



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: 13th November, 2019**

M/s. BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street,
Mumbai-400001

SUB: OUTCOME OF THE MEETING OF BOARD OF DIRECTORS

Dear Sirs,

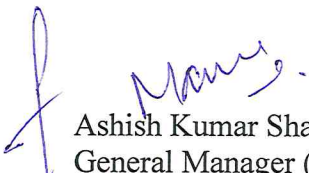
We wish to inform you that the Company in its Board meeting held today, **Wednesday, 13th November, 2019** at Chandigarh approved the Un-Audited Financial Results for the quarter and half year ended 30th September, 2019 along with Statement of Assets and Liabilities and Cash Flow Statement, pursuant to Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We are enclosing herewith the approved Un-audited Financial Results, Statement of Assets and Liabilities, Cash Flow Statement along with copy of Limited Review Report.

Please note that the Board of Directors meeting commenced at 4:00 P.M. and concluded at 5:25 P.M. on 13th November, 2019. This is for your information and doing the needful.

Thanking you

Yours truly,
For Modern Steels Limited


Ashish Kumar Sharma
General Manager (Secretarial)
& Company Secretary



MODERN STEELS LIMITED

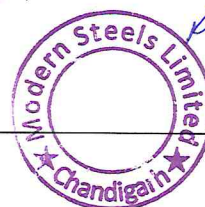
UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED 30TH SEPTEMBER, 2019

Rs. In lakhs

Particulars	Quarter ended			Half year ended		Year ended
	30.09.2019	30.06.2019	30.09.2018	30.09.2019	30.09.2018	31.03.2019
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Part I: Statement of Financial Results						
I Revenue from Operations	6,365	7,476	10,240	13,841	19,076	32,156
II Other Income	10	10	24	20	44	184
III Total Income (I+II)	6,375	7,486	10,264	13,861	19,120	32,340
IV Expenses						
a) Cost of material consumed	3,495	4,010	6,162	7,505	11,699	19,221
b) Changes in inventory of finished goods and work in progress	247	210	(509)	457	(235)	339
c) Employees benefits expense	616	565	598	1,181	1,180	2,335
d) Finance Costs	60	60	22	120	25	177
e) Depreciation	125	127	131	252	267	517
f) Power and fuel	1,251	1,239	1,760	2,490	3,212	5,645
g) Other expenditure	1,392	1,251	2,088	2,643	3,922	6,627
IV Total Expenses	7,186	7,462	10,252	14,648	20,070	34,861
V. Profit/(Loss) before Exceptional Items (III-IV)	(811)	24	12	(787)	(950)	(2,521)
VI. Exceptional items (Reversal of interest provision)	-	-	-	-	-	-
VII. Profit / (Loss) from Ordinary Activities before tax (V-VI)	(811)	24	12	(787)	(950)	(2,521)
VIII. Tax expense:	-	-	-	-	-	-
IX. Profit / (Loss) for the period from continuing operations (VII-VIII)	(811)	24	12	(787)	(950)	(2,521)
X. Profit/Loss from discontinued operations	-	-	-	-	-	-
XI. Tax expenses of discontinued operations	-	-	-	-	-	-
XII. Profit / loss from discontinued operations (X-XI)	-	-	-	-	-	-
XIII. Net Profit/Loss for the period (XI-XII)	(811)	24	12	(787)	(950)	(2,521)
XIV Other Comprehensive Income	-	-	-	-	-	-
A (i) Items that will not be reclassified to profit and loss	-	-	-	-	-	(5)
(ii) Income tax relating to items that will not be reclassified to profit and loss	-	-	-	-	-	-
B (i) Items that will be reclassified to profit and loss	-	-	-	-	-	-
(ii) Income tax relating to items that will be reclassified to profit and loss	-	-	-	-	-	-
XV Total Comprehensive Income for the period comprising profit/(loss) and other comprehensive Income for the period.	(811)	24	12	(787)	(950)	(2,526)
XVI. Paid-up equity share capital	1,440	1,440	1,440	1,440	1,440	1,440
XVII. Reserve excluding Revaluation Reserves as per balance sheet of previous accounting year	-	-	-	-	-	(8,265)
XVIII EPS after Extraordinary items for the period and for the previous						
i) Basic EPS	(5.89)	0.18	0.09	(5.72)	(6.90)	(18.32)
ii) Diluted EPS	(5.89)	0.18	0.09	(5.72)	(6.90)	(18.32)

For and on behalf of the Board of Directors

Place : Chandigarh
Date : 13th November, 2019



DILDAR SINGH GILL
DIRECTOR
DIN: 00211236



Notes to the Financial Results :

1. The Company is engaged only in the business of Steel Manufacturing which is the reportable segment in accordance with the requirements of Indian Accounting Standards (Ind AS) – 108 on operating segments as prescribed under the Companies (Indian Accounting Standards) rules 2015 as prescribed under section 133 of The Companies Act 2013.
2. The Company's accounts with lenders have become non-performing assets (NPA) hence interest amounting to Rs.713 lakhs for the quarter and Rs1393 lakhs for the half year ended on 30th Sep 2019 was not provided. The financial results are affected to the same extent.
3. The company has paid managerial remuneration to the Directors amounting to Rs.16,03,442/- for the quarter under review and Rs.34,58,684/- for the half year ended 30.09.2019. The company has applied for the approval of lenders, which is under consideration. The directors undertake to refund, in case the approval is not received. The financial results are affected to that extent.
4. The company is working to resolve with the lenders for the payment of their debts. In expectation of the said resolution, the company has prepared financial results on the going concern assumptions.
5. The financial results of Modern Steels Limited ('MSL', or 'the Company') were reviewed by the Audit Committee and taken on record by the Board of Directors at its meeting held on 13 November 2019. The Statutory Auditors of the Company have carried out a limited review of the above financial results.
6. The figures of the previous period have been reclassified/rearranged/regrouped wherever necessary to conform to current period's figures.



Statement of Assets & Liabilities as on 30th September 2019

Rs. in lakhs

Particulars	As at 30.09.2019 Unaudited	As at 31.03.2019 Audited
A ASSETS		
1 Non-Currents Assets		
Fixed Assets		
a) Property, plant and equipment	5,652	5,904
b) Capital work-in-progress	45	28
c) Other Intangible Assets	15	9
d) Investments	3	3
e) Other non-current assets	631	631
Sub-total-Non Current Assets	6,346	6,575
2 Current Assets		
a) Inventories	3,479	4,107
b) Financial Assets		
(i) Trade Receivables	5,745	5,614
(ii) Cash and cash equivalents	71	111
(iii) Short Term advances	204	254
c) Other Current Assets	560	380
Sub-total- Current Assets	10,059	10,466
TOTAL ASSETS	16,405	17,041
B EQUITY AND LIABILITIES		
1 Equity		
(a) Equity Share capital	1,440	1,440
(b) Other Equity	(9,052)	(8,265)
Sub-total-Shareholders funds	(7,612)	(6,825)
2 LIABILITIES		
Non-current-liabilities		
(a) Provisions	195	192
(b) Other non-current liabilities	235	135
Sub-total-Non current liabilities	430	327
3 Current Liabilities		
(a) Financial liabilities		
(i) Trade payables	2,922	3,515
(ii) Other financial liabilities	18,466	18,560
(b) Other current liabilities	2,093	1,361
(c) Short term provisions	106	103
Sub-total- Current liabilities	23,587	23,539
TOTAL EQUITY AND LIABILITIES	16,405	17,041

For and on behalf of the Board of Directors



DILDAR SINGH GILL
DIRECTOR
DIN: 00211236

Place : Chandigarh
Date : 13th November, 2019



CASH FLOW STATEMENT FOR THE HALF YEAR ENDED 30TH SEPTEMBER 2019

(Amount Rs. in Lacs)

Particulars		30th Sep 2019		31st March 2019	
A.	Cash Flow from Operating Activities :				
	Net Profit/(Loss) after tax		(787)		(2,526)
	Adjusted for :				
	i. Depreciation	252		517	
	ii. Loss on Sale of Fixed Assets	0			
	iii. Prior period adjustments	0		(3)	
	iv. Finance Cost	120		177	
	v. Interest Income	(19)	353	(152)	539
	Operating profit before working Capital Changes		(434)		(1,987)
	Adjusted for :				
	i. Inventories	628		111	
	ii. Trade & Other receivables	(261)		1,344	
	iii. Trade Payable & Other Liabilities	142		863	
			509		2,318
	Cash Generated from Operations		75		331
	i. Taxes Paid		1		17
	Net Cash outflow from Operating Activities (A)		76		348
B.	Cash Flow from Investing Activities				
	i. Purchase of Fixed Assets		(24)		(178)
	ii. Sale/Adjustments of Fixed Assets		1		
	iii. Purchase/Sale of Investment		-		10
	iv. Interest Income		19		152
	v. Increase(Decrease) in Bank balances not considered as cash and cash equivalents		-		5
	Net Cash used In Investing Activities (B)		(4)		(11)
C.	Cash Flow from Financing Activities				
	i. Net Increase(Decrease) in other financial liabilities		(94)		(367)
	ii. Net Increase(Decrease) in non current liabilities/Provisions		102		138
	iii. Finance Cost		(120)		(177)
	Net Cash from Financing Activities (C)		(112)		(406)
	Net increase/decrease in Cash & Cash Equivalents (A+B+C)		(40)		(69)
	Cash & Cash Equivalents as on 1st April 2019		111		180
	Cash & Cash Equivalents as on 30th September 2019		71		111
	Reconciliation of Cash and Bank balances with Balance Sheet				
	Cash and Bank balances as per Balance Sheet		71		111
	Less Bank balances not considered as Cash and Cash equivalents		-		
	Cash & Cash equivalents as on 30th September 2019		71		111

For and on behalf of the Board of Directors



(Signature)

DILDAR SINGH GILL
DIRECTOR
DIN: 00211236

Place : Chandigarh

Date : 13th November, 2019





www.aaryaa.net

AARYAA & ASSOCIATES

CHARTERED ACCOUNTANTS

477, Sector - 12, Panchkula - 134112

Tele : 0172- 4191477 Mob. : 9814798644

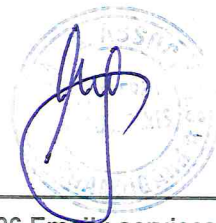
e-mail : harsharanjitahahal@rediffmail.com
info@aaryaa.net

LIMITED REVIEW REPORT

To,
The Board of Directors
Modern Steels Limited

1. We have reviewed the accompanying statement of un-audited financial results of **Modern Steels Limited** for the quarter ended 30th September 2019 prepared as per the applicable Indian Accounting Standards (IndAS) being submitted by the company pursuant to the requirements of regulation 33 of the SEBI (Listing Obligation a Disclosure Requirements) Regulation, 2015 read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated 5th July, 2016. This statement is the responsibility of the company's Management and has been approved by Board of Directors. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedure, applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. We refer to the following Qualification:

As prescribed in Sec-197 and Schedule V of companies Act, 2013 if there are no profits or profits are inadequate and where the company has defaulted in payment of dues to any bank or public financial institution the prior approval of the bank or public financial institution concerned shall be obtained by the company before approving the same by special resolution at general meeting.



Neither the required resolution has been passed nor the prior approval has been obtained from the bankers, since having defaulted in paying their dues.

Therefore the Company is not eligible to pay director's remuneration due to non-compliance of conditions prescribed in schedule V of the companies Act, 2013. During the quarter , the company has given the director remuneration to Mr. Krishan Kumar Goyal (Managing Director) amounting to Rs.17,01,008 (for the quarter Rs. 7,24,604) and Mr. R.K. Sinha (Director) amounting to Rs.17,57,676 (for the quarter Rs. 8,78,838) without complying the provisions of Schedule V of the companies Act, 2013.

3. Based on our review conducted as above, except for the effects of qualification stated in para 3 above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable Indian Accounting Standards (IndAS) prescribed under Section 133 of the Companies Act,2013 read with relevant rules issued thereunder and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated 5th July, 2016 including the manner in which it is to be disclosed, or that it contains any material misstatement.

4. We draw attention to the following matters:

- **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 (including on assigned debts of SBI and Canara Bank) subsequent to the date of declaration of theses credit facilities as non-performing. In respect to credit facilities from PNB, the company has provided the interest in the books of accounts only on the OTS amount. The interest to the extent of Rs.1392.82 Lakhs for the half year ended 30thSeptember,2019 (Rs. 712.48 Lakhs for the current quarter) has not been provided on various credit facilities for the current quarter which has resulted in the understatement of current liabilities and overstated the profit to that extent.



- **Assignment of debt of SBI and Canara Bank to ARC**

Two lender banks of the company viz. State Bank of India (SBI) and Canara Bank have assigned their loans and other facilities along with underlying financial documents together with all the rights, title and interest to Edelweiss Asset Reconstruction Company Limited, acting in its capacity as trustee of the EARC Trust- SC 306 for the benefits of the holders of the Security Receipts issued by the trustee there under.

During the reporting period there has been no written agreement between the Company and Edelweiss Asset Reconstruction Company Limited to crystallise the amount payable and interest thereon to them. The company is paying Rs.50 Lakh per month as adhoc payment to Edelweiss. In absence of any agreement in this regard, the component of such payment can not be ascertained, hence any liability for deduction of TDS, if may arising on such future ascertainment has not been provided.

- **One Time Settlement (OTS) with PNB**

The company had proposed its OTS offer to Punjab National Bank (PNB). The bank had approved the same and the company had complied with all the terms and conditions except for repayment period. The company had, however, requested to the bank for extension of the period of repayment of OTS amount which has since, been not accepted by the bank in this quarter. However interest on PNB facilities has been booked only on the OTS amount in anticipation of favourable consideration subsequent to the efforts of the company, in this regard and proposed re-request to the bank.

Our Opinion is not qualified in respect of matters specified in Para 5.

**FOR AARYAA & ASSOCIATES
CHARTERED ACCOUNTANT**

CA HARSHARANJIT SINGH CHAHAL
(Partner)
M No. 091689



**Place: Chandigarh
Dated: 13 November 2019**