR)

COMPANY SECRETARY

U. V. Kini

AUDITORS

M/s. Kamath & Rau
Chartered Accountants
Mangalore

BANKERS

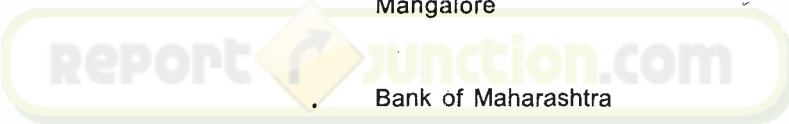
Bank of Maharashtra

**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

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



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NOTICE TO THE MEMBERS

Notice is hereby given that the 20th Annual General Meeting of the Members of Marmagao Steel Ltd. will be held on Tuesday, 30th September, 2008 at 4.00 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 31.03.2008 and to consider the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Smt. Kavita Mittal, who retires by rotation and is eligible for reappointment.
3. 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:

U. V. KINI

Survey No. 280

Company Secretary

Eclate, Curtorim

Salcette – Goa

Date:17.06.2008

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 Managing Director at least seven days before the date of the meeting, so that the information required may be made available at the meeting.
4. 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.
5. The Register of Members and the ShareTransfer Books of the Company will remain closed from **26.09.2008 to 30.09.2008** (both days inclusive).



DIRECTORS' TWENTIETH ANNUAL REPORT

Dear Shareholders,

Your Directors are pleased to present the Twentieth Annual Report along with the audited Statements of Accounts for the year ended 31st March, 2008.

FINANCIAL RESULTS:

	For the Year ending 31.03.2008 (Rs. in Lakhs)	For the Year ending 31.03.2007 (Rs. in Lakhs)
Gross Sales	2137	18260
Interest and Other Income	41	149
Profit before Interest, Depreciation & Extra ordinary Items	1085	639
Interest	572	370
Depreciation	232	211
Prior Period adjustments	(368)	(77)
Profit before tax	649	135
Provision for taxation	142	38
Profit after tax	507	97

OPERATIONS:

The gross sales for the year stands at Rs 214 Crores as against Rs. 183 Crores of the previous year. The production was 56476 MT and 53963 MT of billets and rolled products respectively as compared to 55562 MT and 53072 MT respectively for the year-ended 31.03.2007. The Profit before tax stands at Rs.6.49 Crores as against Rs. 1.35 Crores of the previous year.

BOARD:

Shri K. V. Ramarathnam was appointed a New Director under section 257 of the Companies Act, 1956 at the last Annual General Meeting.

Shri Arun Datta was nominated as Special Director by the Board of Industrial and Financial Reconstruction (BIFR) during the year.

Smt. Kavita Mittal retires by rotation at this Annual General Meeting and is eligible for reappointment. Smt. Kavita Mittal, aged 47 years, holds a diploma in textile designing and is a director in Rukmani Finance Private Limited.

CONSOLIDATED BALANCE SHEET

The company has acquired a subsidiary company viz. Amona Power Private Limited during the year. The Annual Accounts of Amona Power Private Limited for the year ended 31-03-2008 as well as the consolidated accounts for the year ended 31-03-2008 are annexed to this Annual Report.

REHABILITATION SCHEME:

The BIFR Sanctioned Scheme has been fully implemented by all the concerned Agencies. viz. Financial Institutions, Banks and Promoter; except the State Govt. of Goa.

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. To increase the volume of production and value addition to its products, the company has set up an additional rolling mill to produce thinner flats, rounds and hexagonals for the automobile industry.

For producing high value items like alloy and stainless steel the company has installed a Vacuum Degassing and Vacuum Oxygen Decarbonisation facilities. Commercial operations are expected to commence from July 2008.

The Continuous Casting machine has been upgraded with addition of Electro Magnetic Stirrer and Auto Cutters thereby giving further boost to the product quality.

The facilities mentioned above will not only be adding value to the company products but also improving the top and bottom line of performance.

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 annexure 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. NIL
Foreign exchange outgo - Rs 873.87 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Opportunities and threats:

Opportunities:

The Company's plant, in the West Coast of India, has state-of-the-art facilities with ISO 9001 and 14001 affiliations. The company is well connected by road, rail and sea. The company enjoys the benefits of the lowest power cost in the country, proximity to the sea port and cordial labour relations. The Company manufactures alloy and special steel through the Electric Arc Furnace route to produce



Alloy Steel Billets, Flats, and Rounds. Most of the billets produced are for captive consumption for re-rolling.

The main product of the Company is spring steel flats, which is the key component for manufacture of leaf spring used in automobiles.

The Steel industry is presently doing well due to the growth in automobile, construction and infrastructural activities.

Threats:

The high demand for steel has given rise to opening of new indigenous sources offering materials at lower prices. Further, lower priced steel is also available from other routes producers as well as from Chinese imports.

Risks and Concerns:

Nature of the industry:

The company presently produces Alloy Steel rounds and Steel flats for the automobile industry. This segment has very high competition. The management is considering development of alternate products to improve the company's performance.

Technology:

With technology obsolescence being an inherent risk in any industry, the Company is constantly upgrading and modernising its manufacturing process. The company has commissioned an Electro Magnetic Stirrer and has commissioned a Vacuum Degassing System / Vacuum Oxygen Degassing for the melting process for improvement in the quality of the steel billets. The company is now in a position to cater to the stringent requirement of the Automobile, defense and Railways sectors.

Financial:

With the increase in demand for steel, the steel industry is doing well since the last two years. The buoyancy in the global steel market has shown no signs of abating. As the automobile sector has also done well in the previous year, the Company is hopeful that the market for the Company's products will also improve.

Outlook:

There is resurgence in developmental activities for building and improvement of infrastructural activities such as construction of highways and building complexes. There is also an increase in production of different types of vehicles, which has in turn increased the demand for the products of the Company. The prices of steel products have also been steadily rising. It is envisaged that the present scenario will prevail for the next five to eight years.

Internal Control Systems

There are adequate internal control procedures commensurate with the size of the Company and the nature of its business for:

- Purchase of stores and assets, and sales of its products.
- Adequacy of accounting records and
- Authorisation for and record of transactions.

Financial Performance

The current year's financial performance has been discussed in detail in the Directors' Report forming part of this Annual Report.



Industrial Relations

Industrial relations have remained cordial and good.

Cautionary Statement

Statements in this report describing the Company's objectives, projections, estimates and expectations may be "forward looking statements" within the meaning applicable in securities law and regulations. Actual results could differ materially from those expressed or implied.

ACKNOWLEDGEMENT:

The Board of directors wishes to thank the Company's shareholders, employees, customers, suppliers, bankers, and the Government of Goa and its agencies for their continued and unstinted support.

For and on behalf of the Board,

Place: Curtorim

Date: 17.06.08

Ashok Mittal

Chairman





**Statement pursuant to Section 212 of the Companies Act 1956,
relating to subsidiary companies**

(Amounts in Lacs)

Name of the Subsidiary	Financial Year ending of the Subsidiary	Holding Company's Equity Capital	Currency	For Financial Year of the Subsidiary		For the previous Financial Years of the Subsidiary	
				Net aggregate of profits or Losses so far it concerns the members of the Holding Company and dealt with in the books of Accounts of the Holding Company	Net aggregate of profits or Losses so far it concerns the members of the Holding Company and not dealt with in the books of Accounts of the Holding Company	Net aggregate of profits or Losses so far it concerns the members of the Holding Company and dealt with in the books of Accounts of the Holding Company	Net aggregate of profits or Losses so far it concerns the members of the Holding Company and not dealt with in the books of Accounts of the Holding Company
Amona Power Private Limited	31-03-2008	95.69%	Rs.	NA	NA	NA	NA

Alexander A. C. Rodrigues
General Manager - F & A

U. V. Kini
Company Secretary

Ashok Mittal
Chairman

R. K. Radhakrishna
Managing Director

Place: Curtorim

Date : 17.06.2008



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 31-03-2008	For the year Ended 31-03-2007
1. Electricity		
Purchased (Kwh in Lakhs)	582.75	556.22
Total Amount (Rs. In Lakhs)	1790.32	1598.62
Rate/Kwh (in Rs.)	3.07	2.87
2. Furnace Oil		
Quantity (in '000 Litres)	2770	2572
Total Amount (Rs. In Lakhs)	440.53	410.50
Average Rate Per Litre (in Rs.)	15.90	15.96
3. Others		
a) Compressed Oxygen		
Quantity (Cu.M.)	1132403	237073
Total Amount (Rs. in Lakhs)	138.52	29.10
Average Rate/Cu. M. (in Rs.)	12.23	12.27
b) Dissolved Acetylene		
Quantity (Cu. M.)	—	—
Total Amount (Rs. in Lakhs)	—	—
Average Rate/Cu. M. (in Rs.)	—	—
c) Liquid Oxygen		
Quantity (Cu. M.)	387190	542823
Total Amount (Rs. in Lakhs)	32.93	83.58
Average Rate/Cu. M. (in Rs.)	8.50	15.40
B. CONSUMPTION PER UNIT OF PRODUCTION		
Electricity – Kwh	959.45	924.52
Furnace Oil (Ltrs)	51.89	50.18
OTHERS		
Compressed Oxygen (Cu. M.)	20.05	3.94
Dissolved Acetylene (Cu. M.)	—	—
Liquid Oxygen (Cu. M.)	6.86	9.02