



MARMAGOA STEEL LIMITED



Report & Accounts, 2009

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

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

SPECIAL BUSINESS:

4. 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 Shri Ashok Mittal, Chairman of the company, as a whole time Director, not liable to retire by rotation, with effect from 23rd July, 2009,.

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 Section II of Part II of Schedule XIII, which in any case, shall not exceed five percent 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, Shri Ashok Mittal, shall be paid remuneration in accordance with the above said Section II of 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. J. Bhide, 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."

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

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NOTICE TO THE MEMBERS

accorded to the appointment of Shri R. K. Radhakrishna as Managing Director, for a period of five years, with effect from 23rd July, 2009.

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 Section II of Part II of Schedule XIII, which in any case, shall not exceed five percent 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 Section II of 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. J. Bhide, 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."

Explanatory Statement under section 173(2) of the Companies Act, 1956:

Items No. 4 & 5:

Shri Ashok Mittal, Director of the company was appointed as Chairman and whole-time-director of the company for five years w.e.f. 23rd July, 2004. Shri R. K. Radhakrishna was appointed as Managing Director of the company for a period of five years w.e.f. 23rd July, 2004.

After the expiry of the five year period, both were reappointed, at the Board Meeting dated 27-06-2009 for five years w.e.f 23rd July, 2009 subject to the consent of the shareholders. The above

Contd.



NOTICE TO THE MEMBERS

resolutions 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. The proposed resolutions are well within the prescribed limits laid down under the law.

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

Copy of the Agreement mentioned in the notice is available for inspection at the Registered Office of the company on any working day during working hours.

Only Smt. Kavita Mittal and Shri Ashok Mittal Directors of the company are deemed to be concerned or interested in the passing of resolution no.4.

Shri Ashok Mittal is a commerce graduate and has been in the steel business for over 30 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 also a director in Goa Springs Limited and Goa Infralogistics Limited. Your Directors recommend his appointment.

Shri R. K. Radhakrishna is a metallurgist with a sound techno-economical background having about 33 years of experience in the steel industry. He has held various senior positions in the industry. He is also a director in Goa Infralogistics Limited. Your Directors recommend his appointment.

By Order of the Board,

Registered Office:

Survey No. 280

Eclate, Curtorim

Salcette – Goa

Date:31-07-2009

Sd/-

U. V. KINI

Company Secretary



NOTICE TO THE MEMBERS

Notice is hereby given that the 21st Annual General Meeting of the Members of Marmagoa Steel Ltd. will be held on 26th September, 2009 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 31.03.2009 and to consider the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Sri A. K. Sinha, 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:
Survey No. 280
Eclate, Curtorim
Salcette – Goa

Date: 31-07-2009

Sd/-
U. V. KINI
Company Secretary

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 Share Transfer Books of the Company will remain closed from 22-09-09 to 26-09-09 (both days inclusive).



DIRECTORS' TWENTY FIRST ANNUAL REPORT

Dear Shareholders,

Your Directors are pleased to present the Twenty First Annual Report along with the audited Statements of Accounts for the year ended 31st March, 2009.

FINANCIAL RESULTS:

	For the Year ending 31.03.2009 (Rs. in Lakhs)	For the Year ending 31.03.2008 (Rs. in Lakhs)
Gross Sales	18680	21371
Interest and Other Income	19	41
Profit before Interest, Depreciation & Extra ordinary Items	99	1085
Interest	742	572
Depreciation	279	232
Prior Period adjustments	(144)	(368)
(Loss)/Profit before tax	(778)	649
Provision for taxation	(139)	142
(Loss)/Profit after tax	(639)	507

OPERATIONS:

The gross sales for the year stands at Rs.187 Crores as against Rs. 214 Crores of the previous year. The production for the year was 40669 MT and 39259 MT of billets and rolled products respectively as compared to 56476 MT and 53963 MT respectively for the year-ended 31.03.2008. The Loss before tax stands at Rs.7.78 Crores

as against a Profit of Rs. 6.49 Crores of the previous year.

BOARD:

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

Sri A. K. Sinha retires by rotation at this Annual General Meeting and is eligible for reappointment. Sri A. K. Sinha, aged 69 years, holds a bachelor's degree in Engineering and has a total of 40 years experience in steel plant management and mining industry. He has 3 decades of experience in managing various SAIL plants across the country. He is also a director on the Board of Goa Infralogistics Limited. He is also a member of the Company's Audit Committee, Investors' Grievance Committee and Remuneration Committee.

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. The Government of Goa has however recently constituted an empowered committee to look into the matter to enable the Government to come to a decision.

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 additional facilities installed during the previous year for improved quality of production like Vacuum Degassing and Vacuum Oxygen Decarbonisation, Electro Magnetic Stirrer and Auto Cutters are functioning satisfactorily.

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 in 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. 1637.70 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 company had to face a severe drop in demand during the global economic meltdown especially in the months during October 08 to February 09.

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:

The impact of the Global economic meltdown has had an adverse impact on the liquidity position of the company's finances. However, since May 2009, with the demand for the company's products picking up, the company's financial position is gradually improving.

Outlook:

With the focus on infrastructure development in the Union Budget 09, which will benefit the auto sector, the company envisages that the demand for its products will also increase.

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