

**43<sup>RD</sup>**  
ANNUAL REPORT  
2016-17



**MODERN STEELS LIMITED**



**BOARD OF DIRECTORS**

Chairman & Whole Time Director  
Mr. Amarjit Goyal

Managing Director  
Mr. Krishan Kumar Goyal

Mr. D.S. Gill  
Dr. Priyavrat Thareja  
Dr. Meena Sharma  
Mr. D.K. Gupta - Nominee Director  
Mr. R.K. Sinha - Director (Operations)

**GM (SECRETARIAL)  
& COMPANY SECRETARY**

Mr. Ashish Sharma

**AUDITORS**

M/s. Aaryaa & Associates  
Chartered Accountants

**BANKERS**

State Bank of India  
Punjab National Bank  
State Bank of Patiala (Now merged with State Bank of India)  
Canara Bank

**CORPORATE OFFICE**

SCO 98-99, Sub City Centre,  
Sector 34, Chandigarh-160 022, India

**REGISTERED OFFICE & WORKS**

G.T. Road, Mandi Gobindgarh,  
Distt. Fategarh Sahib, Punjab - 147 301, India

**REGISTRARS & SHARE TRANSFER AGENTS**

M/s. MCS Share Transfer Agent Limited  
F-65, First Floor, Okhla Industrial Area, Phase 1,  
New Delhi-110 020

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**DIRECTORS' REPORT**

To  
The Members  
Modern Steels Limited

Dear Members,

Your Directors hereby present their 43<sup>rd</sup> Annual Report and audited accounts of the Company for the year ended 31<sup>st</sup> March, 2017.

**FINANCIAL HIGHLIGHTS**

	₹ in Lacs	
	Year Ended	Year Ended
	31.03.2017	31.03.2016
Gross Sales	35415	30270
Excise Duty	3911	3345
Net Sales & Income from Operations	31504	26925
Operating Profit	963	1528
Finance Cost	486	2713
Cash Profit/(Loss)	477	(1185)
Depreciation & Amortisation	535	539
Profit/(Loss) before Tax	(58)	(1724)
Profit/(Loss) after Tax	(58)	(3357)

**PERFORMANCE**

Financial year 2016-17 has been challenging year for Indian Steel industry due to low margins. The Company was able to achieve Gross Sales of ₹ 354.15 Crores as compared to ₹ 302.70 Crores in the previous year. The operating profit of the Company for the year stood at ₹ 9.63 Crores as against ₹ 15.28 Crores previous year. The input cost of raw materials continued to increase during the year and could not be passed on fully to the consumer.

**DIVIDEND**

Due to the difficult financial position and the losses suffered by the Company, the Directors have not recommended any dividend for the year.

**STATUS OF COMPANY'S ACCOUNTS WITH LENDERS**

Members will recall that earlier the company had submitted its proposal for additional financial assistance to the lenders. The lenders conducted the TEV study of the Company and assessed the need based working capital requirements of the Company. Due to inadvertent delay in sanctioning financial assistance by the Lenders, the financial system of the Company got in difficulties and pushed the Company into difficult position of NPA.

The Company has submitted its restructuring scheme again and the Banks are yet to decide, leading to uncertainty with regard to the amount and time of any repayment falling due which are both crucial to identify the quantum of liability and its nature whether current or otherwise. The Company based on the opinion has shown the total debts payable as on the balance sheet date under the head long term borrowings instead of showing other current liabilities.

The Company is in discussions with the Lenders to find out a workable solution to meet the present financial difficulties of the company.

**CURRENT OPERATIONS**

The fiscal 2017-18 augurs bright for the Indian Automotive sector, which shall increase the demand of steel in the market. On the other hand increase in the prices of electrodes will impact the Input cost. Given the above scenario, it is becoming more and more important to focus on cost reduction to remain competitive in current market and to maintain margins.

**KAIZEN & TS 16949 ACCREDITATION**

Your Company's manufacturing facilities continue to maintain the prestigious TS 16949 certification by DNV Netherlands, a leading international Certification Company.

During the year, the Company continued implementation of Kaizen and 5'S' projects to come up to the expectations of major global OEMs.

**FIXED DEPOSITS**

The outstanding exempted deposits at the end of the year under review amount to ₹ 679 Lacs (Previous year ₹ 661 Lacs). There are no overdue deposits.

**CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSIONS & ANALYSIS**

A separate report on Corporate Governance and Management Discussions & Analysis is attached herewith and forms part of this report.

**DIRECTORS**

Mr. Krishan Kumar Goyal, Managing Director shall retire by rotation at the ensuing Annual General Meeting, and being eligible, offers himself for re-appointment.

The terms of Mr. Amarjit Goyal, Chairman & Whole Time Director and Mr. Krishan Kumar Goyal, Managing Director of the Company are up to 31<sup>st</sup> March, 2017. The Board of Directors on the recommendation of the Nomination and Remuneration Committee has re-appointed Mr. Amarjit Goyal, Chairman & Whole Time Director and Mr. Krishan Kumar Goyal, Managing Director of the Company for a period of 3 (three) years with effect from 1<sup>st</sup> April, 2017, subject to approval of shareholders.

The first term of office of Mr. D.S. Gill and Dr. Priyavrat Thareja, as Independent Directors, expires at the ensuing Annual General Meeting. The Board has recommended re-appointment of Mr. D.S. Gill and Dr. Priyavrat Thareja as Independent Directors of the Company for a second term of 3 (three) consecutive years.

**DECLARATION BY INDEPENDENT DIRECTORS**

The Company has received the necessary declaration from each Independent Director in accordance with Section 149 (7) of the Companies Act, 2013, that they meet the criteria of

independence as laid out in Sub Section (6) of Section 149 of the Companies Act, 2013 and SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

#### **BOARD DIVERSITY AND REMUNERATION POLICY**

The Company has a policy for formation of the Board to have Executive Directors and Independent Directors of diverse background to maintain the independence of the Board. As on 31<sup>st</sup> March, 2017, the Board consists of 7 members, three are Executive/Whole Time Directors, three Independent Directors and One Bank Nominee Director.

We affirm that the remuneration paid to the directors is as per the terms approved by the Nomination & Remuneration Committee of the Company.

#### **BOARD MEETINGS**

During the year, five Board Meetings were convened and held, the details of which are given in the Corporate Governance Report.

#### **DIRECTOR'S RESPONSIBILITY STATEMENT**

Pursuant of requirements under Section 134(3) (c) of the Companies Act, 2013 with respect to Directors Responsibility Statement, it is hereby confirmed that:

- i) in the preparation of the annual financial statements for the year ended 31<sup>st</sup> March, 2017, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2017 and of the loss of the Company for the year ended on that date;
- iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the Directors have prepared the annual financial statements for the year ended 31<sup>st</sup> March, 2017, on a 'going concern' basis;
- v) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- vi) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

#### **RELATED PARTY TRANSACTIONS**

All contracts or arrangements entered into by the Company with Related Parties have been done at arm's length and are in the ordinary course of business.

Pursuant to Section 134 of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014, the particulars of such transactions are provided in Form AOC-2 which is annexed herewith as Annexure "A" to this report. Related Party disclosures as per AS-18 have been provided in the Notes to the financial statement.

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 is annexed herewith as Annexure "B".

#### **RISK MANAGEMENT**

The Company recognises that risk is an integral and unavoidable component of business and is committed to managing the risk in a proactive and efficient manner.

The Company has formulated Risk Management Policy to identify and then manage threats/risks that could have impact on the goals and objectives of the Company.

#### **INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY**

MSL has aligned its current systems of internal financial control with the requirement of Companies Act, 2013.

MSL's internal controls are commensurate with its size and nature of its operations. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorized use, executing transactions with proper authorisation and ensuring compliance of corporate policies.

The management assessed the effectiveness of the Company's internal control over financial reporting (as defined in Clause 17 of SEBI Regulations 2015) as of 31<sup>st</sup> March, 2017. The assessment involved self review and external audit.

Aaryaa & Associates, the statutory auditors of MSL has audited the financial statements including in this annual report and has issued an attestation report on our internal control over financial reporting (as defined in Section 143).

The Audit Committee reviews reports submitted by the management and audit reports submitted by internal auditors and statutory auditors. Suggestions for improvement are considered and the audit committee follows up on corrective action.

Based on its evaluations (as defined in Section 177 of Companies Act, 2013 and Clause 18 of SEBI Regulations 2015), the Audit Committee has concluded that, as of 31<sup>st</sup> March, 2017, the internal financial controls were adequate and operating effectively.



## AUDITORS

At the Annual General Meeting held on 29<sup>th</sup> September, 2014, M/s. Aaryaa & Associates, Chartered Accountants, were appointed as Statutory Auditors of the Company to hold office till the conclusion of the Annual General Meeting to be held in the year 2019. In terms of the provisions of Section 139 of the Companies Act, 2013, the appointment of the Auditor shall be placed for ratification at every Annual General Meeting.

Accordingly, the appointment of M/s. Aaryaa & Associates, Chartered Accountants, as Statutory Auditors of the Company will be placed for ratification by shareholders. In this regard, the Company has received a Certificate from the Auditors to the effect that if their appointment is ratified, it would be in accordance with the provisions of Section 141 of the Companies Act, 2013.

The Board of Directors have approved the appointment and remuneration of M/s. V. Kumar & Associates as Cost Auditors of the Company to conduct the cost audit for the year 2017-18 on the recommendations of the Audit Committee subject to the ratification of the remuneration by the shareholders.

The Board has appointed M/s. B.K. Gupta & Associates, Company Secretaries, to conduct Secretarial Audit for the financial year 2016-17. The Secretarial Audit Report in Form MR-3 for the financial year ended 31<sup>st</sup> March, 2017 is annexed herewith as Annexure "C" to this report.

## AUDITOR'S REPORT

The Notes on financial statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation or adverse remark.

## HUMAN RESOURCES

The Company is having motivated work force. Harmonious employee relations prevailed throughout the year. Your Directors place on record their appreciation for all employees for their hard work and dedication.

## EXTRACT OF ANNUAL RETURN

The extract of the Annual Return of the Company in Form MGT-9 is annexed herewith as Annexure "D" to this report.

## PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Particulars of Loans, guarantees and investments covered under Section 186 of the Companies Act, 2013 form part of the notes to the financial statements provided in the Annual Report.

## MATERIAL CHANGES AND COMMITMENTS, IF ANY AFFECTING FINANCIAL POSITION OF THE COMPANY

There are no adverse material changes or commitments occurring after 31<sup>st</sup> March, 2017, which may affect the financial position of the Company.

## SIGNIFICANT AND MATERIAL ORDERS

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

## APPRECIATION

The Directors also wish to place on record its appreciation for the commitment displayed by all employees at all levels during the year.

The Directors also take this opportunity to express its deep gratitude for the continued co-operation and support received from its valued stakeholders.

For & on behalf of the Board

Place : Chandigarh

Dated: 27<sup>th</sup> May, 2017

**Amarjit Goyal**

Chairman & Whole Time Director

## MANAGEMENT DISCUSSIONS AND ANALYSIS

The Company is secondary producer of special and alloy steel through steel scrap as its main raw material and caters mainly to Automotives and Engineering sector.

### 1. Industry's Structure and Developments

India has overall positive prospects due to the Central Government's reform momentum and policies to increase infrastructure and manufacturing output. Even as Indian economy adjusts to the effects of Demonetisation, the World Steel Association in its short range outlook projected that steel demand growth in India will be 6.1% and 7.1% in 2017 and 2018 respectively – which is the highest amongst major steel consuming nations.

The performance of special and alloy steel industry mainly depends upon demand from Automobile and Engineering industry and growth in infrastructure development. Government of India is pushing for use of domestic steel for government projects. The policies of GOI of becoming self-reliant in defense and railway requirements will generate demand. Further "Make in India" and "Digital India" concepts are giving a flip to increase the demand of steel in India.

### 2. Opportunities & Threats

Key Opportunities include:

- Central Government's push for "Make in India" Drive.
- International Auto Majors are showing keen interest and are expanding their ways for growing Indian market.

Key Threats include:

- Increase of Input Cost particularly imported metallic, Ferro-alloys, refractory, electrodes etc are effecting margins.

### 3. Risks and concerns the management perceives

The volatility of the input cost especially increasing price of electrodes is the main concern for management.

**4. Internal control system and their adequacy**

To provide reasonable assurance that assets are safeguarded against loss or damage and that accounting records are reliable for preparing financial statements, management maintains a system of accounting and controls including an internal audit process. Internal controls are supported by Management reviews.

The Board of Directors have an Audit Committee that is chaired by an Independent Director. The committee meets periodically with Management, Internal Auditor, Statutory Auditors to review the Company's program of internal controls, audit plans and results, recommendations of the auditors and management's responses to those recommendations.

**5. Performance**

Financial year 2016-17 has been challenging year for Indian Steel industry due to low margins. The Company was able to achieve Gross Sales of ₹ 354.15 Crores as compared to ₹ 302.70 Crores in the previous year. The operating profit of the Company for the year stood at ₹ 9.63 Crores as against ₹ 15.28 Crores previous year. The input cost of raw materials continued to increase during the year and could not be passed on fully to the consumer.

**6. Human Resources**

Human resources are the most valuable assets of the Company and the Company recognizes employees' contributions to the growth of the Company. The Company is having professionalized and motivated work force. Company's manpower was rationalized keeping in view of less equipment utilization.

**7. Cautionary statement**

The statement in this management discussion and analysis describing the Company's objectives, projections, estimates, expectations may be forward looking statements within the meaning of applicable laws and regulations. Actual results could differ materially from those expressed & implied. Important factors that could make difference to the Company's decisions include economic conditions effecting demand & supply and price conditions in the domestic market.

For & on behalf of the Board

Place : Chandigarh  
Dated: 27<sup>th</sup> May, 2017

**Amarjit Goyal**  
Chairman & Whole Time Director

**ANNEXURE 'A' TO DIRECTORS ' REPORT****Form No. AOC-2**

*(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)*

**Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto**

1. Details of contracts or arrangements or transactions not at arm's length basis  
No such contract or arrangement.
2. Details of material contracts or arrangement or transactions at arm's length basis

(a) Name(s) of the related party and nature of relationship	Modern Automotives Limited Related Party
b) Nature of contracts/arrangements/transactions	(Purchase / Sale of scrap, alloy and non-alloy rounds and machined and auto forged components
c) Duration of the contracts / arrangements/transactions	During the year
(d) Salient terms of the contracts or arrangements or transactions including the value, if any:	The Company is engaged in the sale / purchase of scrap, alloy and non-alloy rounds and machined and auto forged components in the normal course of business at arms length basis.
(e) Date(s) of approval by the Board, if any:	At quarterly board meetings
(f) Amount paid as advances, if any:	Nil

For & on behalf of the Board

Place: Chandigarh  
Dated: 27<sup>th</sup> May, 2017

**Amarjit Goyal**  
Chairman & Whole Time Director

**ANNEXURE 'B' TO DIRECTORS' REPORT**

Information as per Section 134(3)(m) of the Companies Act, 2013 read with rule 8 of the Companies (Accounts) Rules, 2014 and forming part of the Directors' Report for the year ended 31<sup>st</sup> March, 2017.

**FORM 'A'**

		Current Year 2016-17	Previous Year 2015-16
<b>A)</b>	<b>Power and Fuel Consumption</b>		
	1. Electricity		
	Purchased Units (kwh)	6,88,08,000	5,81,53,270
	Total Amount ₹	48,86,33,849	41,99,63,880
	Rate Per unit ₹	7.10	7.22
	2. Fuel		
	Quantity (Kgs)/kl	29,48,816	17,03,598
	Total Amount ₹	7,71,22,226	4,97,13,878
	Rate Per Unit ₹	26.15	29.18
	3. Steam Coal(Gasifire)		
	Quantity (Kgs)	57,96,094	63,29,321
	Total Amount ₹	5,30,97,967	6,00,72,237
	Rate Per Unit ₹	9.16	9.49
<b>B)</b>	<b>Consumption Per Unit of Production</b>		
	1. Production (Concast Billets) MT	51,682	43,671
	a. Electricity Units	803	804
	b. Furnace Oil (Kgs)	19	21
	2. Production (Ingots) MT	17,488	13,625
	a. Electricity Units	647	663
	b. Furnace Oil (Kgs)	3	3.00
	Production (Rolled Products with Oil) MT	28,264	6,499
	Production (Rolled Products with Coal) MT	32,094	42,530
	a. Electricity Units	91	86
	b. Steam Coal(Kgs)-Gasifire	180	149
	c. Furnace Oil (Kgs)	53	41

**FORM 'B'****1. TECHNOLOGY ABSORPTION**

During the current Financial Year 2016-17, the Company has under gone Process Oriented R&D towards efficiency improvement and significant cost saving measures. These are as follows:-

**Research & Development**

(a) Dispersion De-oxidization concept for refining practice in L.R.F.

(b) Development of Engine Piston Material developed for major OEMs. After the final use it was appreciated and award was given for this development.

**Technology Absorption, Adaptation and Innovation**

Towards process optimization in EAF, there is further improvement in Refractory life, M-9 Ingot weighing 10 Ton each introduced in the product mix towards value addition.

High Alloy Grades started producing through Heavy Ingot Route, getting satisfactory appreciation from the customers.

Optimization of casting powder towards further improving the quality.

**2. FOREIGN EXCHANGE EARNING AND OUTGO**

Particulars with regard to Foreign Exchange earnings and outgo appear on the relevant note of the Balance Sheet.

For & on behalf of the Board

Place: Chandigarh

Dated: 27<sup>th</sup> May, 2017

**Amarjit Goyal**

Chairman & Whole Time Director



**ANNEXURE 'C' TO DIRECTORS' REPORT****Form No. MR-3****SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

*[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To,  
The Members,  
MODERN STEELS LTD.

We have conducted the Secretarial Audit of the Compliance of applicable statutory provisions and the adherence to good corporate practices by MODERN STEELS LTD. Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the Corporate conducts/Statutory Compliances and expressing my opinion thereon.

Based on our verification of the MODERN STEELS LTD., Books, Papers, Minute Books, Forms and Returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, We hereby report that in our opinion, the Company has, during the Audit period covering the Financial Year ended on 31<sup>st</sup> March, 2017 complied with the Statutory Provisions Listed hereunder and also that the Company has proper Board-processes and Compliance-Mechanism in place to the extent, in the manner and subject to the Reporting made hereinafter:

We have examined the books, papers and minute books, forms and returns filed and other records maintained by MODERN STEELS LTD. for the Financial Year ended on 31<sup>st</sup> March, 2017, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Listing Obligation and Disclosure Requirement) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and Regulations 2015;
  - (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 - Not Applicable during the audit period;
  - (e) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 - Not Applicable during the audit period;
  - (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - Not Applicable during the audit period;
  - (g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client - Not Applicable during the audit period;
  - (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and - Not Applicable during the audit period;
  - (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - Not Applicable during the audit period;
- (vi) We have relied on the representation made by the Company & its Officers for system and mechanism formed by the Company for compliances under other applicable Acts as Environmental Laws & Labour Laws as per list attached herewith.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreement/SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 entered into by the Company with Stock Exchange(s), if applicable;

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

As per the representation made by the Company appointment of CFO under section 203 of the companies Act, 2013 is under process.



We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the Composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to Schedule the Board Meetings, Agenda and detailed notes on Agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the Agenda items before the meeting and for meaningful participation at the meeting.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure Compliance with Applicable Laws, Rules, Regulations and Guidelines.

We further report that during the audit period the company has not made any decisions which are having major bearing in the Company's affair in pursuance of above referred laws, rules, regulation, guidelines, standards, etc.

For B.K. Gupta & Associates

(Bhupesh Gupta)

Place:Ludhiana

FCS No.:4590

Date: 27<sup>th</sup> May, 2017

CP No: 5708

**LIST OF LABOUR LAWS AND ENVIRONMENTAL LAWS WHICH HAVE BEEN VERIFIED DURING AUDIT PERIOD**

**List of Labour Laws**

Factories Act, 1948

Industrial Disputes Act, 1947

The Payment of Wages Act, 1936

The Minimum Wages Act, 1948

Employee's State Insurance Act 1948

The Payment of Bonus Act, 1972

The Contract Labour (Regulation and Abolition) Act, 1970

The Apprentices Act, 1961

**List of Environmental Laws**

Environment (Protection) Act, 1986

The Public Liability Insurance Act, 1991

Water (Prevention and Control of Pollution) Act, 1974

Air (Prevention and Control of Pollution) Act, 1981

Hazardous Waste (Management, Handling and Transboundary Movements) Rules, 2008

*The Secretarial Audit Report is to be read with our letter of even date which is annexed as Annexure A and Forms an integral part of this report.*

**'Annexure A'**

To,  
The Members  
Modern Steels Ltd.

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on random test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For B.K. Gupta & Associates

(Bhupesh Gupta)

Place:Ludhiana

FCS No.:4590

Date: 27<sup>th</sup> May, 2017

CP No: 5708

## ANNEXURE 'D' TO DIRECTORS' REPORT

Form No. MGT-9

## EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31<sup>st</sup> March, 2017

(Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014)

## I. REGISTRATION AND OTHER DETAILS:

i) CIN	L27109PB1973PLC003358
ii) Registration Date	19 <sup>th</sup> November, 1973
iii) Name of the Company	Modern Steels Limited
iv) Category / Sub-Category of the Company	Public Limited Listed Company
v) Address of the Registered office and contact details	GT Road, Mandi Gobindgarh, Distt Fatehgarh Sahib, Punjab - 147301, Tel: 01765-257991
vi) Whether listed Company Yes / No	Yes
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	M/s. MCS Share Transfer Agent Ltd., F-65, 1 <sup>st</sup> Floor, Okhla Industrial Area, Phase-I, New Delhi 110 020, Tel.No. : +91-11- 41406149, Fax No.: +91-11- 41709881, E-mail : admin@mcsregistrars.com, Website : www.mcsregistrars.com

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the Business activities contributing 10% or more of the total turnover of the Company shall be stated:-

Sr. No.	Name and Description of main products	NIC Code of the Product	% to total turnover of the Company
1	Alloy Bars / Rounds	2304867922	65%
2	Non Alloy Bars / Rounds	612753909	17%
3.	Auto Components	471676394	13%

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES - NIL

## IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of total Equity)

## i) Category-wise Shareholding

Category of Shareholders	No. of shares held at the beginning of the year (as on 1 <sup>st</sup> April, 2016)				No. of shares held at the end of the year (as on 31 <sup>st</sup> March, 2017)				% change during the year
	Demat	Physical	Total	%	Demat	Physical	Total	%	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual /HUF	6885859	-	6885859	50.03	6885859	-	6885859	50.03	0.00
d) Bodies Corp.	2133077	-	2133077	15.50	2133077	-	2133077	15.50	0.00
<b>Sub Total (A):-</b>	9018936	-	9018936	65.53	9018936	-	9018936	65.53	0.00
<b>Total shareholding of Promoter (A)</b>	9018936	-	9018936	65.53	9018936	-	9018936	65.53	0.00
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	3600	2400	6000	0.04	3600	2400	6000	0.04	0.00
b) Banks / FI	-	1000	1000	0.01	-	1000	1000	0.01	0.00
<b>Sub Total (B)(1):-</b>	3600	3400	7000	0.05	3600	3400	7000	0.05	0.00
<b>2. Non-Institutions</b>									
a) Bodies Corporate									
i) Indian	182910	43600	226510	1.65	165875	43300	209175	1.52	-0.13
b) Individuals									



# MODERN STEELS LIMITED

i) Individual shareholders holding nominal share capital up to Rs 1 lakh	2074469	815705	2890174	21.00	2076134	806955	2883089	20.95	-0.05
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh.	1557669	21000	1578669	11.47	1595025	21000	1616025	11.74	0.27
c) Others (Specify)									
Non Resident Indians	41070	-	41070	0.30	28134	-	28134	0.20	-0.09
<b>Sub Total (B)(2):-</b>	<b>3856118</b>	<b>880305</b>	<b>4736423</b>	<b>34.42</b>	<b>3865168</b>	<b>871255</b>	<b>4736423</b>	<b>34.42</b>	<b>-</b>
<b>Total Public Shareholding (B) = (B)(1) + (B) (2)</b>	<b>3859718</b>	<b>883705</b>	<b>4743423</b>	<b>34.47</b>	<b>3868768</b>	<b>874655</b>	<b>4743423</b>	<b>34.47</b>	<b>-</b>
<b>C. Shares held by custodian for CDRs and ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>12878654</b>	<b>883705</b>	<b>13762359</b>	<b>100</b>	<b>12887704</b>	<b>874655</b>	<b>13762359</b>	<b>100</b>	<b>-</b>

## (ii) Shareholding of Promoters

Shareholder's Name	Shareholding at the beginning of the year (as on 1 <sup>st</sup> April, 2016)			Shareholding at the end of the year (as on 31 <sup>st</sup> March, 2017)			% change in shareholding during the year
	No. of shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	No. of shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	
1. Krishan Kumar Goyal	2496179	18.14	18.14%	2496179	18.14	18.14%	-
2. Amarjit Goyal	1189250	8.64	8.64%	1189250	8.64	8.64%	-
3. Alka Goyal	1488840	10.82	10.82%	1488840	10.82	10.82%	-
4. Nabha Commerce Pvt Ltd.	837750	6.09	6.09%	837750	6.09	6.09%	-
5. Aditya Goyal	795590	5.78	5.78%	795590	5.78	5.78%	-
6. Chandigarh Finance Pvt Ltd	380625	2.77	2.77%	380625	2.77	2.77%	-
7. Krishan Kumar Goyal (HUF)	546000	3.97	3.97%	546000	3.97	3.97%	-
8. Amarjit Goyal (HUF)	370000	2.69	2.69%	370000	2.69	2.69%	-
9. Times Finvest & Commerce Limited	234702	1.71	1.71%	234702	1.71	1.71%	-
10. Indo Pacific Finlease Limited	680000	4.94	4.94%	680000	4.94	4.94%	-
Total	9018936	65.53	65.53%	9018936	65.53	65.53%	-

## (iii) Change in Promoters Shareholding (please specify if there is any change)

There is no change in the Promoter's shareholding during the year.

## (iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Name of the shareholder	Shareholding at the beginning of the year (as on 1 <sup>st</sup> April, 2016)		Purchase during the year	Sale during the year	Cumulative shareholding at the end of the year	
	No. of shares	% of total shares of the Company	No. of shares	No. of shares	No. of shares	% of total shares of the Company
1. Ajay Goyal	469135	3.41	-	-	469135	3.41
2. Veenu Garg	366707	2.66	-	-	366707	2.66
3. Laven Kumar Goyal	195672	1.42	-	-	195672	1.42
4. Vijay Garg	187921	1.37	-	-	187921	1.37
5. Shri Parasram Holdings P Ltd.	48439	0.36	100	3245	45794	0.33
6. Ajay Goyal	45000	0.33	-	-	45000	0.33
7. Kamal Leasing Limited	40750	0.30	-	-	40750	0.30
8. Vaneet K Gupta	35635	0.26	-	35635	-	-
9. LSE Securities Limited	33451	0.24	1777	8550	26678	0.19
10. Nipa Chetan Ambani	30220	0.22	-	30220	-	-

**(v) Shareholding of Directors and Key Managerial Personnel:**

Name of the shareholder	Shareholding at the beginning of the year (as on 1 <sup>st</sup> April, 2016)		Purchase during the year	Sale during the year	Cumulative shareholding at the end of the year	
	No. of shares	% of total shares of the Company	No. of shares	No. of shares	No. of shares	% of total shares of the Company
1. Mr. Amarjit Goyal	1189250	8.64	-	-	1189250	8.64
2. Mr. Krishan Kumar Goyal	2496179	18.14	-	-	2496179	18.14
3. Mr. D.S. Gill	500	0.00	-	-	500	0.00
4. Dr. Priyavrat Thareja	250	0.00	-	-	250	0.00

No other Director / KMP / Company Secretary is holding any shares in the Company during the year.

**V. INDEBTEDNESS****Indebtedness of the Company including interest outstanding/accrued but not due for payment**

	Secured Loans excluding deposits	Working Capital Loans	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (as on 1 <sup>st</sup> April, 2016)					
i) Principal Amount	80,68,41,034	98,04,03,036	6,60,69,347	-	1,85,33,13,417
ii) Interest due but not paid	3,62,00,236	-	-	-	3,62,00,236
iii) Interest accrued but not due	-	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>84,30,41,270</b>	<b>98,04,03,036</b>	<b>6,60,69,347</b>	<b>-</b>	<b>1,88,95,13,653</b>
Change in indebtedness during the financial year					
- Addition	-	2,26,29,686	82,17,418	-	3,08,47,104
- Reduction	1,54,92,980	-	64,50,000	-	2,19,42,980
<b>Net change</b>	<b>(1,54,92,980)</b>	<b>2,26,29,686</b>	<b>17,67,418</b>	<b>-</b>	<b>89,04,124</b>
Indebtedness at the end of the financial year (as on 31 <sup>st</sup> March, 2017)					
i) Principal Amount	79,13,48,054	1,00,30,32,722	6,78,36,765	-	1,86,22,17,541
ii) Interest due but not paid	1,35,65,974	-	-	-	1,35,65,974
iii) Interest accrued but not due	-	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>80,49,14,028</b>	<b>1,00,30,32,722</b>	<b>6,78,36,765</b>	<b>-</b>	<b>1,87,57,83,515</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

The remuneration of Directors and Key Managerial Personnel appears in the Corporate Governance Report.

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:** Nil

For & on behalf of the Board

Place: Chandigarh  
Dated: 27<sup>th</sup> May, 2017

**Amarjit Goyal**  
Chairman & Whole Time Director

**CORPORATE GOVERNANCE REPORT**

In line with the requirement for providing a "Report on Corporate Governance" as per SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 of the Stock Exchanges as applicable, given below is a report on the Company's Corporate Governance norms.

**1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE**

Modern Steels Limited is committed in adopting the best practices of Corporate Governance. The Company endeavours to act on the principles of transparency, accountability, trusteeship, integrity and passion. The ultimate objective being of realizing long term shareholder value, while taking into account the interest of other stakeholders.

**2. BOARD OF DIRECTORS****A. Composition and category of the Board of Directors**

A list of Directors including the Chairman of the Board and their status as Executive / Non-Executive and Independent / Non-Independent during the year ended 31<sup>st</sup> March, 2017 is set out below:-

Name of the Director	Category of the Director	No. of Board meetings attended	Last AGM attended	No. of other Directorships in Public Company	No. of Committee positions held		Relationship between directors inter se
					Chairman	Member	
Mr. Amarjit Goyal	Chairman & Whole Time Director, Executive – Non Independent Director	5	Yes	-	-	-	Father of Mr. Krishan Kumar Goyal
Mr. Krishan Kumar Goyal	Managing Director, Executive – Non Independent Director	5	Yes	3	-	-	Son of Mr. Amarjit Goyal
Mr. D.S. Gill	Non-Executive – Independent Director	5	Yes	-	2	-	NA
Dr. Priyavrat Thareja	Non-Executive – Independent Director	5	Yes	-	-	2	NA
Dr. Meena Sharma	Non-Executive – Independent Director	5	Yes	-	-	-	NA
Mr. D. K. Gupta	Non-Executive – Nominee Director	5	Yes	-	-	-	NA
Mr. R.K. Sinha	Director (Operations) Executive – Non Independent Director	5	Yes	-	-	2	NA

**Note:** In accordance with provisions of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 membership/ chairmanship of the Audit Committee and Stakeholders Relationship Committee in all Public Limited Companies(listed / unlisted) have been considered.

**B. Board Meeting and Attendance**

During the financial year ended 31<sup>st</sup> March, 2017, five meetings of Board of Directors were held. The details of Board Meetings held during the year are as under:-

Date of Board Meeting	Board's Strength	No. of Directors Present
28 <sup>th</sup> May, 2016	7	7
9 <sup>th</sup> July, 2016	7	7
13 <sup>th</sup> August, 2016	7	7
7 <sup>th</sup> November, 2016	7	7
13 <sup>th</sup> February, 2017	7	7

Mr. D.S. Gill is holding 500 equity shares in the Company and Dr. Priyavrat Thareja is holding 250 equity shares in the Company. No other Non-Executive Director is holding any shares in the Company.

### 3. AUDIT COMMITTEE

#### a. Terms of reference of Audit Committee

1. The recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
2. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
3. Examination of the financial statement and the auditors' report thereon;
4. Approval or any subsequent modification of transactions of the Company with related parties;
5. Scrutiny of inter-corporate loans and investments;
6. Valuation of undertakings or assets of the Company, wherever it is necessary;
7. Evaluation of internal financial controls and risk management systems;
8. Monitoring the end use of funds raised through public offers and related matters.
9. To oversee the vigil mechanism as per Section 177 of the Companies Act, 2013.
10. The Audit Committee may call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and may also discuss any related issues with the internal and statutory auditors and the management of the Company.
11. The Audit Committee shall have authority to investigate into any matter in relation to the items specified in subsection (4) or referred to it by the Board and for this purpose shall have power to obtain professional advice from external sources and have full access to information contained in the records of the Company.
12. The auditors of a Company and the key managerial personnel shall have a right to be heard in the meetings of the Audit Committee when it considers the auditor's report but shall not have the right to vote.

#### b. Composition of Audit Committee

1. The Company has an Audit Committee as per provisions of the SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015 and under Section 177 of the Companies Act, 2013. Mr. D.S. Gill, Dr. Priyavrat Thareja and Mr. R.K. Sinha are the members of the Committee.
2. The Chairperson of the Audit Committee, Mr. D.S. Gill is a Non Executive Independent Director.

#### c. Meetings and attendance of Audit Committee

The Committee met four times during the year on 28<sup>th</sup> May, 2016, 13<sup>th</sup> August, 2016, 7<sup>th</sup> November, 2016 and 13<sup>th</sup> February, 2017. The status of attendance of members at the Audit Committee meetings was as under:-

Name of Director	No. of Meetings attended during 2016-17
Mr. D.S. Gill	4
Dr. Priyavrat Thareja	4
Mr. R.K. Sinha	4

### 4. NOMINATION AND REMUNERATION COMMITTEE

The Company has constituted a Nomination and Remuneration Committee as per Section 178 of the Companies Act, 2013 and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

#### a. The terms of reference of the Committee are as follows-

1. The Nomination and Remuneration Committee shall identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.
2. The Nomination and Remuneration Committee shall formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
3. The Nomination and Remuneration Committee shall, while formulating the policy ensure that—
  - (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;
  - (b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
  - (c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.'
4. Formulation of criteria for evaluation of Independent Directors and the Board;
5. Devising a policy on Board diversity;

**b. Composition of Nomination and Remuneration Committee**

The constitution of the Nomination and Remuneration Committee is as under:

Name of Director	Category of the Director	Member / Chairman
Dr. Priyavrat Thareja	Non Executive Independent	Chairman
Mr. D.S. Gill	Non Executive Independent	Member
Dr. Meena Sharma	Non Executive Independent	Member

c. During the year, no meeting of the Committee was held during the year.

d. Performance evaluation criteria: The Company has a policy for formation of the Board to have Executive Directors and Independent Directors of diverse background to maintain the independence of the Board. As on 31<sup>st</sup> March, 2017, the Board consists of members, three are Executive / Whole Time Directors, three Independent Directors and One Bank Nominee Director. The Board of Directors does the performance evaluation of Directors at the time of fixing the remuneration of Executive Directors and sitting fee of Independent Directors.

**5. REMUNERATION OF DIRECTORS**

The Executive Directors are paid remuneration as per the terms approved by the Board of Directors and confirmed by the shareholders of the Company and in confirmation with the approval of Central Government wherever necessary. Service contracts are entered into in terms of regulations governing their appointment and terms of remuneration. The remuneration is fixed considering various factors such as qualification, experience, expertise, prevailing remuneration in the competitive industries, financial position of the Company etc. The remuneration structure comprises Basic Salary, Perquisites and allowances, contribution to Provident Fund and other funds in accordance with various related provisions of the Companies Act, 2013. The Non-Executive Directors are paid sitting fee of ₹ 20,000 per Board Meeting and ₹ 10,000 for Committee Meetings held by them.

**Details of Remuneration paid to the Directors during the financial year ended 31<sup>st</sup> March, 2017** Amount in ₹

Name of the Director	Salary	Benefits	Perquisites	Stock Option	Sitting Fee	Total
Mr. Amarjit Goyal	24,00,000	-	3,09,600	-	-	27,09,600
Mr. Krishan Kumar Goyal	30,00,000	-	8,04,684	-	-	38,04,684
Mr. D.S. Gill	-	-	-	-	1,80,000	1,80,000
Dr. Priyavrat Thareja	-	-	-	-	1,80,000	1,80,000
Dr. Meena Sharma	-	-	-	-	1,00,000	1,00,000
Mr. D. K. Gupta	-	-	-	-	2,00,000	2,00,000
Mr. R.K. Sinha	24,00,000	-	2,21,520	-	-	26,21,520

**6. STAKEHOLDERS RELATIONSHIP COMMITTEE**

The Company has formed a Stakeholders Relationship Committee which looks into the redressing of shareholders and investors complaints like transfer of shares, non receipt of balance sheet, change of address etc.

a. The Chairman of the Committee Mr. D.S. Gill is a Non-Executive Independent Director nominated by the Board.

b. Mr. Ashish Sharma, GM (Secretarial) & Company Secretary is the Compliance Officer of the Company.

c. During the year 2016-2017, the Company has received 1 Shareholder Complaint & 1 Complaint is resolved to the satisfaction of Shareholder & no complaint is pending.

**7. SHARE TRANSFER COMMITTEE**

For the expeditious disposal of the share transfer and allied services, Company has formed a Share Transfer Committee to look into and decide matters pertaining to share allotment, transfer, duplicate share certificates and related matters.

**8. BANKING & FINANCE COMMITTEE**

The Company has formed a Banking & Finance Committee under the Chairmanship of Mr. D.S. Gill. Mr. R.K. Sinha and Dr. Priyavrat Thareja are the members of the Committee.

The Committee oversees the Company's banking operations and borrowing from banks and financial institutions and allied matters, which otherwise require the consent of Board of Directors.



**9. ALLOTMENT COMMITTEE**

The Company has formed an Allotment Committee under the Chairmanship of Mr. R. K. Sinha, an Executive Director. The list of present members and the chairman of the Committee is as follows:

Name of Director	Member / Chairman
Mr. R.K. Sinha	Chairman
Mr. D.S. Gill	Member
Dr. Meena Sharma	Member

The Committee approves the allotment of Securities i.e Shares / Debentures / Warrants etc. from time to time. During the year, no meeting of the Committee was held.

**10. GENERAL BODY MEETINGS**

Financial Year	Location	Date	Time
2013-14	Regd Office: G.T. Road, Mandi Gobindgarh (Pb)	29.09.2014	11.00 a.m.
2014-15	Regd Office: G.T. Road, Mandi Gobindgarh (Pb)	26.09.2015	11.00 a.m.
2015-16	Regd Office: G.T. Road, Mandi Gobindgarh (Pb)	09.07.2016	11.00 a.m.

Special Resolutions passed in previous three AGMs:

- (i) In the 40<sup>th</sup> AGM dated 29.09.2014 the following Special resolutions were passed:
- Appointment of Mr. Amarjit Goyal (DIN: 00219943) as Chairman & Whole Time Director of the Company.
  - Appointment of Mr. Krishan Kumar Goyal (DIN: 00482035) as Managing Director & CEO of the Company.
  - Appointment of Mr. P.L. Talwar (DIN: 02358518) as a Whole Time Director of the Company.
  - Approval under Section 180(1)(c) of the Companies Act, 2013 regarding borrowing powers to the Board of Directors.
  - Approval under Section 180 (1) (a) of the Companies Act 2013 for mortgaging and/or charging, the whole or substantially the whole of the Company's undertakings in favour of the Lenders, Financial Institutions, Banks, Agents and/or Trustees etc.
  - Approval under section 186 regarding powers to the Board of Directors to invest.
- (ii) In the 41<sup>st</sup> AGM dated 26.09.2015 the following Special resolutions were passed:
- Appointment of Mr. R.K. Sinha (DIN: 00556694) as Director (Operations) of the Company.
  - Approval of material related party transactions with Modern Automotives Limited.
- (iii) In the 42<sup>nd</sup> AGM dated 09.07.2016 no Special resolutions was passed:  
During the year the Company passed no resolution through postal ballot.

**11. MEANS OF COMMUNICATION**

**Quarterly results:** The quarterly /Half yearly/ Yearly results of the Company, Notice of Board Meeting and information relating to Annual General Meeting, Book Closures is published in The Financial World / The Financial Express and Punjabi Tribune / Rozana Spokesman i.e in English and regional language newspaper and is also notified to the Stock Exchange as required under the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015. In addition, the Company also files quarterly results, Shareholding Pattern etc. in such form so as to enable Stock Exchange to put it on their website.

**Website: [www.modernsteels.com](http://www.modernsteels.com)**

**Annual Report:** The Annual Report containing Audited Financial Statement, Directors' Report, Auditors' Report, Corporate Governance Report is circulated to the members by email or by post.

**BSE Corporate Compliance & Listing Centre (the 'Listing Centre'):** BSE's Listing Centre is a web-based application designed for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, media releases, among others are also filed electronically on the Listing Centre.

**SEBI Complaints Redress System (SCORES):** The investor complaints are processed in a centralised web-based complaints redress system. The salient features of this system are: Centralised database of all complaints, online upload of Action Taken Reports (ATRs) by concerned companies and online viewing by investors of actions taken on the complaint and its current status.

**Designated email-id:** The Company has designated following email ID exclusively for Investor Servicing: [secretarial@modernsteels.com](mailto:secretarial@modernsteels.com)

**Management Discussion and Analysis forms part of the Annual Report, which is posted to the shareholders.**

**GENERAL SHAREHOLDER INFORMATION****1. Annual General Meeting:**

Day, Date & Time : Saturday, the 9<sup>th</sup> day of September, 2017 at 11.00 a.m.  
 Venue : G.T. Road, Mandi Gobindgarh, Distt. Fatehgarh Sahib, Punjab 147 301

**2. Financial Calendar for:**

Adoption of Results for the quarter ended:-	In the Month of (tentative)
30 <sup>th</sup> June, 2017	September, 2017 (2 <sup>nd</sup> week)
30 <sup>th</sup> September, 2017	November, 2017 (2 <sup>nd</sup> week)
31 <sup>st</sup> December, 2017	February, 2018 (2 <sup>nd</sup> Week)
31 <sup>st</sup> March, 2018	May, 2018
Annual General Meeting	September, 2018

**3. Book Closure Date:**

From 4<sup>th</sup> September, 2017 to 9<sup>th</sup> September, 2017 (both days inclusive)

**4. Listing on Stock Exchanges:**

Your Company is listed at the BSE Limited (BSE).

**5. Stock Code:**

BSE: 513303

ISIN No. in NSDL & CDSL: INE001F01019

**6. Stock Data:**

Month	MODERN STEELS LTD. ON BSE				BSE SENSEX		
	High ₹	Low ₹	Close ₹	Volume	High	Low	Close
<b>2016</b>							
April	7.27	5.80	6.20	21,560	26,100.54	24,523.20	25,606.62
May	6.36	5.51	6.18	30,818	26,837.20	25,057.93	26,667.96
June	6.40	5.25	5.99	8,472	27,105.41	25,911.33	26,999.72
July	7.29	6.01	6.25	17,877	28,240.20	27,034.14	28,051.86
August	6.87	5.06	5.57	10,539	28,532.25	27,627.97	28,452.17
September	6.72	5.56	5.81	14,086	29,077.28	27,716.78	27,865.96
October	7.55	6.10	7.12	21,172	28,477.65	27,488.30	27,930.21
November	8.40	6.21	6.88	28,229	28,029.80	25,717.93	26,652.81
December	7.80	6.61	7.20	16,771	26,803.76	25,753.74	26,626.46
<b>2017</b>							
January	7.86	6.55	7.40	29,320	27,980.39	26,447.06	27,655.96
February	7.99	6.67	7.40	6,816	29,065.31	27,590.10	28,743.32
March	8.40	7.06	8.10	44,860	29,824.62	28,716.21	29,620.50

**7. Registrars and Share Transfer Agents (For Physical as well as for Demat Segment):**

M/s. MCS Share Transfer Agent Limited  
 F- 65, First Floor, Okhla Industrial Area Phase-I, New Delhi - 110 020.  
 Tel.No. : +91-11- 41406149 , Fax No.: +91-11- 41709881,  
 E-mail : admin@mcsregistrars.com, Website: www.mcsregistrars.com.

All shareholders of the Company can avail online services from our Registrars & Share Transfer Agents M/s. MCS Share Transfer Agent Limited, with regard to Investor Grievances. Please login on the site of M/s. MCS Share Transfer Agent Limited at [www.mcsregistrars.com](http://www.mcsregistrars.com) and click on Investors Services and you can register your queries/grievances and details as required by you. The registered queries/grievances on the site will be responded by M/s. MCS Share Transfer Agent Limited on priority basis.

**8. Share transfer System:**

93.64% of the equity shares of the Company are in the electronic form. Transfer of these shares are done through the depositories with no involvement of the Company. As regards transfer of shares held in physical form the transfer documents can be lodged with M/s. MCS Share Transfer Agent Limited or with Company at above mentioned addresses.

**9. Distribution of Shareholding as on 31<sup>st</sup> March, 2017:**

SHAREHOLDING		SHAREHOLDERS		NO. OF SHARES	
From	To	Number	% of total	Number	% of total
Upto	5000	5,943	87.40	13,40,269	9.74
5001	10000	418	6.15	3,40,680	2.48
10001	20000	229	3.37	3,34,267	2.43
20001	30000	55	0.81	1,36,503	0.99
30001	40000	33	0.49	1,17,892	0.86
40001	50000	20	0.29	92,832	0.67
50001	100000	39	0.57	2,71,200	1.97
100001	And above	63	0.93	1,11,28,716	80.86
<b>TOTAL</b>		<b>6,800</b>	<b>100.00</b>	<b>1,37,62,359</b>	<b>100.00</b>

**Shareholding Pattern of the Company as on 31<sup>st</sup> March, 2017:**

Category	No. of shares held	%age of shareholding
Promoters & Promoter Group	90,18,936	65.53
Mutual Funds & Banks	7,000	0.05
Bodies Corporate	2,09,175	1.52
Indian Public	44,99,114	32.70
NRIs/OCBs	28,134	0.20
<b>TOTAL</b>	<b>1,37,62,359</b>	<b>100.00</b>

**10. Dematerialisation of Shares:**

The trading in Company's shares is permitted only in dematerialised form. In order to enable the shareholders to hold their shares in electronic form and to facilitate scripless trading, the Company has enlisted its shares with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Share Dematerialisation record: The following data indicates the extent of Dematerialization of Company's shares as on 31<sup>st</sup> March, 2017.

No. of Shares : 1,28,87,704	93.64 % of the total equity.
-----------------------------	------------------------------

**11. Plant Location of the Company:**

Registered Office & Works: G.T. Road, Mandi Gobindgarh, Distt. Fatehgarh Sahib, Punjab – 147 301

**12. Correspondence Address:**

All queries of investors regarding the Company's shares in Physical / D'mat form may be sent at the following addresses:

## i) Modern Steels Limited

Corporate Office: SCO 98-99, Sub City Centre, Sector 34, Chandigarh-160022

Tel.: +91-172- 2609001, 2609002, 2609003, Fax.: +91-172- 2609000

E-mail: secretarial@modernsteels.com, Company's Website: www.modernsteels.com

## ii) M/s. MCS Share Transfer Agent Limited

F- 65, First Floor, Okhla Industrial Area Phase-I, New Delhi 110 020.

Tel.No. : +91-11- 41406149 , Fax No.: +91-11- 41709881,

E-mail : admin@mcsregistrars.com, Website: www.mcsregistrars.com

**13. Other Disclosures:**

- a) Disclosure on materially significant related party transactions:  
All material transactions with related parties as defined under the Act and Regulation 23 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 during the financial year were in the ordinary course of business. They have been approved by the Audit Committee, Board of Directors and Shareholders.
- b) Details of non compliance by listed Company, penalties: Nil
- c) Detail of establishment of vigil mechanism, whistle blower policy:  
The Company has established a Whistle Blower Policy and has established the necessary vigil mechanism as defined under Regulation 22 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 for Directors and employees to report concerns about unethical behavior. No person is denied access to the Chairman of the Audit Committee,
- d) Details of compliance with mandatory requirements:  
The Company is complying with all the mandatory requirements as given by Stock Exchange / Registrar of Companies.
- e) The Company is not having any subsidiary, therefore no policy for determining material subsidiaries.

**Declaration regarding compliance by Board members and Senior management personnel with the Company's code of conduct.**

The Shareholders,

I, Krishan Kumar Goyal, Managing Director of the Company do hereby declare that all the Board members and Senior Management Personnel have affirmed compliance with the Code of Conduct adopted by the Board of Directors, as applicable to the Board of Directors and Senior Management of the Company.

Place : Chandigarh  
Dated : 27<sup>th</sup> May, 2017

Sd/-  
Krishan Kumar Goyal  
Managing Director

**AUDITOR'S CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE UNDER SEBI (LISTING OBLIGATION AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

To,  
**The Members**  
**Modern Steels Limited**

We have examined the compliance of the conditions of the Corporate Governance by Modern Steels Limited for the year ended 31<sup>st</sup> March, 2017, as stipulated in Regulation 34(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of conditions of the Corporate Governance is the responsibility of the Management. Our examination was limited to review of the procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of an opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We state that no investor grievance is pending for a period of exceeding one month against the Company as per the records maintained by the Stakeholders Relationship Committee.

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

**For B.K. Gupta and Associates**  
Company Secretaries

**(Bhupesh Gupta)**

Place : Chandigarh  
Date: 27<sup>th</sup> May, 2017

FCS-4590  
CP - 5708

**INDEPENDENT AUDITOR'S REPORT**

To

The Members of Modern Steels Limited

**Report on the Financial Statements**

1. We have audited the accompanying financial statements of Modern Steels Limited, which comprise the Balance Sheet as at 31<sup>st</sup> March, 2017, the Statement of Profit and Loss and 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 Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows 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 also 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; and design, implementation and maintenance of adequate internal financial controls, that were 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 standalone 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 there under.
4. 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.

5. An audit involves performing procedures to obtain audit evidence about the amounts and the 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 the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements 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, subject to Note V (e) & Note XXX of notes to accounts and the issues enumerated in Emphasis of Matters, below:
  - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2017;
  - (b) In the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that date; and
  - (c) In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

**Emphasis of Matter**

1. Referring to the Note: XXX of the Notes to Financial Statements, The Company's various credit facilities have been declared "Non Performing Assets" by its respective banks. There is a usual practice that banks discontinue to account for as "income" in respect to the accrued interest on such assets, subsequent to the declaration of these as "Non performing assets". The bankers of the company too have not accounted as "income" in respect to the interest subsequent to NPA declaration date. In order to achieve the desired congruency on this issue the management of



the company has not provided for such interest i.e. interest on credit facilities subsequent to the date of declaration of these credit facilities as non performing. Such interest amounts to ₹ 20.74 Crores. Had the said interest been provided in the books in the normal course, the present losses of ₹ 2.44 Crore would have risen to ₹ 23.18 Crores and the outside liabilities of the company would have risen by ₹ 20.74 Crores. The Earning per share has also been affected by the above effect in the profit & loss account.

Statement on Impact of above Auditor's Observation for the Financial Year ended 31<sup>st</sup> March, 2017.

S. No.	Particulars	Audited Figures( as reported before adjusting for Auditor's Observation) (Amt in Cr.)	Adjusted Figures(audited figures after adjusting for Auditor's Observation) (Amt in Cr.)
1	Turnover/ Total Income	317.59	317.59
2	Total Expenditure	320.03	340.77
3	Net Profit/ (Loss)	(2.44)	(23.18)
4	Earnings Per Share	(1.77)	(16.84)
5	Total outside Liabilities	247.40	268.14

2. Referring to the Note: V (e) of the Notes to Financial Statements, the Company has applied and pursuing with its lenders for restructuring its credit facilities including term loans. The Company has requested its lenders for deferment of the installments of the term loan. In light of the above and the expert opinion available with the Company the Board of Directors of the Company has decided that the installments of the term loans falling due for repayment within one year from the end of the balance sheet date, as per existing CDR sanctions, has not been shown as current liability, as otherwise required as per Schedule-III under section 129 of the Companies Act, 2013. The detail of such installments of the term loans falling due for repayment within one year from the end of the balance sheet date i.e. 31<sup>st</sup> March 2017 are as follows:

Type of Loan	Amount (₹ Lacs) (Not Shown As Current Liability)
Term Loan – I	546.59
Term Loan – II	635.54
Working Capital Term Loan	1252.17
Funded Interest Term Loan	335.71
Total	2770.01

This has resulted in understatement of current liabilities by ₹ 2770.01 lacs and overstatement of long term liabilities by the same amount.

#### Report on Other Legal and Regulatory Requirements

- 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 in the Annexure a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
- As required by Section 143(3) of the Act, we report that:
  - We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - 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.
  - The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with Accounting Standards specified under section 133 of the Act read with Rule 7, The Companies (Accounts) Rules, 2014.
  - On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2017, taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2017, from being appointed as a Director in terms of Section 164(2) of the Act
  - with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - the Company has disclosed the impact of pending litigations on its financial position in its financial statements
    - the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts
    - There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- With respect to the other matters to be included in the Auditor's Report in accordance with the Rule 11 of the Companies(Audit and Auditors) Rules,2014, in our opinion and to the best of our information and according to the explanation given to us:

The Company has provided requisite disclosures in the Financial Statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Based on audit procedures and relying on the management representation, we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management.

**For Aaryaa & Associates**  
Chartered Accountants  
Firm Registration No. 0015935N

**Krishan Joshi**  
Partner  
M. No. 094478

Place: Chandigarh  
Dated: 27<sup>th</sup> May, 2017

## ANNEXURE 1

### THE AUDITORS' INDEPENDENT REPORT

The Annexure referred to in our report to the members of the Company for the year ended 31<sup>st</sup> March, 2017. To the best of our knowledge and belief and information & explanation given to us, we further report that:

1. a) The Company has maintained proper records to show full particulars including quantitative details & situation of its fixed assets.
- b) As explained to us, the fixed assets have been physically verified by the management at reasonable intervals which in our opinion is appropriate having regards to size of the Company and nature of its assets. No material discrepancies have been noticed during the year.
- c) The title deeds of immovable properties are held in the name of the Company.
2. a) The inventory of the Company has been physically verified by the management at reasonable intervals during the year.
- b) No material discrepancies were noticed.
3. The Company has granted loans, secured or unsecured to Companies, Firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. The same is mentioned herein as per the information and explanation given to us by the management.
  - a) The Company has granted unsecured loan to Modern Automotives Limited during the year. The maximum amount involved during the year is ₹ 1.86 crores & year end outstanding is ₹ 1.86 crores.
  - b) The rate of interest and other term & conditions of the above loan is, in our opinion, not prima facie prejudicial to the interest of the Company.
  - c) The receipts of principal amounts and interest have been regular as per stipulations.
  - d) There was no overdue amount.
4. In respect of loans, investments, guarantee and security the provisions of Section 185 and 186 of the Companies Act, 2013 have been complied with.
5. The Company has accepted deposits from directors amount ₹ 2.89 crores as well as from corporate bodies amounting to ₹ 3.89 crores. As per CDR report the amount of ₹ 3.50 crores need to be infused & ₹ 2.38 crores needed to be retained separately in form of unsecured loans by the Company, the Company has complied with the directives issued by the Reserve Bank of India & with the provisions of Section 73 to 76 of the Companies Act, 2013 and the rules framed there under with regard to the deposits accepted from the public. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal.
6. On the basis of records produced to us, we are of the opinion that prima facie the cost records prescribed by the Central Government of India under Section 148(1) of the Companies Act, 2013 have been made & maintained & also cost audit will be conducted in due course of time. We have not carried out any detailed examination of such Account & records.
7. (a) According to the books and records as produced and examined by us in accordance with generally accepted auditing practices in India and also based on Management representations, undisputed statutory dues in respect of Provident Fund, Employee's State Insurance dues, Investor Education and Protection Fund, Income Tax, Service Tax, Cess and other material statutory dues have generally been regularly deposited by the Company during the year with the appropriate authorities in India and there were no arrear outstanding in respect of above for a period of more than six months as on 31<sup>st</sup> March, 2017.
- (b) According to the records of the Company examined by us and the information and explanations given to us, there are no dues of sales tax, income tax, customs duty, service tax, excise duty and cess which have not been deposited on account of any dispute other than the following amounting to ₹1.81 crores. The details are as under:-



# MODERN STEELS LIMITED

NATURE OF DUES/NAME OF STATUTES	FORUM WHERE DISPUTE IS PENDING	YEAR	DISPUTED AMOUNT (₹)
<b>EXCISE DUTY</b>			
CENTRAL EXCISE ACT 1944	COMMISSIONER (APPEALS), CHANDIGARH	2007-08	2,56,533
CENTRAL EXCISE ACT 1944	COMMISSIONER (APPEALS), CHANDIGARH	2007-08 to 2008-09	2,59,085
CENTRAL EXCISE ACT 1944	COMMISSIONER (APPEALS), CHANDIGARH	2004-05 to 2006-07	89,56,212
CENTRAL EXCISE ACT 1944	CESTAT, NEW DELHI	2002-03 to 2004-05	15,87,580
CENTRAL EXCISE ACT 1944	CESTAT, NEW DELHI	2005-06 to 2006-07	11,30,998
CENTRAL EXCISE ACT 1944	COMMISSIONER (APPEALS), CHANDIGARH	2007-08	2,64,934
CENTRAL EXCISE ACT 1944	CESTAT, NEW DELHI	2004-05 to 2005-06	3,55,235
CENTRAL EXCISE ACT 1944	CESTAT, NEW DELHI	2008-09	1,10,550
CENTRAL EXCISE ACT 1944	CESTAT, NEW DELHI	2003-04 to 2007-08	20,78,246
CENTRAL EXCISE ACT 1944	COMMISSIONER (APPEALS), CHANDIGARH	2004-05	5,16,272
<b>CUSTOMS DUTY</b>			
CUSTOMS ACT 1962	CESTAT, AHMEDABAD	2004-05	25,35,450

8. There are dues payable to financial institutions but there are no debenture holders. During the year ended 31<sup>st</sup> March, 2017, the Company has defaulted on timely payment of principal and payment of interest on term loans and cash credits. The lender wise delay with respect to interest and principal is as under:

₹ in lacs

S. No	Particulars	Amount in lacs	Nature of Due	Period of default in repayment
1.	State Bank of India	660.87	Interest (Term Loan)	01.10.2015 to 31.03.2017
		893.30	Principal	30.12.2015 to 31.03.2017
		589.44	Interest (Working Capital)	31.03.2016 to 31.03.2017
2.	Punjab National Bank	330.65	Interest (Term Loan)	01.11.15 to 31.03.2017
		403.72	Principal	30.03.2016 to 31.03.2017
		211.67	Interest (Working Capital)	30.04.2016 to 31.03.2017

S. No	Particulars	Amount in lacs	Nature of Due	Period of default in repayment
3.	State Bank of Patiala	84.26	Interest (Term Loan)	31.08.2016 to 31.03.2017
		127.82	Principal	30.09.2016 to 31.03.2017
		155.67	Interest (Working Capital)	31.08.2016 to 31.03.2017
4.	Canara Bank	70.92	Interest (Term Loan)	31.08.2016 to 31.03.2017
		90.14	Principal	30.09.2016 to 31.03.2017
		91.81	Interest (Working Capital)	31.10.2016 to 31.03.2017

9. The Company did not raise money by way of initial public offer or further public offer (including debt instruments and term loans during the year.
10. As per the information and explanation given to us and on the basis of examination of records, no material fraud on or by the Company was noticed during the course of our audit.
11. The Company has paid or provided managerial remuneration in accordance with the requisite approval mandated by the provisions of Section 197 read with schedule V to the Companies Act, 2013.
12. In our opinion, considering the nature of activities carried on by the Company during the year, the provisions of any special/statute applicable to Nidhi Company are not applicable to it.
13. All transactions with related parties are in accordance with Section 177 and 188 of the Companies Act, 2013 and details have been disclosed in the financial statements as required by the applicable accounting standards.
14. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
15. The Company has not entered into any non cash transactions with directors or persons connected with him during the year under review.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India 1934.

**For Aaryaa & Associates**  
Chartered Accountants  
Firm Registration No. 015935N

**Krishan Joshi**  
Partner  
M. No.094478

Place: Chandigarh  
Dated: 27<sup>th</sup> May, 2017



**ANNEXURE 2****INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")**

1. In conjunction with our audit of the financial statements of Modern Steels Limited ("the Company") as of and for the year ended 31<sup>st</sup> March 2017, we have audited the internal financial controls over financial reporting (IFCoFR) of the company of as of that date.

**Management's Responsibility for Internal Financial Controls**

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the company's business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditors' Responsibility**

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India (ICAI) and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

**Meaning of Internal Financial Controls over Financial Reporting**

6. A Company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Generally Accepted Accounting Principles. A Company's IFCoFR includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

7. Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk that IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Aaryaa & Associates**  
Chartered Accountants  
Firm Registration No. 015935N

**Krishan Joshi**  
Partner  
M. No.094478

Place: Chandigarh  
Dated: 27<sup>th</sup> May, 2017



# MODERN STEELS LIMITED

## BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2017

Particulars	Notes	31 <sup>st</sup> March, 2017 ₹ in Lacs		31 <sup>st</sup> March, 2016 ₹ in Lacs	
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholder's Funds</b>					
Share Capital	III	14,40		14,40	
Reserves and Surplus	IV	<u>(24,82)</u>	(10,42)	<u>(24,24)</u>	(9,84)
<b>Non-current Liabilities</b>					
Long Term Borrowings	V	85,92		70,59	
Other Long Term Liabilities	VI	4		4	
Long-Term provisions	VII	<u>1,80</u>	87,76	<u>1,60</u>	72,23
<b>Current Liabilities</b>					
Short Term Borrowings	VIII	1,00,30		98,04	
Trade payables	IX	45,53		30,58	
Other Current Liabilities	X	11,23		29,84	
Short-Term provisions	XI	<u>72</u>	1,57,78	<u>71</u>	1,59,17
<b>Total</b>			<u>2,35,12</u>		<u>2,21,56</u>
<b>ASSETS</b>					
<b>Non-Currents assets</b>					
<b>Fixed Assets</b>					
Tangible Assets	XII	68,22		72,88	
Intangible Assets	XII	1		2	
Non-current investments	XIII	3		4,85	
Deffered Tax Assets (net)	XIV	-		-	
Long Term Loans and advances	XV	<u>8,73</u>	76,99	<u>8,74</u>	86,49
<b>Current Assets</b>					
Inventories	XVI	58,27		59,56	
Trade Receivables	XVII	83,43		65,53	
Cash and Bank Balance	XVIII	11,36		4,59	
Short Term Loans and Advances	XIX	4,47		4,54	
Other Current Assets	XX	<u>60</u>	1,58,13	85	1,35,07
<b>Total</b>			<u>2,35,12</u>		<u>2,21,56</u>

### Significant Accounting Policies

II

The Notes I to XXXXI form an integral part of the Financial Statements.

As per our report of even date attached

For and on behalf of Board of Directors

**For AARYAA & ASSOCIATES**  
Chartered Accountants  
Firm Registration No. 0015935N

**MUKESH SEHGAL**  
General Manager  
(Corporate Finance)

**KRISHAN KUMAR GOYAL**  
Director  
(DIN: 00482035)

**KRISHAN JOSHI**  
Partner  
M.No 094478

**ASHISH SHARMA**  
General Manager (Secretarial)  
& Company Secretary

**D.S. GILL**  
Director  
(DIN: 00211236)

Place: Chandigarh  
Dated: 27<sup>th</sup> May, 2017

**STATEMENT OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2017**

Particulars	Notes	31 <sup>st</sup> March, 2017 ₹ in Lacs	31 <sup>st</sup> March, 2016 ₹ in Lacs
<b>INCOME</b>			
Revenue from Operations	XXI	3,54,15	3,02,70
Less Excise Duty		<u>39,11</u>	<u>33,45</u>
		3,15,04	2,69,25
Other Income	XXII	<u>2,55</u>	<u>2,06</u>
<b>Total Revenue</b>		<u>3,17,59</u>	<u>2,71,31</u>
<b>EXPENSES</b>			
Cost of material consumed	XXIII	1,73,11	1,38,32
Changes in inventories of finished goods, work-in-progress and Stock-in-trade	XXIV	(97)	(2,61)
Employee benefits expense	XXV	19,93	17,67
Finance Cost	XXVI	4,86	27,13
Depreciation and Amortisation expenses	XII	5,35	5,39
Other Expenses	XXVII	1,17,84	1,02,59
Prior Period Items	XXVIII	(1,95)	6
<b>Total Expenses</b>		<u>3,18,17</u>	<u>2,88,55</u>
<b>Profit / (Loss) before Tax</b>		(58)	(17,24)
<b>Tax Expense:</b>			
- Deferred Tax		-	16,33
<b>Profit / (Loss) for the year</b>		<u>(58)</u>	<u>(33,57)</u>
Earning/(Loss) per equity share of face value of ₹ 10 each	XXXI		
- Basic (in ₹)		(0.42)	(24.39)
- Diluted (in ₹)		(0.42)	(24.39)
<b>Significant Accounting Policies</b>	II		
<b>Notes I to XXXXI form an integral part of the Financial Statements</b>			
As per our report of even date attached		For and on behalf of Board of Directors	
<b>For AARYAA &amp; ASSOCIATES</b> Chartered Accountants Firm Registration No. 0015935N	<b>MUKESH SEHGAL</b> General Manager (Corporate Finance)	<b>KRISHAN KUMAR GOYAL</b> Director (DIN: 00482035)	
<b>KRISHAN JOSHI</b> Partner M.No 094478	<b>ASHISH SHARMA</b> General Manager (Secretarial) & Company Secretary	<b>D.S. GILL</b> Director (DIN: 00211236)	
Place: Chandigarh Dated: 27 <sup>th</sup> May, 2017			

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2017**

Particulars	31 <sup>st</sup> March, 2017 ₹ in Lacs	31 <sup>st</sup> March, 2016 ₹ in Lacs
<b>A. Cash Flow from Operating Activities :</b>		
<b>Net Profit/(Loss) after tax</b>	<b>(58)</b>	<b>(33,57)</b>
Adjusted for :		
i. Depreciation	5,35	5,39
ii. Profit on Sale of Fixed Assets	(1)	-
iii. Income from sale of investment	(37)	-
iv. Deferred Tax Liability/Asset	-	16,33
v. Finance Cost	4,86	27,13
vi. Interest Income	(1,84)	(1,90)
<b>Operating profit before working Capital Changes</b>	<b>7,99</b>	<b>46,95</b>
<b>Adjusted for :</b>	<b>7,41</b>	<b>13,38</b>
i. Inventories	1,29	1,27
ii. Trade & Other receivables	(17,37)	15,58
iii. Trade Payable & Other Liabilities	(3,65)	(13,41)
<b>Cash Generated from Operations</b>	<b>(12,32)</b>	<b>16,82</b>
i. Taxes Paid	(20)	(22)
<b>Net Cash outflow from Operating Activities (A)</b>	<b>(12,52)</b>	<b>16,60</b>
<b>B. Cash Flow from Investing Activities</b>		
i. Purchase of Fixed Assets	(70)	(63)
ii. Sale/Adjustments of Fixed Assets	2	-
iii. Sale of Investment	5,20	-
iv. Interest Income	1,84	1,90
v. Increase(Decrease) in Bank balances not considered as cash and cash equivalents	2,71	(24)
<b>Net Cash used In Investing Activities (B)</b>	<b>9,07</b>	<b>1,03</b>
<b>C. Cash Flow from Financing Activities</b>		
i. Net Increase(Decrease) in Long Term Borrowings	15,33	(12,51)
ii. Net Increase(Decrease) in Liabilities/Provisions	20	1
iii. Net Increase (Decrease) in Short Term Borrowings	2,26	20,56
iv. Finance Cost	(486)	(27,13)
<b>Net Cash from Financing Activities (C)</b>	<b>12,93</b>	<b>(19,07)</b>
<b>Net increase/decrease in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>9,48</b>	<b>(1,44)</b>
<b>Cash &amp; Cash Equivalents as on 1<sup>st</sup> April 2016</b>	<b>1,09</b>	<b>2,53</b>
<b>Cash &amp; Cash Equivalents as on 31<sup>st</sup> March, 2017</b>	<b>10,57</b>	<b>1,09</b>
<b>Reconciliation of Cash and Bank balances with Balance Sheet</b>		
Cash and Bank balances as per Balance Sheet	11,36	4,59
Less Bank balances not considered as Cash and Cash equivalents	79	3,50
<b>Cash &amp; Cash equivalents as on 31<sup>st</sup> March, 2017</b>	<b>10,57</b>	<b>1,09</b>

As per our report of even date attached

For and on behalf of Board of Directors

**For AARYAA & ASSOCIATES**  
Chartered Accountants  
Firm Registration No. 0015935N

**MUKESH SEHGAL**  
General Manager  
(Corporate Finance)

**KRISHAN KUMAR GOYAL**  
Director  
(DIN: 00482035)

**KRISHAN JOSHI**  
Partner  
M.No 094478

**ASHISH SHARMA**  
General Manager (Secretarial)  
& Company Secretary

**D.S. GILL**  
Director  
(DIN: 00211236)

Place: Chandigarh  
Dated: 27<sup>th</sup> May, 2017

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2016****NOTE : I CORPORATE INFORMATION**

Modern Steels Limited (the Company) is a public listed Company incorporated under the provisions of the Companies Act, 1956 on 19<sup>th</sup> November, 1973. The Company is engaged in manufacturing of Steel Rolled products.

**NOTE : II SIGNIFICANT ACCOUNTING POLICIES****2.1 Basis of preparation**

These financial statements have been prepared under the historical cost convention on a going concern basis, on the accrual basis of accounting in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP). Indian GAAP comprises mandatory accounting standards as specified under Section 133 of the Companies Act, 2013 ('the Act'), read with Rule 7 of the Companies (Accounts) Rules 2014 (as amended) and other accounting pronouncements of The Institute of Chartered Accountants of India.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule III to the Companies Act, 2013. Based on the nature of services and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current/ non-current classification of its assets and liabilities.

However, based on expert opinion, the Board of Directors of the Company has decided that since the matter about the restructuring of the term loans are under way with banks hence term loans falling due for repayment within one year from the end of the balance sheet date are not being shown as current liability.

**2.2 Use of Estimates**

The preparation of financial statements, in conformity with the generally accepted accounting principles, require estimates and assumptions to be made that affect the reported amount of assets and liabilities as of the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the year in which the results materialize.

**2.3 Fixed Assets and Depreciation**

All tangible fixed assets are stated at cost less accumulated depreciation. Cost comprises the purchase price and other attributable cost including financing & other cost of borrowed funds attributable to construction or acquisition of tangible fixed assets for the year up to the date when the assets are first put to use. Modvat credit, service tax credit and VAT credit on tangible fixed assets has been reduced from the cost. Expenditure during construction is being capitalized.

Depreciation on tangible fixed assets has been provided on straight-line method according to the Schedule II of the Companies Act 2013.

**2.4 Intangibles and Amortization**

Intangible assets are recognized if it is probable that the future economic benefits attributable to that assets will flow to the enterprise and cost of the asset can be measured reliably in accordance with Accounting Standard-26 on "Intangibles Assets" issued by the Institute of Chartered Accountant of India.

Intangibles assets are amortized on straight line basis over their useful lives, which range from 1-5 years, determined on the basis of expected future economic benefits. The amortization period and method would be reviewed at the end of each financial year.

**2.5 Inventories**

The cost in respect of various items of inventory is computed as under:

- i.) In case of Raw-material on FIFO Basis (net of Modvat, Service Tax & VAT).
- ii.) In case of Work in Progress - Rolling Mill Raw Material are valued at monthly average cost basis. Cost for this purpose includes direct cost and all appropriate allocable overheads.
- iii.) In case of Finished Goods at cost plus all appropriate allocable overheads and Excise Duty thereon. Cost for this purpose includes direct cost on monthly average cost basis, all appropriate allocable overheads and Excise Duty thereon.

Fresh Stock of Stores, spares & Fuel are valued at cost or net realizable value, whichever is lower and cost is computed on FIFO Basis (net of MODVAT, Service tax, VAT). Stocks in working condition are valued at depreciated value or realizable value whichever is less. Disposable and Used Stocks is valued at net realizable value.

**2.6 Foreign Exchange Transaction**

The transactions in Foreign exchange are accounted for at the exchange rates prevailing on the date of the transactions. The current assets and current liabilities are converted at the exchange rate prevailing at the last working day of the accounting year. The resultant gains/losses are recognized in the profit & loss account relating to current assets & current liabilities. Exchange differences on foreign currency transactions relating to fixed assets acquired from a country outside India have been adjusted to revenue.

**Forward Exchange contracts not intended for trading or speculation purpose**

In case of forward exchange contract, the premium or discount arising at the inception of such contract is amortized as income or expense over the life of contract as well as exchange difference on such contract i.e. Difference between the exchange rate at the reporting/ settlement date and the exchange rate on the date of inception/ the last reporting date, is recognized as income/ expense for the year.

**2.7 Investments**

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as Non Current investments.



Current investments are carried in the financial statements at lower of cost and fair value determined and long term investments are carried at cost. However, provision for dilution in value is made to recognize the decline other than temporary in the value of investments.

## 2.8 Employees Benefits

### • **Provident Fund**

Retirement benefits in the form of Provident Fund and Family Pension Fund whether in pursuance of law or otherwise is accounted on accrual basis and charged to Statement of Profit & Loss of the year.

### • **Gratuity**

The retirement benefits in the form of Gratuity Scheme have been provided for the year ended as on 31<sup>st</sup> March, 2017. In accordance with Accounting Standard 15 (revised 2005), actuarial valuation was done in respect of the aforesaid defined "benefit" scheme.

## 2.9 Borrowing Costs

To capitalize the borrowing costs that is directly attributable to the acquisition or construction of that Capital asset. Other borrowing Costs are recognized as an expense in the year in which they are incurred.

## 2.10 Revenue Recognition

Revenues / Incomes and Cost /Expenditures are being generally accounted on accrual basis, as they are earned or incurred. Expenditures have been disclosed net of excise duty, service tax and VAT which are Modvatable.

### • **Sales**

Sales comprise of value of sales of products (net of returns) excluding VAT and Trade Discounts but including excise duty. Sales are recognized when the title of the goods is passed to the customers. Excise duty is reduced from gross sales to arrive at net sales.

### • **Interest**

Interest income is recognized on a time proportion basis (accrual basis) taking into account the amount outstanding and the rate applicable.

### • **Dividend**

Dividend Income is accounted for in the year in which the right to receive the same is established

## 2.11 Taxes on Income

Provision for Taxation is made on the basis of the taxable profits computed for the current accounting period in accordance with the Income Tax Act 1961. Deferred Tax resulting from timing difference between Book Profits and Tax Profits is accounted for at the applicable rate of tax to extent the timing differences are expected to crystallize, in case of Deferred Tax Liabilities with reasonable certainty and in case of Deferred Tax Assets with virtual certainty that there would be adequate future taxable income against which Deferred Tax Assets can be realized.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes down the carrying amount of deferred tax asset to the extent that is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax assets can be realized. Any such right-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Minimum Alternate Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountant of India (ICAI), the said asset is created by way of a credit to the statement of profit and loss and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income-tax during the specified period.

## 2.12 Impairment of Assets

As at 31<sup>st</sup> March, 2017, the Company has reviewed the future earning of its cash generating unit in accordance with the "Accounting Standards 28 Impairment of Assets" issued by the Institute of Chartered Accountant of India. As per the Company's said review the carrying amount of the assets does not exceed the future recoverable amount consequently, no adjustment is considered necessary by the management.

## 2.13 Provisions for Contingent liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past event and it is probable that there will be outflow of resources. Contingent liabilities are disclosed by way of notes. Contingent assets are neither recognized nor disclosed in the financial statement.

## 2.14 Earning Per Share

Basic earning per share is computed by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Diluted earning per share is computed by taking into the account the aggregate of the weighted average number of equity shares outstanding during the period and weighted average number of equity shares which would be issued on conversion of all the dilutive potential equity shares into equity shares.

## 2.15 Cash Flow Statement

The cash flow statement has been in accordance with the Accounting Standard (AS)-3 on "Cash Flow Statements" issued by the Companies (Accounting Standard) Rules, 2006.

## 2.16 Accounting policies not specifically referred to above are consistent with Generally Accepted Accounting Practices (GAAP).

**NOTE: III****SHARE CAPITAL**

Particulars	As at 31 <sup>st</sup> March, 2017		As at 31 <sup>st</sup> March, 2016	
	Number	₹ in Lacs	Number	₹ in Lacs
<b>Authorised</b>				
Equity Shares of ₹ 10/- each	2,49,00,000	24,90	2,49,00,000	24,90
9.5% Redeemable Cumulative Preference Shares of ₹100/- each	10,000	10	10,000	10
		25,00		25,00
<b>Issued, Subscribed and Fully Paid Up</b>				
Equity Shares of ₹ 10/- each	1,37,62,359	13,76	1,37,62,359	13,76
	A	13,76	A	13,76
Forfeited Shares (Amount paid up)		-		-
Forfeited Warrants (Amount paid up)		64		64
	B	64	B	64
	(A+B)	14,40	(A+B)	14,40

**a) Reconciliation of number and amount of equity shares**

	No. of Shares	₹ in Lacs	No. of Shares	₹ in Lacs
Number and amount of equity shares at the beginning	1,37,62,359	13,76	1,37,62,359	13,76
Add: Number and amount of equity shares Issued during the year	-	-	-	-
Number and amount of equity shares at the end	1,37,62,359	13,76	1,37,62,359	13,76

**b) Rights, Preferences, restrictions attached to equity shareholders:-**

The company has two classes of shares referred to as Equity Shares having par value of ₹ 10/- each and 9.5% Redeemable cumulative Preference Shares of ₹ 100/- each.

The Company has issued equity shares only. Hence rights / preferences applicable for Redeemable cumulative Preference capital are not disclosed separately.

Each Equity Shareholder is entitled to one vote per share.

The Company declares and pays dividend in Indian Rupees. In respect to Equity Shares, the dividend if any, proposed by the Board of Directors will be subject to approval of shareholders in Annual General Meeting.

In the event of liquidation of company, the holders of Equity Shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of Equity Shares held by the shareholders.

**c) Share held by holding Company or its ultimate holding company or subsidiary or associates of the holding company or the ultimate holding in aggregate Nil (Nil)****d) Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without being received in cash Nil (Nil), bonus shares and shares back for the period of five years immediately preceding the reporting date Nil (Nil).**

**e) Shareholders holding more than 5% shares as at balance sheet date**

Name of Equity Shareholders	As at 31 <sup>st</sup> March, 2017		As at 31 <sup>st</sup> March, 2016	
	No. of Shares	%	No. of Shares	%
1 Mr. Krishan Kumar Goyal	<b>24,96,179</b>	<b>18.14</b>	24,96,179	18.14
2 Mrs. Alka Goyal	<b>14,88,840</b>	<b>10.82</b>	14,88,840	10.82
3 Mr. Amarjit Goyal	<b>11,89,250</b>	<b>8.64</b>	11,89,250	8.64
4 M/s. Nabha Commerce Pvt. Ltd.	<b>8,37,750</b>	<b>6.09</b>	8,37,750	6.09
5 Mr. Aditya Goyal	<b>7,95,590</b>	<b>5.78</b>	7,95,590	5.78
<b>Total</b>	<b>68,07,609</b>	<b>49.47</b>	68,07,609	49.47

**f) Forfeiture of share warrants**

In the F.Y. 2011-12, the amount paid up on 7,71,641 warrants @ ₹ 8.25/- (Per warrant) of ₹ 63.66 lacs stands forfeited.

**NOTE: IV****RESERVES AND SURPLUS**

Particulars	As at 31 <sup>st</sup> March, 2017 ₹ in Lacs	As at 31 <sup>st</sup> March, 2016 ₹ in Lacs
<b>Securities Premium Account</b>		
(Balance at the beginning and at the end of the year)	<b>13,42</b>	13,42
<b>General Reserve</b>	<b>24,97</b>	24,97
(Balance at the beginning and at the end of year)		
<b>Surplus/(Deficit) in the Statement of Profit and Loss</b>		
- Balance at the beginning of year	<b>(62,63)</b>	(29,06)
Add/Less: Transferred from Statement of Profit & Loss	<b>(58)</b>	(33,57)
- Balance at the end of year	<b>(63,21)</b>	(62,63)
<b>Total</b>	<b>(24,82)</b>	(24,24)



**NOTE: V****LONG TERM BORROWINGS**

Particulars	NON CURRENT		CURRENT MATURITIES	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
	₹ in Lacs		₹ in Lacs	
<b>SECURED BORROWINGS</b>				
<b>From Banks</b>				
(a) Term Loan - i	12,95	9,82	-	3,28
Term Loan - ii	21,97	18,74	-	3,68
(b) Working Capital Term Loans	35,09	28,21	-	7,70
(c) Funded Interest Term Loans	9,12	7,21	-	2,04
<b>Total (A)</b>	<b>79,13</b>	<b>63,98</b>	<b>-</b>	<b>16,70</b>
<b>UNSECURED BORROWINGS</b>				
From Related Parties	5,04	5,03	-	-
From Others	1,75	1,58	-	-
<b>Total (B)</b>	<b>6,79</b>	<b>6,61</b>	<b>-</b>	<b>-</b>
Amount disclosed under "Other Current Liabilities" (Refer Note X)	-	-	-	(16,70)
<b>Total (A+B)</b>	<b>85,92</b>	<b>70,59</b>	<b>-</b>	<b>16,70</b>

**a) Details of Securities:-**

Term loans and interest accrued and due thereon (shown under Note X) from State Bank of India, Punjab National Bank, State Bank of Patiala and Canara Bank are secured by equitable mortgage of Land and Building of the company's properties situated at village Ajnali, Ambey Majra and Kukkar Majra & by hypothecation of all the movable properties forming part of the entire fixed assets of the Company on pari passu basis. The term loans and interest accrued and due thereon (shown under Note X) from SBI, PNB, SBOP & Canara Bank are also secured by way of second charge on all the current assets of the Company.

Working Capital Term Loans and or Funded Interest Term Loans and interest accrued and due thereon (shown under Note X) from State Bank of India, Punjab National Bank, Canara Bank and State Bank of Patiala are secured by equitable mortgage of Land and Building of the Company's properties situated at village Ajnali, Ambey Majra and Kukkar Majra & by hypothecation of all the movable properties forming part of the fixed assets of the Company on pari passu basis. The Working Capital term Loan and or Funded Interest Term Loan and interest accrued and due thereon (shown under Note X) from State Bank of India, Punjab National Bank, Canara Bank and State Bank of Patiala are also secured by way of second charge on all the current assets of the Company.

**Collateral Security**

Equitable mortgage of i) a vacant industrial plot on Truck Stand Road, Mandi Gobindgarh owned by Chandigarh Finance Pvt. Ltd. ii) residential property in the name of a Director at Sarvapriya Vihar, New Delhi. Pledge of promoters' shareholding i.e. 65.53% of the paid up capital.

**b) Guarantee by Directors & others:-**

Aggregate amount of Secured Long Term Borrowings and interest thereon are guaranteed by Chairman, Managing Director and Aditya Goyal are as follows:

<b>TERM LOAN I</b>	:	₹ 12,95 lacs (₹ 13,11 lacs)
<b>TERM LOAN II</b>	:	₹ 21,97 lacs (₹ 22,41 lacs)
<b>WCTL</b>	:	₹ 35,09 lacs (₹ 35,92 lacs)
<b>FITL</b>	:	₹ 9,13 lacs (₹ 9,25 lacs)



**c) Terms of Repayment:-**

Pursuant to the rework proposal approved under the Corporate Debt Restructuring (CDR) scheme by CDR Empowered Group duly sanctioned by respective banks under the consortium, following interest rates and schedules of repayment have been agreed with the Company

**I a Term Loans @ 16% pa. (included in long term borrowings and other current liabilities) (₹ in lacs)**

**TERM LOAN I**

Name of Bank	Amount outstanding	Financial year No of instalment in a year	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
			2	4	4	4	4	4	1
State Bank of India	8,21.49	Annual instalment amount	72.45	1,45.00	1,45.00	1,45.00	1,45.00	1,45.00	24.04
Punjab National Bank	3,14.17	Annual instalment amount	14.18	57.14	57.14	57.14	57.14	57.14	14.29
Canara Bank	1,58.85	Annual instalment amount	-	23.84	31.84	31.84	31.84	31.84	7.65

**I b Term Loans @ 12% pa. (included in long term borrowings and other current liabilities) (₹ in lacs)**

**TERM LOAN II**

Name of Bank	Amount outstanding	Financial year No of instalment in a year	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
			1	4	4	4	4	4	4	4
State Bank of India	10,41.41	Annual instalment amount	35.17	1,43.76	1,43.76	1,43.76	1,43.76	1,43.76	1,43.76	1,43.68
Punjab National Bank	5,79.99	Annual instalment amount	20.00	80.00	80.00	80.00	80.00	80.00	80.00	79.99
Canara Bank	2,02.82	Annual instalment amount	-	15.59	31.24	31.24	31.24	31.24	31.24	31.03
State Bank of Patiala	3,72.91	Annual instalment amount	-	28.66	57.36	57.36	57.36	57.36	57.36	57.45

**II Working Capital Term Loans (WCTL) (included in long term borrowings and other current liabilities) @ 10.50 % pa.**

(₹ in lacs)

Name of Bank	Amount outstanding	Financial year No of instalment in a year	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
			2	4	4	4	4	4	4
State Bank of India	16,70.41	Annual instalment amount	1,27.55	2,57.14	2,57.14	2,57.14	2,57.14	2,57.14	2,57.16
Punjab National Bank	8,92.72	Annual instalment amount	35.57	1,42.85	1,42.85	1,42.85	1,42.85	1,42.85	1,42.90
State Bank of Patiala	6,57.08	Annual instalment amount	-	85.66	1,14.28	1,14.28	1,14.28	1,14.28	1,14.30
Canara Bank	2,89.13	Annual instalment amount	-	39.13	50.00	50.00	50.00	50.00	50.00

**III Funded Interest Term Loans (FITL) (included in long term borrowings and other current liabilities) @ 10.50 % pa.**

(₹ in lacs)

Name of Bank	Amount outstanding	Financial year No of instalment in a year	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
			2	4	4	4	4	4	4
State Bank of India	4,86.48	Annual instalment amount	37.23	75.00	75.00	75.00	75.00	75.00	74.25
Punjab National Bank	2,33.98	Annual instalment amount	17.98	36.00	36.00	36.00	36.00	36.00	36.00
Canara Bank	88.73	Annual instalment amount	-	11.58	15.42	15.42	15.42	15.42	15.47
State Bank of Patiala	1,03.31	Annual instalment amount	-	13.50	18.00	18.00	18.00	18.00	17.81

**IV Working Capital Term Loan (WCTL)**

In the year 2012-13 the amount of Working Capital term Loan has been carved out of existing cash credit limits and same is repayable in 28 quarterly structured instalments commencing from 30<sup>th</sup> June, 2015.

**V Funded Interest Term Loan (FITL)**

In the year 2012-13 the CDR Empowered Group has sanctioned the conversion of future interest into various instruments and repayments thereof keeping in view the present scale of operations and expected liquidity position in the initial years of post implementation of the restructuring scheme. The repayment of 28 quarterly structured instalments will be commencing from 30<sup>th</sup> June, 2015.

**d Other Loans (Unsecured Borrowings)**

Unsecured borrowings from related parties & others are due for payment from the financial year 2018-19 to 2019-20.

**e The Company has submitted and pursuing with its lenders for restructuring its credit facilities including Term Loans, WCTL and FITL. The Company has requested its lenders for rescheduling of the instalments of the Term Loans, WCTL and FITL. In light of the above and the expert opinion available with the Company the Board of Directors of the Company has decided that the instalments of the term loans already fallen due as well as falling due for repayment within one year from the end of the balance sheet date, as per existing CDR sanctions, has not been shown as current liability.**

**NOTE: VI****OTHER LONG TERM LIABILITIES**

<b>Particulars</b>	<b>As at 31<sup>st</sup> March, 2017 ₹ in Lacs</b>	<b>As at 31<sup>st</sup> March, 2016 ₹ in Lacs</b>
Securities Received	4	4
<b>Total</b>	<b>4</b>	<b>4</b>

**NOTE: VII****LONG TERM PROVISIONS**

<b>Particulars</b>	<b>As at 31<sup>st</sup> March, 2017 ₹ in Lacs</b>	<b>As at 31<sup>st</sup> March, 2016 ₹ in Lacs</b>
<b>Provision for employee benefits</b>		
Gratuity	1,80	1,60
<b>Total</b>	<b>1,80</b>	<b>1,60</b>

The company has adopted Accounting Standard AS 15 (Revised 2005) on employment benefit on 1<sup>st</sup> April 2007, consequent to the clarification issued by ASB of the Institute of Chartered Accountants of India for implementing AS 15, the liability in respect of the same of benefit have been reworked as on 31.03.2017, based on the following assumptions.

(Actuarial valuation has been done by Sh A.D. Gupta vide Actuarial Valuation Certificate dated 24<sup>th</sup> April, 2017).

<b>Particulars</b>	<b>As at 31<sup>st</sup> March, 2017 ₹ in Lacs</b>	<b>As at 31<sup>st</sup> March, 2016 ₹ in Lacs</b>
<b>a) Actuarial Assumptions</b>		
Discount Rate (per annum)	7.50%	7.50%
Rate of increase in compensation levels	3.50%	3.50%
Rate of return on plan assets	-	-
Expected average remaining working {Lives of employees (year)}	22.32	22.33
<b>b) Table showing changes in present value of obligations:</b>		
Present Value of Obligation as at the beginning of the year	2,31	2,28
Acquisition adjustment	-	-
Interest Cost	17	18
Past Service Cost-vested	-	-
Current Service Cost	26	26
Curtailement Cost/(Credit)	-	-
Settlement Cost/(Credit)	-	-
Benefits Paid	(19)	(42)
Actuarial (gain)/loss on obligations	(4)	1
Present Value of Obligation as at the end of the year	2,52	2,31

**c) Actuarial Gain/Loss Recognized:**

Actuarial (gain)/loss for the year – Obligation	(4)	1
Actuarial (gain)/loss for the year – Plan Assets	-	-
Total (gain)/loss for the year	(4)	1
Actuarial (gain)/loss recognized in the year	(4)	1
Unrecognized actuarial (gains)/losses at the end of year	-	-

**d) The amounts to be recognized in Balance Sheet and Statements of Profit & Loss:**

Present Value of Obligation as at the end of the year	2,52	2,31
Fair Value of Plan Assets as at the end of the year	-	-
Funded Status	(2,52)	(2,31)
Unrecognized Actuarial (gains)/losses	-	-
Net Asset/(Liability) recognized in Balance Sheet	(2,52)	(2,31)

**e) Expenses recognized in the statement of Profit & Loss:**

Current Service Cost	26	26
Past Service Cost –vested	-	-
Interest Cost	17	18
Expected Return on Plan Assets	-	-
Curtailment Cost/(Credit)	-	-
Settlement Cost/(Credit)	-	-
Net actuarial (gain)/Loss recognized in the year	(4)	1
Expenses Recognized in the statement of Profit & Loss	40	45

**f) Bifurcation of PBO at the end of year**

Current Liability (Amount due within one year)	72	71
Non -Current Liability (Amount due over one year)	1,80	1,60
Total PBO at the end of year	2,52	2,31

**NOTE: VIII****SHORT TERM BORROWINGS**

Particulars	As at 31 <sup>st</sup> March, 2017 ₹ in Lacs	As at 31 <sup>st</sup> March, 2016 ₹ in Lacs
<b>Secured borrowings</b>		
<b>Loans repayable on demand:</b>		
- From Banks	1,00,30	98,04
<b>Total</b>	<b>1,00,30</b>	<b>98,04</b>

**Detail of Securities**

a) Working Capital Borrowings and interest accrued and due thereon (shown under Note X) such as Cash credit from State Bank of India, Punjab National Bank, Canara Bank and State Bank of Patiala is secured by hypothecation on entire current assets of the Company on pari passu basis and second charge on Fixed Assets of the Company.

**b) Collateral Security**

Equitable mortgage of i) a vacant industrial plot on Truck Stand Road, Mandi Gobindgarh owned by Chandigarh Finance Pvt. Ltd. ii) residential property in the name of a Director at Sarvapriya Vihar, New Delhi.

**c) Guarantee by Directors & Others:-**

Aggregate amount of Secured Short Term Borrowings and interest accrued and due thereon (shown under schedule X) thereon guaranteed by Chairman, Managing Director & Mr. Aditya Goyal are as follows:

Cash Credit ₹ 1,00,30 Lacs (₹ 98,04 Lacs)

Letter of Credit issued by banks ₹ 12,45 Lacs (₹ 20,79 Lacs)

**Cash Credit loan account is overdue as detailed below :-**

₹ in Lacs

Name of Bank	CC Limit	Outstanding as on 31 <sup>st</sup> March, 2017	Outstanding as on 31 <sup>st</sup> March, 2016
State Bank of India	33,00	48,84	49,76
Punjab National Bank	18,25	-	27,32
State Bank of Patiala	14,60	22,03	-
Canara Bank	7,15	11,51	-

**NOTE: IX****TRADE PAYABLES**

Particulars	As at 31 <sup>st</sup> March, 2017 ₹ in Lacs	As at 31 <sup>st</sup> March, 2016 ₹ in Lacs
- Dues to Micro, Small & Medium Enterprises	2,22	89
- Dues to Others	43,31	29,69
<b>Total</b>	<b>45,53</b>	<b>30,58</b>

According to communication received from suppliers regarding the applicability of the Act to them by the Company, dues to Micro, Small and Medium Enterprises pursuant to Section 22 of the Micro, Small and Medium Enterprises Development Act (MSMED).

Principal amount remaining unpaid under MSMED Act, 2006	2,22	89
Interest accrued and remaining unpaid	-	-
<b>Total</b>	<b>2,22</b>	<b>89</b>


**NOTE: X**
**OTHER CURRENT LIABILITIES**
**Particulars**

 Current maturities of Long Term Borrowings  
 Interest accrued and due on borrowings

As at 31 <sup>st</sup> March, 2017 ₹ in Lacs	As at 31 <sup>st</sup> March, 2016 ₹ in Lacs
-	16,70
<b>1,36</b>	<b>3,62</b>

**Other Payables**

 Advances from Customer  
 Expenses payables  
 Employee Related Payables  
 Statutory dues payables

11	16
<b>6,15</b>	4,93
<b>1,15</b>	1,35
<b>2,46</b>	<b>3,08</b>

**Total**

<b>11,23</b>	<b>29,84</b>
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**NOTE: XI**
**SHORT TERM PROVISIONS**
**Particulars**

 Provision for Employee benefits  
 Gratuity (Refer Note VII)

As at 31 <sup>st</sup> March, 2017 ₹ in Lacs	As at 31 <sup>st</sup> March, 2016 ₹ in Lacs
72	71

**Total**

<b>72</b>	<b>71</b>
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**NOTE XII**
**FIXED ASSETS**

₹ in Lacs

Fixed Assets	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As At 1 <sup>st</sup> April, 2016	Addi- tions	Sales/ Adjust- ments	As At 31 <sup>st</sup> March, 2017	Up To 1 <sup>st</sup> April, 2016	During the Period	Sold/ Adjust- ments	Up To 31 <sup>st</sup> March, 2017	As At 31 <sup>st</sup> March, 2017	As At 31 <sup>st</sup> March, 2016
<b>TANGIBLE ASSETS</b>										
Land	25	-	-	25	-	-	-	-	25	25
Buildings	15,09	-	-	15,09	4,92	41	-	5,33	9,76	10,17
Plant & Machinery	1,13,39	63	-	1,14,02	51,78	4,71	-	56,49	57,53	61,61
Office Equipment	1,37	4	-	1,41	1,14	8	-	1,22	19	23
Furniture	1,18	-	-	1,18	97	6	-	1,03	15	21
Vehicles	2,22	1	27	1,96	1,81	6	25	1,62	34	41
<b>TANGIBLE ASSETS TOTAL</b>	<b>1,33,50</b>	68	27	<b>1,33,91</b>	60,62	<b>5,32</b>	25	65,69	<b>68,22</b>	72,88
Previous Year	1,32,88	62	-	1,33,50	55,25	5,37	-	60,62	72,88	-
<b>INTANGIBLE ASSETS</b>										
Computer Software	1,18	2	-	1,20	1,16	3	-	1,19	1	2
<b>INTANGIBLE ASSETS TOTAL</b>	<b>1,18</b>	2	-	<b>1,20</b>	1,16	<b>3</b>	-	1,19	<b>1</b>	2
Previous Year	1,17	1	-	1,18	1,14	2	-	1,16	2	-
<b>Total</b>	<b>1,34,68</b>	70	27	<b>1,35,11</b>	61,78	<b>5,35</b>	25	66,88	<b>68,23</b>	72,90
Previous Year	1,34,05	63	-	1,34,68	56,39	5,39	-	61,78	72,90	-

**NOTE: XIII****NON - CURRENT INVESTMENTS**

Particulars	As at 31 <sup>st</sup> March, 2017 ₹ in Lacs	As at 31 <sup>st</sup> March, 2016 ₹ in Lacs
<b>A) TRADE INVESTMENT (at cost, unquoted)</b>		
Investment in Equity instruments:		
In Associate:		
Nil (16,24,000) Equity shares of ₹ 10 each fully paid up in Modern Automotives Ltd. Out of which Nil (8,00,000) equity shares issued at premium @ ₹ 40 per share	-	4,82
<b>(A)</b>	<u>-</u>	<u>4,82</u>
<b>B) OTHER INVESTMENT (at cost, unquoted)</b>		
Investment in Equity instruments:		
In Others:		
28,125 (28,125) Equity Shares of ₹10 each fully paid up in Nimbua Green Field (Punjab) Ltd.	3	3
<b>(B)</b>	<u>3</u>	<u>3</u>
<b>Aggregate cost of Unquoted Investment</b>	<u>3</u>	<u>4,85</u>

Note: During the year under review, the Company transferred 16.24 Lacs (Nil) shares of Modern Automotives Limited and earned net gain of ₹ 37.28 lacs ( Nil)

**NOTE: XIV****DEFERRED TAX LIABILITY/ASSET**

Particulars	As at 31 <sup>st</sup> March, 2017 ₹ in Lacs	As at 31 <sup>st</sup> March, 2016 ₹ in Lacs
<b>Deferred Tax Liability</b>		
(Impact of difference between income tax depreciation and depreciation / amortisation charged for financial reporting period)		
Opening Balance	-	9,71
Additions (see note)	-	-
Less: Adjustments during the year	-	9,71
<b>Total (A)</b>	<u>-</u>	<u>-</u>
<b>Deferred Tax Asset</b>		
Disallowance u/s 40A(7) on account of provision of gratuity	-	74
On account of accumulated losses as per Income Tax Act	-	21,81
Disallowance u/s 43B on account of FITL interest	-	3,28
Disallowance u/s 43B on account of Bonus	-	21
<b>Total</b>	<u>-</u>	<u>26,04</u>
Less: Adjustment during the year	-	26,04
<b>Total (B)</b>	<u>-</u>	<u>-</u>
<b>Net (A-B)</b>	<u>-</u>	<u>-</u>

Note 1) Since there is no certain visibility about earning of sufficient future taxable income the Company has written down the carrying amount of deferred tax asset as on 31<sup>st</sup> March, 2015 ₹ 16,33,78,674. As a result the net loss after tax has increased by such amount. Accordingly, deferred tax asset for the year ended 31<sup>st</sup> March, 2016 has not been accounted for.

Note 2) Since there is no certain visibility about earning of sufficient future taxable income, the Company has not accounted for deferred tax asset for the year ended 31<sup>st</sup> March, 2017.

**NOTE: XV****LONG TERM LOANS AND ADVANCES**

Particulars	As at 31 <sup>st</sup> March, 2017 ₹ in Lacs	As at 31 <sup>st</sup> March, 2016 ₹ in Lacs
<b>(Unsecured, Considered Good)</b>		
Security Deposits	6,32	6,33
Loans & Advances to Related Parties	1,86	1,86
Other Loans & Advances		
Amount paid (under protest) on account of Excise, Power, ESI etc.	55	55
<b>Total</b>	<u>8,73</u>	<u>8,74</u>

**NOTE: XVI****INVENTORIES**

Particulars	As at 31 <sup>st</sup> March, 2017 ₹ in Lacs	As at 31 <sup>st</sup> March, 2016 ₹ in Lacs
<b>Inventories</b>		
a) Raw Materials (including stock in transit ₹ 40.95 lacs Previous Year ₹ 86.92 lacs)	14,59	17,61
b) Work in Progress	11,57	8,39
c) Finished Goods	17,73	19,94
d) Stores, Spares & Fuel (includes disposable stores)	14,38	13,62
<b>Total</b>	<u>58,27</u>	<u>59,56</u>

**Method of Valuation:**

- 1 The cost in respect of various items of inventory is compared as under:
  - a. In case of Raw-material on FIFO Basis ( net of MODVAT , Service Tax & VAT).
  - b. In case of Work in Progress-Rolling Raw Material are valued at monthly average cost basis. Cost for this purpose includes direct cost and all appropriate allocable overheads.
  - c. In case of Finished Goods at Cost plus all appropriate allocable overheads and Excise Duty thereon. Cost for this purpose includes direct cost on monthly average cost basis, all appropriate allocable overheads and Excise Duty thereon.
- 2 Fresh Stocks of Stores, spares & Fuel are valued at cost or net realizable value, whichever is lower and cost is computed on FIFO Basis (net of MODVAT, Service tax, VAT). Stocks in working condition are valued at depreciated value or realizable value whichever is less. Disposable and Used Stocks is valued at net realizable value.

**NOTE: XVII****TRADE RECEIVABLES**

Particulars	As at 31 <sup>st</sup> March, 2017 ₹ in Lacs	As at 31 <sup>st</sup> March, 2016 ₹ in Lacs
<b>(Unsecured, Considered Good unless otherwise specified)</b>		
Debts Outstanding for period exceeding six months from due date of payment		
— Considered good	6,97	2,33
— Considered doubtful	92	-
Other Debts	76,46	63,20
	<u>84,35</u>	<u>65,53</u>
Less Provision for Doubtful Debts	(92)	-
<b>Total</b>	<u>83,43</u>	<u>65,53</u>



**NOTE: XVIII****CASH AND BANK BALANCES**

Particulars	As at 31 <sup>st</sup> March, 2017 ₹ in Lacs	As at 31 <sup>st</sup> March, 2016 ₹ in Lacs
<b>(A) Cash and Cash Equivalents</b>		
Balances with Banks		
In Current Accounts	86	63
Cheques on hand	9,55	-
Cash in hand	16	46
<b>(A)</b>	<u>10,57</u>	<u>1,09</u>
<b>(B) Other Bank Balances</b>		
In Fixed Deposits Accounts Inclusive of interest accrued thereon	79	3,50
<b>(B)</b>	<u>79</u>	<u>3,50</u>
<b>Total (A+B)</b>	<u>11,36</u>	<u>4,59</u>

## Notes

Fixed deposits including interest thereon is towards margin money given to the banks against margin of the Letter of Credit.

**(b) Disclosure of cash transactions during the 9<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016 (₹ in Lacs)**

Particulars	SBNs		Other denomination notes		
	Denomination	Amount	Denomination	Amount	Amount
Closing Cash in hand as on 08.11.2016	500 & 1000	56		23	79
Add Withdrawal from Bank accounts	-	-	-	9	9
Add Receipts from permitted transactions	-	-	-	2	2
Add Receipts from non-permitted transactions	-	-	-	-	-
Minus paid for permitted transactions	-	-	-	30	30
Minus paid for non-permitted transactions	-	-	-	-	-
Minus amount deposited into banks	500 & 1000	56	-	-	56
Closing Cash in hand as on 30.12.2016	-	-		4	4

**NOTE: XIX****SHORT TERM LOANS AND ADVANCES**

Particulars	As at 31 <sup>st</sup> March, 2017 ₹ in Lacs	As at 31 <sup>st</sup> March, 2016 ₹ in Lacs
<b>(Unsecured, Considered Good)</b>		
<b>OTHERS</b>		
Tax deducted at source	20	22
Old Income Tax	56	1,03
Balance with Statutory Authorities	1,49	1,28
Advances to Suppliers	1,64	1,06
Advances to Employees	5	5
Prepaid Expenses	50	53
Other Recoverable	3	37
<b>Total</b>	<u>4,47</u>	<u>4,54</u>

**NOTE: XX****OTHER CURRENT ASSETS**

Particulars	As at 31 <sup>st</sup> March, 2017 ₹ in Lacs	As at 31 <sup>st</sup> March, 2016 ₹ in Lacs
<b>(Unsecured, Considered Good)</b>		
Insurance refund/claim receivable	1	1
Amount receivable from PSPCL	47	73
Amount receivable from Banks and Others	12	11
<b>Total</b>	<u>60</u>	<u>85</u>

**NOTE: XXI****REVENUE FROM OPERATIONS**

Particulars	Year Ended 31 <sup>st</sup> March, 2017 ₹ in Lacs	Year Ended 31 <sup>st</sup> March, 2016 ₹ in Lacs
Sale of Products (Refer note No. XXXIII)	3,53,15	3,01,45
Other Operating Revenue	1,00	1,25
<b>Revenue from Operations (Gross)</b>	<u>3,54,15</u>	<u>3,02,70</u>

**NOTE: XXII****OTHER INCOME**

Particulars	Year Ended 31 <sup>st</sup> March, 2017 ₹ in Lacs	Year Ended 31 <sup>st</sup> March, 2016 ₹ in Lacs
Interest Income	1,84	1,90
Net gain on sale of fixed assets	1	-
Net gain on sale of investment	37	-
Commission received	10	-
Profit on sale of DEPB licence	23	15
Other Non-Operating Incomes	-	1
<b>Total</b>	<u>2,55</u>	<u>2,06</u>

Note: During the year, the Company transferred 16.24 lac (Nil) shares of Modern Automotives Limited and earned net gain of ₹ 37.28 lac (Nil).

**NOTE: XXIII****COST OF MATERIAL CONSUMED**

Particulars	Year Ended 31 <sup>st</sup> March, 2017 ₹ in Lacs	Year Ended 31 <sup>st</sup> March, 2016 ₹ in Lacs
Consumption of Scrap	1,36,49	1,15,04
Consumption of Purchase Intermediates	1,89	-
Consumption of Additives	34,73	23,28
<b>Total</b>	<u>1,73,11</u>	<u>1,38,32</u>

**NOTE: XXIV****CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRESS**

Particulars	Year Ended 31 <sup>st</sup> March, 2017 ₹ in Lacs	Year Ended 31 <sup>st</sup> March, 2016 ₹ in Lacs
<b>Opening Stock</b>		
Finished Goods	19,94	18,56
Work-in-progress	8,39	7,16
<b>(A)</b>	<u>28,33</u>	<u>25,72</u>
<b>Closing Stock</b>		
Finished Goods	17,73	19,94
Work-in-progress	11,57	8,39
<b>(B)</b>	<u>29,30</u>	<u>28,33</u>
<b>(A-B)</b>	<u>(97)</u>	<u>(2,61)</u>

**NOTE: XXV****EMPLOYEE BENEFITS EXPENSES**

Particulars	Year Ended 31 <sup>st</sup> March, 2017 ₹ in Lacs	Year Ended 31 <sup>st</sup> March, 2016 ₹ in Lacs
Salary Wages and Bonus	16,27	14,63
Contributions to Provident and Other Fund	1,62	1,46
Gratuity	40	45
Staff & Workers Welfare expenses	1,64	1,13
<b>Total</b>	<u>19,93</u>	<u>17,67</u>

**NOTE: XXVI****FINANCE COST**

Particulars	Year Ended 31 <sup>st</sup> March, 2017 ₹ in Lacs	Year Ended 31 <sup>st</sup> March, 2016 ₹ in Lacs
<b>Interest Expense</b>		
<b>Banks</b>		
Term Loans	1,05	10,49
Cash Credit	1,11	9,28
Bank & Others (against LC)	1,60	5,08
<b>Others</b>		
Unsecured Loans	19	36
Other Borrowing Cost	91	1,92
<b>Total</b>	<u>4,86</u>	<u>27,13</u>

**NOTE: XXVII****OTHER EXPENSES**

<b>Particulars</b>	<b>Year Ended 31<sup>st</sup> March, 2017 ₹ in Lacs</b>	<b>Year Ended 31<sup>st</sup> March, 2016 ₹ in Lacs</b>
Consumption of Stores and Spares parts	26,71	23,25
Power and Fuel	61,90	52,97
Other Manufacturing Expenses	10,68	7,77
Conversion Charges	2,42	3,17
Increase/(Decrease) in Excise Duty of closing Stock of Finished Goods	(13)	18
Rent	16	15
Repairs and Maintenance :		
- Building	12	8
- Machinery	44	49
- Others	13	16
Insurance	36	34
Rate & Taxes	18	8
Fees	10	12
Travelling and Conveyence	73	62
Forwarding Expenses	4,85	3,82
Discount, Rebate and allowances	6,02	7,52
Bad Debt written off	9	-
Provision for Doubtful Debts	92	-
Net loss on foreign currency transaction	-	1
Miscellaneous Expenses	2,16	1,86
<b>Total</b>	<b>1,17,84</b>	<b>1,02,59</b>

**NOTE: XXVIII****PRIOR PERIOD ITEMS**

<b>Particulars</b>	<b>Year Ended 31<sup>st</sup> March, 2017 ₹ in Lacs</b>	<b>Year Ended 31<sup>st</sup> March, 2016 ₹ in Lacs</b>
Previous Year Expenses	6	14
Less Previous Year Income	2,01	8
<b>Total</b>	<b>(1,95)</b>	<b>6</b>

**NOTE: XXIX****CONTINGENT LIABILITIES & COMMITMENTS**

<b>Particulars</b>	<b>As at 31<sup>st</sup> March, 2017 ₹ in Lacs</b>	<b>As at 31<sup>st</sup> March, 2016 ₹ in Lacs</b>
<b>Contingent Liabilities:</b>		
a) Claim against the Company not acknowledged as debts	2,61.03	2,80.22
b) Other money for which Company is contingent liable	4,17.42	3,36.33
<b>Commitments:</b>		
a) Estimated amount of contractors remaining to be executed on capital accounts and not provided for.	-	-
b) Letter of credit against import of material	-	21.50

**NOTE: XXX**

The interest accrued on long term and short term borrowings amount to ₹ 20,74 lacs (₹12,61 lacs) accrued to SBI (out of which ₹ 1,86 lacs relates to financial year 2015-16) for the period from 1<sup>st</sup> April, 2016 to 31<sup>st</sup> March, 2017, ₹ 4,62 lacs accrued to PNB for the period from 1<sup>st</sup> April, 2016 to 31<sup>st</sup> March, 2017, ₹ 2,12 lacs accrued to SBOP for the period from 1<sup>st</sup> September 2016 to 31<sup>st</sup> March, 2017 and ₹ 1,39 lacs to Canara Bank for the period from 1<sup>st</sup> October, 2016 to 31<sup>st</sup> March, 2017 has not been provided in the statement of profit and loss account as these loans have been categorized as NPA as on 31<sup>st</sup> March, 2017.

**NOTE: XXXI****EARNINGS PER SHARE**

Particulars	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
Profit / (Loss) after taxation as per Statement of Profit and Loss (₹ in lacs)	(58.27)	(33,56.18)
Equity shares outstanding	1,37,62,359	1,37,62,359
Basic earnings per share in rupees (face value ₹ 10/- each)	(0.42)	(24.39)
Diluted earnings per share in rupees (face value ₹ 10/- each)	-	-

**NOTE: XXXII****PAYMENT TO AUDITORS \***

Particulars	As at 31 <sup>st</sup> March, 2017 ₹ in Lacs	As at 31 <sup>st</sup> March, 2016 ₹ in Lacs
Audit Fees	8.05	9.14
Tax Audit fees	0.29	0.29

\*inclusive of service tax

**NOTE: XXXIII****Statement of Turnover and Closing Stock.**

₹ in Lacs

Particulars	Turnover	Finished Goods		Work in Process	
		Closing Stock	Opening Stock	Closing Stock	Opening Stock
<b>Concast Billets this year</b>	<b>83.09</b>	-	-	-	-
Previous year	69.44	-	-	-	-
<b>Rolled Product this year</b>	<b>2,91,77.53</b>	<b>15,62.56</b>	<b>16,42.34</b>	-	-
Previous year	2,51,53.49	16,42.34	16,43.36	-	-
<b>Induction Ingots this year</b>	<b>4,96.52</b>	-	-	-	-
Previous year	4,17.71	-	-	-	-
<b>Auto Components this year</b>	<b>47,16.76</b>	<b>2,10.82</b>	3,51.30	-	-
Previous year	44,08.78	3,51.30	2,12.92	-	-
<b>Others this year</b>	<b>8,40.92</b>	-	-	-	-
Previous year	96.11	-	-	-	-
<b>Current Year</b>	<b>3,53,14.82</b>	<b>17,73.38</b>	<b>19,93.64</b>	-	-
Previous year	3,01,45.53	19,93.64	18,56.28	-	-
<b>Rolling Mills Material –</b>					
<b>Billet – Current Year</b>	-	-	-	<b>7,13.03</b>	<b>4,52.70</b>
Billet – Previous Year	-	-	-	4,52.70	1,85.65
<b>Ingot – Current Year</b>	-	-	-	<b>1,90.82</b>	<b>2,52.16</b>
Ingot – Previous Year	-	-	-	2,52.16	4,03.03
<b>Round – Current Year</b>	-	-	-	<b>2,53.19</b>	<b>1,34.36</b>
Round – Previous Year	-	-	-	1,34.36	1,27.56
<b>Total – Current Year</b>	-	-	-	<b>11,57.04</b>	<b>8,39.22</b>
Total – Previous Year	-	-	-	8,39.22	7,16.24

**NOTE: XXXIV**

The Information required by paragraph 5 of general instructions for preparation of the Statement of Profit & Loss as per Schedule III of Companies Act, 2013

**a) Value of Imports (CIF Basis)**

Particulars	Year Ended 31 <sup>st</sup> March, 2017 ₹ in Lacs	Year Ended 31 <sup>st</sup> March, 2016 ₹ in Lacs
1) Raw Material	45,95	48,41
2) Stores & Spares	2,09	1,22
<b>b) Expenditure in Foreign Currency</b>		
Electrical Repairs	–	1.48

**c) Value of Raw Material Consumed**

Particulars	Year Ended 31 <sup>st</sup> March, 2017		Year Ended 31 <sup>st</sup> March, 2016	
	%age	Value in Lacs	%age	Value in Lacs
<b>Cost of Materials Consumed</b>				
Imported	33.55	58,08	45.76	63,30
Indigenous	66.45	1,15,03	54.24	75,02
<b>Total</b>		<u>1,73,11</u>		<u>1,38,32</u>
<b>Store &amp; Spares</b>				
Imported	21.74	5,91	19.01	4,42
Indigenous	78.26	20,80	80.99	18,83
<b>Total</b>		<u>26,71</u>		<u>23,25</u>

**NOTE: XXXV****TREATMENT OF EXCISE DUTY**

Excise duty amounting to ₹ 39,11 lacs (Previous year ₹33,45 lacs) has been reduced from gross turnover as the same is included in the figure of gross turnover. Further the differences of excise duty between the closing stock and opening stock amounting to ₹13 lacs (₹18 lacs) has been disclosed separately in the Other Expenses forming part of statement of Profit and Loss.

**NOTE: XXXVI****SEGMENT REPORTING**

The Company is engaged in the business of Steel Manufacturing which in context of Accounting Standards – 17 “Segment Report” issued by the Institute of Chartered Accountants of India is considered the only Business Segment. So separate segment reporting is not necessary.

**NOTE: XXXVII**

In the opinion of the Board of Directors, Current Assets, Loan and Advances have value on realization in the ordinary course of business at least equal to the amounts at which they are stated and provision for all known liabilities have been made in accounts.

**NOTE: XXXVIII**

The Company has applied for its debts under Corporate Debt Restructuring Mechanism during the financial year 2012-13. The proposal to restructure all the debts from the lenders:

- State Bank of India
- Punjab National Bank
- State Bank of Patiala
- Canara Bank

CDR Empowered Group approved restructuring on 8<sup>th</sup> November, 2012 and CDR Cell issued Letter of Approval (LOA) on dated 27<sup>th</sup> April, 2013. Master Restructuring Agreement incorporating the terms of LOA was signed with the lenders on 25<sup>th</sup> July, 2013. The Company has created security in favour of the lenders.

**NOTE: XXXIX**

In term of Letter of Approval (LOA) and Master Restructuring Arrangement (MRA), the Company's debts have been restructured with longer repayment schedule stretching upto FY 2022-23 and low rate of interest. A part of the interest for the period from September 2012 to March 2014 has been funded by the lenders by way of Funded Interest Term Loan (FITL). However, CDR lenders would have the right to recompense for their sacrifices depending upon the profitability and cash flow of the Company, at the time of Company's exit from CDR, the sacrifice amount for which lenders have right to recompense works out to ₹12.33 Crores during the tenure of CDR, of which the amount for the year ended 31<sup>st</sup> March, 2017 is ₹ 1.39 Crores and the cumulative amount for the year up to 31<sup>st</sup> March, 2017 is ₹ 9.01 Crores.

However no provision has been made in the books of accounts of the Company of the lenders right to recompense for their sacrifices as the liability shall arise only at the time of exit from CDR.

**NOTE: XXXX**

As per the Accounting Standard – 18 issued by the Institute of Chartered Accountants of India "Related Party Disclosure ". In view of this the Company has given the following disclosures for the year.

**A) Related Party and their relationship****Key Management Personnel**

Mr. Amarjit Goyal  
 Mr. Krishan Kumar Goyal  
 Mr. R.K. Sinha  
 Mr. Ashish Sharma

**Enterprises over which KMP and relatives of such personnel are able to exercise significant influence**

M/s Chandigarh Finance Pvt. Ltd., M/s. Modern Dairies Ltd.,  
 M/s. PHi Business Solutions Ltd., M/s Nabha Commerce Pvt. Ltd.,  
 M/s Indo Pacific Finlease Ltd., M/s Modern Automotives Ltd.,

**B) Transactions with the related parties** (₹ in Lacs)

<b>Particulars</b>	<b>Key Management Personnel</b>	<b>Relatives of Key Management Personnel &amp; their Enterprises</b>
Remuneration Including Perks	1,08.67 (1,20.80)	- (-)
Interest on Unsecured Loan	- (22.32)	00.18 (00.16)
Loan Taken	20.00 (-)	- (2,98.00)
Loan Repaid	19.50 (-)	- (3,32.53)
Interest Income	- (-)	20.12 (20.14)
Share of Expenses Received	- (-)	35.40 (34.58)
Share of Expenses Paid	- (-)	15.52 (28.39)
Purchase of Raw Material & Stores	- (-)	7,41.26 (8,16.99)
Job Work Paid	- (-)	- (00.10)
Job Work Received	- (-)	87.84 (1,27.53)
Sales of Finished Products	- (-)	37,25.64 (64,70.89)

**NOTE: XXXXI**

Figures for the previous year have been regrouped / rearranged wherever considered necessary.

For and on behalf of Board of Directors

**For AARYAA & ASSOCIATES**

Chartered Accountants  
Firm Registration No. 0015935N

**MUKESH SEHGAL**

General Manager  
(Corporate Finance)

**KRISHAN KUMAR GOYAL**

Director  
(DIN: 00482035)

**KRISHAN JOSHI**

Partner  
M.No 094478

**ASHISH SHARMA**

General Manager (Secretarial)  
& Company Secretary

**D.S. GILL**

Director  
(DIN: 00211236)

Place: Chandigarh

Dated: 27<sup>th</sup> May, 2017