



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



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NOTICE TO THE MEMBERS

Notice is hereby given that the **27th Annual General Meeting** of the Members of **MARMAGOA STEEL LIMITED** will be held on Saturday 26th 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 31st March, 2015 and the Statement of Profit and Loss for the year ended 31st 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 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.”

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 17th 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 17th 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 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 2014-15	FY 2013-14	FY 2012-13
Gross Revenue	0	382.76	6234.78
Profit/(Loss) Before Tax	(3191.95)	(3747.15)	(2851.64)
Profit/(Loss) for the period	(3164.15)	(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 31st 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. Kquality 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 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.

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;
- (vi) that the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Disclosure on Voluntary Corporate Governance Guidelines:

The Ministry of Corporate Affairs has issued a set of Voluntary guidelines called "Corporate Governance – Voluntary Guidelines 2009" in December, 2009. The guidelines include conditions for composition of board, appointment of directors, scope and role of audit committee, Secretarial Audit Report and Institution of mechanism for whistle blowing. The Company is substantially complying with the recommendations on Audit committee and Internal Auditors and is taking steps towards implementation of other guidelines.

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. 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 faces competition from other steel mills in the country who can offer the same products at a lower price mainly due to locational advantage.

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 modernizing its manufacturing process. The company has commissioned an Electro Magnetic Stirrer and has commissioned a Vacuum Degassing System / Vacuum Oxygen Decarburization 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 lack of adequate Working Capital Facilities has had an adverse impact not only on the volume of production but also on the liquidity position of the company's finances.

Outlook:

There is a good demand for the company's product. If adequate Working Capital support is extended by the Companies Banker's, the management is confident that there will be no fall in demand for its product in the near future.

Internal Control Systems

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

- Ø Purchase of stores and assets, and sales of its products.
- Ø Adequacy of accounting records and
- Ø 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

Ashok Mittal
DIRECTOR
DIN: 00066318

P. J. Bhide
DIRECTOR
DIN: 00012326

Place: Camp Bangalore
Date: 17.07.2015



ANNEXURE TO THE DIRECTORS' REPORT

Information as required under Section 134 (m) of The Companies Act, 2013 Total Energy Consumption and Energy Consumption per unit of production

FORM – A

As the entire operations are suspended since June 2013, there is consequently no production and hence details of (a) power and fuel consumption and (b) consumption per unit of production are not available.

FORM – B

TECHNOLOGY ABSORPTION

a) Research and Development:

The information on Research and Development is given in the Directors' Report under the head "Conservation of Energy and Technology Absorption".

b) Technology Absorption, Adoption and Innovation:

The relevant information is given in the Directors' Report under the head "Conservation of Energy and Technology Absorption".

c) Foreign Exchange Earnings and Outgo:

The information relating to Foreign Exchange Earnings and Outgo is given in the Directors' Report under the head "Foreign Exchange Earnings and Outgo".

For and on behalf of the Board

Ashok Mittal
DIRECTOR
DIN: 00066318

P. J. Bhide
DIRECTOR
DIN: 00012326

Place : Camp, Bangalore

Date : 17.07.2015



CORPORATE GOVERNANCE REPORT

I. CORPORATE GOVERNANCE PHILOSOPHY:

Corporate Governance is an essential part of the management where the stress is on excellence in manufacture and delivery of the Company's products, which meet the highest quality standards. At Marmagoa Steel Limited, emphasis is on continuous improvement in all areas of activities for constantly enhancing value for all the stakeholders of the company and also for employee growth. The affairs of the company will be run in such manner so as to achieve continuous and sustained improvement in all areas of activity which would help realize the company's objective of maximizing value for all stakeholders of the company.

II. BOARD COMPOSITION:

Size:

There are presently Five Directors on the Board viz.:

- a. Mr. Ashok Mittal - Director
- b. Mr. R. K. Radhakrishna - Managing Director
- c. Mr. P. J. Bhide - Director
- d. Mr. K. V. Ramarathnam - Director
- e. Mr. A. K. Sinha - Director (upto 17.07.2015)
- f. Mr. T. Srinivasa - Additional Director

Board Meetings:

Four Board meetings were held during the year 2014-15 on: 18.07.2014, 06.09.2014, 29.09.2014 and 24.01.2015.

Managerial Remuneration:

Managerial Remuneration Under section 197 of the Companies Act, 2013 paid to

- (i) The Managing Director - Mr. R. K. Radhakrishna

	For the year ended 31.03.2015	For the year ended 31.03.2014
Salary & Other allowances	-	224500
P F Contribution	-	12600
Other Perquisites	209719	317059
	209719	554159

Composition of the Board:

Name of Directors	Position	Meetings Attended		*Fees paid	No. of other Directorships	Other Committee membership		Attended Last AGM
		Board	AC			Chairman	Member	
Mr. Ashok Mittal	Director	4	-	Nil	6	-	-	Yes
Mr. R. K. Radhakrishna	Mng. Dir.	4	3	Nil	3	-	-	Yes
Mr. P. J. Bhide	Independent	3	3	Nil	12	-	-	No
Mr. K. V. Ramarathnam	Independent	3	2	Nil	2	-	-	Yes
Mr. A. K. Sinha	Independent	4	3	Nil	0	-	-	Yes

*No Sitting Fees as also Audit committee sitting fees were paid as the operations were suspended since June 2013.

III. AUDIT COMMITTEE:

The Audit Committee consists of four director's viz.: M/s P.J. Bhide, Chairman (Independent – Practicing Chartered Accountant) R.K. Radhakrishna (Managing Director), A. K. Sinha (Independent) and K. V Ramarathnam (Independent).

The committee met three times during the year 2014-15 on:
18.07.2014, 06.09.2014 and 24.01.2015.

IV. INVESTORS GRIEVANCE COMMITTEE

The Investors Grievance Committee which was reconstituted on 17th June, 2008 comprises of the following Directors:

M/s K. V. Ramarathnam, R.K. Radhakrishna and Ashok Mittal to approve transfer and transmission of shares, Issue of Split/Duplicate Share Certificates and redressal of Investors' grievances.

Total number of complaints received and redressed during the year – 5
Complaints pending redressal as on 31-03-2015 – Nil

V. REMUNERATION COMMITTEE

The remuneration committee comprising of three independent directors was reconstituted on 17th June, 2008. The Directors being: M/s, P.J. Bhide, A. K. Sinha and K. V. Ramarathnam.

VI. GENERAL MEETINGS

The previous three Annual General Meetings were held at the Registered Office of the Company at Plot no. 280, Eclate, Curtorim, Salcette, GOA – 403 709 on:

- ❖ 29th September, 2014
- ❖ 30th September, 2013
- ❖ 29th September, 2012



One Extraordinary General Meeting was held during the previous three years. No resolutions have so far been passed by postal ballot.

VII. DISCLOSURES:

There have been no related party transactions during the year that may have potential conflict with the interests of the Company.

No penalties or strictures have been imposed on the Company by any regulatory authority relating to the capital market during the year.

VIII. GENERAL SHAREHOLDER INFORMATION:

27 th AGM	Registered Office, 26.09.2015 , 4.30 pm.
Financial Year	2014 - 15
Book Closure	22.09.2015 to 26.09.2015 (both days inclusive)
Listing on Stock Exchanges	Mumbai.
Stock Code	BSE - 513355
Market Price	Rs.1.83 as on 20/03/2013
52 week High / Low	Trading suspended since 20.03.2013
Share Transfer Agents	Big Share Services Private Limited, E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (E) 400072 – Mumbai
Dematerialisation of Shares	National Securities Depository Limited. Central Depository Services (India) Limited. ISIN – INE698E01023
Plant Location	The Company has set up a steel plant in Goa, on the West Coast of India.
Address for Correspondence	Plot no. 280, Eclate, Curtorim, Salcette, GOA – 403 709 Tel: 0832 – 2857604 Fax: 0832 - 2857495

Distribution of Shareholding:

Range From	In Rs TO	Total Holders	% of Total Holders	Total Holding in Rupees	% of Total Capital
1	5000	27847	99.4784	6690598	10.9785
5001	10000	70	0.2501	525826	0.8628
10001	20000	38	0.1357	540619	0.8871
20001	30000	7	0.0250	175274	0.2876
30001	40000	3	0.0107	101600	0.1667
40001	50000	4	0.0143	183060	0.3004
50001	100000	11	0.0393	740611	1.2153
100001	999999999	13	0.0464	51985412	85.3017
□	Total :	27993	100	60943000	100

**Shareholding Pattern:****DISTRIBUTION OF SHAREHOLDING AS ON 31st MARCH 2015**

	Category	No. of Shares	%
1	Promoters (#) - Indian.	40869400	67.06
2	Promoters - Foreign	0	0.00
3	Persons acting in concert	0	0.00
	sub-total [A]	40869400	67.06
	Non-Promoters		
3	<u>Institutional Investors:</u>		
a	Mutual Funds and UTI	10700	0.018
b	Banks; Fin. Ins.; Ins.Cos.; Govt. Instns.}	1800	0.002
c	Foreign Institutional Investors	0	0.000
	sub-total [B]	12500	0.020
4	Others:		
a	Private Corporate Bodies	8950273	14.68
b	Indian Public	9678876	15.89
c	NRI's / OCB's*	1431951	2.35
	Demat Transit	0	0.00
	sub-total [C]	20061100	32.92
	GRAND TOTAL [A+B+C]	60943000	100.00

For and on behalf of the Board

Ashok Mittal
DIRECTOR
DIN: 00066318P. J. Bhide
DIRECTOR
DIN: 00012326

Place : Camp, Bangalore

Date : 17.07.2015



AUDITORS' CERTIFICATE

To
THE MEMBERS OF MARMAGOA STEEL LIMITED,

We have examined the compliance of conditions of Corporate Governance by Marmagoa Steel Limited, for the year ended on 31st March 2015, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchange.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company. Further we state that, during the year, there was in existence

- 1) An Audit Committee with a non- executive independent Director as its Chairman, and
- 2) An Investors' Grievance Committee. There were no unredressed complaints as on 31-03-2015 as per the Certificate issued by the Share Registrars.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the rest of the requirements under Clause 49 of the Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the company nor of the efficiency or effectiveness with which the management has conducted the affairs of the company.

For **N. D. HEGDE & ASSOCIATES**
CHARTERED ACCOUNTANTS
FIRM REG NO. 103616W

NAGESH D. HEGDE
PROPRIETOR
Membership No.41345

Place: Curtorim
Date : 17th July 2015



INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MARMAGOA STEEL LIMITED

Report on the Financial Statements:

1. We have audited the accompanying financial statements of **MARMAGOA STEEL LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March 2015, the Statement of Profit and Loss, and the Cash Flow Statement for the year ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements:

2. The management and Board of Directors of the Company are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the Accounting Principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules 2014. This responsibility includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; design,

implementation and maintenance of adequate internal financial controls, that are operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility:

3. Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or

error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements, that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Management and Board of Directors, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion:

6. We have been informed by the company that the production activities have been suspended since June 2013 for want of Working Capital Support from the Banks, consequent upon the company's loans which have been classified as NPA by both the Bank of Maharashtra and the Union Bank of India. As a result, there is no generation of cash flows even to meet the day to day expenses. *However, pending finalization of rehabilitation plan the accounts have been prepared on a going concern basis.*

Subject to this, in our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements read together with the Notes thereon, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2015.
- ii) In the case of the Statement of Profit & Loss, of the Losses for the year ended 31st March 2015 and
- iii) In the case of the Cash Flow Statement, of the Cash Flows during the year ended that date in the functioning of the Company.

Report on other Legal and Regulatory requirements:

7. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give below a statement on the matters specified in paragraphs 3 and 4 of the Order.
- i. (a) The Company has maintained proper records in electronic medium showing full particulars including quantitative details and situation of fixed assets.
 - (b) As represented to us in writing, the company has made a policy of verifying physically, the fixed assets in a block of two years. During the period, there has been no physical verification of the fixed assets.

- ii. (a) We have been informed that in the absence of production, no physical verification has been done of inventory. Under these circumstances, periodical physical verification was not considered necessary.
- (b) The procedures of physical verification of inventory followed by the management are reasonable but not adequate in relation to the size of the Company and the nature of its business, since the inventory was not completely verified physically.
- (c) In our opinion and according to the information and as per the explanations given to us, the Company is maintaining proper records of inventory. The actual stock of physical verification was done only after the shutdown of manufacturing operation in May 2013. In the absence of physical verification of items of inventory, the question of dealing with the discrepancy in the book stock does not arise.
- iii. (a) The company had granted during the year 2012-13 an interest free loan to a company covered under Section 189 of the Companies Act. No such loans were granted to any firm or other party covered under Section 189 of the Companies Act. Balance at the end of the year was Rs. 52.52 Lakhs.
- (b) No interest has been charged to the borrower. We have been informed that the said advance was made to the holding company of Marmagoa Steel Limited, out of the interest free loan received from another company with which there were no terms and conditions attached regarding repayment of the principal.
- (c) Since no specific terms were attached regarding repayment of the principal, the question of overdue loans does not arise.
- iv. In our opinion and according to the information and as per the explanations given to us, there is an adequate internal control system in the company commensurate with its size and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods. There were no services rendered by the company. During the course of our audit, we did not come across any continuing failure to correct any major weaknesses in the internal control system prevailing in the Company.
- v. In our opinion and according to the information and as per the explanations given to us, the Company has neither accepted deposits from the public during the year under consideration nor has the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal have passed any orders against the Company for any contravention under Sections 73 & 74 or any other provisions of the Companies Act.
- vi. The Central Government has prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956, for the products of the Company. We have broadly reviewed the books of account maintained by the Company pursuant

to the order made under the said Section and are of the opinion that prima-facie; the Company has maintained the prescribed accounts and records.

vii(a) In our opinion and according to the information and as per the explanations given to us, during the year, the Company was not regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, VAT, Income Tax and Service Tax. However, in the payment of Customs duty, Excise duty, cess and Wealth tax the company was regular in depositing undisputed dues with the appropriate authorities. As on 31st March 2015, a sum of Rs. 840.57 lakhs of tax was outstanding for a period of more than six months from the date they became payable comprising of the following -

(b) Statutory Dues	Rs. In Lakhs	Forum where Dispute pending
EPF – Employers Contribution (MSL)	11.37	PF commissioner
ESI – Employers Contribution (MSL)	4.30	
PF Contribution (Contractors)	1.57	PF commissioner
Service Tax	30.75	
Income Tax – TDS	63.60	
Entry Tax	5.97	
Central Sales Tax	430.61	
VAT of various states	292.40	
Total	840.57	

(c) There has not been an occasion in case of the Company during the year under report to transfer any sums to the Investor Education and Protection Fund. The question of delay in transferring such sums does not arise.

viii. The company has accumulated losses at the end of the year which are more than 50% of its net worth. The Company has incurred cash losses during the current financial year and during the immediately preceding financial year.

ix. In our opinion and according to the information and as per the explanations given to us, the Company has defaulted in the repayment of dues to their Bankers viz., Bank of Maharashtra, Margao Branch and Union Bank of India, Panjim Branch who have invoked the provisions of SARFAESI Act, 2002 and also assigned the respective debts in favour of Asset Reconstruction Companies; Pridhvi Asset Reconstruction and Securitisation Company Ltd., Hyderabad and Asset Reconstruction Company (India) Ltd. respectively. We have been informed that negotiations are in progress with both the ARCs for arriving at a negotiated settlement of dues.

x. In our opinion and to the best of our information and as per the explanations given to us and as per the records of the Company, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions.

- xi. In our opinion and to the best of our information and as per the records of the Company, no Term Loans were borrowed during the period under consideration for any specific purpose.
- xii. During the course of our audit, we have neither come across any frauds on or by the Company nor has the same been reported to us by the management.
8. As required by section 143(3) of the Act, we further report that:
- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c) the Balance Sheet, Statement of Profit and Loss and Cash Flow statement dealt with by this Report are in agreement with the books of account;
- d) in our opinion, the aforesaid financial statements comply with the applicable Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014
- e) on the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164(2) of the Act
- f) In our opinion and to the best of our information and according to the explanations given to us, we report as under with respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014:
- i. The pending litigations which would impact the financial position of the Company is given at Note 32 of the Notes to financial statements
- ii. The Company did not have any long-term contracts including derivative contracts; as such the question of commenting on any material foreseeable losses thereon does not arise
- iii. There has not been an occasion in case of the Company during the year under report to transfer any sums to the Investor Education and Protection Fund. The question of delay in transferring such sums does not arise.

For N.D.HEGDE & ASSOCIATES,
Chartered Accountants
(ICAI Firm Reg.No.103616W)

NAGESH D. HEGDE
Membership No.: 041345

Place: Curtorim
Date:17.07.2015

**BALANCE SHEET AS AT 31st MARCH 2015**

	Note No.	Figures as at the end of Current Reporting Period	Figures as at the end of Previous Reporting Period
Equity & Liabilities			
1) Shareholders' Funds:			
a) Capital	2	607.63	607.63
b) Reserves and Surplus	3	(10,014.87)	(6,683.00)
2) Non-Current Liabilities			
a) Long Term Borrowings	4	2,738.21	3,738.22
b) Deferred Tax Liability (Net)	5	(25.77)	2.03
c) Long Term Provisions	9	-	303.85
3) Current Liabilities			
a) Short Term Borrowings	6	5,777.80	5,776.34
b) Trade Payables	7	2,942.98	3,122.85
c) Other Current Liabilities	8	1,227.20	2,170.73
d) Short Term Provisions	9	353.18	47.82
Total		3,606.36	9,086.47
Assets			
1) Non-Current Assets			
a) Fixed Assets			
Tangible Assets	10	1,532.86	1,909.98
b) Non-Current Investments	11	0.25	0.25
c) Long Term Loans & Advances	12	8.89	8.89
d) Other Non-Current Assets	13	5.78	5.78
2) Current Assets			
a) Inventories	14	724.35	724.35
b) Trade Receivables	15	36.90	2,150.24
c) Cash & Cash Equivalents	16	12.45	13.92
d) Short Term Loans & Advances	17	52.52	52.52
e) Other Current Assets	18	1,232.36	4,220.54
Total		3,606.36	9,086.47
Significant Accounting Policies	1		
See accompanying notes to the Financial Statements			

Alexander A. C. Rodrigues
Vice President - F & A

Ashok Mittal
Director

R.K.Radhakrishna
Managing Director

Subject to our Report of Even Date
For **N.D.Hegde & Associates**
Chartered Accountants

Place: Camp, Bengaluru
Date : 17th July, 2015

Nagesh D. Hegde - Proprietor



STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH, 2015

	Note No.	Figures for the Current Reporting Period	Figures for the Previous Reporting Period
Revenue from Operations	19	0.30	395.29
Other Income	20	1,204.80	18.82
Total Revenue		1,205.10	414.11
Expenses			
Raw Materials Consumed	21 A	-	386.59
Changes in Inventories of Finished Goods	21 B	-	224.25
Employee Benefit Expenses	22	-	112.75
Finance Cost	23	60.10	1,238.89
Depreciation	10	204.32	227.32
Other Expenses	24	74.14	364.23
Prior Period Items	25	3.95	1607.23
Advances no longer recoverable	29	1,978.45	-
Bad Debts written off	30	2,076.09	-
Total Expenses		4,397.05	4,161.26
Profit/(Loss) before Tax		(3,191.95)	(3,747.15)
Less: Tax Expense	26	(27.80)	(133.15)
Profit/(Loss) for the period		(3,164.15)	(3,614.00)
Total No. of Equity Shares		60,943,000	60,943,000
Earnings per Share		(5.19)	(5.93)
Significant Accounting Policies	1		
See accompanying notes to the financial statements			

Alexander A. C. Rodrigues
Vice President - F & A

Ashok Mittal
Director

R.K.Radhakrishna
Managing Director

Subject to our Report of Even Date
For **N.D.Hegde & Associates**
Chartered Accountants

Place: Camp, Bengaluru
Date : 17th July, 2015

Nagesh D. Hegde - Proprietor


' CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015

	'Year ended 31-03-2015 Rs in lakhs		'Year ended 31-03-2014 Rs in lakhs	
A CASH FLOW FROM OPERATING ACTIVITIES:				
Net Profit/(loss) before Tax		(3,191.95)		(3,747.15)
Adjustments for:				
Deferred tax adjustment (Net)	(27.80)		(133.16)	
Prior Period Adjustment (Net)	3.95		1,607.23	
Advances no longer recoverable	1,978.44		-	
Bad debts written off	2,076.09		-	
Unsecured loan & Advances no longer payable	(1,204.43)		-	
Depreciation	204.32		227.32	
Interest received	(0.37)		(18.82)	
Interest	60.10		836.28	
Loss on sale of Asset	-		-	
		3,090.30		2,518.85
Operating Profit before working capital changes		(101.65)		(1,228.30)
Adjustments for :				
Trade and other Receivables	2,113.34		(175.24)	
Inventories	-		486.94	
Loans and Advances	2,988.22		385.19	
Trade Payables	(1,121.89)	3,979.67	107.03	803.92
Cash generated from operations		3,878.02		(424.38)
Payment of Taxes - Current tax	-		-	
- Deferred tax (net)	27.80	27.80	133.15	133.15
		3,905.82		(291.23)
Extraordinary items:				
Prior Period Adjustments (net)	(3.95)			
Advances no longer recoverable	(1,978.44)			
Bad debts written off	(2,076.09)			
Unsecured loan & Advances no longer payable	1,204.43	(2,854.05)		(1,607.23)
NET CASH FROM OPERATING ACTIVITIES		1,051.77		(1,898.46)
B CASH FLOW FROM INVESTING ACTIVITIES :				
Interest received	0.37		18.82	
Purchase of Fixed Assets	(0.16)		(0.11)	
Sale of Asset	5.19		-	
NET CASH FROM INVESTING ACTIVITIES		5.40		18.71



	'Year ended 31-03-2015 Rs in lakhs	'Year ended 31-03-2014 Rs in lakhs
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Long Term borrowings	(1,000.00)	341.34
Proceeds from Short Term borrowings	1.46	2,033.36
Interest paid	(60.10)	(836.28)
NET CASH FROM FINANCING ACTIVITIES	(1,058.64)	1,538.42
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	(1.47)	(341.33)
Cash and Cash Equivalents as at 31st March, 2014	13.92	355.25
Cash and Cash Equivalents as at 31st March, 2015	12.45	13.92

Alexander A. C. Rodrigues
Vice President - F & A

Ashok Mittal
Director

R.K.Radhakrishna
Managing Director

Place : Bengaluru

Date : 17.07.2015

AUDITORS' CERTIFICATE

To,
The Board of Directors,
MARMAGOA STEEL LTD.
Curtorim, Goa.

We have examined the attached Cash Flow Statement of Marmagoa Steel Limited for the year ended 31st March, 2015. The Statement has been prepared by the Company in accordance with the requirements of clause 32 of the Listing Agreement with the Stock Exchanges and is based on and in agreement with the corresponding Profit & Loss Account and Balance Sheet of the Company covered by our report dated 17th July, 2015 to the members of the Company.

For **N. D. HEGDE & ASSOCIATES**
CHARTERED ACCOUNTANTS
ICAI FIRM REG. NO.103616W

Place : Curtorim
Date : 17.07.2015

NAGESH D. HEGDE
PROPRIETOR
(Membership no. 041345)

NOTES TO FINANCIAL STATEMENTS

1) Significant Accounting Policies & compliance of Accounting Standards.

a) System of Accounting:

The financial statements are prepared on accrual basis and are in accordance with the historical cost convention.

b) Sales:

Sales are exclusive of Excise Duties and Value Added Tax and are recognized on transfer of property in the goods.

c) Accounting for Fixed Assets:

Fixed Assets are stated at cost of acquisition or construction as reduced by MODVAT/CENVAT credit availed and depreciation. All costs relating to the acquisition and installation of fixed assets including financing and other costs incurred upto the date of commencement of commercial production/ the asset was put to use, are included in the cost of fixed assets.

d) Depreciation Accounting:

Depreciation on assets is written off in the manner prescribed in Schedule II of the Companies Act 2013 with effect from 1st April 2014.

e) Valuation of Inventories:

Finished Goods are valued at lower of cost or net realizable value. Raw materials, stores & spare parts are valued on Weighted Average Cost (on FIFO method). Work in Process is valued at cost. VAT component is not considered for valuation. Excise duty paid is included in the valuation of stock of finished goods at depots.

f) Accounting of Investment:

Investments are shown at Cost.

g) Accounting for Employee benefits:

i) Gratuity: Liability on account of gratuity payable to the employees if they were to retire from service on 31st March 2015 amounted to Rs 244.45 Lakhs (previous year - Rs. 242.95 Lakhs). Provision has been made for the said liability in the books. The Company has set up a Recognized Gratuity

fund which has taken a Group Gratuity cum Life Assurance Scheme Policy of Life Insurance Corporation of India covering all the employees of the Company. The amount funded in the said policy as on 31st March 2015 is Rs. 15.82 Lakhs (Previous year Rs. 14.51 Lakhs). The balance amount of provision with the Company is Rs. 228.63 Lakhs.

ii) Leave Encashment Benefit: Liability on account of Leave Encashment benefit should all the employees retire from the Company computed up to 31st March 2013 amounts to Rs.71.22 Lakhs (Previous Year Rs.71.22 Lakhs). Although provision has been made for the above sum in the books, the liability is not funded. However, incremental provision for the previous and current reporting periods has not been made as the entire operations were shut since May 2013.

iii) Bonus and Ex-Gratia Payment: As the entire operations were shut since May 2013, no Bonus is provided for the previous and current reporting periods. A sum of Rs.4.81 lakhs provided in earlier years is outstanding as on 31.03.2015. Ex-Gratia payments payable on account of the informal practice of the Company has not been provided as in last year on account of shutting down of operations since May 2013. Similarly, salary for the closure period has not been paid based on 'no work, no pay'.

iv) Leave Travel Allowance: Employees are entitled for reimbursement of leave travel expenses/encashment, subject to a limit of one month's salary (Basic + DA) per year. However, as the entire operations were shut since May 2013, no provision is made for the previous and current reporting periods. A sum of Rs.19.42 lakhs provided in earlier years is outstanding as on 31.03.2015.

h) Leases:

Keeping in view the nature of the Operating Leases and the terms and conditions there under; rentals for the year in respect of assets taken on operating leases up to 31.03.2015 have been charged to the profit and loss account on accrual basis. The Company had no finance leases or non-cancelable operating leases current during the year.



i) Segment Reporting:

The Board of Directors of the Company has identified the business segment as the primary segment and the geographical segment as the secondary segment. The Company has only one segment comprising of manufacture and sale of Steel Billets and its Rolled Products, restricted only to the geographical segment of India.

j) RELATED PARTY DISCLOSURES

Sl no.	Name of related party	Nature of relationship	Nature of transaction	Transaction value		Outstanding balance	
				2014-15 (Rs in Lakhs)	2013-14 (Rs in Lakhs)	31.03.15 (Rs in Lakhs)	31.03.14 (Rs in Lakhs)
1	Sri R. K. Radhakrishna	Key management personnel - Managing director	Remuneration given	1.89	5.54	-	-
2	Chandor Engineering & Trading Company Pvt Ltd	Holding Company	Advance Given	-	-	52.52 (Dr)	52.52 (Dr)
			Repayment	-	-		

k) Accounting for Taxes on Income:

In compliance with the Accounting Standard 22 on 'Accounting for Taxes on Income', the Company has recognized a net cumulative deferred tax liability of Rs. 300.50 Lakhs (previous year Rs. 323.20 Lakhs) & deferred tax assets of Rs. 319.82 Lakhs (previous year Rs. 321.17 Lakhs). Deferred tax assets created on account of items u/s 40(a)(ia) and 43B of the Income Tax Act, 1961 amounts to Rs.6.44 lakhs (Previous Year 127.36 Lakhs).

l) Earnings per Share:

The basic earnings per share has been calculated by dividing the profits/ loss for the year attributed to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year and the immediately preceding year were 6,09,43,000.

m) Impairment of assets:

The Company would recognize impairment of assets based on the technical evaluation thereto conducted at periodical intervals.



NOTES TO FINANCIAL STATEMENTS

Figures as at the end of Current Reporting Period Figures as at the end of Previous Reporting Period

NOTE - 2

SHARE CAPITAL

	Authorised			
200,000,000	(Previous year 20,00,00,000) Equity Shares of Re. 1/- each	2,000.00	2,000.00	
60,943,000	Issued, Subscribed & Paid-up (Previous year 6,09,43,000) Equity Shares of Re. 1/- each (79,48,000 Shares of Re 1 each are issued for consideration other than cash)	609.43		
Less: Unpaid Allotment Money from Persons other than Directors		1.80	607.63	607.63
			607.63	607.63

a) Reconciliation of the number of shares outstanding at the beginning and at the end of the year.

	<u>Equity Shares</u>	<u>31/03/2015</u>		<u>31/03/2014</u>
	<u>No. of Shares</u>	<u>Rs. In Lakhs</u>	<u>No. of Shares</u>	<u>Rs. In Lakhs</u>
At the beginning of the year	60,943,000	609.43	60,943,000	609.43
Add: Issued during the year	-	-	-	-
Outstanding at the end of the year	60,943,000	609.43	60,943,000	609.43

b) Details of Shareholders holding more than 5% Equity Shares in the company

<u>Name of the Shareholders</u>	<u>31/03/2015</u>		<u>31/03/2014</u>	
	<u>No. of Shares</u>	<u>% Holding</u>	<u>No. of Shares</u>	<u>% Holding</u>
Equity Shares of Re. 1/- each				
i) Chandor Engg & Trading Co. Pvt. Ltd	40,230,000	66.01	40,230,000	66.01
ii) Jaikrish Investments Private Ltd	3,759,632	6.17	3,759,632	6.17

The company has only one type of share named as equity share which is entitled for dividends as and when declared. Under the companies act, a shareholder is entitled for the proportionate amount of residual money retained after distribution of all preferential amounts due by the company in the event of liquidation of the company.

c) The Holding Company of Marmagoa Steel Limited is the holder of the following Number of Shares-

	<u>31-03-2015</u>	<u>31-03-2014</u>
	<u>No. of Shares</u>	<u>No. of Shares</u>
Chandor Engg & Trading Co. Pvt. Ltd.	40,230,000	40,230,000
Unpaid calls from shareholders other than directors	Rs. 1.80 Lakhs	Rs. 1.80 Lakhs

**NOTES TO FINANCIAL STATEMENTS**

Figures as at the end of Current Reporting Period Figures as at the end of Previous Reporting Period

NOTE - 3**RESERVES AND SURPLUS**

Share Premium Account		2,861.28	2,861.28
Fixed Assets Reserve		-167.72	
Profit/(Loss) for the Period	(3,164.15)		
Add: Profit/(Loss) brought forward from the previous year	(9,544.28)	(12,708.43)	-9,544.28
		(10,014.87)	(6,683.00)

NOTE - 4**LONG TERM BORROWINGS****a) Term Dues**

PARAS - Principal		2,340.00	2,340.00
- Interest		398.21	398.22

(Formerly Bank of Maharashtra WCTL)

b) Loans & Advances from Companies

From Companies - Unsecured		-	1,000.00
		2,738.21	3,738.22

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.

NOTE - 5**Deferred Tax Liability (Net)**

Deferred Tax Liability		300.50	323.20
Deferred Tax Asset		(326.27)	(321.17)
		(25.77)	2.03

Refer Note - 1 (k)

**NOTES TO FINANCIAL STATEMENTS**

	Figures as at the end of Current Reporting Period	Figures as at the end of Previous Reporting Period
NOTE - 6		
SHORT TERM BORROWINGS		
a) Working Capital dues		
- PARAS	- Principal 607.72	633.30
	- Interest 88.12	88.12
(Formerly Bank of Maharashtra CC)		
- ARCIL	- Principal 198.30	198.30
	- Interest 28.83	28.83
(Formerly Union Bank of India CC)		
b) Due on account of devolution of Letters of Credit & Bank Guarantees		
- PARAS	- Principal 2,458.08	2,431.04
	- Interest 329.67	329.67
(Formerly Bank of Maharashtra)		
- ARCIL	- Principal 824.24	824.24
	- Interest 242.84	242.84
(Formerly Union Bank of India)		
c) From a Limited Company	1,000.00	1,000.00
	5,777.80	5,776.34

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. The above dues to ARCs are secured by a first charge by way of hypothecation of current assets and equitable mortgage of fixed assets as assigned by the respective banks by way of assignment of debts.

NOTE - 7**TRADE PAYABLES (INCLUDING ACCEPTANCES)**

Trade Payable (Including Acceptances)	2,942.98	3,122.85
	2,942.98	3,122.85

The names of the Small Scale Industrial undertakings to whom the Company owes sums exceeding Rs 1.00 Lakh, which is outstanding for more than 30 days, as also the bifurcation of liabilities between the total outstanding dues of Small Scale Industrial Undertakings and the total outstanding dues of creditors other than Small Scale Industrial Undertaking is required to be disclosed. This has not been disclosed for want of information for identifying Small Scale Industrial Undertaking from amongst the creditors.

NOTE - 8**OTHER CURRENT LIABILITIES**

Education Cess Payable - TDS	0.34	0.34
Education Cess Payable - Service Tax	1.95	1.95
ESI Payable	2.42	2.42
TDS Payable	63.60	62.97



NOTES TO FINANCIAL STATEMENTS

	Figures as at the end of Current Reporting Period	Figures as at the end of Previous Reporting Period
Central Sales Tax Payable	430.61	1,149.65
Labour Fund Payable	0.32	0.32
PF Employees	11.59	11.59
PF Contractors	1.57	1.57
Service Tax Payable	30.75	30.75
Goa VAT Payable	13.27	13.27
Share Application Money Refundable	7.48	7.48
Haryana VAT Payable	130.78	130.78
Maharashtra VAT Payable	50.02	50.02
Madhya Pradesh VAT Payable	54.50	54.50
Madhya Pradesh Entry Tax Payable	5.97	5.97
Maharashtra VAT Payable (Comm.)	18.34	18.34
Chennai VAT Payable	25.49	25.49
Salary Payable	-	-
Electricity Charges Payable	296.56	410.55
LIC Premium of Employee Payable	0.65	0.65
Employee Salary Linked Loan Payable	0.06	0.06
MSL Employee Union Account	2.01	2.01
Security Deposit - Rahul Engg	3.40	3.40
Outstanding Liabilities	21.11	68.39
Security Deposit - Maula Nadaf	1.34	1.34
Security Deposit - Badharan	0.24	0.24
Security Deposit - Sabari Enterprises	1.59	1.59
EMD - Maula Nadaf	0.05	0.05
Staff Advance	50.04	5.86
Travel Advance	1.15	1.15
Advance received from Debtors	-	108.03
	1,227.20	2,170.73

NOTE - 9

PROVISIONS

LONG TERM PROVISIONS

SHORT TERM PROVISIONS

	31/03/2015	31/03/2014	31/03/2015	31/03/2014
For Bonus - 2012-13	-	-	4.08	4.08
- 2011-12	-	-	0.73	0.73
For Gratuity	-	232.63	244.46	10.32
For Paid Leave Encashment	-	71.22	71.22	-
For Leave Travel Assistance	-	-	19.42	19.42
For Medical Reimbursement	-	-	13.27	13.27
	-	303.85	353.18	47.82

NOTES TO FINANCIAL STATEMENTS

NOTE - 10

TANGIBLE ASSETS

Particulars	GROSS BLOCK		DEPRECIATION	NET BLOCK		
	Cost as at 01.04.2014	Additions (Sales/Transfer)		Cost as at 31.03.2015	Up to 31.03.2015	As at 31.03.2015
1. Land	45.99	-	-	-	45.99	45.99
2. Buildings	1,184.59	-	786.53	39.27	1,184.59	398.06
3. Plant & Equipment	4,989.55	-147.95	3,551.58	161.94	4,841.60	1,437.97
4. Furniture & Fixtures	31.58	-2.31	29.17	0.10	29.27	2.41
5. Vehicles	88.76	-14.14	72.63	1.99	74.62	16.13
6. Office Equipments	25.55	-8.40	16.13	1.02	17.15	9.42
	6,366.02	-172.80	4,456.04	204.32	6,193.22	1,909.98
Previous Year	6,365.90	0.11	4,228.73	227.32	1,909.97	2,137.19

**NOTES TO FINANCIAL STATEMENTS**

Figures as at the end of Current Reporting Period Figures as at the end of Previous Reporting Period

NOTE - 11

NON-CURRENT INVESTMENTS**In Equity Shares of Limited Companies****Non-Trade & Non-Quoted-At Cost**

1) 250 Equity Shares of Rs. 100 each in Goa State Co-operative Bank Limited	0.25	0.25
2) 1 Equity Share of Rs. 50 in Goa Urban Co-operative Bank Limited	0.005	0.005
	0.25	0.25

NOTE - 12

LONG TERM LOANS & ADVANCES(Unsecured - considered good)

Deposits	8.89	8.89
	8.89	8.89

NOTE - 13

OTHER NON-CURRENT ASSETS

Deposit with Registrar High Court of Bombay (Unsecured Considered Good)	5.78	5.78
	5.78	5.78

NOTE - 14

INVENTORIES

Raw Materials	342.17	342.17
Stores & Spares	350.87	350.87
Finished Goods	31.31	31.31
	724.35	724.35

Refer Note 1 (e)

NOTE - 15

TRADE RECEIVABLESUnsecured considered good

a) Outstanding for more than six months	36.90		
b) Others	-		
	36.90		
Less: Reserve for doubtful debts	-	36.90	2,150.24
		36.90	2,150.24

**NOTES TO FINANCIAL STATEMENTS**

Figures as at the end of Current Reporting Period Figures as at the end of Previous Reporting Period

NOTE - 16**CASH & CASH EQUIVALENTS**

1) Cash on hand	11.53		
2) Balances with Scheduled Banks in Current Account	0.83		
3) Balance in Current Account with Goa State Co-op. Bank Ltd.	0.09		
4) Balance in Current Account with Goa Urban Co-op. Bank Ltd.	0.002		
5) Margin Money and Guarantee Deposit accounts with Scheduled Banks	-	12.45	13.92
		12.45	13.92

NOTE - 17**SHORT TERM LOANS & ADVANCES**Loans & Advances to Related Parties (Unsecured, considered good)

Chandor Engineering & Trading Company Pvt Ltd	52.52		52.52
		52.52	52.52

Refer Note - 1 (j 6)

NOTE - 18**OTHER CURRENT ASSETS**

(Unsecured Considered Good)

1) Prepaid Expenses	0.28		0.57
2) Advances recoverable in cash or kind or for value to be received	1,216.86		4,209.75
3) Balance with Central Excise Dept.	15.22		10.22
		1,232.36	4,220.54

**NOTES TO FINANCIAL STATEMENTS**

**Figures as at the
end of Current
Reporting Period** Figures as at the
end of Previous
Reporting Period

NOTE - 19**REVENUE FROM OPERATIONS****Sale of products**

Gross Sales	-	382.76
Less : Excise Duty & Education Cess	-	42.11
Net Sales	-	340.65

Other Operating Revenues

Sale of Processing Waste & Spoiled Raw Materials	0.30	54.63
	0.30	395.28

NOTE - 20**OTHER INCOME**

Interest	0.37	18.82
Unsecured loan no longer payable (Waiver by Rukmani Finance Pvt. Ltd.)	1,157.45	-
Advances no longer payable	46.98	-
	1,204.80	18.82

NOTE 21**COST OF MATERIALS CONSUMED****(A) RAW MATERIALS CONSUMED**

Opening Stock	342.17	591.94
Add: Purchases	-	136.82
	342.17	728.76
Less: Closing Stock	342.17	342.17
	-	386.59

(B) CHANGES IN INVENTORIES OF FINISHED GOODS

Opening Stock	31.31	255.56
Less: Closing Stock	31.31	31.31
(Increase)/Decrease	-	224.25

NOTE - 22**EMPLOYEE BENEFIT EXPENSES**

Salaries and Wages	-	82.07
Bonus	-	-
Gratuity	-	13.09
ESI Premia	-	2.21
Staff Welfare	-	1.41
Employer's Contribution of EPF	-	13.97
	-	112.75

**NOTES TO FINANCIAL STATEMENTS**

	Figures as at the end of Current Reporting Period	Figures as at the end of Previous Reporting Period
NOTE - 23		
FINANCE COST		
Interest on Term Loans	-	368.35
Interest on Working Capital Loans	60.10	836.28
Bank Charges, L.C. Commission, Discounting Charges etc.	-	34.26
	60.10	1,238.89
NOTE - 24		
OTHER EXPENSES		
Stores & Spares Consumed	0.03	27.24
Power & Fuel Consumed	29.75	223.89
Water Supply Charges	-	9.43
Machinery Lease Charges	-	-
Labour Charges	-	14.32
Repairs to Building	0.11	0.77
Repairs to Machinery	-	0.13
Rent of Director's House & Bangalore Office	1.73	0.19
Insurance	0.71	3.13
Other Repairs	4.16	11.98
Rates & Taxes - Others	1.19	0.14
Postage, Telephone, Telex & Fax Charges	3.61	6.06
Printing & Stationary	0.44	0.98
Professional Fees	2.50	10.48
Miscellaneous Expenditure	15.58	26.18
Travelling, Conveyance, Boarding & Lodging Expenses (Directors: Rs.7,69,870/- (Previous year Rs.14,64,288/-)	11.35	22.21
Payment to Auditors excluding service tax		
- Audit Fees	0.50	
- Tax Audit Fee	-	
- Certification Fees	-	
- Out of Pocket Expenses	0.01	
Internal Audit Fees	-	-
Director's Sitting Fees	-	0.66
Perquisites to Directors	2.10	3.17
Advertisements	0.39	0.73

**NOTES TO FINANCIAL STATEMENTS**

	Figures as at the end of Current Reporting Period	Figures as at the end of Previous Reporting Period
Depot Lease Rent	-	-
Freight Outwards	-	1.06
Quantity Discount	-	-
Cash Discount	-	-
Other Selling Expenses	-	0.35
	74.14	364.23

NOTE - 25**PRIOR PERIOD ADJUSTMENTS****EXPENDITURE**

Raw Material Purchase	-	1,440.72
Interest on Other Loan	18.35	224.25
Interest on Forced Loan	-	76.90
Leave Travel Allowance	-	6.79
Repair & Maintenance - Transformer	-	-
Miscellaneous & Others	-	3.40
TOTAL (A)	18.35	1,752.06

INCOME

Excess Provision for Gratuity in 2012-13 Reversed/Funded		
Money Withdrawn	-	120.12
Interest on Other Loan	-	17.09
Raw Material Purchase	-	7.60
Excess Provision Reversed	14.40	-
TOTAL (B)	14.40	144.81
TOTAL (A) - (B)	3.95	1607.25

NOTE 26**TAX EXPENSE**a) Deferred Income tax

Reversal of Deferred Tax Liabilities	(22.70)	(28.93)
Add: Deferred Tax Asset (Net of Reversal)	(5.10)	(104.22)
	(27.80)	(133.16)

b) Current tax

Income tax	-	-
Wealth tax	-	-
	(27.80)	(133.16)

Note – 27

Contingent Liabilities:

The following contingent liability existed as on 31-03-2015 for which no provision has been made:

A penalty up to Rs 4 Lakhs (Previous year -Rs.4 Lakhs) which could be levied by a Court for lapses under the Negotiable Instruments Act.

Note – 28

Rehabilitation Scheme 2002/2003 of BIFR:

a) Supply of power at a concessional rate:

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 as advances no longer recoverable.

b) Extension of CST exemption and Exemption from payment of Entry Tax:

The Board for Industrial and Financial Reconstruction (BIFR) through its order dated 21st November 2002; with a view for the long term sustenance had granted Extension of CST exemption from July 2005 up to 2012 and Exemption from payment of Entry Tax from September 2000. Accordingly, a liability of Rs.490 lakhs and Rs.1711.96 lakhs (previous year – Rs. 490 lakhs and Rs. 1711.96 lakhs) has not been provided towards CST and Entry Tax respectively.

Note – 29

Advances no longer recoverable:

The advances no longer recoverable and written off during the year by the Company amounting to Rs.1978.45 lakhs include; apart from Rs.1717.45 lakhs as mentioned at Note-28 (a) above, Rs.243.23 lakhs towards advances made to suppliers which in the opinion of the management have become bad and not realizable and Rs.17.76 lakhs towards excess provision of fire insurance claim.

Note – 30
Bad debts:

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.

Note – 31
Excise duty liability:

In respect of manufactured goods held in stock, excise duty at 12.36% is estimated at Rs. 3.87 Lakhs (Prev. year Rs. 3.87 Lakhs @ 12.36%). The same has not been provided in the books as per the policy of the Company except on stock at depots and stock sent to converters on which duty already paid has been included in the valuation. This does not affect the profits made by the Company.

Note – 32
Claims against the Company not acknowledged as debts:

PARTICULARS	REMARKS
Authority / Department	Goa Electricity Board (GEB)
Amount Due	Rs.87.84 crores; comprising of Rs.2.16 crores principal and Rs.85.68 crores delayed payment charges (DPC) @ 2% per month compounded
Period for which it is related to	December 1991 to November 1996
Dispute involved	Granting of 25% rebate for 3.5 years instead of 5 years and levy of DPC @2% per month compounded
Before which authority	Hon'ble Supreme Court of India

Note – 33
Central Sales Tax payable and Electricity charges payable:

During the year eligible VAT input credit of Rs.719.04 lakhs for the period 01.04.2005 to 31.03.2015 has been set off against the Central Sales Tax payable for the period 01.04.2005 to 31.03.2015. Further, a sum of Rs.212.99 lakhs being the old electricity rebate claim provided as advances recoverable in cash or kind or for value to be received and also provided as electricity charges payable has been set off during the year.

**Note – 34****Other Income:**

Other income (refer Note-20) includes write back of Rs.1157.44 lakhs being liability to Unsecured Loan from Rukmani Finance Pvt. Ltd. who have waived the same keeping in view the proposed rehabilitation programme.

Note – 35

The balances of Loans & Advances under Current Assets, Sundry Debtors & Sundry Creditors are subject to confirmation / reconciliation.

Note – 36

The Board is of the opinion that the Current Assets, Loans and Advances have, in the ordinary course of business, value at least equal to the amount at which they are stated in the Balance Sheet.

Note – 37

Figures for the previous year have been regrouped to conform to those of the current year.

Note – 38**Foreign Exchange Transactions**

a)	Value of Imports (C.I.F. Basis) Accounted during the year	31-03-2015 (Rs. In Lakhs)	31-03-2014 (Rs. In Lakhs)
	-Raw Material	-	-
	-Component & Spare Parts	-	-
	-Capital Goods	-	-
b)	Earnings in Foreign Exchange	NIL	NIL
c)	Director's Traveling, Boarding & lodging Expenses	-	-

Alexander A. C. Rodrigues
Vice President – F & A

Ashok Mittal
Director

R. K. Radhakrishna
Managing Director

Place: Camp, Bengaluru
Date : 17.07.2015

**For N.D.HEGDE & ASSOCIATES
CHARTERED ACCOUNTANTS
(NAGESH D. HEGDE – PROPRIETOR)**



PROXY FORM

I/We..... of
 in the district of
 being a member/members of the above
 named Company, hereby appoint Sri..... ofin the
 district ofor failing him Sri.....of.....in
 the district ofas my/our Proxy to vote for me/ us
 on my/our behalf at the ANNUAL GENERAL MEETING of Marmagoa Steel Limited to
 be held on 26th September 2015 at 4.30 p.m. and at any adjournment thereof.

Signed this day of September 2015.

Regd. Folio No.

To be signed on 1 Rupee Revenue Stamp

Note: The Proxy form should be deposited at the Registered Office of the Company at least 48 hours before the meeting.

ATTENDANCE SLIP MARMAGOA STEEL LIMITED

ANNUAL GENERAL MEETING

26th September 2015
 At 4.30 p.m. at the Registered Office
 Plot No. 280, Eclate
 Curtorim, Salcete, Goa

FOLIO NO.	
-----------	--

Full Name of Shareholders/Proxy
 Attending the Meeting

Full Name of First Holder
 (If Joint Holder/Proxy Attending)

For Signature of the Shareholder If attending the Meeting	For Signature of the Proxy If attending the meeting

Note: Shareholders are requested to bring this slip to the meeting duly filled up including Folio Number.



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BOOK - POST

To,

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If undelivered please return to:



MARMAGOA STEEL LIMITED
Plot No. 280, Eclate
Curtorim, Salcette
GOA - 403 709