



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;



(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:

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

Financial Performance

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

Industrial Relations

Industrial relations have remained cordial and good.

Cautionary Statement

Statements in this report describing the

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

ACKNOWLEDGEMENT:

The Board of directors wishes to thank the Company's shareholders, employees, customers, suppliers, bankers/ARC's 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

K.V. Ramarathnam
DIRECTOR
DIN: 00097892

Place: Camp Bangalore

Date:29.06.2016