



# **MARMAGOA STEEL LIMITED**

**REPORT & ACCOUNTS, 2015**

IS/ISO 9001





---

**BOARD OF DIRECTORS**

Ashok Mittal  
R. K. Radhakrishna (Managing Director)  
P. J. Bhide  
K. V. Ramarathnam  
A. K. Sinha(Upto 17.07.2015)  
M. K. Garg (Special Director, BIFR) – **Upto 20.08.2014**  
T. Srinivasa (Additional Director) – **w.e.f. 17.07.2015**

**AUDITORS**

M/s N. D. Hegde & Associates  
Chartered Accountants  
Margao, GOA

**ASSET RECONSTRUCTION COMPANIES**

Pridhvi Asset Reconstruction And  
Securitisation Co. Ltd., (PARAS) Hyderabad.  
Asset Reconstruction Company (India) Ltd.,  
(Arcil) Mumbai.

**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, Salcete  
Goa – 403 709



---

## CONTENTS

Notice	4
Directors' Report	8
Corporate Governance Report	14
Independent Auditors' Report	19
Balance Sheet	24
Statement of Profit and Loss	25
Cash Flow Statement	26
Notes to Financial Statement	28



## NOTICE TO THE MEMBERS

Notice is hereby given that the **27<sup>th</sup> Annual General Meeting** of the Members of **MARMAGOA STEEL LIMITED** will be held on Saturday 26<sup>th</sup> September, 2015 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, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2015 and the Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2015 along with the Auditors' Report, Directors' Report and Corporate Governance Report thereon.
2. To appoint a Director in place of Shri P. J. Bhide who retires by rotation and being eligible offers himself for reappointment.
3. To consider and, if thought fit, to pass, with or without modification, the following Resolution as an Ordinary Resolution:

**“RESOLVED THAT** in terms of the provisions of Sections 139 and 142 and other applicable provisions, if any, of the Companies Act, 2013, read with Companies (Audit and Auditors) Rules, 2014 (including any statutory modifications or re-enactments thereof, for the time being in force) appointment of M/s N. D. Hegde & Associates, Chartered Accountants, Margao, Goa (Firm registration No. 103616W), approved in the 26<sup>th</sup> Annual General Meeting until the conclusion of 30<sup>th</sup> Annual General Meeting is hereby ratified in this Annual General Meeting till the conclusion of next Annual General Meeting of the Company, on a remuneration as may be decided by the Board of Directors of the Company.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby severally authorized to do all acts and take all such steps as may be necessary, proper and expedient to give effect to this resolution.”

### SPECIAL BUSINESS:

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

**“RESOLVED THAT** Mr. T. Srinivasa, who was appointed as an Additional Director of the Company with effect from 17<sup>th</sup> July 2015, by the Board of Directors of the Company pursuant to Section 161(1) of the Companies Act, 2013 and the Articles of Association



of the Company and in respect of whom, the Company has received a notice under Section 160 of the Companies Act 2013, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

By Order of the Board,

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

R.K. Radhakrishna  
**Managing Director**  
DIN:00074108

Date: 17.07.2015

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. Pursuant to provisions of the Companies Act, 2013, and the Companies (Management and Administration) Rules, 2014 a person can act as a proxy on behalf of members not exceeding fifty and holding in aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A single member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other member.
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 22.09.2015 to 26.09.2015 (both days inclusive).



---

**EXPLANATORY STATEMENT UNDER SECTION 102 OF THE COMPANIES ACT, 2013:****Item No. 4****Mr. T. Srinivasa:**

Mr. T. Srinivasa, who has been appointed as an Additional Director (non-executive independent director) of the Company under Section 161(1) of the Companies Act, 2013 effective 17<sup>th</sup> July, 2015 holds office up to the date of this Annual General Meeting, and is eligible for appointment as Director as provided under Article 129 of the Articles of Association of the Company. The Company has received notice under Section 160 of the Companies Act, 2013 from a member signifying his intention to propose the candidature of Mr. T. Srinivasa, for the office of Director.

A brief profile of Mr. T. Srinivasa, as required to be given pursuant to clause 49 (G) of the Listing Agreement, is as under :

Mr. T. Srinivasa, aged 60 years, is a practicing Chartered Accountant and has vast experience in Auditing and taxation.

**THE STATEMENT CONTAINING ADDITIONAL INFORMATION AS REQUIRED IN SCHEDULE V OF THE ACT.****1. *General Information:*****(1) *Nature of Industry***

The Company is mainly engaged in the business of manufacturer of Special Steel Billets, Rounds, Hexagons and Spring Steel Flats for Automobile and Railway applications.

**(2) *Date of expected date of commencement of commercial production.***

The Company was incorporated on 17<sup>th</sup> July, 1987 and Commencement of Business Certificate was granted on 10<sup>th</sup> February, 1989. The Company had commenced its commercial production from 1.02.1993.

**(3) *In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.***

Not Applicable.

(4) *Financial performance based on given indicators.*

(Rs. In lakhs)

	<b>FY 2014-15</b>	<b>FY 2013-14</b>	<b>FY 2012-13</b>
Gross Revenue	<b>0</b>	382.76	6234.78
Profit/(Loss) Before Tax	<b>(3191.95)</b>	(3747.15)	(2851.64)
Profit/(Loss) for the period	<b>(3164.15)</b>	(3614.00)	(2748.47)

The operations of the Company have been suspended since June 2013. While efforts are on to restart the operations at the earliest, the Company is expected to have no profits for FY 2015-16.

(5) *Foreign investments or collaborators, if any.*

The Company has not entered into any material foreign collaboration and no direct capital investment has been made in the Company.

**(II) Other Information:**

(1) **Reasons of loss or inadequate profits**

Apart from the prolonged slowdown in the economic activity, weak consumer sentiments, subdued infrastructure activity, tight financing environment with high interest rate, weak operating economics for transporters due to lower fleet utilization and stagnant freight rates combined with fuel price increases, the inordinate delay on the part of the Bankers to restructure the accounts and non-implementation of the Hon'ble BIFR recommended concessions by the Govt. of Goa, badly affected the Company's performance culminating in the suspension of operations since June 2013.

(2) **Steps taken or proposed to be taken for re-start/improvement**

The Company has submitted to the Hon'ble BIFR, a comprehensive Modified Draft Rehabilitation Scheme envisaging restructuring of dues assigned to ARCs, power, sales tax and entry tax concessions from the Govt. of Goa and infusion of funds with a view to re-start the operations at the earliest.

(3) **Expected increase in productivity and profits in measurable terms.**

Though the Steel Industry, Automobile in particular, is witnessing a continued slowdown, in anticipation of revival of the overall economy in future, the aforesaid steps taken/to be taken by the Company are expected to improve the Company's performance and profitability.

Registered Office:

Survey No. 280

Eclate, Curtorim

Salcette – Goa

Date: 17.07.2015

By Order of the Board,

R.K. Radhakrishna

**Managing Director**

DIN:00074108



## DIRECTORS' TWENTY SEVENTH ANNUAL REPORT

Dear Shareholders,

Your Directors are pleased to present the Twenty Seventh Annual Report along with the audited Statements of Accounts for the year ended 31<sup>st</sup> March, 2015.

### FINANCIAL RESULTS:

	For the Year ending 31.03.2015 (Rs. in Lakhs)	For the Year ending 31.03.2014 (Rs. in Lakhs)
Gross Sales	0	383
Interest and Other Income	1205	73
(Loss) / Profit before Interest, Depreciation & Extra ordinary Items	(2924)	(674)
Interest	60	1239
Depreciation	204	227
Prior Period adjustments	4	1607
(Loss) / Profit before tax	(3192)	(3747)
Provision for taxation	(28)	(133)
(Loss)/Profit after tax	(3164)	(3614)

### OPERATIONS:

There were no operations during the year as the Company was forced to suspend the operations since June 2013 as the Banks stopped lending Working Capital support consequent on the Accounts being classified as NPA. Also on account of the demand of Rs.87 crores raised by the GEB and non grant of reliefs and concessions by the Govt. of Goa, Banks were apprehensive of lending further exposure to your Company.

During the year the Company's Bankers viz., Bank of Maharashtra and Union Bank

of India invoked the provisions of SARFAESI ACT, 2002 and also assigned the respective debts in favour of ARCs; PARAS and ARCIL respectively. The assignees viz., PARAS and ARCIL have notified their acquiring the debts as above and the Company has recognised the said change in the lenders particulars accordingly.

After holding a series of meetings with the Union as well as all the Officers, on account of the suspension of operations since June 2013, the employees have been requested not to report for duty, except a few essential employees (with an assurance that no sooner the Company is in a position to restart the operations they would be called to report for duty) and hence no provision has been made for Salaries/wages from June 2013. Similarly, interest on loans has not been provided for the year under report.

During the year the Company has written back Rs.1157.44 lakhs being liability to Unsecured Loans that have become time barred and no longer payable. The Company has also during the year written off as bad debts an amount of Rs.2076.09 lakhs towards Sundry Debtors pertaining to the disputed billing during 2008-09 on account of sudden fall in prices of shredded scrap from USD 690 PMT to USD 220 PMT and selling prices from Rs.60,000/- PMT to Rs.32,000/- PMT as a result of the Global economic crisis which in the opinion of the management have become bad and irrecoverable and Rs.243.23 lakhs towards advances made to suppliers which in the





opinion of the management have become bad and not realizable.

The Company had recognized the claims made by the GEB towards electricity supply to the Company in excess of Rs.2.84 per unit (inclusive of energy & demand charges) as refundable by the GEB in line with the tariff approved vide order dated 28.08.2000 and its extension for a period of 5 years as further rehabilitation scheme sanctioned by BIFR. However, the State Govt./GEB have not extended the same till date. In the meanwhile the Company is in the process of finalizing its MDRS envisaging various reliefs and concessions from the State Govt. of Goa which is currently pending before the Govt. of Goa/BIFR. In the circumstances and pending revised MDRS to be sanctioned by BIFR duly supported by the Govt. of Goa, the provision of Rs.1717.45 lakhs relating to the past period is in the opinion of the management not enforceable and hence written off during the year.

With a view to restart the operations, the Company has approached the Hon'ble BIFR with Modified Draft Rehabilitation (MDRS) envisaging restructuring of dues assigned to ARCs, power, sales tax and entry tax concessions from the Govt. of Goa and infusion of funds.

#### **BOARD:**

The BIFR had appointed Mr. M. K. Garg as Special Director on the board during the year 2009. His nomination has been withdrawn by the BIFR w.e.f. 20.08.2014 having completed five years as Special Director. The Board places on record its appreciation

for his valuable contribution during his tenure.

Shri A. K. Sinha, Independent Director resigned as a Director with effect from 17.07.2015. The Board places on record its appreciation for his valuable contribution during his tenure.

Shri P. J. Bhide retires by rotation at this Annual General Meeting and is eligible for reappointment. Mr. Bhide, aged 81 years, is a practicing Chartered Accountant and has vast experience in accounting and taxation. He is the Chairman of the Company's audit committee and a member of the Company's remuneration committee. He is a Director in 1. Coorg Tea Company Limited, 2. Greenfield Exports Limited, 3. Unick Fix-A-Form & Printers Limited, 4. Belsund Sugar & Industries Limited, 5. Plenty Valley Intra Limited, 6. Cochin Malabar Estates & Industries Limited, 7. Goa Springs Limited, 8. Western India Mining Services Pvt. Ltd. 9. Grob Tea Company Ltd. 10. Kwaliti Builders & Developers Ltd. 11. Design India Pvt. Ltd. and 12. Shahadev Investments & Finance Pvt. Ltd.

Mr. Purushotham Jagannath Bhide does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Purushotham Jagannath Bhide as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr.



Purushotham Jagannath Bhide as an Independent Director, for the approval by the shareholders of the Company.

The Board at its meeting held on 17.07.2015 has appointed Shri T. Srinivasa as additional director of the Company. He holds office until the ensuing Annual General Meeting. The Company has received notice under Section 160 of the Companies Act, 2013 from a member signifying his intention to propose the candidature of Shri T. Srinivasa, for the office of Director. Shri T. Srinivasa, aged 60 years, is a practicing Chartered Accountant and has vast experience in Auditing and taxation.

Your Directors recommend his appointment.

#### **REHABILITATION SCHEME:**

The BIFR Sanctioned Scheme 2002/2003 has been fully implemented by all the concerned Agencies. viz. Financial Institutions, Banks and Promoter; except the State Govt. of Goa. The Company has approached the Hon'ble BIFR with Modified Draft Rehabilitation (MDRS).

#### **AUDITORS:**

Pursuant to the provisions of Section 139 of the Companies Act 2013 and the rules framed there under, M/s. N. D. Hegde & Associates, Chartered Accountants, Margao were appointed as Auditors of the Company from the conclusion of the 26<sup>th</sup> Annual General Meeting of the Company held on 29.09.2014 till the conclusion of the 30<sup>th</sup> Annual General Meeting to be held in the year 2018, subject to ratification of their re-appointment at every Annual General Meeting.

#### **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 company has installed facilities for improved quality of production like Vacuum Degassing and Vacuum Oxygen Decarburization, Electro Magnetic Stirrer and Auto Cutters.

The details required pursuant to Section 134 (3) (m) of The Companies Act, 2013 are given in the annexure form 'A' and 'B'.

#### **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. NIL

#### **DIRECTORS' RESPONSIBILITY STATEMENT:**

As required by Section 134 (3) (c) of The Companies Act, 2013, 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