



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: 14th October, 2020

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

SUB: OUTCOME OF THE MEETING OF BOARD OF DIRECTORS

REF.: SCRIP NAME: MODERN STEELS LTD., SCRIP CODE: 513303 & ISIN: INE001F01019

Dear Sir(s),

The Board of Directors at their meeting held on 14th October, 2020 considered and approved the Audited Financial Results for the quarter and year ended 31st March, 2020 and cash flow statement as on 31st March, 2020 along with the Independent Auditors Report for the year ended 31st March, 2020.

We are enclosing herewith the approved financial results, cash flow statement as on 31st March, 2020 along with copy of Independent Auditors Report and Statement on Impact of Audit Qualification (for audit report with modified opinion).

This is for your information to exchange and member thereof.

Kindly take the same on record and oblige.

Thanking you

Yours truly,
For **MODERN STEELS LIMITED**

Dildar Singh Gill
Director
DIN: 00211236



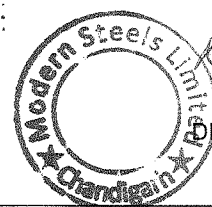
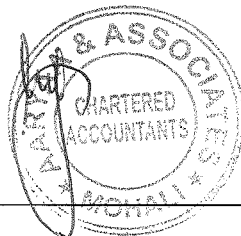
MODERN STEELS LIMITED
AUDITED FINANCIAL RESULTS FOR THE PERIOD ENDED 31ST MARCH, 2020

Rs. In lakhs

Particulars	Quarter ended			Year ended	
	31.03.2020 Unaudited	31.12.2019 Unaudited	31.03.2019 Unaudited	31.03.2020 Audited	31.03.2019 Audited
Part I: Statement of Financial Results					
I Revenue from Operations	3,015	4,289	5,779	21,146	32,156
II Other Income	11	7	130	38	184
III Total Income (I+II)	3,026	4,296	5,909	21,184	32,340
IV Expenses					
a) Cost of material consumed	1,750	1,835	3,185	11,090	19,221
b) Changes in inventory of finished goods and work in progress	257	649	701	1,364	339
c) Employees benefits expense	558	616	550	2,354	2,335
d) Finance Costs	(151)	69	79	39	177
e) Depreciation	117	118	125	486	517
f) Power and fuel	760	871	1,170	4,121	5,645
g) Other expenditure	3,227	936	1,242	6,807	6,627
IV Total Expenses	6,519	5,094	7,052	26,262	34,861
V. Profit/(Loss) before Exceptional Items (III-IV)	(3,493)	(798)	(1,143)	(5,078)	(2,521)
VI. Exceptional items (Reversal of interest provision)	(138)	-	-	(138)	-
VII. Profit / (Loss) from Ordinary Activities before tax (V-VI)	(3,355)	(798)	(1,143)	(4,941)	(2,521)
VIII. Tax expense:	-	-	-	-	-
IX. Profit / (Loss) for the period from continuing operations (VII-VIII)	(3,355)	(798)	(1,143)	(4,941)	(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)	(3,355)	(798)	(1,143)	(4,941)	(2,521)
XIV Other Comprehensive Income					
A (i) Items that will not be reclassified to profit and loss	(1)		5	(1)	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.	(3,354)	(798)	(1,148)	(4,939)	(2,526)
XVI. Paid-up equity share capital	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 year (not to be annualised)					
i) Basic EPS	(24.38)	(5.79)	(8.30)	(35.90)	(18.32)
ii) Diluted EPS	(24.38)	(5.79)	(8.30)	(35.90)	(18.32)

For and on behalf of the Board of Directors

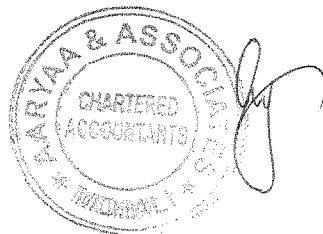
Place : Chandigarh
Date : 14th October, 2020



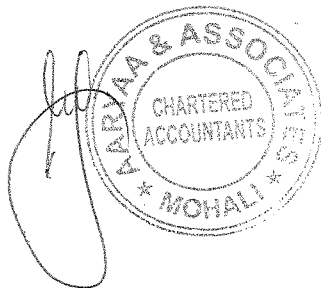
[Signature]
DILDAR SINGH GILL
DIRECTOR
DIN: 00211236

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 (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.
2. During the year the lenders of the company viz. State Bank of India and Canara Bank have assigned their exposure in the company to Edelweiss Asset Reconstruction Company Ltd.(ARC)
3. The Company's accounts with lenders have become non-performing assets (NPA) hence interest amounting to Rs.790 lak for the quarter and Rs 3092 lakhs for the twelve months ended on 31st March 2020 were not provided. The financial results are affected to the same extent. Interest provided on the OTS amount for the period ending 31st March 2020 amounts to Rs. 1.71 Cr and period ending 31st March 2019 amounts to Rs. 1.38 Cr has been reversed in quarter ending 31st March 20. However interest relating to previous year 2019-20 has been shown as exceptional item in financials. Current year no provision for OTS has been considered.
4. The company has paid managerial remuneration of Rs.8.79 lakhs for the Quarter and Rs 52.99 lakhs for the year ended 31st March 2020. As per revised guidelines, the company is yet to take the approval of AGM and Lenders. The directors undertake that in case the approval from AGM / Lenders is not received, remuneration received by the directors shall be refunded. The financial results are affected to the same extent.
5. The company has been continuously making efforts to resolve the debts with its lenders. Keeping in view the favorable market conditions and good order position the company has prepared the financial results on the basis of going concern assumptions.



6. During the quarter , the company has made a provision for doubtful debt of Rs. 24.11 cr. (during the year Rs. 25.57 cr.) in respect to debts for the sales made during the past. The board of directors of the company are of the opinion these amounts are expected not to be recovered and are of the opinion of said provision be made.
7. The financial results of Modern Steels Limited ('MSL', or 'the Company') for the quarter and year ended 31st March,2020 have been reviewed by the Audit Committee subsequently approved at the meeting of Board of Directors held on 14th October, 2020.
8. The Statutory auditors of the company have carried out an audit of the financial results for the year ended 31st March, 2020 and have issued modified report. The audit report is available on the company's website at www.modernsteels.com
9. The figures of the previous period have been reclassified/rearrange/regrouped wherever necessary to conform to current period's figures.



A handwritten signature in black ink, appearing to be 'S. S. S.' or similar, written over the Modern Steels Limited stamp.

Notes:-

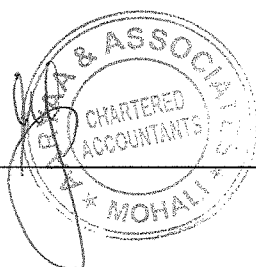
1. Statement of Assets & Liabilities as on 31st March 2020

Rs. in lakhs

Particulars	As at 31st March 2020 Audited	As at 31st March 2019 Audited
A ASSETS		
1 Non-Currents Assets		
Fixed Assets		
a) Property, plant and equipment	5,448	5,904
b) Capital work-in-progress	28	28
c) Other Intangible Assets	9	9
d) Investments	3	3
e) Other non-current assets	532	631
Sub-total-Non Current Assets	6,019	6,575
2 Current Assets		
a) Inventories	1,978	4,107
b) Financial Assets		
(i) Trade Receivables	2,517	5,614
(ii) Cash and cash equivalents	20	111
(iii) Short Term advances	226	254
c) Other Current Assets	508	380
Sub-total- Current Assets	5,247	10,466
TOTAL ASSETS	11,266	17,041
B EQUITY AND LIABILITIES		
1 Equity		
(a) Equity Share capital	1,440	1,440
(b) Other Equity	(13,201)	(8,265)
Sub-total-Shareholders funds	(11,761)	(6,825)
2 LIABILITIES		
Non-current-liabilities		
(a) Provisions	232	192
(b) Other non-current liabilities	2	4
Sub-total-Non current liabilities	234	196
3 Current Liabilities		
(a) Financial liabilities		
(i) Trade payables	3,008	3,515
(ii) Other financial liabilities	18,464	18,691
(b) Other current liabilities	1,248	1,361
(c) Short term provisions	75	103
Sub-total- Current liabilities	22,794	23,670
TOTAL EQUITY AND LIABILITIES	11,266	17,041

For and on behalf of the Board of Directors

Place : Chandigarh
Date : 14th October, 2020



DILDAR SINGH GILL
DIRECTOR
DIN: 00211236

(Handwritten signature)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2020

	Particulars	31st March 2020		31st March 2019	
		₹		₹	
A. Cash Flow from Operating Activities :	Net Profit/(Loss) after tax		(507,710,929)		(252,568,850)
	Adjusted for :				
	i. Depreciation	48,645,624		51,697,268	
	ii. Loss on Sale of Fixed Assets	932			
	iii. Prior period adjustments	296,869		(274,254)	
	iv. Finance Cost	3,856,391		17,714,309	
	v. Interest Income	(3,581,037)	49,218,779	(15,162,105)	53,975,218
	Operating profit before working Capital Changes		(458,492,150)		(198,593,632)
	Adjusted for :				
	i. Inventories	212,830,312		11,104,619	
ii. Trade & Other receivables	308,510,665		134,333,648		
iii. Trade Payable & Other Liabilities	(64,791,673)		86,173,566		
		456,549,305		231,611,833	
Cash Generated from Operations		(1,942,846)		33,018,201	
i. Taxes Paid		1,144,547		1,720,949	
Net Cash outflow from Operating Activities (A)		(798,299)		34,739,150	
B. Cash Flow from Investing Activities	i. Purchase of Fixed Assets		(3,104,825)		(17,711,101)
	ii. Sale/Adjustments of Fixed Assets		-		
	iii. Purchase/Sale of Investment		-		1,016,267
	iv. Interest Income		3,581,037		15,162,105
	v. Increase(Decrease) in Bank balances not considered as cash and cash equivalents		-		510,297
Net Cash used In Investing Activities (B)		476,212		(1,022,432)	
C. Cash Flow from Financing Activities	i. Net Increase(Decrease) in other financial liabilities		(34,333,161)		(22,815,837)
	ii. Net Increase(Decrease) in Liabilities/Provisions		3,840,519		-
	iii. Finance Cost		(3,856,391)		(17,714,309)
	Net Cash from Financing Activities (C)		(34,349,033)		(40,530,146)
Net increase/decrease in Cash & Cash Equivalents (A+B+C)		(34,671,120)		(6,813,428)	
Cash & Cash Equivalents as on 1st April 2019		11,150,280		17,963,707	
Cash & Cash Equivalents as on 31 March 2020		1,957,705		11,150,280	
Reconciliation of Cash and Bank balances with Balance Sheet					
Cash and Bank balances as per Balance Sheet		1,957,705		11,150,280	
Less Bank balances not considered as Cash and Cash equivalents		-			
Cash & Cash equivalents as on 31st March 2020		1,957,705		11,150,280	







www.aaryaa.net

AARYAA & ASSOCIATES
CHARTERED ACCOUNTANTS

Plot No. 1632, 3rd Floor, JLPL Industrial Park,
Sector-82, Mohali - 160055 (Punjab)

Tel. : +91-172 - 292 00 53, 56 & 63

Mob. : +91-9814798644

E-mail : contactus@aaryaa.net

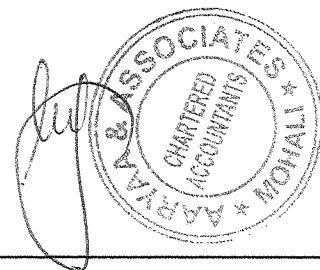
cahchahal@aaryaa.net

Auditor's Report on Annual Financial Results and Year to Date Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To Board of Directors of Modern Steels Limited

1. We have audited the accompanying statement of quarterly standalone financial results of Modern Steels Limited (the company) for the year ended 31st March, 2020 attached herewith, being submitted by the company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI circular no. CIR/CFD/FAC/62/2016 dated July 05, 2016. The quarterly standalone financial results for the quarter ended March 31, 2020 and year ended March 31, 2020 have been prepared on the basis of the standalone financial results for the 9 months period ended December 31, 2019, the audited annual standalone financial statement as at and for the year ended March 31, 2020 and the relevant requirements of regulation 33 of the SEBI (listing obligation and disclosure requirement) Regulations, 2015 read with SEBI circular no. CIR/CFD/FAC/62/2016 dated July 05, 2016, which are the responsibility of the company's management and have been approved by the board of directors of the company. Our responsibility is to express an opinion on these standalone financial results based on our review of these standalone financial results for the nine months period ended December 31, 2019 which was prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard (Ind AS 34) Interim Financial Reporting, specified under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India; and our audit of the annual financial statements as at and for the year ended March 31, 2020; and the relevant requirements of regulation 33 of the SEBI (listing obligation and disclosure requirement) Regulations, 2015 read with SEBI circular no. CIR/CFD/FAC/62/2016 dated July 05, 2016.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement(s). An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.



CHANDIGARH : Plot No. 181/33, Industrial Area, Phase 1, Chandigarh -160 002

PANCHKULA : # 113, Tribune Mitra Vihar, Opp. Sector - 26, Panchkula - 134 113 (Haryana)

BADDI : Showroom No. 1 (FF), Near gupta Hospital, Baddi - Nalagarh Highway, Baddi-173 205 (H.P.)

3. 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**, these quarterly financial results as well as the year to end results are presented in accordance with requirements of Regulation 33 of the SEBI (listing obligation and disclosure requirement) Regulations, 2015 in this regard and give a true and fair view of total comprehensive income comprising of net profit and other comprehensive income and financial information for the quarter ended 31st March, 2020 and for the year ended March 31st, 2020.

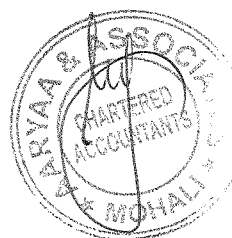
Basis for Qualified Opinion

I. Director's remuneration is not admissible as prescribed in Sec-197 of companies Act,2013 except in accordance with the provision of Schedule V and if it is not able to comply with such provisions, the prior approval of lenders 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. During the year, the company has given the director remuneration to Mr. Krishan Kumar Goyal (Managing Director) amounting to Rs. 17,83,328 (for current quarter NIL) and Mr. R.K Sinha (Director) amounting to Rs. 35,15,350 (for current quarter Rs. 8,78,838)

Apart from the managerial remuneration for quarter ended 31st March, 2020, as mentioned above the company has paid director remuneration of **Rs. 2,10,73,888** till date without complying the provisions of Schedule V of the companies Act, 2013.

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

(A) 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 has 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.

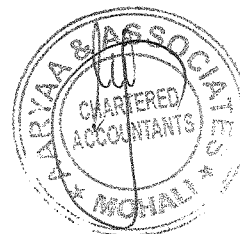
During the reporting period there has been no written agreement between the Company and Edelweiss Asset Reconstruction Company Limited to crystallize the amount payable and interest thereon to them. The company has paid Rs.50 Lakhs per month as adhoc payment to Edelweiss till the month of August 2019 however no payment has been made thereafter. In the absence of any agreement in this regard, the component of such payment cannot be ascertained, hence any liability for deduction of TDS, if any arising on such future ascertainment has not been provided.

One Time Settlement (OTS) with PNB

Punjab National Bank had approved One Time Settlement for its credit facilities, the terms of which, the company had failed to comply, hence the OTS stands failed. The interest provided on the OTS amount for the period ended **31st March 2020** amount to **Rs. 1.71 Crore** and for the period ended **31st March 2019** amount to **Rs. 1.38 Crore** has been reversed in quarter ending **31st March 2020**. As regards the interest on the outstanding amount, the same has not been provided in accordance with the reasons as specified in **Point B** below.

(B) 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 these credit facilities as non-performing. Such interest amounts to **Rs. 7.90 Crores** and **Rs.30.93 Crores** for Current quarter & Year ended **31st March 2020** respectively which has resulted in the understatement of current liabilities and losses to that extent. Even though the debts of SBI and Canara Bank have been assigned to Edelweiss Asset Reconstruction Company Limited, in absence of any express agreement between the company and Edelweiss Asset Reconstruction Company Limited, no interest has been accounted for in this respect. This interest is not recorded in Profit & Loss Account.




(C) Provision for Doubtful Debts

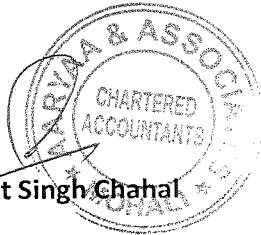
During the quarter, the company has made a provision for doubtful debts for **Rs. 24.11 Crores** (during the year Rs. 25.57 Crores) in respect to debts for the sales made during the past. The board of directors of the company are of the opinion that these amounts are expected not to be recovered and are of the opinion that the said provision be made.

(D) Material Uncertainty related to 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. We draw attention to the financial statements, which indicates that the company had accumulated losses and has also incurred losses during the financial year ended 31st March 2020. 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 doubt about the company's ability to continue as a going concern.

**For Aryaa & Associates
Chartered Accountants**


CA Harsharanjit Singh Chahal
Partner
Membership No. 091689
(Firm Registration No. 015935N)
UDIN: 20091689AAAKS9465



Place: Chandigarh
Date : 14-10-2020

ANNEXURE I

Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results - (Standalone and Consolidated separately)

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2020.

[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

I.	Sl. No	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1.	Turnover / Total income	21,184	21,184
	2.	Total Expenditure	(26,262)	(26,209)
	3.	Exceptional Items	138	138
	3.	Net Profit/(Loss)	(4,940)	(4,887)
	4.	Earnings Per Share	-35.90	-35.51
	5.	Total Assets	11,266.90	11,316.60
	6.	Total Liabilities	23,028	23,024.70
	7.	Net Worth	(11,761.10)	(11,708.10)
	8.	Any other financial item(s) (as felt appropriate by the management)		
II.	Audit Qualification (each audit qualification separately):			
	<p>a. Details of Audit Qualification:</p> <p><i>Director's remuneration is not admissible as prescribed in Sec-197 of companies Act, 2013 except in accordance with the provision of Schedule V and if it is not able to comply with such provisions, the prior approval of lenders is required.</i></p> <p><i>The Company is not eligible to pay director remuneration for non-compliance of conditions prescribed in schedule V of the companies Act, 2013. During the year, the company has given the director remuneration to Mr. Krishan Kumar Goyal (Managing Director) amounting to Rs. 17,83,328(for current quarterNIL)and Mr.R.K Sinha (Director) amounting to Rs. 35,15,350 (for current quarter Rs. 8,78,838)</i></p> <p><i>Apart from the managerial remuneration for quarter ended 31st March, 2020, as mentioned above the company has paid director remuneration of Rs.2,10,73,888till date without complying the provisions of Schedule V of the companies Act, 2013.</i></p>			
	b. Type of Audit Qualification: Qualified Opinion			
	c. Frequency of qualification: Repetitive			
	d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: The			



company has paid Managerial Remuneration amounting to Rs.52,98,678/-, to directors for which the company is yet to receive approval from the competent authority/agency. Management undertakes that in case the approval is not received from the competent authority/agency, they shall refund the remuneration paid to them by the company. Profitability of the company shall affect to the same extent.

e. For Audit Qualification(s) where the impact is not quantified by the auditor: Not applicable.

(i) Management's estimation on the impact of audit qualification:

(ii) If management is unable to estimate the impact, reasons for the same:

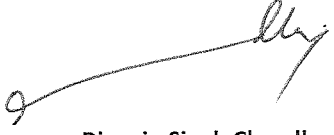
(iii) Auditors' Comments on (i) or (ii) above:

III. Signatories:


• Managing Director


Krishan Kumar Goyal

• CFO


Divnain Singh Chaudhary

• Audit Committee Chairman


D.S. Gill

• Statutory Auditor

For Aaryaa & Associates


Chartered Accountant

Place: Chandigarh

Date: 14/10/2020