



Modern Steels Limited

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

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

**Ref: MSL/SECT/BSE/
Date: 30th May, 2019**

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 Sirs,

We wish to inform you that the Company in its Board meeting held today, **Thursday, 30th May, 2019** *commenced at 04:00 p.m. and concluded at 05:20 p.m.* at corporate office Chandigarh, along with other agenda items inter alia the following were considered and approved by the Board of Directors of the Company;

1. **Audited Financial Results** for the quarter and year ended 31st March, 2019, in pursuance with Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
2. Approved the Audited Financial Statements of the Company for the year ended 31st March, 2019.

We are enclosing herewith the approved "Audited Financial Results" for the quarter and year ended 31st March, 2019 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, 2019

Rs. In lakhs

Particulars	Quarter ended			Year Ended	
	31.03.2019	31.12.2018	31.03.2018	31.03.2019	31.03.2018
	Unaudited	Unaudited	Unaudited	Audited	Audited
Part I: Statement of Financial Results					
I Revenue from Operations	5,779	7,301	8,879	32,156	38,753
II Other Income	130	10	37	184	166
III Total Income (I+II)	5,909	7,311	8,916	32,340	38,919
IV Expenses					
a) Cost of material consumed	3,185	4,338	5,016	19,221	22,258
b) Changes in inventory of finished goods and work in progress	701	(127)	542	339	467
c) Employees benefits expense	550	606	625	2,335	2,373
d) Finance Costs	79	73	44	177	179
e) Depreciation	125	125	131	517	541
f) Power and fuel	1,170	1,263	1,543	5,645	6,516
g) Excise Duty	-	-	-	-	1,146
h) Other expenditure	1,242	1,465	2,878	6,627	8,462
IV Total Expenses	7,052	7,743	10,779	34,861	41,942
V. Profit/(Loss) before Exceptional Items (III-IV)	(1,143)	(432)	(1,863)	(2,521)	(3,023)
VI. Exceptional items (Reversal of interest provision)	-	-	-	-	-
VII. Profit / (Loss) from Ordinary Activities before tax (V-VI)	(1,143)	(432)	(1,863)	(2,521)	(3,023)
VIII. Tax expense:	-	-	-	-	-
IX. Profit / (Loss) for the period from continuing operations (VII-VIII)	(1,143)	(432)	(1,863)	(2,521)	(3,023)
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)	(1,143)	(432)	(1,863)	(2,521)	(3,023)
XIV Other Comprehensive Income					
A (i) Items that will not be reclassified to profit and loss	(5)	-	(225)	(5)	(225)
(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.	(1,148)	(432)	(2,088)	(2,526)	(3,248)
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)	(5,736)
XVIII EPS after Extraordinary items for the period and for the previous year (not to be annualised)					
i) Basic EPS	(8.30)	(3.14)	(13.54)	(18.32)	(21.96)
ii) Diluted EPS	(8.30)	(3.14)	(13.54)	(18.32)	(21.96)

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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.651 lakhs for the quarter and Rs.2677 lakhs for the twelve months ended on 31st March 2019 were not provided. The financial results are affected to the same extent.
4. The company has paid managerial remuneration of Rs.19.56 lakhs for the Quarter and Rs.74.21 lakhs for the year ended 31st March 2019. 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. Post implementation of Goods and Services Tax (GST) applicable with effect from July 1, 2017, revenue from operations are required to be disclosed net of GST in accordance with the requirement of Ind-AS 18 and Schedule III of Companies Act 2013. Consequently, revenue from operations for the twelve months are not comparable with the previous corresponding twelve months which was reported inclusive of Excise Duty. The following additional information is being provided to facilitate such understanding:

Particulars	Rs. In lakhs	
	Year ended	
	31.03.2019	31.03.2018
Net Sales/Income from operations	32842	39565
Less: Excise duty	--	1146
Net sales excluding excise duty	32842	38419

6. The company has been continuously making efforts to resolve the debts with its lenders. Keeping in view the favourable market conditions and good order position the company has prepared the financial results on the basis of going concern assumptions.
7. 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 30th May, 2019. The Statutory Auditors of the Company have carried out a limited review of the above financial results.
8. The figures for the quarter ended 31st March, 2019 are the balancing figures between the audited figures in respect of the full financial year and published year to date figures up to the third quarter of the financial year 2018-19.
9. The figures of the previous period have been reclassified/recast/regrouped wherever necessary to conform to current period's figures.

For and on behalf of the Board

Place : Chandigarh
Date : 30th May, 2019



A handwritten signature in blue ink, appearing to read "Dildar Singh Gill".

DILDAR SINGH GILL
DIRECTOR
DIN: 00211236

Statement of Assets & Liabilities as on 31st March 2019

. in lakhs

Particulars	As at 31.03.2019 Audited	As at 31.03.2018 Audited
A ASSETS		
1 Non-Currents Assets		
Fixed Assets		
a) Property, plant and equipment	5,904	6,246
b) Capital work-in-progress	28	28
c) Other Intangible Assets	9	7
d) Investments	3	3
e) Other non-current assets	631	639
Sub-total-Non Current Assets	6,575	6,923
2 Current Assets		
a) Inventories	4,107	4,452
b) Financial Assets		
(i) Investments	-	10
(ii) Trade Receivables	5,614	7,238
(iii) Cash and cash equivalents	111	180
(iv) Bank balances	-	5
(v) Short Term advances	254	236
c) Other Current Assets	380	126
Sub-total- Current Assets	10,466	12,247
TOTAL ASSETS	17,041	19,170
B EQUITY AND LIABILITIES		
1 Equity		
(a) Equity Share capital	1,440	1,440
(b) Other Equity	(8,265)	(5,736)
Sub-total-Shareholders funds	(6,825)	(4,296)
2 LIABILITIES		
Non-current-liabilities		
(a) Financial liabilities		
(i) Borrowings	-	-
(b) Provisions	192	192
(c) Other non-current liabilities	4	4
Sub-total-Non current liabilities	196	196
3 Current Liabilities		
(a) Financial liabilities		
(i) Trade payables	3,515	2,312
(ii) Other financial liabilities	18,691	18,920
(b) Other current liabilities	1,361	1,952
(c) Short term provisions	103	86
Sub-total- Current liabilities	23,670	23,270
TOTAL EQUITY AND LIABILITIES	17,041	19,170



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AARYAA & ASSOCIATES

CHARTERED ACCOUNTANTS

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Auditor's Report On Quarterly 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, 2019 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, 2019 and year ended March 31, 2019 have been prepared on the basis of the standalone financial results for the 9 months period ended December 31, 2018, the audited annual standalone financial statement as at and for the year ended March 31, 2019 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, 2018 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, 2019; 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.



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 loss and other comprehensive income and financial information for the quarter ended 31st March, 2019 and for the year ended March 31st, 2019.

Basis for Qualified Opinion

1. *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 year, the company has given the director remuneration to Mr. Krishan Kumar Goyal (Managing Director) amounting to Rs. 39,05,614 (for the quarter Rs. 8,94,601) and Mr. R.K. Sinha (Director) amounting to Rs. 35,15,350 (for the quarter Rs. 10,61,725).

Apart from the managerial remuneration for quarter ended 31st march, 2019, as mentioned above the company has paid director remuneration of Rs. 1,46,97,722 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 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, hence the said debt till then is continued to be shown as payable to SBI and Canara Bank instead of Edelweiss Asset Reconstruction Company Limited.

(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.2677 Lakhs for the current financial year (Rs.651 Lakhs for the quarter ending 31st March 2019) which has resulted in the understatement of current liabilities and losses to that extent.

(C) One Time Settlement (OTS) with PNB

The company has proposed its OTS offer to Punjab National Bank (PNB). The bank has approved the same. The company has complied with all the terms and conditions except for the repayment period. The company has, however, requested to the bank for extension of the period of repayment of OTS amount.

E) 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 2019. 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 Aaryaa & Associates
Chartered Accountants


CA Harsharanjit Singh Chahal
Partner

Membership No. 091689

(Firm Registration No. 015935N)

Place: Chandigarh






Date :30th May, 2019

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, 2019.
 [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	32,339.56	32,339.56
	2.	Total Expenditure	34860.91	34,786.70
	3.	Net Profit/(Loss)	-2,521.36	-2,447.15
	4.	Earnings Per Share	-18.32	-17.78
	5.	Total Assets	17,041.25	17,115.46
	6.	Total Liabilities	23,865.92	23,940.13
	7.	Net Worth	-6,824.67	-6,750.46
	8.	Any other financial item(s) (as felt appropriate by the management)		
II.	Audit Qualification (each audit qualification separately):			
	a. Details of Audit Qualification:			
	<p><i>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.</i></p> <p><i>Neither the required resolution has been passed nor the prior approval has been obtained from the bankers, since having defaulted in paying their dues.</i></p> <p><i>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 year, the company has given the director remuneration to Mr. Krishan Kumar Goyal (Managing Director) amounting to Rs. 39,05,614 (for the quarter Rs. 8,94,601) and Mr. R.K. Sinha (Director) amounting to Rs. 35,15,350 (for the quarter Rs. 10,61,725).</i></p> <p><i>Apart from the managerial remuneration for quarter ended 31st march, 2019, as mentioned above the company has paid director remuneration of Rs. 1,46,97,722 till 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:			
	<p>The Company has paid managerial remuneration amounting to Rs. 74,20,964/- to directors, for which the Company has 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.</p>			
	e. For Audit Qualification(s) where the impact is not quantified by the auditor: Not Applicable			

III.	Signatories:
<ul style="list-style-type: none"> • CEO/Managing Director 	 Krishan Kumar Goyal
<ul style="list-style-type: none"> • CFO 	 
<ul style="list-style-type: none"> • Audit Committee Chairman 	 D.S. Gill
<ul style="list-style-type: none"> • Statutory Auditor 	<p>For Aaryaa & Associates</p>  Chartered Accountant

Place: Chandigarh

Date: 30th May, 2019