
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 2016 amounted to Rs 193.52 Lakhs (previous year - Rs. 244.46 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 2016 is Rs. 1.72 Lakhs (Previous year Rs. 15.82 Lakhs). The balance amount of provision with the Company is Rs. 191.80 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.46.98 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 31.03.2016. 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.18.68 lakhs provided in earlier years is outstanding as on 31.03.2016.
- 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 31.03.2016 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	
				2015-16 (Rs in Lakhs)	2014-15 (Rs in Lakhs)	31.03.16 (Rs in Lakhs)	31.03.15 (Rs in Lakhs)
1	Sri R. K. Radhakrishna	Key management personnel - Managing director	Remuneration given	11.85	2.09	-	-
2	Chandor Engineering & Trading Company Pvt Ltd	Holding Company	Advance Given	-	-	149.40 (Dr)	50.88 (Dr)
			Rent Credited	1.68	1.68		
			Expenses Paid	1.10	0.04		
			Advance Received	199.70			

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. 211.43 Lakhs (previous year Rs. 300.50 Lakhs) & deferred tax assets of Rs. 316.87 Lakhs (previous year Rs. 319.82 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.1.73 lakhs (Previous Year Rs. 6.44 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)	2,000.00	2,000.00
	Equity Shares of Re. 1/- each		
	Issued, Subscribed & Paid-up		
60,943,000	(Previous year 6,09,43,000)	609.43	
	Equity Shares of Re. 1/- each		
	(79,48,000 Shares of Re 1 each		
	are issued for consideration other than cash)		
Less: Unpaid Allotment Money		1.80	607.63
from Persons other than Directors			607.63
		607.63	607.63
a) Reconciliation of the number of shares outstanding at the beginning and at the end of the year.			
Equity Shares	31/03/2016		31/03/2015
	No. of Shares	Rs. In Lakhs	No. of Shares
			Rs. In Lakhs
At the beginning of the year	60,943,000	609.43	60,943,000
Add: Issued during the year	-	-	-
Outstanding at the end of the year	60,943,000	609.43	60,943,000
b) Details of Shareholders holding more than 5% Equity Shares in the company			
Name of the Shareholders	31/03/2016		31/03/2015
	No. of Shares	% Holding	No. of Shares
			% Holding
Equity Shares of Re. 1/- each			
i) Chandor Engg & Trading Co. Pvt. Ltd	40,230,000	66.01	40,230,000
ii) Jaikrish Investments Private Ltd	3,759,632	6.17	3,759,632
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-			
	31-03-2016		31-03-2015
	No. of Shares		No. of Shares
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)	(167.72)
Profit/(Loss) for the Period	(449.68)		
Add: Profit/(Loss) brought forward from the previous year	(12,708.43)	(13,158.11)	(12,708.43)
		(10,464.55)	(10,014.87)

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

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

(Formerly Bank of Maharashtra WCTL)

2,738.21 2738.21

In the year 2014-15 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		211.44	300.50
Deferred Tax Asset		(316.87)	(326.27)
Refer Note 1-(K)		(105.43)	(25.77)

**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	607.72
	- 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 2,508.08	2,458.08
	- 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
	5,827.80	5,777.80

In the year 2014-15 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)	3,145.46	2,942.98
	3,145.46	2,942.98

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	1.42
TDS Payable	65.76	63.60



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	430.61
Labour Fund Payable	0.32	0.32
PF Employees	15.51	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
Electricity Charges Payable	347.41	296.56
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	25.03	21.11
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	65.02	50.04
Travel Advance	2.70	1.15
	1,304.58	1,227.20

**NOTE - 9
PROVISIONS**

	LONG TERM PROVISIONS		SHORT TERM PROVISIONS	
	31/03/2016	31/03/2015	31/03/2016	31/03/2015
For Bonus - 2012-13	-	-	4.08	4.08
- 2011-12	-	-	0.73	0.73
For Gratuity	-	-	193.52	244.46
For Paid Leave Encashment	-	-	46.98	71.22
For Leave Travel Assistance	-	-	18.68	19.42
For Medical Reimbursement	-	-	18.82	13.27
	-	-	282.81	353.18

NOTES TO FINANCIAL STATEMENTS

NOTE - 10

TANGIBLE ASSETS

Particulars	GROSS BLOCK		DEPRECIATION		NET BLOCK			
	Cost as at 01.04.2015	Additions (Sales/ Transfer)	Cost as at 31.03.2016	Up to 31.03.2015	For the Year (Withdrawn on sale of Assets)	Up to 31.03.2016	As at 31.03.2016	As at 31.03.2015
1. Land	45.99	-	45.99	-	-	-	45.99	45.99
2. Buildings	1,184.59	-	1,184.59	825.80	39.27	865.07	319.52	358.79
3. Plant & Equipment	4,841.60	-	4,841.60	3,713.52	161.94	3,875.46	966.14	1,128.08
4. Furniture & Fixtures	29.27	-	29.27	29.27	-	29.27	-	-
5. Vehicles	74.62	-	74.62	74.62	-	74.62	-	-
6. Office Equipments	17.15	-	17.15	17.15	-	17.15	-	-
	6,193.22	-	6,193.22	4,660.36	201.21	4,861.57	1,331.65	1,532.86
Previous Year	6,366.02	(172.80)	6,193.22	4,456.04	204.32	4,660.36	1,532.86	1,909.98

Refer Note 1(c) & 1(d)

**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 RECEIVABLES**

Unsecured considered good

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

**NOTES TO FINANCIAL STATEMENTS**

Figures as at the end of Current Reporting Period	Figures as at the end of Previous Reporting Period
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NOTE - 16**CASH & CASH EQUIVALENTS**

1) Cash on hand	3.42		
2) Balances with Scheduled Banks in Current Account	2.24		
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	-	5.75	13.92
		5.75	12.45

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 2)

NOTE - 18**OTHER CURRENT ASSETS**

(Unsecured Considered Good)

1) Prepaid Expenses		0.14	0.28
2) Advances recoverable in cash or kind or for value to be received		1,155.06	1,216.86
3) Balance with Central Excise Dept.		15.22	15.22
		1,170.42	1,232.36



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	-	-
Less : Excise Duty & Education Cess	-	-
Net Sales	-	-

Other Operating Revenues

Sale of Processing Waste & Spoiled Raw Materials	-	.30
	-	0.30

NOTE - 20

OTHER INCOME (Refer Note - 33)

Interest	0.04	0.37
Unsecured loan no longer payable (Waiver by Rukmani Finance Pvt. Ltd.)	-	1,157.45
Advances no longer payable	-	46.98
	0.04	1,204.80

NOTE - 21

COST OF MATERIALS CONSUMED

(A) RAW MATERIALS CONSUMED

Opening Stock	342.17	342.17
Add: Purchases	-	-
	342.17	342.17
Less: Closing Stock	342.17	342.17
	-	-

(B) CHANGES IN INVENTORIES OF FINISHED GOODS

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

NOTE - 22

EMPLOYEE BENEFIT EXPENSES

Salaries and Wages	40.80	
Gratuity	4.44	-
Staff Welfare	58.63	-
Employer's Contribution of EPF	3.92	-
	107.82	-

**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 Working Capital Loans	70.52	60.10
	70.52	60.10

NOTE - 24**OTHER EXPENSES**

Stores & Spares Consumed	-	0.03
Power & Fuel Consumed	39.31	29.75
Repairs to Building	0.46	0.11
Repairs to Machinery	0.29	-
Rent of slag yard & clinic	1.89	1.73
Insurance	0.41	0.71
Other Repairs	5.23	4.16
Rates & Taxes - Others	0.01	1.19
Postage, Telephone, Telex & Fax Charges	3.71	3.61
Printing & Stationary	0.47	0.44
Professional Fees	18.36	2.50
Miscellaneous Expenditure	17.84	15.58
Travelling, Conveyance, Boarding & Lodging Expenses (Directors: Rs.7,41,737/- (Previous year Rs.7.69,870/-)	10.53	11.35
Payment to Auditors excluding service tax		
- Audit Fees	0.50	
- Out of Pocket Expenses	-	
Perquisites to Managing Director	2.10	2.10
Advertisements	0.15	0.39
	101.26	74.14

**NOTES TO FINANCIAL STATEMENTS**

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

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

Interest on Other Loan	-	18.35
Miscellaneous & Others	0.10	-
TOTAL (A)	0.10	18.35

INCOME

Excess Provision Reversed	-	14.40
TOTAL (B)	-	14.40
TOTAL (A) - (B)	0.10	3.95

NOTE - 26**TAX EXPENSE**

a) Deferred Income tax		
Reversal of Deferred Tax Liabilities	(89.07)	(22.70)
Add: Deferred Tax Asset (Net of Reversal)	(9.40)	(5.10)
	(79.67)	(27.80)
b) Current tax		
Income tax	-	-
Wealth tax	-	-
	(79.67)	(27.80)

Note – 27

Contingent Liabilities:

The following contingent liability existed as on 31-03-2016 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 2014-15 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 (current year – NIL) during the previous year 2014-15 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 during the year written off as bad debts an amount of Rs.48.48 lakhs (Previous Year- 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 14.50% is estimated at Rs. 4.54 Lakhs (Previous 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 Dispute involved	December 1991 to November 1996 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

Other Income:

Other income (refer Note-20) during the year 2014-15 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 – 34

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

Note – 35

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 – 36

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

**Note – 37****Foreign Exchange Transactions**

a) Value of Imports (C.I.F. Basis)	31-03-2016 (Rs. In Lakhs)	31-03-2015 (Rs. In Lakhs)
Accounted during the year		
-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

**For N.D.HEGDE & ASSOCIATES
CHARTERED ACCOUNTANTS**

**Place: Bengaluru
Date : 29.06.2016**

(NAGESH D. HEGDE – PROPRIETOR)