



# **MARMAGOA STEEL LIMITED**

**REPORT & ACCOUNTS, 2016**

IS/ISO 9001



**BOARD OF DIRECTORS**

Ashok Mittal  
R. K. Radhakrishna (Managing Director)  
P. J. Bhide  
K. V. Ramarathnam  
T. Srinivasa

**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



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## NOTICE TO THE MEMBERS

Notice is hereby given that the 28th Annual General Meeting of the Members of MARMAGOA STEEL LIMITED will be held on Saturday 13th August, 2016 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 31st March, 2016 and the Statement of Profit and Loss for the year ended 31st March, 2016 along with the Auditors' Report, Directors' Report and Corporate Governance Report thereon.
2. To appoint a Director in place of Shri Ashok Mittal who retires by rotation and is eligible 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 26th Annual General Meeting until the conclusion of 30th 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."

**By Order of the Board,**

Registered Office:

Survey No. 280  
Eclate, Curtorim  
Salcette - Goa

Date: 29.06.2016

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



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**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 Section 105 of the Companies Act, 2013, read with the applicable rules thereon, 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 09.08.2016 to 13.08.2016 (both days inclusive).



## 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 17th July, 1987 and Commencement of Business Certificate was granted on 10th 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)

	FY 2015-16	FY 2014-15	FY 2013-14
Gross Revenue	0	0	382.76
Profit/(Loss) Before Tax	(529.35)	(3191.95)	(3747.15)
Profit/(Loss) for the period	(449.68)	(3164.15)	(3614.00)

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 2016-17.

(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: 29.06.2016

**By Order of the Board,**

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



## DIRECTORS' TWENTY EIGHTH ANNUAL REPORT

*Dear Shareholders,*

Your Directors are pleased to present the Twenty Eighth Annual Report along with the audited Statements of Accounts for the year ended 31st March, 2016.

### FINANCIAL RESULTS:

	For the Year ending 31.03.2016 (Rs. in Lakhs)	For the Year ending 31.03.2015 (Rs. in Lakhs)
Gross Sales	0	0
Interest and Other Income	0	1205
(Loss) / Profit before Interest, Depreciation & Extra ordinary Items	(257)	(2924)
Interest	71	60
Depreciation	201	204
Prior Period adjustments	0	4
(Loss) / Profit before tax	(529)	(3192)
Provision for taxation	(80)	(28)
(Loss)/Profit after tax	(449)	(3164)

### OPERATIONS:

There were no operations during the year also 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.

As communicated in the previous 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.

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:**

Shri Ashok Mittal retires by rotation at this Annual General Meeting and is eligible for reappointment. Mr. Mittal aged 57 years, is a Commerce graduate and has been in the steel business for over 35 years. He has vast experience in promoting and operating steel plants and rolling mills. He is also a Director in 1. Chandor Engineering & Trading Company Private Limited 2. Rukmani Finance Private Limited 3. Amona Power Private Limited 4. Karnataka Steel Private Limited 5. Jiva Metal & Trading Limited and 6. Jiva Ferro Limited.

Mr. Ashok Mittal 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. Ashok Mittal as a Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Ashok Mittal as a Director, for the approval by the shareholders of the Company.

**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 26th Annual General Meeting of the Company held on 29.09.2014 till the conclusion of the 30th Annual General Meeting to be held in the year 2018, subject to ratification of their re-appointment at every Annual General Meeting.

**SECRETARIAL AUDITORS:**

Pursuant to the provisions of Section 204 of the Companies Act 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr. Prasanna S. Rao, Company Secretary in Practice to undertake the Secretarial Audit of the Company for the Financial Year 2015-16. The Report of the Secretarial Auditor is annexed herewith as "ANNEXURE - I".

**EXTRACT OF ANNUAL RETURN:**

The details forming part of the extract of the Annual Return in form MGT 9 is annexed herewith as "ANNEXURE - II".

**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 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 pending sanction of the MDRS by the Hon'ble BIFR;
- (v) that the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;