



# Modern Steels Limited

CORPORATE OFFICE : 98-99, SUB CITY CENTRE, SECTOR 34, CHANDIGARH - 160 022 (INDIA)

Tel : +91-172-2609001, 2609002, FAX : +91-172-2609000

E-mail : info@modernsteels.com, CIN : L27109PB1973PLC003358

Ref: MSL/SECT/BSE/

Date: 8<sup>th</sup> September, 2018

M/s. Bombay Stock Exchange Limited  
Phiroze Jeejeebhoy Towers  
Dalal Street  
Mumbai-400001

**SUB: Annual Report of the Company along with Notice of 44<sup>th</sup> Annual General Meeting (AGM) and Newspaper Publication of Notice**

Dear Sir,

Pursuant to relevant Regulation of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith Annual report for Financial Year 2017-18 along with Notice of the 44<sup>th</sup> AGM of the Company to be held on Saturday, 29<sup>th</sup> September, 2018 and copy of Newspaper Publication of Notice.

The schedule of the events is set as below:

S. No.	Event	Date
1.	Relevant/Cut-off date to vote on AGM resolution	22 <sup>nd</sup> September, 2018
2.	Commencement of e-voting	26 <sup>th</sup> September, 2018 (9.00 AM)
3.	End of e-voting	28 <sup>th</sup> September, 2018 (5.00 PM)
4.	Annual General Meeting	29 <sup>th</sup> September, 2018 (11.00 AM)

Please take the above on your record.

Thanking you

Yours truly,  
for MODERN STEELS LIMITED

(HEENA GARG)  
AUTHORISED SIGNATORY

# NOTICE OF 44<sup>TH</sup> ANNUAL GENERAL MEETING

## NOTICE

Notice is hereby given that the 44th Annual General Meeting of the members of Modern Steels Limited will be held on Saturday, the 29th September, 2018 at 11.00 a.m. at the Registered Office of the Company at G.T. Road, Mandi Gobindgarh, Distt. Fatehgarh Sahib, Punjab - 147 301 to transact the following businesses:

### ORDINARY BUSINESS:

1. To consider and adopt the audited financial statements of the company for the financial year ended 31st March, 2018 together with the reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. Rajesh Kumar Sinha (DIN: 00556694), who retires by rotation at this Annual General Meeting and being eligible has offered himself for re-appointment.

### SPECIAL BUSINESS:

3. To re-appoint Dr. Meena Sharma (DIN: 07241589) as an Independent Non Executive Director and in this regard to consider and pass the following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment & Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), Dr. Meena Sharma (DIN: 07241589), who was appointed as an Independent Non-Executive Director of the Company by the Board upto the conclusion of this Annual General Meeting and being eligible, has offered herself for re-appointment and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing her candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for a second term for a period of 5 (five) consecutive years that is from 26<sup>th</sup> September, 2018 to 25<sup>th</sup> September, 2023 on the Board of the Company."

4. To review the remuneration paid to Mr. R.K. Sinha (DIN: 00556694) as Director (Operations) of the Company and in this regard to consider and pass the following resolution as a Special Resolution:

**"RESOLVED THAT** in accordance with the provisions of Sections 196, 197, 200 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), and subject to such other approvals as may be required, approval of the Company be and is hereby accorded to the remuneration being paid to Mr. R.K. Sinha (DIN: 00556694) as Director (Operations) of the Company for a period of two years that is from 28<sup>th</sup> May, 2018 to 27<sup>th</sup> May, 2020 as approved by the Nomination and Remuneration Committee, with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include Nomination & Remuneration Committee of the Board) to alter and vary the terms and conditions of the said appointment and / or remuneration as it may deem fit and as may be acceptable to Mr. R.K. Sinha, subject to the approval of Central Government and in conformity with the provisions of the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof; **RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

5. To approve the material related party transactions with Modern Automotives Limited and in this regard to consider and pass the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 188 and other applicable provisions of the Companies Act, 2013 read with the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the provisions of Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, approval of the Company be and is hereby accorded to the Board of Directors, to enter into contracts/arrangements/ transactions with Modern Automotives Limited, a Related Party under Section 2(76) of the Companies Act, 2013 and Regulation 23 (4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 related to sale / purchase of products, goods, materials or services subject to a maximum aggregate transactions of Rs.200 crores in a financial year on such terms and conditions as may be mutually agreed between the Company and



Modern Automotives Limited, at arm's length basis and at prevailing market prices.

**RESOLVED FURTHER THAT** the Board of Directors / Key Managerial Personnel be and are hereby authorized to decide upon the nature and value of the products, goods, materials or services to be transacted with Modern Automotives Limited, within the aforesaid limit.

**RESOLVED FURTHER THAT** the Board of Directors of the Company and/or a Committee thereof and/ or Key Managerial Personnel, be and are hereby, authorized to do or cause to be done all such acts, matters, deeds and things and to settle any queries, difficulties, doubts that may arise with regard to any transaction with the related party and execute such agreements, documents and writings and to make such filings, as may be necessary or desirable for the purpose of giving effect to this resolution, in the best interest of the Company."

6. To ratify the remuneration of the Cost Auditors for the financial year ending 31st March, 2019 and pass the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions, if any, of the Companies Act, 2013 and Rules framed there under, as amended from time to time and such other permissions as may be necessary, the Members hereby ratify the remuneration of Rs.70,000/- (annual) plus service tax/GST and out of pocket expenses payable to M/s. V. Kumar & Associates, Cost Accountants, who were appointed by the Board of Directors of the Company to conduct the audit of the Cost records of the Company for the Financial Year ending 31st March, 2019.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

By order of the Board of Directors  
For Modern Steels Limited

Krishan Kumar Goyal  
Managing Director

Place: Chandigarh  
Dated: 11th August, 2018

DIN: 00482035

**Registered Office:**

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

**CIN:** L27109PB1973PLC003358

Email: [secretarial@modernsteels.com](mailto:secretarial@modernsteels.com)

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

**Phone:** (0172) 2609001/2, **Fax:** (0172) 2609000

**NOTES:**

1. A member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote on a poll instead of himself/herself and the proxy need not be a member of the Company. The instrument appointing the proxy should, however, be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the Meeting.  
A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
2. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
3. Details under Regulation 36 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the Stock Exchanges in respect of the Directors seeking re-appointment at the Annual General Meeting, is annexed hereto.
4. A Statement pursuant to Section 102 of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.
5. Members are requested to bring their attendance slip along with their copy of Annual Report to the Meeting.
6. Members who wish to obtain any information on the Company or view the Accounts for the financial year ended 31st March, 2018, may send their queries at least 10 days before the Annual General Meeting to the Managing Director at Company's Office at SCO 98-99, Sub-City Centre, Sector 34, Chandigarh-160 022.
7. The Register of Members and Share Transfer Books of the Company will remain closed from 21st September, 2018 to 29th September, 2018 (both days inclusive).
8. i. Members holding shares in the dematerialized mode are requested to intimate all changes with respect to their addresses, bank details, mandate etc., to their respective Depository Participant (DP). These changes will be automatically reflected in Company's records, which will help the Company to provide efficient and better services to the members. The Members holding shares in physical form are requested to intimate

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immediately change of address, if any, to the Company's Registrar and Transfer Agent.

- ii. In terms of SEBI circular No. SEBI/LAD-NRO/GN/2018/24, members holding shares in physical form are requested to consider converting their holdings to dematerialized form to eliminate risks associated with physical shares and for better management of the securities. Members can write to the Company's Registrar and Transfer Agent in this regard.
9. As per the provisions of the Companies Act, 2013 and the rules made thereunder and SEBI (LODR) Regulations, 2015, the Shareholders can now receive various notices and documents through electronic mode by registering their e-mail addresses with the Company. Shareholders who have not registered their e-mail address with the Company can now register the same by submitting duly filled in 'E-Communication Registration Form' attached at the end of this report (also available on our website [www.modernsteels.com](http://www.modernsteels.com)), with MCS Share Transfer Agent Limited / Investors Service Department of the Company. The Members holding shares in electronic form are requested to register their e-mail addresses with their Depository Participants only.  
Even after registering for e-communication the Shareholders of the Company are entitled to receive such communication in physical form, upon request.
10. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts.  
Members holding shares in physical form can submit their PAN to the Company or M/s. MCS Share Transfer Agent Limited.
11. Soft copy of the Annual Report for the financial year 2017-2018 is being sent to all the members, whose email IDs are registered with the Company/ Depository Participants(s) for communication purposes. For members who have not registered their email address, physical copies of the Annual Report for the financial year 2017-18 is being sent in the permitted mode.
12. Soft copy of the Notice of the 44th Annual General Meeting of the Company, inter-alia, indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/ Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 44th Annual General Meeting of the Company, inter-alia, indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
13. Members may also note that the Notice of the 44th Annual General Meeting and the Annual Report for the financial year 2017-18 will also be available on the Company's website [www.modernsteels.com](http://www.modernsteels.com) for their download. For any communication, the members may also send requests at email ID: [secretarial@modernsteels.com](mailto:secretarial@modernsteels.com).
14. Procedure for "Remote E-Voting" pursuant to provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide Members facility to exercise their right to vote on resolutions proposed to be considered at the 44th Annual General Meeting (AGM) by electronic means and the business may be transacted through remote e-voting Services.  
The facility of casting the votes by the Members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).
  - i. The Members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
  - ii. The remote e-voting period commences on Wednesday, the 26th September, 2018 (9.00 a.m.) and ends on Friday, the 28th September, 2018 (5.00 p.m.). During this period Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 22nd September, 2018, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, he /she shall not be allowed to change it subsequently.
  - iii. The facility for voting through poll shall be made available at the venue of 44th AGM. The members attending the AGM, who have not cast their votes through remote e-voting facility shall be able to exercise their voting rights at the AGM.
- IV. Instructions and other information related to



remote e-voting are as under:

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

**Step 1:** Log-in to NSDL e-Voting system at <https://www.evoting.nsd.com/>

**Step 2:** Cast your vote electronically on NSDL e-Voting system.

**DETAILS ON STEP 1 IS MENTIONED BELOW:**

**How to Log-in to NSDL e-Voting website?**

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsd.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsd.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Your password details are given below:
  - a) If you are already registered for e-Voting, then you can use your existing password to login and

cast your vote.

- b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need enter the 'initial password' and the system will force you to change your password.
  - c) How to retrieve your 'initial password'?
    - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
    - (ii) If your email ID is not registered, your 'initial password' is communicated to you on your postal address.
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
    - a) Click on "Forgot User Details/Password?"(If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsd.com](http://www.evoting.nsd.com).
    - b) **Physical User Reset Password?** (If you are holding shares in physical mode) option available on [www.evoting.nsd.com](http://www.evoting.nsd.com).
    - c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN,your name and your registered address.
  7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
  8. Now, you will have to click on "Login" button.
  9. After you click on the "Login" button, Home page of e-Voting will open.

**DETAILS ON STEP 2 IS GIVEN BELOW:**

**How to cast your vote electronically on NSDL e-Voting system?**

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active

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status.

3. Select "EVEN" of company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

## GENERAL GUIDELINES FOR SHAREHOLDERS

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to bkgupta.associates@gmail.com with a copy marked to evoting@nsdl.co.in.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsd.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsd.com or call on toll free no.: 1800-222-990 or send a request at evoting@nsdl.co.in
15. You can also update your mobile number and e-mail id in the user profile details of the folio, which may be used for sending future communication(s).
16. The voting rights of members shall be in proportion to

their shares of the paid-up equity share capital of the Company as on the cut-off date i.e. 22nd September, 2018.

17. Mr. Bhupesh Gupta, B.Com, LLB, IP, FCS, Practicing Company Secretary (Membership No. FCS 4590) has been appointed as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.
18. The scrutiniser shall, immediately after the conclusion of voting at the Annual General Meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make, not later than two days of conclusion of the meeting, a consolidated Scrutiniser's Report of the total votes cast in the favour or against, if any, to the Chairman or a person authorised by him in writing who shall countersign the same.
19. The Chairman or a person authorised by him in writing shall declare the result of the voting forthwith. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.modernsteels.com and on the website of NSDL and communicated to the BSE Limited.
20. The route map showing directions to reach the venue of AGM is annexed.
21. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection, at the Registered Office of the Company, during normal business hours (9:00 AM to 5:00 PM) on all working days (except on public holidays), upto the date of the Annual General Meeting.

By order of the Board of Directors  
For Modern Steels Limited

Krishan Kumar Goyal  
Managing Director  
DIN: 00482035

Place: Chandigarh  
Dated: 11th August, 2018

### Registered Office:

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

**CIN:** L27109PB1973PLC003358

**Email:** secretarial@modernsteels.com

**Website:** www.modernsteels.com

**Phone:** (0172) 2609001/2, Fax: (0172) 2609000

**STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 ("the Act")**

The following Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice:

**ITEM NO. 3**

Dr. Meena Sharma (DIN: 07241589) was appointed as Independent Directors on the Board of the Company pursuant to the provisions of Section 149 of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. She hold office as Independent Director of the Company till 25<sup>th</sup> September, 2018 ("first term in line with the explanation to Sections 149(10) and 149 (11) of the Act).

The Nomination and Remuneration Committee of the Board of Directors, on the basis of the report of performance evaluation of Independent Directors has recommended the appointment of Dr. Meena Sharma as Independent Director for a second term for a period of 5 (five) consecutive years on the Board of the Company.

The Board, based on the performance evaluation of Independent Director and as per the recommendation of the Nomination and Remuneration Committee, considers that, given her background and experience and contributions made by her during her tenure, the continued association of Dr. Meena Sharma would be beneficial to the Company and it is desirable to continue to avail her services as Independent Director. Accordingly, it is proposed to re-appoint Dr. Meena Sharma as Independent Director of the Company, not liable to retire by rotation and to hold office for a second term for a period of 5 (five) consecutive years on the Board of the Company.

Dr. Meena Sharma is not disqualified from being appointed as Director in terms of Section 164 of the Companies Act, 2013 and has given their consent to act as Director.

The Company has received notice in writing from member under Section 160 of the Companies Act, 2013 proposing the candidature of Dr. Meena Sharma for the office of Independent Director of the Company.

The Company has also received declaration from Dr. Meena Sharma that she meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and under SEBI (LODR) Regulations, 2015.

Details of Director whose re-appointment as Independent Director is proposed at Item Nos. 3 is provided as a part of notice pursuant to the provisions of the SEBI (LODR) Regulations, 2015 and Secretarial Standards on General Meetings issued by the Institute of Company Secretaries of India. Copy of the draft letters of appointment of Dr. Meena Sharma setting out the terms and conditions of appointment are available for inspection by the members at the Registered Office of the Company.

Dr. Meena Sharma is interested in the resolution set out at Item Nos. 3 of the Notice with regard to her re-appointment.

The relatives of Dr. Meena Sharma may be deemed to be interested in the respective resolution to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution.

This statement may also be regarded as an appropriate disclosure under the SEBI (LODR) Regulations, 2015.

The Board recommends the Special Resolution set out at Item Nos. 3 of the Notice for approval by the shareholders.

**ITEM NO. 4**

Mr. R.K. Sinha was appointed as Director designated as Director (Operations) of the Company by the Board of Directors of the Company w.e.f. 28<sup>th</sup> May, 2015 for a period of 5 years in terms of the provision of the Companies Act, 2013, liable to retire by rotation at a remuneration recommended by the Nomination & Remuneration Committee of the Directors and approved by the Board for a period of 3 years.

The Board of Directors of the Company ('the Board') at the meeting held on 11<sup>th</sup> August, 2018, recommended for the approval of the Members the remuneration payable to Mr. R.K. Sinha for a period of two years by way of salary, perquisites and commission as given herein below:

**TERMS & CONDITIONS:****1. SALARY:**

Rs. 2,75,000/- per month (in the scale of Rs. 2,75,000/- – Rs. 25,000/- – Rs. 3,00,000/-)

**2. PERQUISITES:**

- i) Free residential accommodation to be provided by the Company.
- ii) Provident Fund: Contribution towards Superannuation Fund and Provident Fund shall be as per rules of the Company.

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- iii) Leave: As per the rules of the Company but not exceeding one month's leave with full salary for every 11 months of service.
- iv) Medical Reimbursement: Reimbursement of medical expenses incurred for self and family subject to a ceiling of one month salary, as per rules of the Company.
- v) Car: Free use of Company's car for official purposes along with driver.
- vi) Telephone / telefax: Telephone, telefax and other communication facilities at Company's cost.
- vii) Insurance: Cost of insurance cover against the risk of any financial liability or loss because of any error of judgment, as may be approved by the Board of Directors from time to time.

Mr. R.K. Sinha may be given any other allowances, perquisites and facilities as the Board of Directors may decide from time to time.

The terms and conditions can be varied with mutual agreement of both parties subject however to the stipulation that the changes should be in conformity with the provisions of the Companies Act, 2013 read with Schedule V or any amendment thereof.

### 3. MINIMUM REMUNERATION:

In the event of loss or inadequacy of profits in any financial year during the tenure of appointment, Mr. R.K. Sinha shall, subject to the approval of the Central Government, if required, be paid remuneration by way of salary and perquisites as set out above, as minimum remuneration, subject to restrictions, if any, set out in schedule V of the Companies Act, 2013, from time to time.

Brief resume of Mr. R.K. Sinha, nature of his expertise in specific functional areas and names of companies in which he holds directorships and memberships / chairmanships of Board Committees, shareholding as stipulated under SEBI (LODR) Regulations, 2015 is provided as a part of this notice.

The Documents referred herewith and explanatory statement are open for inspection by any member at the registered office of the Company during business hours on any working day of the Company upto and including the date of meeting.

None of the Directors except Mr. R.K. Sinha is in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 4 of the Notice.

The relatives of Mr. R.K. Sinha may be deemed to be interested in the resolution set out respectively at Item No. 4 of the Notice, to the extent of their shareholding interest, if any, in the Company.

The Board recommends the Special Resolution set out at Item No. 4 of the Notice for approval by the shareholders".

### ITEM NO. 5

Modern Automotives Limited is a related party within the meaning of Section 2(76) of the Companies Act, 2013 and Regulation 23 (4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Audit Committee of Directors and the Board of Directors of the Company in their meeting held on 11th August, 2018 approved the related party transactions with Modern Automotives Limited for sale, purchase of goods and to provide / avail services to / from Modern Automotives Limited, a related party, subject to a maximum aggregate transactions of Rs.200 crores in a financial year. Under the provisions of Regulation 23 (4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a transaction with a related party shall be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company. The clause further provides that all material related party transactions shall require approval of the shareholders through ordinary resolution.

Since the transactions with Modern Automotives Limited are estimated to be upto Rs.200 crores in a financial year, which exceeds 10% of the annual consolidated turnover of the Company as per the audited financial statement as on 31st March, 2018, the transactions are required to be approved by the shareholders as an Ordinary Resolution.

The said transactions are in the ordinary course of business of the Company and at arms length basis.

Other details as required as per the Companies (Meetings of Board and its Powers) Rules, 2014.

- (a) Name of Related Party: Modern Automotives Limited.
- (b) Name of Director or Key Managerial Personnel who is related: Mr. Amarjit Goyal, Chairman and Mr. Krishan Kumar Goyal, Managing Director of the Company.
- (c) Nature of relationship: Related Party.
- (d) Material Terms of contracts/arrangements/ transactions: Sale of finished goods / purchase of raw material i.e. scrap on arms length basis.
- (e) Monetary value: Estimated amount Rs.200 crores in a financial year.
- (f) Any other information relevant or important for the members to make a decision on proposed transaction: Nil

The copies of contract setting out the terms and conditions are available for inspection by members at the Registered Office of the Company. Accordingly, consent of





the members is sought for passing the Ordinary Resolution as set out at Item No. 5 of the Notice.

None of the Directors / Key Managerial Personnel of the Company / their relatives except Mr. Amarjit Goyal and Mr. Krishan Kumar Goyal along with their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the Notice.

The Board recommends the Ordinary Resolution set out at Item No. 5 of the Notice for approval by the shareholders.

**ITEM NO. 6**

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2019 subject to the ratification of the remuneration payable to the Cost Auditors by the shareholders of the Company in accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 6 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2019.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 6 of the Notice.

The Board recommends the Ordinary Resolution set out at Item No. 6 of the Notice for approval by the shareholders.

By order of the Board of Directors  
For Modern Steels Limited

Krishan Kumar Goyal  
Managing Director

Place: Chandigarh  
Dated: 11th August, 2018

DIN: 00482035

**Registered Office:**

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

**CIN:** L27109PB1973PLC003358

**Email:** secretarial@modernsteels.com

**Website:** www.modernsteels.com

**Phone:** (0172) 2609001/2, **Fax:** (0172) 2609000

**INFORMATION REGARDING DETAILS OF THE DIRECTORS SEEKING REAPPOINTMENT IN ANNUAL GENERAL MEETING FIXED ON 29th SEPTEMBER, 2018 PURSUANT TO REGULATION 36 (3) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

**ITEM NO. 2,4**

Name of the Director	Mr. R.K. Sinha
Date of Birth :	18.02.1957
Date of Appointment :	28.05.2015
Resume and expertise in specific functional area :	Mr. R.K. Sinha having a vast experience of more than 3 decades in iron and steel manufacturing industry, worked with Companies like Usha Martin Industries Limited, Sunflag Iron & Steel Co., in addition. Mr. Sinha has worked with Modern Steels Limited from July 1998 till May 2007.
Qualification	B.E. (Metallurgy), M.Tech (Ferrous Metallurgy), PGDBM, besides he has Fellowship in Management from Management Student Promotion Institute (MSP), Delhi.
List of outside Directorships held	Nil
Chairman/Member of the Committee of the Board of Directors of the Company	Audit Committee – Member Banking & Finance Committee – Chairman Allotment Committee – Chairman
Shareholding in the Company	Nil
Relationship with other Directors	Not applicable

**ITEM NO. 3**

Name of the Director	Dr. Meena Sharma
Date of Birth	16.03.1968
Date of Appointment	26.09.2015
Resume and expertise in specific functional area	Dr. Meena Sharma is a Professor at Panjab University having around 23 years of experience. Her area of specialization is Accounting and Finance. She is a Life member of Indian Commerce Association and Chandigarh Management Association.
Qualification	M. Com. Ph.D
List of outside Directorships held	Nil
Chairman/Member of the Committee of the Board of Directors of the Company	Nomination and Remuneration Committee-Member
Shareholding in the Company	Nil
Relationship with other Directors	Not Applicable

# NOTICE OF 44<sup>TH</sup> ANNUAL GENERAL MEETING

## STATEMENT OF PARTICULARS (ITEM No. 4)

(Pursuant to Schedule –V of the Companies Act, 2013)

### I. General Information:

(1)	Nature of industry	Modern Steels Ltd is manufacturing Special & Alloy Steel, supplying Special Alloy Steel, Hot Rolled Bars for Engineering, Automotive, Bearing and Allied Industries.					
(2)	Date or expected date of commencement of commercial production	19th November, 1973					
(3)	In case of new companies, expected date of commencement of activities as per project approved by the financial institute appearing in the prospectus	N.A					
(4)	Financial performance based on given indicators	<b>(Rs. in Lacs)</b>					
		<b>PARTICULARS</b>	<b>2017-18</b>	<b>2016- 17</b>	<b>2015-16</b>	<b>2014-15</b>	<b>2013-14</b>
		Sales & Other Income	38585	31759	27131	32447	26676
		(of which Exports turnover)	-	-	-	-	-
		Profit/ Loss before Tax	-3024	-58	-1724	-1840	-1558
		Interest & Finance Charges	179	486	1767	1565	1984
		Gross Fixed Assets	6247	6823	7290	7766	5126
		Net Current Assets	-11024	35	-2410	72	2636
		Equity Capital	1440	1440	1440	1440	1324
		Reserves & Surplus	-5736	-2482	-2424	933	1032
		Long term borrowings	--	8592	7059	8310	9140
		Earnings Per Share (Rs.)	-21.97	-0.42	-24.39	-8.84	-8.47
(5)	Foreign investments or collaborators, if any	Nil					

### II. Information about the appointee:

	<b>Name of the Director</b>	<b>Mr. R.K. Sinha</b>
(1)	Background details & Recognition or awards	Mr. R.K. Sinha having a vast experience of more than 3 decades in iron and steel manufacturing industry, worked with Companies like Usha Martin Industries Limited, Sunflag Iron & Steel Co., in addition Mr. Sinha have worked with Modern Steels Limited from July 1998 till May 2007 Mr. R.K. Sinha was appointed as Director (Operations) w.e.f. 28 <sup>th</sup> May, 2015.



(2)	Past remuneration	Rs. 2,00,000 per month plus perquisites.
(3)	Job profile and his suitability	Mr. R.K. Sinha is responsible for the overall operations of the plant and management of the Company under the supervision and control of Board of Directors of the Company.
(4)	Remuneration proposed	Rs. 2,75,000 per month plus perquisites.
(5)	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)	The remuneration of Mr. R.K. Sinha is fully justifiable and comparable to that prevailing in the industry, keeping in view the profile and the position of Whole Time Director and enriched knowledge & vast experience of the appointees. They shall be looking after and responsible for the whole affairs of the management of the Company under the supervision of the Board of Directors of the Company.
(6)	Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.	Mr. R.K. Sinha is an Executive Director of the Company.

**III Other information:**

(1)	Reasons of loss or inadequate profits	<p>For the last few years our Company faced financial difficulties due to the following external factors:</p> <ul style="list-style-type: none"> <li>• The difficulties have arisen due to demand recession as the country's economy was not moving in past few years.</li> <li>• The increase in the cost of Raw material, Power &amp; fuel could not be passed to the customer.</li> <li>• The challenge from the primary steel producers, mainly having the captive coal-mine advantage, affected the EAF market domain. This was one of the major reason of difficulties for the Secondary Steel Producers.</li> </ul> <p>Due to difficult market conditions for Steel Sector, the company's working has been adversely affected. The company suffered continuous losses for the last 7-8 years due to adverse market conditions. In the past the company had paid interest and repayment of term loans, which eroded margin money for working capital. The company has meager funds to operate and facing acute shortage of working capital. Currently the company is not able to operate on higher capacity utilization owing to shortage of working capital funds.</p> <p>The Account of the Company with SBI (Lead Bank) became NPA as on 31.03.2016 and subsequently the accounts of the other lenders namely PNB, SBoP and Canara Bank became NPA as on 30.09.2016. Thereafter the Company is engaged regularly with the Lenders for rehabilitation of the Company in various meeting including Consortium and at CDR Platform.</p>
(2)	Steps taken or proposed to be taken for improvement	<p>The current market scenario for the company has turned positive due to cancellation of coal mines allotted to primary steel producers by Hon'ble Supreme Court which has brought a level playing field for both the primary steel producers and the secondary steel producers.</p> <p>Further, the company is now working in close association with Japanese Auto Majors in the country i.e. Honda Motorcycle &amp; Scooter &amp; Honda Cars India. This has given technical strength &amp; approval of company's products for the consumption of auto majors for their ancillaries.</p> <p>Auto sector has turned positive and there is regular increase off-take, particularly for two wheelers &amp; car segment, which is company's major focus.</p>

# NOTICE OF 44<sup>TH</sup> ANNUAL GENERAL MEETING

		We are quite sure that based on company's strengths i.e. Infrastructure, Technical Strengths, Excellent Customer Base, Professional Team & the Business Strategy and with the approval and implementation of the financial rehabilitation proposal , the unit will be able to honor all its commitments to the creditors, suppliers, vendors and to the stake holders. The performance of the company will improve in the times ahead from these initiatives.
(3)	Expected increase in productivity and profits in measurable terms.	As is clear from the above, the Company on its way of success is passing through a difficult time and it requires more efforts on the part of the Executive Directors of the Company to take the Company forward on its journey to success.  The management has adopted focused and aggressive business strategies in all spheres of functions to improve the sales and profitability of the Company. Considering the present business scenario, the Company is expecting increase in revenue and profitability. The Management is confident of achieving a higher growth in the period to come.

#### IV. Disclosures

The following disclosures shall be mentioned in the Board of Directors Report under the heading "Corporate Governance", attached to the Annual Report.

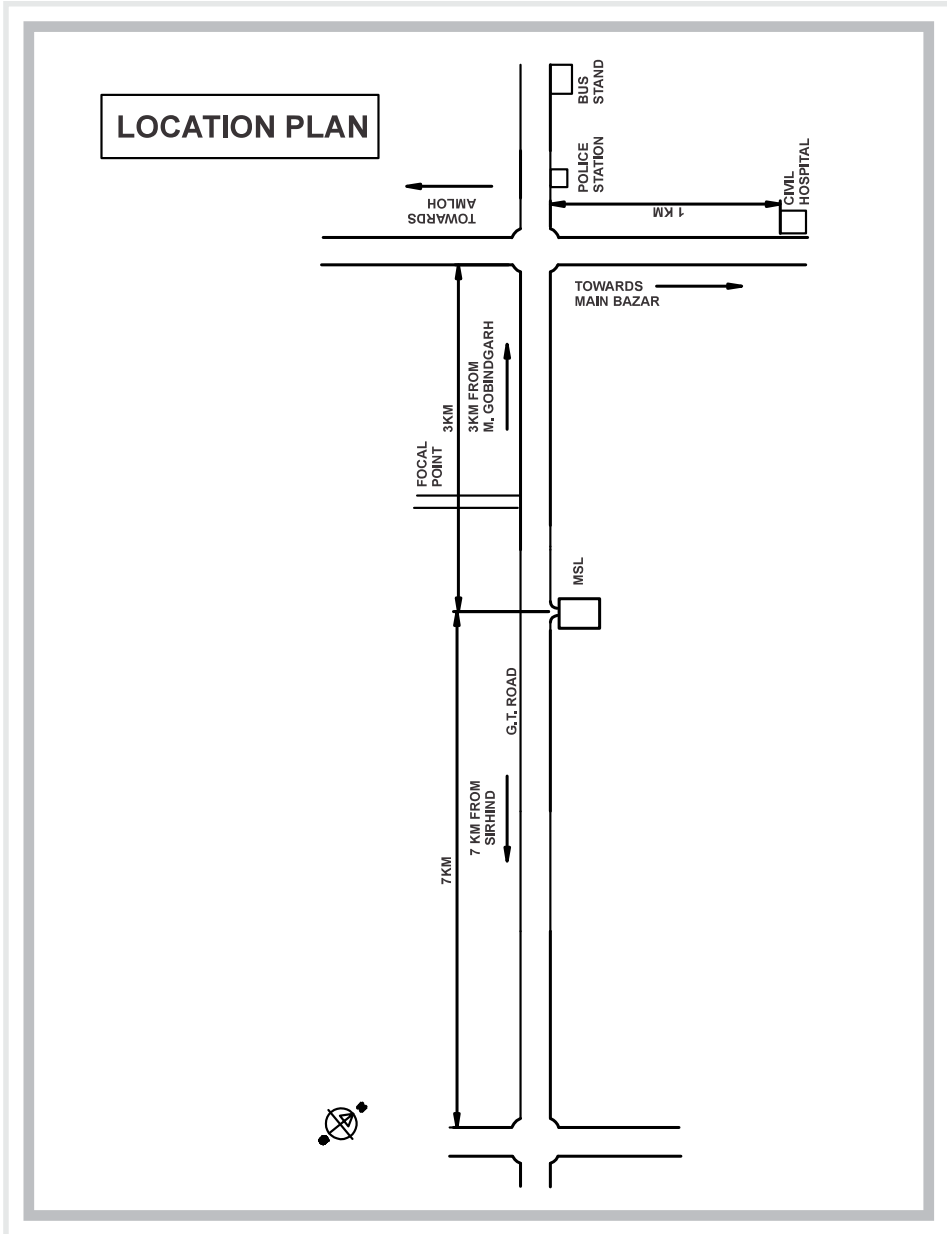
- i. All elements of remuneration package such as salary, benefits, bonuses, stock options, pensions etc of all the Directors.
- ii. Details of fixed component and performance linked incentives along with the performance criteria.
- iii. Service contracts, notice period, severance fees.
- iv. Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable.

The necessary disclosure will be made in the Corporate Governance Report.



### ROUTE MAP TO THE AGM VENUE

Venue: Modern Steels Limited: G.T. Road, Mandi Gobindgarh,  
Distt. Fatehgarh Sahib, Punjab 147301



# NOTICE OF 44<sup>TH</sup> ANNUAL GENERAL MEETING

## MODERN STEELS LIMITED

**CIN:** L27109PB1973PLC003358

**Registered Office:** G.T. Road, Mandi Gobindgarh, Distt. Fatehgarh Sahib, Punjab 147301

**Email:** secretarial@modernsteels.com, **Website:** www.modernsteels.com

**Phone:** (0172) 2609001/2, **Fax:** (0172) 2609000

### GREEN INITIATIVE IN CORPORATE GOVERNANCE

Dear Shareholder,

In case you have not registered your email address for receiving communication from Company in electronic mode, you may submit the Registration Form given herein below to the Share Transfer Agents namely M/s. MCS Share Transfer Agent Limited, F-65, 1st Floor, Okhla Industrial Area, Phase-I, New Delhi 110 020 or to the Company at its office at Modern Steels Limited, S.C.O. 98-99, Sub City Centre, Sector 34, Chandigarh-160 022. Shareholders holding shares in demat mode are requested to register their email addresses with their Depository Participants.

#### E-COMMUNICATION REGISTRATION FORM

**(As per the provisions of the Companies Act, 2013 and the rules made thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)**

Folio No. / DP ID & Client ID : .....

Name of 1<sup>st</sup> Registered Holder : .....

Name of Joint Holder(s) : .....

Registered Address : .....

E-mail ID (to be registered) : .....

I/we shareholder(s) of Modern Steels Limited agree to receive communication from the Company in electronic mode. Please register my/our above e-mail id in your records for sending communication through e-mail.

Signature: .....

Date: .....

**Note :** Shareholder(s) are requested to keep the Company / Depository Participant informed as and when there is any change in the e-mail address.





# **ATTENDANCE SLIP**

## **MODERN STEELS LIMITED**

**CIN:** L27109PB1973PLC003358

**Registered Office:** G.T. Road, Mandi Gobindgarh, Distt. Fatehgarh Sahib, Punjab 147301

**Email:** secretarial@modernsteels.com, **Website:** www.modernsteels.com

**Phone:** (0172) 2609001/2, **Fax:** (0172) 2609000

## **44<sup>TH</sup> ANNUAL GENERAL MEETING**

Member's / Proxy's name in Block Letters \_\_\_\_\_

Address \_\_\_\_\_

No. of Shares held \_\_\_\_\_

I / We hereby record my/our presence at the 44<sup>th</sup> Annual General Meeting of the Company held on Saturday, the 29<sup>th</sup> September, 2018 at 11:00 a.m. at the Registered Office of the Company at G.T. Road, Mandi Gobindgarh, Distt. Fatehgarh Sahib, Punjab 147301.

\_\_\_\_\_  
Member's Folio / DP ID-Client ID No.

\_\_\_\_\_  
Member's/Proxy's signatures

**Note:**

1. Please complete the Attendance Slip and handover at the entrance of the Meeting venue.
2. Soft copy of the Annual Report for FY 2017-18 and the Notice of the Annual General Meeting (AGM) along with Attendance Slip and Proxy Form is being sent to all the members whose email address is registered with the Depository Participant through email only unless any member has requested for a hard copy of the same. Members receiving soft copy and attending the AGM can print copy of this Attendance Slip.
3. Physical copy of the Notice of the Annual General Meeting along with the Attendance Slip and Proxy Form is sent in the permitted mode(s) to all members whose email is not registered or who have requested for a hard copy and copy of the Annual Report for 2017-18 is being sent separately.
4. Shareholders are requested to bring their copy of the Notice along with them at the Annual General Meeting as the copies of the same will not be distributed at the meeting.







# NOTICE OF 44<sup>TH</sup> ANNUAL GENERAL MEETING

## PROXY FORM

Form No. MGT-11

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management & Administration) Rules, 2014]

### MODERN STEELS LIMITED

CIN: L27109PB1973PLC003358

**Registered Office:** G.T. Road, Mandi Gobindgarh, Distt. Fatehgarh Sahib, Punjab 147301

**Email:** secretarial@modernsteels.com, **Website:** www.modernsteels.com

**Phone:** (0172) 2609001/2, **Fax:** (0172) 2609000

Name of the member(s): \_\_\_\_\_

Registered Address: \_\_\_\_\_

Email ID: \_\_\_\_\_

Folio No./Client ID/DPID: \_\_\_\_\_

I/We, being the member(s) of \_\_\_\_\_ holding \_\_\_\_\_ shares of above named Company, hereby appoint:-

1. Name: \_\_\_\_\_ Address: \_\_\_\_\_  
Email ID: \_\_\_\_\_ Signature: \_\_\_\_\_ or failing him/her

2. Name: \_\_\_\_\_ Address: \_\_\_\_\_  
Email ID: \_\_\_\_\_ Signature: \_\_\_\_\_ or failing him/her

3. Name: \_\_\_\_\_ Address: \_\_\_\_\_  
Email ID: \_\_\_\_\_ Signature: \_\_\_\_\_

or my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 44th Annual General Meeting of the Company, to be held on Saturday, the 29th September, 2018 at 11:00 a.m. at Registered Office: G.T. Road, Mandi Gobindgarh, Distt. Fatehgarh Sahib, Punjab 147301 and at any adjournment thereof in respect of such resolutions as are indicated below:

#### Ordinary Business

1. Consideration and adoption of the audited financial statements of the company for the financial year ended 31st March, 2018 together with the reports of the Directors' and Auditors' thereon.
2. Reappointment of Mr. Rajesh Kumar Sinha (DIN: 00556694), who retires by rotation.

#### Special Business

3. Re-appoint Dr. Meena Sharma (DIN: 07241589) as an Independent Non-Executive Director.
4. To review the remuneration paid to Mr. R.K. Sinha (DIN: 00556694) as Director (Operations) of the Company.
5. Approval of the material related party transactions with Modern Automotives Limited.
6. Ratification of remuneration of Cost Auditors for the financial year 2018-19.

Affix  
revenue  
stamp  
₹1

Signed this \_\_\_\_ day of \_\_\_\_\_ 2018

\_\_\_\_\_  
Signature of Shareholder

\_\_\_\_\_  
Signature of Proxy holder(s)

#### Note:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.







## REMINDER 1

### Re: Dematerialization of physical shares and Updation of Bank Details & PAN

Dear Shareholder,

We would like to inform you that Securities and Exchange Board of India (SEBI) vide their Circular No. SEBI/HO/MIRSD/DOP1/CIR/2018/73 Dated 20<sup>th</sup> April, 2018 has mandated all listed Companies to make payment of dividend to the shareholders through approved electronic mode and also directed that updated bank details and PAN of the Shareholders be obtained and maintained by the Companies.

We observe from our records that you have been holding shares in physical form as on date and PAN and Bank details have not been updated in your Folio. Hence, we request you to send us the enclosed form, duly filled and signed (including joint holders, if any) along with the following documents to us at our RTA address at **F-65 1ST Floor, Okhla Industrial Area, Phase – I, New Delhi – 110020, Phone No: 011-41406149**, within 21 days from the date of this letter to update the records for payment of any future dividend.

- (1) Self attested copy of PAN card including joint holders. In case of residence of Sikkim, the requirement of PAN Card be substituted with a valid Identity proof issued by Government.
- (2) Original Cancelled Cheque Leaf bearing the name of Sole / first named shareholder (or) attested copy of Bank passbook.

Please also provide your Email Id, Phone / Mobile No. for record as well as for us to send to you communication by electronic means in accordance with various circulars issued by the Ministry of Corporate Affairs from time to time.

Further, We would also like to inform you that SEBI vide amendment in the Regulation 40 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, dated June 8, 2018, has mandated that the transfer of securities would be carried out in dematerialized form only w.e.f. December 5, 2018. You are accordingly advised to dematerialize your physical shareholding at earliest. After December 5, 2018, no request for transfer of shares in physical form can be processed by the Company/RTA.

In order to dematerialize your shares, please open a Demat Account with any of the Depository Participant and submit your physical share certificate(s) with them for dematerialization to avoid inconvenience at later stage. An early action in the matter will save you from unnecessary hassle at a later date.

In case if you have already updated your PAN & Bank Details, please ignore this letter.

Thanking you,  
Yours faithfully,  
For **Modern Steels Limited**

**Krishan Kumar Goyal**  
**Managing Director**  
**Dated 11/08/2018**

## BANK DETAILS, COPY OF PAN, EMAIL ID ETC. REGISTRATION FORM

To:

MCS Share Transfer Agent Ltd.

Unit: \_\_\_\_\_.

F- 65, 1st Floor, Okhla Industrial Area, Phase-1, New Delhi - 110020

Dear Sirs

I give my consent to update the following details in the records of Modern Steels Ltd. for making payments of dividend and sending other communications by electronic means in compliance with the circulars as referred in Company's letter dated 11/08/2018.

Folio No. : \_\_\_\_\_

Name of the First/Sole holder : \_\_\_\_\_

Name of the 1<sup>st</sup> Joint holder(s) : \_\_\_\_\_

Name of the 2<sup>nd</sup> Joint holder(s) : \_\_\_\_\_

Bank's Name : \_\_\_\_\_

Branch's Name & Address : \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

Account No.: \_\_\_\_\_ Account Type (SB/Current): \_\_\_\_\_

IFSC Code : \_\_\_\_\_ MICR Code: \_\_\_\_\_

Email Id : \_\_\_\_\_ Phone No.: \_\_\_\_\_

Date:

\_\_\_\_\_  
Signature of First/Sole Holder

(attested by Bank)

- Encl: (1) original cancelled cheque leaf (with preprinted name)  
(2) Copy of pass book/bank statement attested by banker  
(3) Signature of all shareholder(s) attested by banker  
(4) Self attested Copy of PAN  
(5) Self attested Copy of Aadhar Card

**44<sup>TH</sup>**  
**ANNUAL REPORT**  
**2017-18**



**MODERN STEELS LIMITED**



**BOARD OF DIRECTORS**

Mr. Amarjit Goyal, Chairman

Mr. Krishan Kumar Goyal, Managing Director

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

**Chief Financial Officer**

Mr. Sanjeev Kumar Verma

**AUDITORS**

M/s. Aaryaa & Associates  
 Chartered Accountants

**BANKERS**

State Bank of India  
 Punjab National Bank  
 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**

Dear Members,

Your Directors hereby present their 44<sup>th</sup> Annual Report and audited accounts of the Company for the year ended 31<sup>st</sup> March, 2018.

**FINANCIAL HIGHLIGHTS****Rs. in Lakhs**

	<b>Year Ended 31.03.2018</b>	<b>Year Ended 31.03.2017</b>
Net Sales & Income from Operations	38419	31504
Operating Profit	(2304)	764
Finance Cost	179	486
Cash Profit/(Loss)	(2483)	278
Depreciation & Amortisation	541	536
Profit/(Loss) before Tax	(3024)	(258)

**PERFORMANCE**

The performance of the Company was adversely affected during the year under review because of the continuous increase in the prices of raw materials and Graphite Electrodes. The price increase could not be passed to customers fully.

**DIVIDEND**

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

**CURRENT OPERATIONS**

The Company is still facing the scenario of increased prices in raw material. There is a time lack between the increase in raw material cost and increase in selling price from the OEMs. So, the Company is continues facing challenges due to increase in the input cost.

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

Members will recall that the Company account status is NPA and your Company has been following up regularly with the lenders for resolution of the debts. This is to further update the members that State Bank of India who is the lead bank has already assigned its portion of debt through ARC route. The Company is following with other lenders as well for the debt resolution.

**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 Rs.161 Lakhs (Previous year Rs. 679 Lakhs). 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. Amarjit Goyal, Chairman and Whole Time Director of the Company, during the year withdrew himself from executive operations of the company. Accordingly, his designation was changed to Chairman and Non Executive – Non Independent Director w.e.f 13th December, 2017.

Mr. D.K. Gupta, the nominee director of the bank was withdrawn by SBI and he ceased to be a director w.e.f 4<sup>th</sup> December, 2017.

The Board placed on record their appreciation for the services rendered by him during his tenure.

Dr. Meena Sharma (DIN: 07241589) to be re-appointed as an Independent Non- Executive Director for a second term for a period of 5 (five) consecutive years commencing from 26<sup>th</sup> September, 2018 to 25<sup>th</sup> September, 2023 on the Board of the Company.

Mr. Rajesh Kumar Sinha, Director (Operations), DIN: 00556694, shall retire by rotation at the ensuing Annual General Meeting, and being eligible, offers himself for re-appointment.

**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 Obligations 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 31st March, 2018, the Board consists of six members out of which two are Executive Directors, one Non-Executive Director and three are Independent Directors.

The Board periodically evaluates the need for change in its composition and size.

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

**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.

#### KEY MANAGERIAL PERSONNEL

Mr. Amarjit Goyal (Chairman), Mr. Krishan Kumar Goyal (Managing Director), Mr. Rajesh Kumar Sinha (Whole time Director) and Mr. Ashish Kumar Sharma (Company Secretary resigned on 30<sup>th</sup> June, 2018) are the Key Managerial Personnel of your Company in accordance with the provisions of Section 2(51), 203 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

#### BOARD MEETINGS

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

#### ANNUAL EVALUATION OF THE BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS

A formal evaluation of the performance of the Board, its Committees, the Chairman and the individual Directors was carried out for FY 2017-18. Led by the Nomination & Remuneration Committee ('NRC'), the evaluation was carried out using individual questionnaires covering composition of Board, conduct as per Company values & beliefs, contribution towards development of strategy & business plan, risk management, receipt of regular inputs and information, codes & policies for strengthening governance, functioning, performance & structure of Board Committees, skill set, knowledge & expertise of Directors, preparation & contribution at Board meetings, leadership etc.

As part of the evaluation process, the performance of Non Independent Directors, the Chairman and the Board was conducted by the Independent Directors. The performance evaluation of the respective Committees and that of Independent and Non Independent Directors was done by the Board excluding the Director being evaluated.

#### DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to 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 31st March, 2018, 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 31st March, 2018 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, 2018, 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 as Annexure "A" to this report. Related Party disclosures as per AS-18 have been provided in the Notes to the financial statements.

#### 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.

#### VIGIL MECHANISM/ WHISTLE BLOWER POLICY

Your Company is committed to highest standards of ethical, moral and legal business conduct. Accordingly, the Board of Directors have formulated Vigil Mechanism/ Whistle Blower Policy which provides a robust framework for dealing with genuine concerns & grievances. Specifically, employees can raise concerns regarding any discrimination, harassment, victimization, any other unfair practice being adopted against them or any instances of fraud by or against your Company. During financial year 2017-18, no complaints were received.

#### INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

Modern Steels Limited'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 Regulation 17 of SEBI Regulations, 2015) as of 31<sup>st</sup> March, 2018. The assessment involved self review and external audit.

M/s Aaryaa & Associates, the statutory auditors of Modern Steels Limited 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 Regulation 18 of SEBI Regulations, 2015), the Audit Committee has concluded that, as of 31<sup>st</sup> March, 2018, the internal financial controls were adequate and operating effectively.

#### **AUDIT COMMITTEE**

The Audit Committee of your Company comprises of the following Directors:

1. Mr. D.S. Gill-Chairman
2. Prof. Priyavrat Thareja-Member
3. Mr. R.K. Sinha-Member

Further, details of the Audit Committee and its terms of reference etc. have been furnished in Corporate Governance Report which forms part of this report.

During the Financial Year 2017-18 under review, all recommendations of the Audit Committee were accepted by the Board of Directors of the Company.

#### **AUDITORS**

##### **Statutory 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, subject to the ratification by members at every Annual General Meeting.

However, the ratification of their appointment, pursuant to Section 139 of the Companies Act, 2013, is not required, in terms of Notification No. S.O. 1833(E) dated May 7, 2018, issued by the Ministry of Corporate Affairs and accordingly, the item has not been included in the Ordinary Business of the AGM Notice.

#### **Cost Auditors**

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 2018-19 on the recommendations of the Audit Committee subject to the ratification of the remuneration by the shareholders.

#### **Secretarial Auditors**

The Secretarial Audit Report issued by M/s. B.K. Gupta & Associates, Company Secretaries in Form MR-3 for the financial year ended 31<sup>st</sup> March, 2018 is annexed herewith as Annexure "C" to this report.

#### **AUDITOR'S REPORT**

The Auditor's Report contains the qualification as follows:

Director's remuneration is not admissible as prescribed in Sec-197 of Companies Act, 2013 if there are no profits or profits are inadequate except in accordance with the provision of Schedule V and if it is not able to comply with such provisions, the prior approval of central government is required.

The Company is not eligible to pay director remuneration for non-compliance of conditions prescribed in Schedule V of the Companies Act, 2013. The Company during the year has given the following director remuneration:

S. No.	Name	Designation	Remuneration (₹)
1.	Mr. Amarjit Goyal	Chairman	13,54,800
2.	Mr. Krishan Kumar Goyal	Managing Director	40,14,684
3.	Mr. R.K. Sinha	Director	38,63,600

**\*Above figures of director's remuneration is inclusive of perks.**

Prior approval from central government for inability to comply with the said conditions has however not been taken.

#### **MANAGEMENT'S REPLY:**

Pursuant to the Section 197 & schedule V of the Companies Act, 2013, the Central Government approval of managerial remuneration, is awaited. The company has paid the remuneration amounting to Rs. 92,33,084/- to directors during the year. The Directors undertakes that in case the approval is not received from the Central Government, remuneration received by them shall be refunded.

#### **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, 2018, 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.

## DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT THE WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013

Your Company has in place a policy on Prevention of Sexual Harassment at workplace. This policy is in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. All employees are covered under this Policy.

As per the said Policy, an Internal Complaints Committee is also in place to redress complaints received regarding sexual harassment. No complaints were received during financial year 2017-18.

## 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.

By order of the Board of Directors  
For Modern Steels Limited

Amarjit Goyal

Chairman

Place: Chandigarh  
Dated: 11<sup>th</sup> August, 2018

DIN: 00219943

## 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. The performance of special and alloy steel industry mainly depends upon demand from Automobile and Engineering industry and growth in infrastructure development. 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 Graphite 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

The performance of the Company was adversely affected during the year under review because of the continuous increase in the prices of raw materials and Graphite Electrodes. The price increase could not be passed to customers fully.

### 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 Management Discussion and Analysis Report may contain statements that might be considered forward looking. These statements are subject to certain risks and uncertainties. Actual results may differ materially from those expressed in the statement as important factors could influence the Company's operations such as Government policies, political and economic developments and such other factors are risk inherent to the Company's growth.

By order of the Board of Directors  
For Modern Steels Limited

Amarjit Goyal

Chairman

Place: Chandigarh

Dated: 11<sup>th</sup> August, 2018

DIN: 00219943

**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 Mr. Krishan Kumar Goyal (Managing Director) is a shareholder of Modern Automotives Limited.
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

By order of the Board of Directors  
For Modern Steels Limited

Amarjit Goyal  
Chairman  
DIN: 00219943

Place: Chandigarh  
Dated: 11<sup>th</sup> August, 2018

**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 31st March, 2018.

**FORM 'A'**

	Current Year 2017-18	Previous Year 2016-17
<b>A) Power and Fuel Consumption</b>		
1. Electricity		
Purchased Units (kwh)	6,88,14,000	6,88,08,000
Total Amount Rs.	49,60,61,884	48,86,33,849
Rate Per unit Rs.	7.21	7.10
2. Fuel		
Quantity (Kgs)/kl	15,76,816	29,48,816
Total Amount Rs.	5,43,68,535	7,71,22,226
Rate Per Unit Rs.	34.48	26.15
3. Steam Coal(Gasifire)		
Quantity (Kgs)	1,01,18,209	57,96,094
Total Amount Rs.	10,12,14,523	5,30,97,967
Rate Per Unit Rs.	10.00	9.16
<b>B) Consumption Per Unit of Production</b>		
1. Production (Concast Billets) MT	53,145	51,682
a. Electricity Units	883	803
b. Furnace Oil (Kgs)	20	19
2. Production (Ingots) MT	13,893	17,488
a. Electricity Units	599	647
b. Furnace Oil (Kgs)	3	3
3. Production (Rolled Products with Oil) MT	940	28,264
4. Production (Rolled Products with Coal) MT	57,738	32,094
a. Electricity Units	85	91
b. Steam Coal(Kgs)- Gasifire	175	180
c. Furnace Oil (Kgs)	49	53

**FORM 'B'****1. RESEARCH & DEVELOPMENT TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**

The Company is regularly working on the continual improvement of its products looking at its customers/ market requirements.

**2. FOREIGN EXCHANGE EARNING AND OUTGO**

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

By order of the Board of Directors  
For Modern Steels Limited

Amarjit Goyal  
Chairman  
DIN: 00219943

Place: Chandigarh  
Dated: 11<sup>th</sup> August, 2018

**ANNEXURE 'C' TO DIRECTORS' REPORT****Form No. MR-3****SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2018**

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

To,  
The Members  
MODERN STEELS LTD  
G.T. ROAD, MANDI GOBINDGARH,  
PUNJAB

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Modern Steels Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided to us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the Company's 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, 2018 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, minute books, forms and returns filed and other records maintained by Company for the financial year ended on 31<sup>st</sup> March, 2018 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; N.A during the audit period;
- (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; N.A during the audit period;

- b) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
  - c) The Securities and Exchange Board of India (Prohibition of Insider Trading) 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;
  - h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009- Not Applicable during the audit period; and
  - 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 (SS-1 and SS-2) issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange.

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 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 in 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.

All decisions at the Board Meeting and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

**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  
Company Secretaries

Sd/-

(Bhupesh Gupta)

Place: Chandigarh  
Date: 9<sup>th</sup> August, 2018

FCS No.:4590  
CP No.:5708

**Note:** This 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.

## **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

## **Annexure:-A**

To  
The Members  
MODERN STEELS LTD  
G.T. ROAD, MANDI GOBINDGARH,  
PUNJAB

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 processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes 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. Where ever 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 procedures 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  
Company Secretaries

Sd/-

(Bhupesh Gupta)

Place: Chandigarh  
Date: 9<sup>th</sup> August, 2018

FCS No.: 4590  
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, 2018

(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	Manufacturing of hot rolled	24105	73%
2.	Auto Components	28140	18%

## 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, 2017)				No. of shares held at the end of the year (as on 31 <sup>st</sup> March, 2018)				% 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	-
b) Bodies Corporate	2133077	-	2133077	15.50	2133077	-	2133077	15.50	-
<b>Sub Total (A):-</b>	<b>9018936</b>	<b>-</b>	<b>9018936</b>	<b>65.53</b>	<b>9018936</b>	<b>-</b>	<b>9018936</b>	<b>65.53</b>	<b>-</b>
<b>Total shareholding of Promoter (A)</b>	<b>9018936</b>	<b>-</b>	<b>9018936</b>	<b>65.53</b>	<b>9018936</b>	<b>-</b>	<b>9018936</b>	<b>65.53</b>	<b>-</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	3600	2400	6000	0.04	3600	2400	6000	0.04	-
b) Banks / FI	-	1000	1000	0.01	-	1000	1000	0.01	-
<b>Sub Total (B)(1):-</b>	<b>3600</b>	<b>3400</b>	<b>7000</b>	<b>0.05</b>	<b>3600</b>	<b>3400</b>	<b>7000</b>	<b>0.05</b>	<b>-</b>
<b>2. Non-Institutions</b>									
a) Bodies Corporate									
i) Indian	165875	43300	209175	1.52	207054	43300	250354	1.82	0.30
b) Individuals									





# MODERN STEELS LIMITED

i) Individual shareholders holding nominal share capital up to Rs 2 lakhs	2076134	806955	2883089	20.95	1972816	793505	2766321	20.10	-0.85
ii) Individual shareholders holding nominal share capital in excess of Rs. 2 lakhs.	1595025	21000	1616025	11.74	1670579	21000	1691579	12.29	0.55
c) Others (Specify)	-	-	-	-	-	-	-	-	-
Non Resident Indians	28134	-	28134	0.20	28169	-	28169	0.20	-
<b>Sub Total (B)(2):-</b>	<b>3865168</b>	<b>871255</b>	<b>4736423</b>	<b>34.42</b>	<b>3878618</b>	<b>857805</b>	<b>4736423</b>	<b>34.42</b>	<b>-</b>
Total Public Shareholding (B) = (B)(1) + (B) (2)	3868768	874655	4743423	34.47	3882218	861205	4743423	34.47	-
C. Shares held by custodian for CDRs and ADRs	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>12887704</b>	<b>874655</b>	<b>13762359</b>	<b>100</b>	<b>12901154</b>	<b>861205</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, 2017)			Shareholding at the end of the year (as on 31 <sup>st</sup> March, 2018)			% 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. Alka Goyal	1488840	10.82	10.82	1488840	10.82	10.82	-
3. Amarjit Goyal	1189250	8.64	8.64	1189250	8.64	8.64	-
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, 2017)		Purchase during the year	Sale during the year	Cumulative shareholding at the end of the year (as on 1 <sup>st</sup> April, 2018)	
	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. Ajay Goyal	469135	3.41	-	-	469135	3.41
2. Ms. Veenu Garg	366707	2.66	-	-	366707	2.66
3. Mr. Laven Kumar Goyal	195672	1.42	-	-	195672	1.42
4. Mr. Vijay Garg	187921	1.37	-	-	187921	1.37
5. Karvy Stock Broking Limited*	-	-	-	-	84074	0.61
6. Jaynali Khetan*	-	-	-	-	46870	0.34
7. Mr. Ajay Goyal	45000	0.33	-	-	45000	0.33
8. Hina Dhirajlal Ambani*	-	-	-	-	44000	0.32
9. Kamal Leasing Limited	40750	0.30	-	-	40750	0.30

Name of the shareholder	Shareholding at the beginning of the year (as on 1 <sup>st</sup> April, 2017)		Purchase during the year	Sale during the year	Cumulative shareholding at the end of the year (as on 1 <sup>st</sup> April, 2018)	
	No. of shares	% of total shares of the Company	No. of shares	No. of shares	No. of shares	% of total shares of the Company
10 Shri Parasram Holdings P Ltd.	45794	0.33	-	8604	37190	0.27
11 LSE Securities Limited#	26678	0.19	-	26678	-	-

\*Not in the list of top 10 shareholders as on 01/04/2017. The same has been reflected above since the shareholders were one of the top 10 shareholders as on 31/03/2018.

#Ceased to be in the list of top 10 shareholders as on 31/03/2018. The same has been reflected above since the shareholder was one of the top 10 shareholders as on 01/04/2017.

**(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, 2017)		Purchase during the year	Sale during the year	Cumulative Shareholding at the end of the year (as on 31 <sup>st</sup> March, 2018)	
	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	1488840	10.82	-	-	1488840	10.82
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, 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	-	-	-	-	-
Total (i+ii+iii)	80,49,14,028	1,00,30,32,722	6,78,36,765	-	1,87,57,83,515
Change in indebtedness during the financial year					
- Addition	-	8,78,26,934	2,04,91,462	-	10,83,18,396
- Reduction	1,98,80,141	-	7,22,65,202	-	9,21,45,343
<b>Net change</b>	(1,98,80,141)	8,78,26,934	(5,17,73,740)	-	1,61,73,053
Indebtedness at the end of the financial year (as on 31 <sup>st</sup> March, 2018)					
i) Principal Amount	77,14,67,913	1,09,08,59,656	1,60,63,025	-	1,87,83,90,594
ii) Interest due but not paid	1,35,65,974	-	-	-	1,35,65,974
iii) Interest accrued but not due	-	-	-	-	-
Total (i+ii+iii)	78,50,33,887	1,09,08,59,656	1,60,63,025	-	1,89,19,56,568

**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

By order of the Board of Directors  
For Modern Steels Limited

Place: Chandigarh  
Dated: 11<sup>th</sup> August, 2018

Amarjit Goyal  
Chairman  
DIN: 00219943

**CORPORATE GOVERNANCE REPORT**

In line with the requirement for providing a “Report on Corporate Governance” as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with 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 endeavors to act on the principles of transparency, accountability, trusteeship, integrity and passion. The ultimate objective being of realizing long term shareholders 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, 2018 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 & Non Executive – Non Independent Director	5	Yes	-	-	-	Father of Mr. Krishan Kumar Goyal
Mr. Krishan Kumar Goyal	Managing Director, Executive – Non Independent Director	5	Yes	1	-	-	Son of Mr. Amarjit Goyal
Mr. D.S. Gill	Non-Executive – Independent Director	5	Yes	-	2	-	NA
Dr. Priyavrat Thareja	Non-Executive – Independent Director	4	No	-	-	2	NA
Dr. Meena Sharma	Non-Executive – Independent Director	5	Yes	-	-	-	NA
Mr. D. K. Gupta **	Non-Executive – Nominee Director	2	No	-	-	-	NA
Mr. R.K. Sinha	Director (Operations) Executive – Non Independent Director	4	Yes	-	-	2	NA

\* Mr. Amarjit Goyal, Chairman and Whole Time Director of the Company, during the year withdrew himself from executive operations of the company. Accordingly, his designation was changed to Chairman and Non Executive – Non Independent Director w.e.f 13<sup>th</sup> December, 2017.

\*\* The Nomination of Mr. D.K. Gupta was withdrawn by SBI and consequently he ceased to be a Director with effect from 4<sup>th</sup> December, 2017.

**Note:** In accordance with provisions of SEBI (Listing Obligations and Disclosure Requirements) 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, 2018, 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
27 <sup>th</sup> May, 2017	7	6
4 <sup>th</sup> August, 2017	7	7
9 <sup>th</sup> September, 2017	7	5
13 <sup>th</sup> December, 2017	6	6
14 <sup>th</sup> February, 2018	6	6

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) oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (2) recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- (3) approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- (4) reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - (a) matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
  - (b) changes, if any, in accounting policies and practices and reasons for the same;
  - (c) major accounting entries involving estimates based on the exercise of judgment by management;
  - (d) significant adjustments made in the financial statements arising out of audit findings;
  - (e) compliance with listing and other legal requirements relating to financial statements;
  - (f) disclosure of any related party transactions;
  - (g) modified opinion(s) in the draft audit report;
- (5) reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- (6) reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
- (7) reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- (8) approval or any subsequent modification of transactions of the listed entity with related parties;
- (9) scrutiny of inter-corporate loans and investments;
- (10) valuation of undertakings or assets of the listed entity, wherever it is necessary;
- (11) evaluation of internal financial controls and risk management systems;
- (12) reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- (13) reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- (14) discussion with internal auditors of any significant findings and follow up there on;
- (15) reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- (16) discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- (17) to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- (18) to review the functioning of the whistle blower mechanism;
- (19) approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- (20) Carrying out any other function as is mentioned in the terms of reference of the audit committee.

#### The audit committee shall mandatorily review the following information:

- (1) management discussion and analysis of financial condition and results of operations;
- (2) statement of significant related party transactions (as defined by the audit committee), submitted by management;
- (3) management letters / letters of internal control weaknesses issued by the statutory auditors;
- (4) internal audit reports relating to internal control weaknesses;
- (5) the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee; and
- (6) statement of deviations:
  - (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
  - (b) annual statement of funds utilized for purposes other than those stated in the offer document/ prospectus/notice in terms of Regulation 32(7).

**b. Composition of Audit Committee**

1. The Company has an Audit Committee as per provisions of the SEBI (Listing Obligations and 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 27<sup>th</sup> May, 2017, 9<sup>th</sup> September, 2017, 13<sup>th</sup> December, 2017 and 14<sup>th</sup> February, 2018. The status of attendance of members at the Audit Committee meetings held during the year is as under:

Name of Director	No. of Meetings held during FY 2017-18	No. of Meetings attended during FY 2017-18
Mr. D.S. Gill	4	4
Dr. Priyavrat Thareja	4	3
Mr. R.K. Sinha	4	3

**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 and Disclosure Requirements) Regulations, 2015.

**a. The terms of reference of the Committee are as follows:**

- (1) formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
- (2) formulation of criteria for evaluation of performance of independent directors and the board of directors;
- (3) devising a policy on diversity of board of directors;
- (4) identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal;
- (5) whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

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

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

Name of Director	Member / Chairman
Dr. Priyavrat Thareja	Chairman
Mr. D.S. Gill	Member
Dr. Meena Sharma	Member

**c. During the year, the meeting of this Committee was held on 27<sup>th</sup> May, 2017 and all the members were present at the meeting.**

**d. Performance evaluation criteria:** A formal evaluation of the performance of the Board, its Committees, the Chairman and the individual Directors was carried out for FY 2017-18. Led by the Nomination & Remuneration Committee ("NRC"), the evaluation was carried out using individual questionnaires covering composition of Board, conduct as per Company values & beliefs, contribution towards development of strategy & business plan, risk management, receipt of regular inputs and information, codes & policies for strengthening governance, functioning, performance & structure of Board Committees, skill set, knowledge & expertise of Directors, preparation & contribution at Board meetings, leadership etc.

**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 Rs.20,000 per Board Meeting and Rs.10,000 for Committee Meetings attended by them.

#### Details of Remuneration paid to the Directors during the financial year ended 31<sup>st</sup> March, 2018

Amount in Rs.

Name of the Director	Salary	Benefits	Perquisites	Stock Option	Sitting Fee	Total
Mr. Amarjit Goyal	13,44,000	-	10,800	-	-	13,54,800
Mr. Krishan Kumar Goyal	30,21,600	-	9,93,084	-	-	40,14,684
Mr. D.S. Gill	-	-	-	-	2,00,000	2,00,000
Dr. Priyavrat Thareja	-	-	-	-	1,50,000	1,50,000
Dr. Meena Sharma	-	-	-	-	1,10,000	1,10,000
Mr. D. K. Gupta	-	-	-	-	80,000	80,000
Mr. R.K. Sinha	33,21,600	-	5,42,000	-	-	38,63,600

#### 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. The list of present members and the Chairman of the Committee is as follows:

Name of Director	Member / Chairman
Mr. D.S. Gill	Chairman
Dr. Priyavrat Thareja	Member
Mr. R.K. Sinha	Member

- The Chairman of the Committee Mr. D.S. Gill is a Non-Executive Independent Director nominated by the Board.
- Mr. Ashish Sharma, GM (Secretarial) & Company Secretary is the Compliance Officer of the Company, however he has resigned w.e.f.30<sup>th</sup> June, 2018.
- During the financial year ended 31<sup>st</sup> March, 2018, four meetings of the Stakeholders Relationship Committee were held on 27<sup>th</sup> May, 2017, 9<sup>th</sup> September, 2017, 13<sup>th</sup> December, 2017 and 14<sup>th</sup> February, 2018.

Name of Director	No. of Meetings held during FY 2017-18	No. of Meetings attended during FY 2017-18
Mr. D.S. Gill	4	4
Dr. Priyavrat Thareja	4	3
Mr. R.K. Sinha	4	3

- During the year 2017-2018, the Company has not received any complaint from the shareholders.

#### 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 AND FINANCE COMMITTEE

The Company has formed a Banking and 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.

During the year, one meeting of the Committee was held on 9<sup>th</sup> September, 2017.

**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:

<b>Name of Director</b>	<b>Member / Chairman</b>
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**

<b>Financial Year</b>	<b>Location</b>	<b>Date</b>	<b>Time</b>
2014-15	Regd. Office: G.T. Road, Mandi Gobindgarh (Pb.)	26 <sup>th</sup> September, 2015	11.00 A.M.
2015-16	Regd. Office: G.T. Road, Mandi Gobindgarh (Pb.)	9 <sup>th</sup> July, 2016	11.00 A.M.
2016-17	Regd. Office: G.T. Road, Mandi Gobindgarh (Pb.)	9 <sup>th</sup> September, 2017	11.00 A.M.

Special Resolutions passed in previous three AGMs:

- (i) In the 41st AGM dated 26<sup>th</sup> September, 2015 the following Special resolutions were passed:
  - a) Appointment of Mr. R.K. Sinha (DIN: 00556694) as Director (Operations) of the Company.
  - b) Approval of material related party transactions with Modern Automotives Limited.
- (ii) In the 42nd AGM dated 9<sup>th</sup> July, 2016 no Special resolution was passed.
- (iii) In the 43<sup>rd</sup> AGM dated 9<sup>th</sup> September, 2017 the following Special resolutions were passed:
  - a) Re-appointment of Mr. D.S. Gill (DIN: 00211236) as an Independent Director.
  - b) Re-appointment of Dr. Priyavrat Thareja (DIN: 06984057) as an Independent Director.
  - c) Re-appointment of Mr. Amarjit Goyal (DIN: 00219943) as Chairman and Whole Time Director of the Company.
  - d) Re-appointment of Mr. Krishan Kumar Goyal (DIN: 00482035) as Managing Director of the Company.

During the year, the Company has not passed any resolution through postal ballot and as of now there is no proposal to pass any 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 Obligations and Disclosure Requirements) 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 Statements, 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 29<sup>th</sup> day of September, 2018 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, 2018	September, 2018 (2nd week)
30 <sup>th</sup> September, 2018	November, 2018 (2nd week)
31 <sup>st</sup> December, 2018	February, 2019 (2nd Week)
31 <sup>st</sup> March, 2019	May, 2019
Annual General Meeting	September, 2019

**3. Book Closure Date:**

From 21<sup>st</sup> September, 2018 to 29<sup>th</sup> September, 2018 (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 Rs.	Low Rs.	Close Rs.	Volume	High	Low	Close
<b>2017</b>							
April	8.56	6.70	6.70	9325	30184.22	29241.48	29918.40
May	7.40	5.65	6.57	14462	31255.28	29804.12	31145.80
June	8.30	6.60	7.30	57036	31522.87	30680.66	30921.61
July	8.50	6.90	8.50	45494	32672.66	31017.11	32514.94
August	15.47	8.10	13.48	208002	32686.48	31128.02	31730.49
September	15.47	12.85	14.91	83139	32524.11	31081.83	31283.72
October	21.23	14.87	20.50	87217	33340.17	31440.48	33213.13
November	21.50	15.20	15.30	39622	33865.95	32683.59	33149.35
December	23.65	13.20	23.45	141689	34137.97	32565.16	34056.83
<b>2018</b>							
January	30.00	17.55	18.50	104125	36443.98	33703.37	35965.02
February	18.50	13.65	15.80	84262	36256.83	33482.81	34184.04
March	18.50	15.40	17.90	31803	34278.63	32483.84	32968.68



**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 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:**

93.74 % 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, 2018:**

SHAREHOLDING		SHAREHOLDERS		NO. OF SHARES	
From	To	Number	% of total	Number	% of total
1	500	5,778	87.73	12,92,831	9.39
501	1000	390	5.92	3,15,695	2.29
1001	2000	214	3.25	3,08,726	2.24
2001	3000	42	0.64	1,04,265	0.76
3001	4000	30	0.46	1,05,881	0.77
4001	5000	26	0.39	1,21,222	0.88
5001	10000	48	0.73	3,36,022	2.44
10001	50000	39	0.59	8,55,272	6.21
50001	100000	1	0.02	84,074	0.61
100001	And Above	18	0.27	1,02,38,371	74.39
<b>TOTAL</b>		<b>6,586</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, 2018:**

Category	No. of shares held	%age of shareholding
Promoters & Promoter Group	90,18,936	65.53
Mutual Funds & Banks	6,000	0.04
Bodies Corporate	2,50,354	1.82
Indian Public	44,58,900	32.40
NRI/OCBs	28,169	0.21
<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, 2018.

No. of Shares : 1,29,01,154	93.74 % of the total equity.
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**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 Obligations 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 Obligations 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 their is 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: 11<sup>th</sup> August, 2018

Sd/-  
Krishan Kumar Goyal  
Managing Director  
DIN: 00482035



**AUDITOR'S CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE UNDER SEBI (LISTING OBLIGATIONS 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, 2018, 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

Place: Chandigarh  
Date: 11th August, 2018

Sd/-  
(Bhupesh Gupta)  
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 March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and Statement of Cash Flows 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 including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.
3. 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**

4. 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.

5. 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.
6. 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.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

**Opinion**

8. We have audited the standalone financial statements of Modern Steels Limited ("the Company"), which comprise the balance sheet as at March 31, 2018, and the statement of Profit and Loss, (statement of changes in equity) and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.
9. In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion section of our report and Emphasis of Matters, the aforesaid financial statements give a true and fair view of in conformity with the accounting principles, of the state of affairs of the Company as at March 31st, 2018 and profit/



loss, (changes in equity) and its cash flows for the year ended on that date.

**Basis for Qualified Opinion**

10. *Director’s remuneration is not admissible as prescribed in Sec-197 of companies Act,2013 if there are no profits or profits are inadequate except in accordance with the provision of Schedule V and if it is not able to comply with such provisions, the prior approval of central government is required.*

*The Company is not eligible to pay director remuneration for non-compliance of conditions prescribed in schedule V of the companies Act, 2013. The company during the year has given the following director remuneration*

S. no.	Name	Designation	Remuneration (₹)
1.	Mr. Krishan Kumar Goyal	Managing Director	40,14,684
2.	Mr. Amarjit Goyal	Chairman	13,54,800
3	Mr. R.K. Sinha	Director	38,63,600

*\*Above figures of director’s remuneration are inclusive of perks.*

11. Prior approval from central government for inability to comply with the said conditions has however not been taken.
12. We conducted our audit in accordance with Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI’s Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

**Emphasis of Matter**

1. Interest provisioning on facilities from Consortium banks:

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 & uncertainty of the amount liable to be paid, 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 Rs.25.18 Crores which has resulted in the understatement of current liabilities and losses by Rs.25.18 Crores.

**2. Statement on Impact of above qualification for the Financial Year ended March 31,2018.**

(Amount ₹ in Crore)

S. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
1	Turnover/ Total Income	397.31	397.31
2	Total Expenditure	427.55	452.73
3	Net Profit/(Loss)	(30.24)	(55.42)
4	Earnings Per Share	(21.97)	(40.27)
5	Total outside Liabilities	234.66	259.84

\*The above calculation is based only after giving effect of NPA interest.

**3. Reclassification of Long Term Loans into current liabilities**

The Company’s various credit facilities declared as NPA for which one time settlement was pending have been recalled by the bank and as such the amounts of such term loans and corporate loans have been reclassified into current liabilities from non-current liabilities.

**4. Going-Concern**

The preparation of the financial statements is done on going concern basis, consequently assets and liabilities are being carried at their book value. The company has accumulated losses and has incurred losses during the financial year ended 31st March 2018. As on date, the Company’s current liabilities exceeded its current assets and the Company’s net worth has also been eroded. There are negative operating cash flows indicated by historical financial statements, adverse key financial ratios, and inability to comply with the term loan agreements.

These conditions indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern. Our Opinion is not qualified in respect of above matters.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("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.
2. As required by Section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - c. The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
  - e. On the basis of the written representations received from the directors as on March 31,

2018, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of Section 164(2) of the Act.

- f. 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 Indian 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

**For Aaryaa & Associates**

Chartered Accountants  
Firm Registration No. 0015935N

**CA Harsharanjit Singh Chahal**

Place: Chandigarh  
Dated: 3<sup>rd</sup> July, 2018

Partner  
M. No. 091689

**ANNEXURE 1****THE AUDITORS' INDEPENDENT REPORT**

The Annexure referred to in our report to the members of the company for the year ended 31 March, 2018. 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 not granted loans, secured or unsecured to Companies, Firms or other parties covered in the Register maintained u/s 189 of the Company Act 2013 during the year.
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 loans from directors amount ₹ 0.50 crore as well as from corporate bodies amounting to ₹ 1.20 crores. The company has not accepted any public deposits, hence the directives issued by the Reserve Bank of India & the provisions of Section 73 to 76 of the Companies Act, 2013 are not applicable. 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 Act 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, Goods and Services Tax 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 month as on 31.03.2018.

- (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 1.67 crore. The details are as under:-

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	2004-05 to 2005-06	3,55,235
CENTRAL EXCISE ACT 1944	CESTAE, 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. During the year ended 31 March 2018, the Company has defaulted on timely payment of principal and payment of interest on term loans and cash credits. The lender wise details with respect to interest and principal in default as on 31.03.2018 is as under:

₹ in lakhs

S. No	Particulars	Amount in lacs	Nature of Due	Date of Default
1.	State Bank of India	12171	Principal	01/02/2016
		31	Interest	
2.	Punjab National Bank	4778	Principal	01/04/2016
		81	Interest	
3.	Canara Bank	1890	Principal	30/09/2016
		24	Interest	

\*Interest amounting to Rs.4592 lacs has not been provided in books

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 not obtained the requisite approval as mandated by the provisions of section 197 read with schedule V of the Companies Act for the payment of managerial remuneration. The details of the same have been mentioned in the
- “Basis of Qualified Opinion” section of Audit Report.
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 Ind-AS.
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

**CA Harsharanjit Singh Chahal**

Partner

Place: Chandigarh  
Dated: 3<sup>rd</sup> July, 2018

M. No. 091689



**ANNEXURE 2**

Annexure to the Independent Auditor's Report of even date to the members of Modern Steels Limited, on the financial statements for the year ended 31st March, 2018

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 31st March 2018, we have audited the internal financial controls over financial reporting (IFCoFR) of the company 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 (IFCoFR) 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 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 2018, 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)

**CA Harsharanjit Singh Chahal**

Place: Chandigarh  
Dated: 3<sup>rd</sup> July, 2018

Partner  
M. No. 091689



## BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2018

Particulars	Notes	31 <sup>st</sup> March, 2018 ₹ in Lakhs	31 <sup>st</sup> March, 2017 ₹ in Lakhs	31 <sup>st</sup> March, 2016 ₹ in Lakhs
<b>A ASSETS</b>				
<b>1 Non-currents assets</b>				
a) Fixed Assets	III			
(i) Property, plant and equipment		62,47	68,49	73,08
(ii) Capital work-in-progress		28	-	-
(iii) Other Intangible Assets		7	1	2
b) Investments	IV	3	3	4,85
c) Other non-current assets	V	6,39	8,73	8,74
		<u>69,24</u>	<u>77,26</u>	<u>86,69</u>
<b>2 Current assets</b>				
a) Inventories	VI	44,51	58,00	59,34
b) Financial assets				
(i) Investments	VII	10	-	-
(ii) Trade receivables	VIII	72,37	83,44	65,53
(iii) Cash and cash equivalents	IX	1,80	10,57	1,09
(iv) Bank balances	X	5	79	3,50
(v) Short term loans and advances	XI	2,37	2,83	3,47
c) Other current assets	XII	1,26	2,24	1,94
		<u>1,22,46</u>	<u>1,57,87</u>	<u>1,34,87</u>
		<u>1,91,70</u>	<u>2,35,13</u>	<u>2,21,56</u>
<b>B EQUITY AND LIABILITIES</b>				
<b>1 Equity</b>				
(a) Equity share capital	XIII	14,40	14,40	14,40
(b) Other equity	XIV	(57,36)	(24,82)	(24,24)
<b>Sub-total-Shareholders funds</b>		<u>(42,96)</u>	<u>(10,42)</u>	<u>(9,84)</u>
<b>2 LIABILITIES</b>				
<b>Non-current-liabilities</b>				
(a) Financial liabilities				
(i) Borrowings	XV	-	85,93	70,59
(b) Provisions	XVI	1,92	1,80	1,60
(c) Other non-current liabilities	XVII	4	4	4
<b>Sub-total-Non current liabilities</b>		<u>1,96</u>	<u>87,77</u>	<u>72,23</u>
<b>3 Current Liabilities</b>				
(a) Financial liabilities				
(i) Borrowings	XVIII	-	1,00,30	98,04
(ii) Trade payables	XIX	23,12	45,53	30,58
(iii) Other financial liabilities	XX	1,89,20	1,36	20,32
(b) Other current liabilities	XXI	19,52	9,87	9,52
(c) Short term provisions	XXII	86	72	71
<b>Sub-total- Current liabilities</b>		<u>2,32,70</u>	<u>1,57,78</u>	<u>1,59,17</u>
		<u>1,91,70</u>	<u>2,35,13</u>	<u>2,21,56</u>
<b>Significant Accounting Policies</b>				
II				
<b>The Notes 1 to XXXVI 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>		<b>SANJEEV KUMAR VERMA</b>		<b>KRISHAN KUMAR GOYAL</b>
Chartered Accountants		Chief Financial Officer		Managing Director
Firm Registration No. 0015935N				(DIN: 00482035)
<b>HARSHARANJIT SINGH CHAHAL</b>				<b>D.S. GILL</b>
Partner				Director
M.No 091689				(DIN: 00211236)
Place: Chandigarh				
Dated: 3 <sup>rd</sup> July, 2018				

**STATEMENT OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2018**

<b>Particulars</b>	<b>Notes</b>	<b>31<sup>st</sup> March, 2018 A in Lakhs</b>	<b>31<sup>st</sup> March, 2017 A in Lakhs</b>
<b>INCOME</b>			
Revenue from Operations	XXIII	3,95,65	3,54,15
Other Income	XXIV	1,66	2,55
<b>Total Revenue</b>		<b>3,97,31</b>	<b>3,56,70</b>
<b>EXPENSES</b>			
Cost of material consumed	XXV	2,22,59	1,73,10
Changes in inventories of finished goods, work-in-progress and stock-in-trade	XXVI	4,30	(97)
Excise Duty		11,46	39,11
Employee benefits expense	XXVII	23,73	19,97
Finance Cost	XXVIII	1,79	4,86
Depreciation and Amortisation expenses	III	5,41	5,36
Other Expenses	XXIX	1,58,27	1,17,85
<b>Total Expenses</b>		<b>4,27,55</b>	<b>3,59,28</b>
<b>Profit / (Loss) for the year</b>		<b>(30,24)</b>	<b>(2,58)</b>
<b>Other Comprehensive Income</b>			
A) Items that will not be reclassified to profit or loss	XXX	(2,25)	4
B) Items that will be reclassified to profit or loss		-	-
<b>Total Other Comprehensive Income (Net)</b>		<b>(2,25)</b>	<b>4</b>
<b>Total Comprehensive Income for the year</b>		<b>(32,49)</b>	<b>(2,54)</b>
Earning per share (₹)		<b>(21.97)</b>	<b>(1.87)</b>

**Significant Accounting Policies**

II

The Notes 1 to XXXVI 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

**SANJEEV KUMAR VERMA**  
Chief Financial Officer

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

**HARSHARANJIT SINGH CHAHAL**  
Partner  
M.No 091689

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

Place: Chandigarh  
Dated: 3<sup>rd</sup> July, 2018

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2018**

Particulars	31 <sup>st</sup> March, 2018 A in Lakhs	31 <sup>st</sup> March, 2017 A in Lakhs
<b>A. Cash Flow from Operating Activities :</b>		
<b>Net Profit/(Loss) after tax</b>	<b>(32,49)</b>	<b>(58)</b>
Adjusted for :		
i. Depreciation	5,41	5,35
ii. Profit on Sale of Fixed Assets	(1)	(1)
iii. Income from sale of investment	-	(37)
iv. Deferred Tax Liability/Asset	(5)	-
v. Finance Cost	1,79	4,87
vi. Interest Income	<u>(1,36)</u>	<u>(1,84)</u>
	<b>5,78</b>	<b>8,00</b>
<b>Operating profit before working Capital Changes</b>	<b><u>(26,71)</u></b>	<b><u>7,42</u></b>
Adjusted for :		
i. Inventories	13,48	1,28
ii. Trade & Other receivables	14,99	(17,36)
iii. Trade Payable & Other Liabilities	<u>(12,61)</u>	<u>(3,64)</u>
	<b>15,86</b>	<b>(19,72)</b>
<b>Cash Generated from Operations</b>	<b>(10,85)</b>	<b>(12,30)</b>
i. Taxes Paid	(15)	(20)
<b>Net Cash outflow from Operating Activities (A)</b>	<b><u>(11,00)</u></b>	<b><u>(12,50)</u></b>
<b>B. Cash Flow from Investing Activities</b>		
i. Purchase of Fixed Assets	(2,25)	(70)
ii. Sale/Adjustments of Fixed Assets	2,53	2
iii. Purchase/Sale of Investment	(10)	5,20
iv. Interest Income	1,36	1,84
v. Increase/(Decrease) in Bank balances not considered as cash and cash equivalents	74	2,71
<b>Net Cash used In Investing Activities (B)</b>	<b><u>2,28</u></b>	<b><u>9,07</u></b>
<b>C. Cash Flow from Financing Activities</b>		
i. Net Increase/(Decrease) in Long Term Borrowings	(7,17)	15,32
ii. Net Increase/(Decrease) in Liabilities/Provisions	12	20
iii. Net Increase (Decrease) in Short Term Borrowings	8,79	2,26
iv. Finance Cost	(1,79)	(4,87)
<b>Net Cash from Financing Activities (C)</b>	<b><u>(5)</u></b>	<b><u>12,91</u></b>
<b>Net increase/decrease in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>(8,77)</b>	<b>9,48</b>
<b>Cash &amp; Cash Equivalents as on 1<sup>st</sup> April 2017</b>	<b>10,57</b>	<b>1,09</b>
<b>Cash &amp; Cash Equivalents as on 31<sup>st</sup> March, 2018</b>	<b>1,80</b>	<b>10,57</b>
<b>Reconciliation of Cash and Bank balances with Balance Sheet</b>		
Cash and Bank balances as per Balance Sheet	1,85	11,36
Less Bank balances not considered as Cash and Cash equivalents	5	79
<b>Cash &amp; Cash equivalents as on 31<sup>st</sup> March, 2018</b>	<b>1,80</b>	<b>10,57</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

**SANJEEV KUMAR VERMA**  
Chief Financial Officer

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

**HARSHARANJIT SINGH CHAHAL**  
Partner  
M.No 091689

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

Place: Chandigarh  
Dated: 3<sup>rd</sup> July, 2018

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2018****NOTE : I CORPORATE INFORMATION**

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

**NOTE : II SIGNIFICANT ACCOUNTING POLICIES****1.1) Basis of preparation of Financial Statements****i) Statement of Compliance**

The Financial Statements have been prepared in accordance with Indian Accounting Standards (Ind-AS) as prescribed under Section 133 of the Companies Act 2013 read with Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Amendment) Rules, 2016 and relevant provisions of the Companies Act, 2013 and other accounting pronouncements of The Institute of Chartered Accountants of India.

**ii) Basis of Preparation**

These financial Statements have been prepared in accordance with Ind-AS 101, "First Time Adoption of Ind-AS", as these are the Company's first Ind-AS compliant Financial Statements for the year ended 31 March 2018.

The Financial Statements correspond to the classification provision contained in Ind-AS 1 (Presentation of Financial Statements). The transition to Ind-AS has been carried out from the accounting principles generally accepted in India (Indian GAAP), which is considered as the "previous GAAP", for purposes of Ind-AS 1.

The preparation of these financial statements resulted in changes to the Company's accounting policies as compared to the most recent annual financial statements prepared under previous GAAP, wherever necessary. Refer note no XXXXIII for explanation that how the transition from previous GAAP to IND-AS has affected company financial position, financial performance and cash flows.

**iii) Classification of Assets and liabilities as Current and Non-Current.**

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.

The Company's all credit facilities have been declared as NPA and have been recalled by the bank and the amounts of such term loans and working capital loans have been reclassified into other financial liabilities as current liabilities instead of earlier classification as non-current liabilities.

**1.2) Use of Estimates**

The preparation of financial statements, in conformity with Ind-AS require estimates and assumptions to be made by management, that may affect the reported amount of assets and liabilities as on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Changes in the estimates are reflected in the financial statements in the period changes are made, and if material their effects are disclosed in the notes to the financial statements.

**1.3) First Time Adoption of IND AS**

Being first time adoption of IND AS, the company has availed the following exemptions as granted under Appendix C & D of IND AS 101

- A. Carrying values for all of its property, Plant and Equipment, Intangible assets and Investment property as at the date of transition to IND AS, measured as per previous GAAP have been treated as their deemed costs as at the date of transition.
- B. Retrospective impacts of transition from previous GAAP to IND AS on assets and liabilities have been adjusted against "Other Equity" on 1st April 2016.

**1.4) Property, Plant and Equipment**

Under the Indian GAAP, property, plant and equipment were carried in the balance sheet on historical cost. The company has elected to regard the carrying values as deemed cost as per Para D7AA of Ind-AS 101 as on transition date i.e. 1 April 2016.

All tangible fixed assets are stated at cost less accumulated depreciation. Cost includes freight, duties, taxes and other expenses directly incidental to acquisition, bringing the asset to the location and installation including site restoration up to the time when the asset is ready for intended use. Such Costs also include Borrowing Cost if the recognition criteria are met. When a major inspection/repair occurs, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

As per the provision of IND AS-16, major spare parts, stand-by equipment and servicing equipment qualify as property, plant and equipment when an entity expects to use them during more than one period and the company has elected to do the same. Depreciation on tangible fixed assets has been provided on straight-line method according to the Schedule II of the Companies Act 2013.

**Assets held for Disposal**

Assets held for disposal are valued at lower of cost or Net realizable value in accordance with IND AS-105.

During the year company has valued AOD plant which was non-operational for the last eight years, has been declared obsolete and valued at net realizable value, the differential amount has been shown as revaluation of plant and machinery under Other Comprehensive Income.

**1.5) 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. 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.



## 1.6) 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 GST, 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/GST thereon. Cost for this purpose includes direct cost on monthly average cost basis, all appropriate allocable overheads and Excise Duty/GST 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/GST, 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.
  - There is higher percentage of rejection of finished goods and having lesser realizable value. The same has adversely affected the profitability of the Company.

## 1.7) 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.

## 1.8) Investments

### (a) Classification

The company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income, or through profit & loss) and
- Those measured at amortized cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses arising from fair valuation will either be recorded in profit and loss or other comprehensive income. For investments in equity instruments, this will depend on whether the company has made any irrevocable election at the time of initial recognition to account for the equity investment for fair value through other comprehensive income.

### (b) Measurement

The company measures a financial asset at its fair value and in the case of financial assets not at fair value through profit and loss, at fair value including transaction cost that are directly attributable to the acquisition of the financial asset. Transaction cost of financial asset carried at fair value through profit and loss are expensed in profit or loss.

## 1.9) Employees Benefits

### (a) Short Term Obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the financial reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as provision for employee benefit under short term provisions in the balance sheet.

### (b) Post Employment obligations

The company operates the following post-employment schemes  
Defined benefit plan such as gratuity, provident fund

### (c) Defined benefit obligations

The defined benefit obligations (other than provident fund) is calculated annually by actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of related obligation.

The liability or asset recognized in the balance sheet in respect of defined benefit obligations (except provident fund) is the present value of the defined benefit obligation at the end of the reporting period less the fair value of the plan assets, if any.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized directly in other comprehensive income.

Changes in the present value of the defined benefit obligations resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service cost.

### (d) 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 and loss of the year.

**1.10) 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 except as follows:

**Interest provisioning on facilities from Consortium banks:**

The Company's all 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 status. In order to achieve the desired congruency on this issue & uncertainty of the amount liable to be paid, the company has not provided for interest on all credit facilities subsequent to the date of declaration of these credit facilities as non-performing.

**1.11) Revenue Recognition**

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of Excise duty. Revenue is recognized net of returns, trade allowances, rebates, value added taxes and net of amount collected on behalf of the third parties.

**Revenue from Goods**

Revenue from goods comprise of value of sales of products (net of returns) excluding VAT/GST and Trade Discounts but including excise duty. Sales are recognized with the transfer of significant risk and rewards of ownership of the goods, with the company losing effective control and the recovery of the consideration is probable.

**Revenue from Services**

Revenue from services are recognized in proportion to the stage of completion of transaction at the end of reporting period, and cost incurred in the transaction including same to complete the transaction and revenue (representing economic benefit associated with the transaction) can be measured reliably.

**Interest**

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

**Bad Debts and Provision for doubtful debt**

The company has written off its receivables to the tune of ₹ 417 Lakhs as the normal course of persuasion to recover the amount by marketing department has not been successful.

Further an amount of ₹. 633 Lakhs has been provided as provision for doubtful debts as its recoverability has become doubtful.

**1.12) 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.

**1.13) Impairment of Assets**

As at 31<sup>st</sup> March 2018 the company has reviewed the future earning of its cash generating unit in accordance with Ind AS 36. 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.

**1.14) 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 and contingent assets are disclosed by way of notes.

**1.15) 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.

**1.16) Cash Flow Statement**

The cash flow statement has been prepared in accordance with the Ind AS-7 on "Cash Flow Statements" issued by the Companies (Accounting Standard) Rules, 2013.

**1.17) Accounting policies not specifically referred to above are consistent with Ind Accounting Standards.**





# MODERN STEELS LIMITED

## NOTE : III

### Property, Plant and Equipment

₹ in Lakhs

Particulars	Land	Buildings	Plant and Machinery	Office Equipment	Furniture and Fixtures	Vehicles	Total	Capital work in progress
Gross Carrying Value as at 1 April 2016 *	25	15,09	1,13,62	1,37	1,18	2,21	1,33,72	-
Additions during the year	-	-	70	4	1	1	76	-
Sales/Adjustments during the year						27	27	-
<b>Gross carrying value as at 31 March 2017</b>	<b>25</b>	<b>15,09</b>	<b>1,14,32</b>	<b>1,41</b>	<b>1,19</b>	<b>1,95</b>	<b>1,34,21</b>	-
Additions during the year	-	-	1,70	16	1	-	1,87	28
Sales/Adjustments during the year			5,48	-		11	5,59	-
<b>Gross carrying value as at 31 March 2018</b>	<b>25</b>	<b>15,09</b>	<b>1,10,54</b>	<b>1,57</b>	<b>1,20</b>	<b>1,84</b>	<b>1,30,49</b>	<b>28</b>
Accumulated Depreciation as at 1 April 2016*		4,92	51,79	1,15	98	1,80	60,64	-
Depreciation for the year		41	4,72	8	6	6	5,33	-
Sales/Adjustments during the year						25	25	-
<b>Closing accumulated depreciation as at 31 March 2017</b>	<b>-</b>	<b>5,33</b>	<b>56,51</b>	<b>1,23</b>	<b>1,04</b>	<b>1,61</b>	<b>65,72</b>	-
Depreciation for the year	-	41	4,71	11	7	7	5,37	-
Sales/Adjustments during the year			2,97			10	3,07	-
<b>Closing accumulated depreciation as at 31 March 2018</b>	<b>-</b>	<b>5,74</b>	<b>58,25</b>	<b>1,34</b>	<b>1,11</b>	<b>1,58</b>	<b>68,02</b>	-
<b>Net Block as at 31 March 2018</b>	<b>25</b>	<b>9,35</b>	<b>52,29</b>	<b>23</b>	<b>9</b>	<b>26</b>	<b>62,47</b>	-
<b>Net Block as at 31 March 2017</b>	<b>25</b>	<b>9,76</b>	<b>57,81</b>	<b>18</b>	<b>15</b>	<b>34</b>	<b>68,49</b>	-
<b>Net Block as at 01 April 2016*</b>	<b>25</b>	<b>10,17</b>	<b>61,83</b>	<b>22</b>	<b>20</b>	<b>41</b>	<b>73,08</b>	-

### Intangible Assets

Particulars	Computer Software
<b>Gross carrying value as at 01 April 2016*</b>	<b>1,18</b>
Additions during the year	2
Sales/Adjustments during the year	-
<b>Gross carrying value as at 31 March 2017</b>	<b>1,20</b>
Additions during the year	10
Sales/Adjustments during the year	-
<b>Gross carrying value as at 31 March 2018</b>	<b>1,30</b>
Accumulated Depreciation as at 1 April 16*	1,16
Depreciation for the year	3
Sales/Adjustments during the year	-
<b>Closing accumulated depreciation as at 31 March 17</b>	<b>1,19</b>
Depreciation for the year	4
Sales/Adjustments during the year	
<b>Closing accumulated depreciation as at 31 March 18</b>	<b>1,23</b>
<b>Net Block as at 31 March 2018</b>	<b>7</b>
<b>Net Block as at 31 March 2017</b>	<b>1</b>
<b>Net Block as at 01 April 2016*</b>	<b>2</b>

\* The Company has elected to continue with the carrying value of property, plant and equipment as recognised in the financial statement as per previous GAAP and regarded those values as the deemed cost on the date of transition. The Company has carried forward the block and accumulated depreciation above, for disclosure purposes only.

**NOTE:IV  
INVESTMENTS**

Particulars	As at 31st March 2018 ₹ in Lakhs	As at 31st March, 2017 ₹ in Lakhs	As at 31st March 2016 ₹ in Lakhs
<b>OTHER INVESTMENT (at cost, unquoted)</b>			
<b>A) In Associates</b>			
Nil (1624000) Equity shares of Rs.10 each fully paid up in Modern Automotives Ltd. Out of which Nil (800000) equity shares issued at premium @ ₹ 40 per share	-	-	4,82
<b>B) In Others</b>			
28,125 (28,125) No. of Equity Shares of ₹10 each fully paid up in Nimbua Green Field (Punjab) Ltd.	3	3	3
<b>Total</b>	<b>3</b>	<b>3</b>	<b>4,85</b>

**NOTE:V****OTHER NON CURRENT ASSETS**

Particulars	As at 31st March 2018 ₹ in Lakhs	As at 31st March, 2017 ₹ in Lakhs	As at 31st March 2016 ₹ in Lakhs
(Unsecured, Considered Good)			
Security Deposits	6,36	6,32	6,33
<b>Loans &amp; Advances to Related Parties</b>			
Modern Automotives Ltd.	-	1,86	1,86
<b>Other Loans &amp; Advances</b>			
Amount paid (under protest) on account of Excise, Power, ESI etc.	3	55	55
<b>Total</b>	<b>6,39</b>	<b>8,73</b>	<b>8,74</b>

**NOTE:VI****INVENTORIES**

Particulars	As at 31st March 2018 ₹ in Lakhs	As at 31st March, 2017 ₹ in Lakhs	As at 31st March 2016 ₹ in Lakhs
Inventories			
a) Raw Materials (including stock in transit Rs.102.27 Lakhs previous year 16-17 Rs.40.95 Lakhs and P.Y. 15-16 Rs.86.92 Lakhs)	9,82	14,59	17,61
b) Work in Process	11,13	11,57	8,39
c) Finished Goods	13,87	17,73	19,93
d) Stores, Spares & Fuel (includes disposable stores)	9,69	14,10	13,41
<b>Total</b>	<b>44,51</b>	<b>58,00</b>	<b>59,34</b>

**Method of Valuation:**

1. The cost in respect of various items of inventory is computed as under:
  - a. In case of Raw- material on FIFO Basis ( net of MODVAT / GST , 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/GST 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 and GST). Stocks in working condition are valued at depreciated value or realizable value whichever is less. Disposable and used stocks are valued at net realizable value.

**NOTE:VII****CURRENT INVESTMENTS**

Particulars	As at 31st March 2018 ₹ in Lakhs	As at 31 <sup>st</sup> March, 2017 ₹ in Lakhs	As at 31st March 2016 ₹ in Lakhs
<b>INVESTMENTS IN MUTUAL FUND</b>			
Reliance Regular Saving Fund-Debt plan Growth option - SDGP	10	-	-
<b>Total</b>	<u>10</u>	<u>-</u>	<u>-</u>

**NOTE VIII****TRADE RECEIVABLES**

Particulars	As at 31st March 2018 ₹ in Lakhs	As at 31 <sup>st</sup> March, 2017 ₹ in Lakhs	As at 31st March 2016 ₹ in Lakhs
Unsecured, considered good	66,52	83,44	65,53
Unsecured, considered doubtful	12,80	92	-
<b>Total</b>	<u>79,32</u>	<u>84,36</u>	<u>65,53</u>
Less Provision for Doubtful Debts	6,95	92	-
<b>Total</b>	<u>72,37</u>	<u>83,44</u>	<u>65,53</u>

**NOTE:IX****CASH AND CASH EQUIVLENTS**

Particulars	As at 31st March 2018 ₹ in Lakhs	As at 31 <sup>st</sup> March, 2017 ₹ in Lakhs	As at 31st March 2016 ₹ in Lakhs
<b>Cash and Cash Equivalents</b>			
Balances with Banks			
In Current Accounts	1,74	86	63
Cheques on hand	-	9,55	
Cash in hand	6	16	46
<b>Total</b>	<u>1,80</u>	<u>10,57</u>	<u>1,09</u>

**NOTE:X****OTHER BANK BALANCES**

	As at 31st March 2018 ₹ in Lakhs	As at 31 <sup>st</sup> March, 2017 ₹ in Lakhs	As at 31st March 2016 ₹ in Lakhs
In Fixed Deposits accounts inclusive of interest accrued thereon	5	79	3,50
<b>Total</b>	<u>5</u>	<u>79</u>	<u>3,50</u>

Notes: Fixed deposits including interest thereon is towards margin money given to the banks against margin of the Letter of Credit & discounting of bills.

**NOTE:X I****SHORT TERM LOANS AND ADVANCES**

Particulars	As at 31st March 2018 ₹ in Lakhs	As at 31 <sup>st</sup> March, 2017 ₹ in Lakhs	As at 31st March 2016 ₹ in Lakhs
<b>Unsecured, Considered Good</b>			
<b>OTHERS</b>			
Advance Tax and TDS	15	20	22
Old Income Tax	57	56	1,03
Balance with Statutory Authorities	89	1,48	1,28
Advances to Employees	6	5	5
Prepaid Expenses	62	51	52
Other Recoverables	8	3	37
	<u>2,37</u>	<u>2,83</u>	<u>3,47</u>

**NOTE:X II****OTHER CURRENT ASSETS**

Particulars	As at 31st March 2018 ₹ in Lakhs	As at 31 <sup>st</sup> March, 2017 ₹ in Lakhs	As at 31st March 2016 ₹ in Lakhs
<b>Unsecured, Considered Good</b>			
Advances to Suppliers	1,17	1,64	1,06
Insurance refund/claim receivable	1	1	1
Amount receivable from PSPCL	7	47	73
Amount receivable from Banks and Others	1	12	14
	<u>1,26</u>	<u>2,24</u>	<u>1,94</u>



## NOTE : XIII

### SHARE CAPITAL

Particulars	As at 31st March 2018		As at 31st March 2017		As at 31st March 2016	
	Number	₹ in Lakhs	Number	₹ in Lakhs	Number	₹ in Lakhs
<b>Authorised</b>						
Equity Shares of ₹10/- each	2,49,00,000	24,90	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	10,000	10
		25,00		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	1,37,62,359	13,76
	A	13,76		13,76		13,76
Forfeited Shares (Amount paid up)*		0		0		0
Forfeited Warrants (Amount paid up)		64		64		64
	B	64		64		64
	(A+B)	14,40		14,40		14,40

\*rounded off to 0

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

	No. of Shares	₹ in Lakhs	No. of Shares	₹ in Lakhs	No. of Shares	₹ in Lakhs
Number and amount of equity shares at the beginning	1,37,62,359	13,76	1,37,62,359	13,76	1,37,62,359	13,76
Add: Number and amount of equity shares Issued during the period	-	-	-	-	-	-
Number and amount of equity shares at the end	1,37,62,359	13,76	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 Rs.10/- each and 9.5% Redeemable cumulative Preference Shares of Rs.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 Share Holders	As at 31st March 2018		As at 31st March 2017		As at 31st March 2016	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
1 Krishan Kumar Goyal	24,96,179	18.14	24,96,179	18.14	24,96,179	18.14
2 Alka Goyal	14,88,840	10.82	14,88,840	10.82	14,88,840	10.82
3 Amarjit Goyal	11,89,250	8.64	11,89,250	8.64	11,89,250	8.64
4 Nabha Finance Pvt. Ltd.	8,37,750	6.09	8,37,750	6.09	8,37,750	6.09
5 Aditya Goyal	7,95,590	5.78	7,95,590	5.78	7,95,590	5.78
	<b>68,07,609</b>	<b>49.47</b>	<b>68,07,609</b>	<b>49.47</b>	<b>68,07,609</b>	<b>49.47</b>

f). Forfeiture of share warrants

In the F.Y. 2011-12, the amount paid up on 771641 warrants @ Rs.8.25/- (per warrant) of Rs.63.66 Lakhs stands forfeited.

**NOTE:XIV**

**OTHER EQUITY**

Particulars	As at 31st March 2018		As at 31st March 2017		As at 31st March 2016	
	₹ in Lakhs		₹ in Lakhs		₹ in Lakhs	
Securities Premium Account		13,42		13,42		13,42
General Reserve		24,97		24,97		24,97
(Balance at the beginning and at the end of the year)						
<b>Surplus/(Deficit) in the Statement of Profit and Loss</b>						
- Balance at the beginning of year	(63,21)		(62,63)		(29,07)	
Prior period items	(5)		1,96		-	
Add/Less: Transferred from Statement of Profit & Loss	(32,49)		(2,54)		(33,56)	
		(95,75)		(63,21)		(62,63)
- Balance at the end of the year		(57,36)		(24,82)		(24,24)

**NOTE:XV**

**LONG TERM BORROWINGS**

Particulars	NON CURRENT			CURRENT MATURITIES		
	As at 31st March 2018 ₹ in Lakhs	As at 31st March 2017 ₹ in Lakhs	As at 31st March 2016 ₹ in Lakhs	As at 31st March 2018 ₹ in Lakhs	As at 31st March 2017 ₹ in Lakhs	As at 31st March 2016 ₹ in Lakhs
<b>SECURED BORROWINGS</b>						
From Banks						
(a).						
Term Loan - i	-	12,95	9,82	12,95	-	3,28
Term Loan - ii	-	21,97	18,74	21,97	-	3,68
(b). Working Capital Term Loans	-	35,09	28,21	35,09	-	7,70
(c). Funded Interest Term Loans	-	9,13	7,21	7,14	-	2,04
<b>TOTAL (A)</b>	-	79,14	63,98	77,15	-	16,70



# MODERN STEELS LIMITED

Particulars	NON CURRENT			CURRENT MATURITIES		
	As at 31st March 2018 ₹ in Lakhs	As at 31st March 2017 ₹ in Lakhs	As at 31st March 2016 ₹ in Lakhs	As at 31st March 2018 ₹ in Lakhs	As at 31st March 2017 ₹ in Lakhs	As at 31st March 2016 ₹ in Lakhs
<b>UNSECURED BORROWINGS</b>						
From Related Parties	-	5,04	5,03	-	-	-
From Others	-	1,75	1,58	-	-	-
<b>TOTAL (B)</b>	-	6,79	6,61	-	-	-
Amount disclosed under "Other Financial Liabilities" (Refer Note XX)				<b>(77,15)</b>	-	(16,70)
<b>TOTAL (A)+(B)</b>	-	85,93	70,59	<b>77,15</b>	-	16,70

## a) Details of Securities :-

Term loans and interest accrued and due thereon (shown under Schedule XX) from State Bank of India (including due to east while State Bank of Patiala), Punjab National Bank 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 schedule XX), from SBI (including due to east while State Bank of Patiala), PNB & 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 schedule XX) from State Bank of India (including due to east while State Bank of Patiala), Punjab National Bank 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 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 schedule XX) from State Bank of India (including due to east while State Bank of Patiala), Punjab National Bank and Canara Bank 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 guarantee by Chairman, Managing Director and Aditya Goyal are as follows:

Term Loan I	: ₹ 12,95 lakhs (₹ 12,95 lakhs)
Term Loan II	: ₹ 21,97 lakhs (₹ 21,97 lakhs)
WCTL	: ₹ 35,09 lakhs (₹ 35,09 lakhs)
FITL	: ₹ 7,13 lakhs (₹ 9,13 lakhs)

## NOTE: XVI

### LONG TERM PROVISIONS

Particulars	As at 31st March 2018 ₹ in Lakhs	As at 31st March, 2017 ₹ in Lakhs	As at 31st March 2016 ₹ in Lakhs
Provision for employee benefits			
Gratuity	<u>1,92</u>	<u>1,80</u>	<u>1,60</u>
	<u>1,92</u>	<u>1,80</u>	<u>1,60</u>

The company has adopted Indian Accounting Standard 19 on employment benefit on 1st April 2017, the liability in respect of the same reworked as on 31.03.2018, based on the following assumptions.

(Actuarial valuation has been done by Sh A.D.Gupta vide Actuarial Valuation Certificate dated 28 April 2018.)

	As at 31st March 2018 ₹ in Lakhs	As at 31st March, 2017 ₹ in Lakhs
<b>a) Actuarial Assumptions</b>		
Discount Rate (per annum)	7.70%	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)}	21.84	22.32
<b>b) Table showing changes in present value of obligations:</b>		
Present Value of Obligation as at the beginning of the year	2,52	2,31
Acquisition adjustment	-	-
Interest Cost	19	17
Past Service Cost-vested	8	-
Current Service Cost	32	26
Curtailement Cost/(Credit)	-	-
Settlement Cost/(Credit)	-	-
Benefits Paid	(47)	(19)
Actuarial (gain)/loss on obligations	14	(4)
Present Value of Obligation as at the end of the year	2,77	2,52
<b>C) Actuarial Gain/Loss Recognized:</b>		
Actuarial (gain)/loss for the year – Obligation	14	(4)
Actuarial (gain)/loss for the year – Plan Assets	-	-
Total (gain)/loss for the year	14	(4)
Actuarial (gain)/loss recognized in the year	14	(4)
Unrecognized actuarial (gains)/losses at the end of year	-	-
<b>D) The amounts to be recognized in Balance Sheet and Statements of Profit &amp; Loss:</b>		
Present Value of Obligation as at the end of the year	2,77	2,52
Fair Value of Plan Assets as at the end of the year	-	-
Funded Status	(2,77)	(2,52)
Unrecognized Actuarial (gains)/losses	-	-
Net Asset/(Liability) recognized in Balance Sheet	(2,77)	(2,52)
<b>E) Expenses recognized in the statement of Profit &amp; Loss:</b>		
Current Service Cost	32	26
Past Service Cost –vested	8	-
Interest Cost	19	17
Expected Return on Plan Assets	-	-
Curtailement Cost/(Credit)	-	-
Settlement Cost/(Credit)	-	-
Net actuarial (gain)/Loss recognized in the year	-	-
Expenses Recognized in the statement of Profit & Loss	59	44
<b>F) Bifurcation of PBO at the end of year</b>		
Current Liability (Amount due within one year)	86	72
Non -Current Liability (Amount due over one year)	1,92	1,80
Total PBO at the end of year	2,78	2,52



**MODERN STEELS LIMITED****NOTE:XVII  
NON-CURRENT LIABILITIES**

Particulars	As at 31st March 2018 ₹ in Lakhs	As at 31st March, 2017 ₹ in Lakhs	As at 31st March 2016 ₹ in Lakhs
Securities Received	4	4	4
<b>TOTAL</b>	<b>4</b>	<b>4</b>	<b>4</b>

**NOTE:XVIII  
SHORT TERM BORROWINGS**

Particulars	As at 31st March 2018 ₹ in Lakhs	As at 31st March, 2017 ₹ in Lakhs	As at 31st March 2016 ₹ in Lakhs
<b>Secured borrowings</b>			
Loans repayable on demand:			
- From Banks	-	1,00,30	98,04
<b>TOTAL</b>	<b>-</b>	<b>1,00,30</b>	<b>98,04</b>

**a) Detail of Securities :-**

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

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

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

Cash Credit - 10909 Lakhs (10030 Lakhs)

Letter of credit issued by banks Nil (1245 Lakhs)

**NOTE:XIX  
TRADE PAYABLES**

Particulars	As at 31st March 2018 ₹ in Lakhs	As at 31st March, 2017 ₹ in Lakhs	As at 31st March 2016 ₹ in Lakhs
- Dues to Micro, Small & Medium Enterprises	1,65	2,22	89
- Dues to Others	21,47	43,31	29,69
<b>Total</b>	<b>23,12</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	1,65	2,22	89
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Interest accrued and remaining unpaid has been shown under	23	-	-
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schedule "other current liabilities" as expenses payable

<b>Total</b>	<b>1,88</b>	<b>2,22</b>	<b>89</b>
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**NOTE: XX****OTHER FINANCIAL LIABILITIES**

<b>Particulars</b>	<b>As at 31st March 2018 ₹ in Lakhs</b>	<b>As at 31st March, 2017 ₹ in Lakhs</b>	<b>As at 31st March 2016 ₹ in Lakhs</b>
<b>Dues to :</b>			
Secured loan			
- Banks	1,87,59	1,36	20,32
Unsecured loan			
- Related parties	39	-	-
- Others	1,22	-	-
<b>Total</b>	<b>1,89,20</b>	<b>1,36</b>	<b>20,32</b>

\* Due to NPA status with all banks the term loans including interest accrued and due before NPA thereon have been treated as other financial liabilities.

**NOTE: XXI****OTHER CURRENT LIABILITIES**

<b>Particulars</b>	<b>As at 31st March 2018 ₹ in Lakhs</b>	<b>As at 31st March, 2017 ₹ in Lakhs</b>	<b>As at 31st March 2016 ₹ in Lakhs</b>
a Cheques issued but not presented	7,00	-	-
<b>b Other Payables</b>			
Advances from Customer	13	11	16
Expenses payables	4,96	6,15	4,93
Employee Related Payables	1,25	1,15	1,35
Statutory dues payables	6,18	2,46	3,08
<b>Total</b>	<b>19,52</b>	<b>9,87</b>	<b>9,52</b>

**NOTE:XXII****SHORT TERM PROVISIONS**

<b>Particulars</b>	<b>As at 31st March 2018 ₹ in Lakhs</b>	<b>As at 31st March, 2017 ₹ in Lakhs</b>	<b>As at 31st March 2016 ₹ in Lakhs</b>
<b>Provision for Employee benefits</b>			
Gratuity (Refer Note XVI)	86	72	71
<b>Total</b>	<b>86</b>	<b>72</b>	<b>71</b>

**NOTE XXIII****REVENUE FROM OPERATIONS**

<b>Particulars</b>	<b>Year Ended 31st March 2018 ₹ in Lakhs</b>	<b>Year Ended 31st March, 2017 ₹ in Lakhs</b>
Sale of Products*	3,72,64	3,44,74
Sale of Goods in Trade*	22,04	8,41
Other Operating Revenue	97	1,00
<b>Revenue from Operations</b>	<b>3,95,65</b>	<b>3,54,15</b>

\* Refer note no XXXVII

**NOTE XXIV  
OTHER INCOME**

Particulars	Year Ended 31st March 2018 ₹ in Lakhs	Year Ended 31st March, 2017 ₹ in Lakhs
a) Interest Income	1,36	1,84
b) Net gain on sale of fixed assets*	0	1
c) Net gain on sale of investment	-	37
d) Commission received	2	10
e) Profit on sale of DEPB licence	10	23
f) Bad debts recovered	18	-
<b>TOTAL</b>	<u>1,66</u>	<u>2,55</u>

\*rounded off to 0

**NOTE XXV  
COST OF MATERIAL CONSUMED**

Particulars	Year Ended 31st March 2018 ₹ in Lakhs	Year Ended 31st March, 2017 ₹ in Lakhs
Consumption of Scrap	1,58,24	1,31,69
Consumption of Purchase Intermediates	12,26	6,68
Goods in Trades	20,87	-
Consumption of Additives	31,22	34,73
	<u>2,22,59</u>	<u>1,73,10</u>

**NOTE XXVI  
CHANGES IN INVENTORIES OF FINISHED GOODS AND  
WORK IN PROGRESS**

Particulars	Year Ended 31st March 2018 ₹ in Lakhs	Year Ended 31st March, 2017 ₹ in Lakhs
<b>Opening Stock</b>		
Finished Goods	17,73	19,94
Work-in-progress	11,57	8,39
<b>A</b>	<u>29,30</u>	<u>28,33</u>
<b>Closing Stock</b>		
Finished Goods	13,87	17,73
Work-in-progress	11,13	11,57
<b>B</b>	<u>25,00</u>	<u>29,30</u>
<b>(A+B)</b>	<u>4,30</u>	<u>(97)</u>

**NOTE XXVII****EMPLOYEE BENEFITS EXPENSES**

<b>Particulars</b>	<b>Year Ended 31st March 2018 ₹ in Lakhs</b>	<b>Year Ended 31st March, 2017 ₹ in Lakhs</b>
Salary Wages and Bonus	18,21	16,27
Contributions to Provident and Other Fund	1,84	1,62
Gratuity	59	44
Staff & Workers Welfare	3,09	1,64
	23,73	19,97

**NOTE: XXVIII****FINANCE COST**

<b>Particulars</b>	<b>Year Ended 31st March 2018 ₹ in Lakhs</b>	<b>Year Ended 31st March, 2017 ₹ in Lakhs</b>
<b>Interest Expense</b>		
<b>- Banks</b>		
Term Loans	-	1,05
Cash Credit	-	1,11
Bank & Others (against LC)	1,07	1,60
<b>- Others</b>		
Unsecured Loans	39	19
Other Borrowing Cost	33	91
<b>Total</b>	1,79	4,86

**NOTE XXIX****OTHER EXPENSES**

<b>Paticulars</b>	<b>Year Ended 31st March 2018 ₹ in Lakhs</b>	<b>Year Ended 31<sup>st</sup> March, 2017 ₹ in Lakhs</b>
Consumption of Stores and Spares parts	42,41	26,71
Power and Fuel	65,16	61,90
Other Manufacturing Expenses	14,53	10,68
Conversion Charges	4,38	2,42
Increase / (Decrease) in Excise Duty/GST of closing Stock of Finished Goods	37	(13)
Rent	48	16
Repairs and Maintenance		
- Building	11	12
- Machinery	87	44
- Others	15	13
Insurance	36	36
Rate & Taxes	9	18
Fees	10	10
Travelling and Conveyence	75	73
Forwarding Expenses	6,90	4,85
Discount, Rebate and allowances	8,12	6,03
Bad Debt written off	4,17	9
Provision for Doubtful Debts	6,33	92
Miscellaneous Expenses	2,99	2,16
<b>Total</b>	<b>1,58,27</b>	<b>1,17,85</b>

**NOTE: XXX****OTHER COMPREHENSIVE INCOME**

<b>Paticulars</b>	<b>Year Ended 31st March 2018 ₹ in Lakhs</b>	<b>Year Ended 31<sup>st</sup> March, 2017 ₹ in Lakhs</b>
Investment restated at fair market value *	0	-
Remeasurement of the net defined benefit liability/asset	(14)	4
Revaluation of property, plant and equipments	(2,11)	-
<b>Total</b>	<b>(2,25)</b>	<b>4</b>

\*rounded off to 0

**NOTE: XXXI****Contingent Liabilities & Commitments**

	As at 31 <sup>st</sup> March, 2018 ₹ in Lakhs	As at 31 <sup>st</sup> March, 2017 ₹ in Lakhs
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**Contingent Liabilities:**

a) Claim against the Company not acknowledged as debts	1,89	2,61
b) Other money for which Company is contingent liable	96	4,17

**Commitments:**

a) Estimated amounts of contractors remaining to be executed On capital accounts and not provided for.	-	-
b) Letter of credited against import of material	-	-

**NOTE: XXXII**

For the year 2017-18 interest accrued on long term and short-term borrowings amounting to Rs.2518 Lakhs (Rs.1610 Lakhs to SBI, Rs.531 Lakhs to PNB and Rs.377 Lakhs to Canara Bank) has not been provided in the statement of profit and loss account as these loans have been categorized as NPA by the banks.

**NOTE: XXXIII****Earnings per share**

	As at 31 <sup>st</sup> March, 2018 ₹ in Lakhs	As at 31 <sup>st</sup> March, 2017 ₹ in Lakhs
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Profit / (Loss) after taxation as per Statement of profit and Loss (₹ in Lakhs)	(30,24)	(2,58)
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**Equity shares outstanding**

Basic earnings per share in rupees (face value ₹ 10/- each)	(21.97)	(1.87)
Diluted earnings per share in rupees (face value ₹ 10/- each)	-	-

**NOTE: XXXIV****Payment to Auditors\***

	Year Ended 31 <sup>st</sup> March, 2018 ₹ in Lakhs	Year Ended 31 <sup>st</sup> March, 2017 ₹ in Lakhs
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Audit Fees	8	8
Tax Audit fees**	0	0

\*inclusive of GST

\*\* rounded off to 0

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

Amount ₹ in Lakhs

	Turnover	Finished Goods		Work in Process	
		Closing Stock	Opening Stock	Closing Stock	Opening Stock
<b>Concast Billets this year</b>	1,40				
Previous year	83				
<b>Rolled Product this year</b>	2,92,02	9,01	15,62		
Previous year	2,91,77	15,62	16,42		



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	Turnover	Finished Goods		Work in Process	
		Closing Stock	Opening Stock	Closing Stock	Opening Stock
<b>Induction Ingots this year</b>	<b>12,15</b>				
Previous year	4,97				
<b>Auto Components this year</b>	<b>67,07</b>	<b>4,86</b>	2,11		
Previous year	47,17	2,11	3,51		
<b>Others this year</b>	<b>22,04</b>				
Previous year	8,41				
<b>Current year</b>	<b>3,94,68</b>	<b>13,87</b>	<b>17,73</b>		
Previous year	3,53,15	17,73	19,93		
<b>Rolling Mills Material –</b>					
<b>Billet – Current Year</b>				<b>6,09</b>	<b>7,13</b>
Billet – Previous Year				7,13	4,53
<b>Ingot – Current Year</b>				<b>2,60</b>	<b>1,91</b>
Ingot – Previous Year				1,91	2,52
<b>Round – Current Year</b>				<b>2,18</b>	<b>2,36</b>
Round – Previous Year				2,36	1,26
<b>ACD – Current Year</b>				26	17
ACD – Previous Year				17	8
<b>Total – Current Year</b>				<b>11,13</b>	<b>11,57</b>
Total – Previous Year				<b>11,57</b>	<b>8,39</b>

**NOTE: XXXVI**

The Information required by paragraph 5 of general instructions for preparation of the statement of profit and loss as per schedule III of Companies Act, 2013

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

1) Raw Material	<b>44,02</b>	45,95
2) Stores & Spares	<b>2,51</b>	2,09

**b) Value of Raw Material Consumed**

Cost of Materials Consumed

Imported	<b>18.76</b>	<b>41,75</b>	33.55	58,08
Indigenous	<b>81.24</b>	<b>1,80,84</b>	66.45	1,15,02
		<b>2,22,59</b>		<b>1,73,10</b>

**Store & Spares**

Imported	<b>04.88</b>	<b>2,07</b>	22.12	5,91
Indigenous	<b>95.12</b>	<b>40,34</b>	77.88	20,80
		<b>42,41</b>		<b>26,71</b>

**NOTE: XXXVII****TREATMENT OF EXCISE DUTY**

In accordance with Ind AS 18 on "Revenue" and schedule III to the Companies Act, 2013, sales for the previous year ended 31 March 2017 and for the period 1 April 2017 to 30 June 2017 were reported gross of excise duty and net of Value Added Tax (VAT/Sales tax). Excise duty was reported as a separate expense line item. Consequent to the introduction of Goods and Services Tax (GST) with effect from 1 July 2017, VAT/Sales Tax, Excise duty etc. have been subsumed into GST and accordingly the same is recognized as part of sale as per the requirements of Ind AS 18. This has resulted in lower reported sales in the current year in comparison to the sales reported under pre-GST structure of indirect taxes. With the change in structure of indirect taxes, expenses are also being reported net of taxes. Accordingly, financial results for the year ended 31 March 2018 and in particular sales, absolute expenses, elements of working capital (inventories, trade payables, other current assets/current liabilities etc.) and ratios in percentage of sales are not comparable with the corresponding period Profit/loss from operations in percentage of sales and net profit in percentage of sales are positively impacted as the percentages have been calculated on lower reported sales. The following additional information is being provided to facilitate such understanding.

Particulars	Year Ended 31st March, 2018 ₹ in Lakhs	Year Ended 31st March, 2017 ₹ in Lakhs
Net sales/Income from operations	3,95,65	3,54,15
Less excise duty	11,46	39,11
Net Sales/Income from operations after excise duty	3,84,19	3,15,04

Further the differences of excise duty/GST between the closing stock and opening stock amounting to ₹ 37 Lakhs (₹ 13 Lakhs) has been disclosed separately in the Other Expenses schedule forming part of statement of Profit and Loss.

**NOTE: XXXVIII****SEGMENT REPORTING**

The Company is engaged only in the business of Steel Manufacturing which is only the reportable segment in accordance with the requirements of Indian Accounting Standards (IndAS) – 108 on operating segments as prescribed under the Companies (Indian Accounting Standards) rules 2015 as prescribed under section 133 of The Companies Act 2013.

**NOTE: XXXIX****GOING CONCERN**

The Company has incurred losses during the quarter and year ended 31 March 2018 and the year-end current liabilities exceeded current assets as on 31 March 2018 which has adversely impacted the net worth of the Company. The Company's financial performance has been adversely affected due to high cost of scarp and other variables like ferros etc. The Company has requested its customers for fresh increase in sales prices with this the financial position of the Company will improve considerably. The Company is also working on debt resolution.

Considering the above developments and favorable impact thereof the Company has prepared the financial results on the basis of going concern assumptions. The statutory Auditors have also drawn attention to the above matter without qualifying their observation in their audit report.

**NOTE: XXXX**

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: XXXXI**

As per the Ind AS – 24 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.

The company has identified the related parties having transactions during the year, as per detail given below. No provision for doubtful debts is required to be made & no amount was written off during the year.

**A) RELATED PARTY AND THEIR RELATIONSHIP**

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

Mr Amarjit Goyal	M/s Chandigarh Finance Pvt. Ltd., M/s. Modern Dairies Ltd.,
Mr Krishan Kumar Goyal	M/s. Phi Business Solutions Ltd., M/s Modern Automotives Ltd.
Mr R.K.Sinha	M/s Indo Pacific Finlease Ltd.,
Mr. Ashish Sharma	

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

Particulars	Key Management Personnel	Relatives of Key Management Personnel & their enterprises
Remuneration Including Perks	<b>1,11</b> (1,09)	-- (--)
Interest On Unsecured Loan	-- (--)	19 (0)*
Loan Taken	<b>50</b> (20)	-- (--)
Loan Repaid	<b>5,32</b> (19)	-- (--)
Loan Given	-- (--)	-- (--)
Loan Received back	-- (--)	<b>1,86</b> (--)
Interest Income	-- (--)	<b>5</b> (20)
Share of Expenses Received	-- (--)	<b>33</b> (35)
Share of Expenses paid	-- (--)	-- (16)
Purchase of Raw Material & Stores	-- (--)	<b>9,11</b> (7,41)
Job work paid	-- (--)	<b>52</b> (--)
Job work received	-- (--)	<b>1,11</b> (88)
Sales Of Finished Products	-- (--)	<b>67,06</b> (37,26)

\*rounded off to 0

**NOTE: XXXXII****MANAGEMENT’S DISCLOSURE IN RESPECT TO INADMISSIBLE MANAGERIAL REMUNERATION**

The Company has paid managerial remuneration amounting to Rs.92 Lakhs to directors without approval of the Central Government. The Company undertakes that in case the approval is not received from the Central Government, remuneration received by Director shall be refunded. Profitability of the Company shall affect to the same extent.

**NOTE: XXXXIII****FIRST TIME ADOPTION****Transition to Ind AS**

These financial statements for the year ended 31 March 2018, are the first financial statements prepared in accordance with Ind AS. For all period up to and including the year ended 31 March 2017, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable as at 31<sup>st</sup> March 2018, together with the comparative period data for the year ended 31<sup>st</sup> March 2017, as described in the summary of significant accounting policies. In preparing these financial statements, the company's opening balance sheet was prepared as at 1 April 2016, 'the Company's date of transition to Ind AS.' This note explains the principal adjustments made by the company in restating its Indian GAAP financial statements, including the balance sheet as at 1<sup>st</sup> April 2016 and the financial statements as at and for the year ended 31<sup>st</sup> March 2017.

Ind AS 101 allows first-time adopters certain exemptions/exceptions from the retrospective application of certain requirements under Ind AS as follows:

- a) The Company has elected to consider carrying amount of all items of its property, plant and equipment and Intangible Assets as per Indian GAAP, as deemed cost at the date of transition.
- b) The Company has availed the exemption of fair value measurements of financial assets or liabilities at initial recognition and accordingly will apply fair value measurements of financial assets or liabilities at initial recognition prospectively to transactions entered into on or after 1 April 2016.
- c) The estimates at 1 April 2016 and 31 March 2017 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustment to reflect any differences in accounting policies) apart from the following items under Indian GAAP did not require estimation:
  - Fair value of investments in unquoted equity instruments
  - Impairment of financial assets based on expected credit loss model
  - Discount rates

The estimates used by the Company to present these amounts in accordance with Ind-AS reflect conditions that existed as at 1 April 2016 and 31 March 2017.

**Notes to first-time adoption****Defined benefit plan**

Both under Indian GAAP and Ind-AS, the Company recognized costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gain and loss, are charged to profit and loss. Under Ind-AS 19 such actuarial gain and loss is to be recognized separately through Other Comprehensive Income. Thus, employee cost has been reduced and actuarial gain/loss has been recognized in OCI net of taxes.

**Sale of goods**

Under the IGAAP, revenue from sales of products was presented exclusive of excise duty. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. The excise duty paid is presented on the face of the statement of profit and loss as part of expenses.

**Other Comprehensive Income**

Under Ind AS, all items of income and expense recognized in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expenses that are not recognized in profit and loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans, revaluation of assets and investment.

The concept of other comprehensive income did not exist under the previous GAAP.

**Statement of cash flow**

The transition from GAAP to Ind AS has no material impact on the statement of cash flows.

**NOTE: XXXXIV**

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

**NOTE: XXXXV**

Adoption of the IND-AS has affected the company's financial position and performance in the following ways:

**i) Prior period items**

Prior period items (Income) amounting to Rs.195 Lakhs for the year ended 31<sup>st</sup> March 2017 has been reported in the statement of Profit and loss in previous GAAP whereas in IND AS based financial statement same has been adjusted in the reserves as a result losses of the company for the year ended 31<sup>st</sup> March 2017 has been increased by the same amount.

**ii) Fixed Assets**

IND AS-16 Property, Plant and Equipments requires that all items of spares having a life of more than one year need to be capitalized as part of Property Plant and Equipment (PPE). Accordingly stores and spares which meet the above criteria as required in IND AS-16 has been adjusted in PPE and depreciation has been charged thereon. Under the previous GAAP, these spares were considered as a part of inventory, the same has now been capitalized.

Accordingly, retained earnings of the company for the year ended 31<sup>st</sup> March 2016 and 31<sup>st</sup> March 2017 are reduced by 0.96 Lakhs and 0.34 Lakhs respectively due to depreciation charged on these spares.

**NOTE: XXXXVI**

Attention is drawn to the fact that the comparative figure for the year ended 31<sup>st</sup> March 2016 and 31<sup>st</sup> March 2017 are based on the previously issued standalone financial statement, prepared in accordance with the AS. The items in the additional balance sheet as on 1st April 2016 are re-casted, regrouped and reclassified as per Indian Accounting Standards relying on the audited figures as on 31<sup>st</sup> March 2016.

For and on behalf of Board of Directors

**For AARYAA & ASSOCIATES**

Chartered Accountants  
Firm Registration No. 0015935N

**SANJEEV KUMAR VERMA**

Chief Financial Officer

**KRISHAN KUMAR GOYAL**

Managing Director  
(DIN: 00482035)

**CA Harsharanjit Singh Chahal**

Partner  
M.No 091689

**D.S. GILL**

Director  
(DIN: 00211236)

Place: Chandigarh

Dated: 3<sup>rd</sup> July, 2018

## RECONCILIATION STATEMENT OF CHANGES IN EQUITY

## a Equity Share Capital

Particulars	As at 31st March 2018 ₹ in lakhs	As at 31st March 2017 ₹ in lakhs	As at 31st March 2016 ₹ in lakhs
Balance at the beginning of the reported period	14,40	14,40	14,40
Changes in the equity share capital during the year	-	-	-
Balance at the beginning of the reported period	14,40	14,40	14,40

## b Other Equity

Particulars	Reserve and Surplus			Other Comprehensive Income	Total
	Security Premium	General Reserve	Retained Earnings	Other items of other comprehensive income	
<b>Balance as at 1<sup>st</sup> April 2016</b>	<b>13,42</b>	<b>24,97</b>	<b>(62,63)</b>	-	<b>(24,24)</b>
Prior period items			1,96	-	1,96
			(60,67)	-	(22,28)
Profit for the year	-	-	(2,58)	-	(2,58)
Other Comprehensive income for the year	-	-	-	4	4
Total Comprehensive income for the year	-	-	(2,58)	4	(2,54)
<b>Balance as at 31<sup>st</sup> March 2017</b>	<b>13,42</b>	<b>24,97</b>	<b>(63,25)</b>	<b>4</b>	<b>(24,82)</b>
Prior period items			(5)		(5)
<b>Revised/Restated opening balances</b>			<b>(63,26)</b>		<b>(24,87)</b>
Profit for the year	-	-	(30,24)		(30,24)
Other Comprehensive income for the year	-	-	-	(2,25)	(2,25)
Total Comprehensive income for the year	-	-	(30,24)	(2,25)	(32,49)
<b>Balance as at 31<sup>st</sup> March 2018</b>	<b>13,42</b>	<b>24,97</b>	<b>(93,50)</b>	<b>(2,25)</b>	<b>(57,36)</b>

Reconciliation of Statement of Profit and Loss as previously reported  
under IGAAP to Ind-AS for the year ended 31 March 2017

Particulars	IGAAP	Adjustments	Ind-AS
₹ in lakhs			
<b>INCOME</b>			
Revenue from Operations	3,54,15	-	3,54,15
Other Income	2,55	-	2,55
<b>Total Revenue</b>	<b>3,56,70</b>	<b>-</b>	<b>3,56,70</b>
<b>EXPENSES</b>			
Cost of material consumed	1,73,11	-	1,73,11
Changes in inventories of finished goods, work-in-progress and stock-in-trade	(97)	-	(97)
Employee benefits expense	19,93	4	19,97
Less Excise Duty	39,11	-	39,11
Finance Cost	4,86	-	4,86
Depreciation and Amortisation expenses	5,35	1	5,36
Other Expenses	1,17,84	-	1,17,84
Prior Period Items	(1,95)	1,95	-
<b>Total Expenses</b>	<b>3,57,28</b>	<b>2,00</b>	<b>3,59,28</b>
Profit / (Loss) before tax	(58)	(2,00)	(2,58)
<b>Other Comprehensive Income</b>			



# MODERN STEELS LIMITED

Particulars	IGAAP	Adjustments	Ind-AS
A) Items that will not be reclassified to profit or loss			
Remeasurement of the net defined benefit liability/asset	-	4	4
B) Items that will be reclassified to profit or loss	-	-	-
Total Other Comprehensive Income (Net)	-	4	4
Total Comprehensive Income for the year	<u>(58)</u>	<u>(1,96)</u>	<u>(2,54)</u>
Earning per share (₹)	<u>(0.42)</u>		<u>(1.87)</u>

## Reconciliation of Equity as previously reported under IGAAP to Ind-AS

Particulars	31st March 2017			01st April 2016		
	IGAAP	Adjustments	Ind-AS	IGAAP	Adjustments	Ind-AS
<b>A ASSETS</b>						
<b>1 Non-Currents Assets</b>						
<b>Fixed Assets</b>						
a) Property, plant and equipment	68,22	26	68,48	72,88	19	73,07
b) Capital work-in-progress	-	-	-	-	-	-
c) Other Intangible Assets	1	-	1	2	-	2
d) Non current Investments	3	-	3	4,85	-	4,85
d) Other non-current assets	8,73	-	8,73	8,74	-	8,74
<b>TOTAL</b>	<b>76,99</b>	<b>26</b>	<b>77,25</b>	<b>86,49</b>	<b>19</b>	<b>86,68</b>
<b>2 Current Assets</b>						
a) Inventories	58,27	(27)	58,00	59,55	(20)	59,35
b) Financial Assets			-			
(i) Investments	-	-	-	-	-	-
(ii) Trade Receivables	83,43	-	83,43	65,54	-	65,54
(iii) Cash and cash equivalents	11,36	(79)	10,57	4,59	(3,50)	1,09
(iv) Bank balances		79	79		3,50	3,50
(v) Loans	-	-	-	-	-	-
(vi) Short Term advances	2,83	-	2,83	3,47	-	3,47
c) Other Current Assets	2,24	-	2,24	1,92	-	1,92
<b>TOTAL</b>	<b>1,58,13</b>	<b>(27)</b>	<b>1,57,86</b>	<b>1,35,07</b>	<b>(20)</b>	<b>1,34,87</b>
<b>Total Assets</b>	<b>2,35,12</b>	<b>(1)</b>	<b>2,35,11</b>	<b>2,21,56</b>	<b>(1)</b>	<b>2,21,55</b>
<b>B EQUITY AND LIABILITIES</b>						
<b>1 Equity</b>						
(a) Equity Share capital	14,40	-	14,40	14,40	-	14,40
(b) Other Equity	(24,82)	(1)	(24,83)	(24,23)	(1)	(24,24)
<b>TOTAL</b>	<b>(10,42)</b>	<b>(1)</b>	<b>(10,43)</b>	<b>(9,83)</b>	<b>(1)</b>	<b>(9,84)</b>
<b>2 LIABILITIES</b>						
<b>Non-current-liabilities</b>						
(a) Financial liabilities						
(i) Borrowings	85,92	-	85,92	70,59	-	70,59
(b) Provisions	1,80	-	1,80	1,60	-	1,60
(c) Other non-current liabilities	4	-	4	4	-	4
<b>TOTAL</b>	<b>87,76</b>	<b>-</b>	<b>87,76</b>	<b>72,23</b>	<b>-</b>	<b>72,23</b>
<b>3 Current Liabilities</b>						
(a) Financial liabilities						
(i) Borrowings	1,00,30	-	1,00,30	98,04	-	98,04
(ii) Trade payables	45,53	-	45,53	30,58	-	30,58
(iii) Other financial liabilities		1,36	1,36		20,32	20,32
(b) Other current liabilities	11,23	(1,36)	9,87	29,83	(20,32)	9,51
(c) Provisions	72	-	72	71	-	71
<b>TOTAL</b>	<b>1,57,78</b>	<b>-</b>	<b>1,57,78</b>	<b>1,59,16</b>	<b>-</b>	<b>1,59,16</b>
<b>Total Equity and Liabilities</b>	<b>2,35,12</b>	<b>(1)</b>	<b>2,35,11</b>	<b>2,21,56</b>	<b>(1)</b>	<b>2,21,55</b>



