

MODERN STEELS LIMITED

UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED 30TH SEPTEMBER, 2020

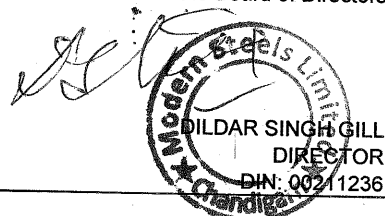
Rs. In lakhs

Particulars	Quarter ended			HALF Year ended		Year ended
	30.09.2020	30.06.2020	30.09.2019	30.09.2020	30.09.2019	31.03.2020
	Unaudited	Unaudited	Unaudited	UnAudited	UnAudited	Audited
Part I: Statement of Financial Results						
I Revenue from Operations	2,019	275	6,365	2,294	13,841	21,146
II Other Income	33	11	10	44	20	38
III Total Income (I+II)	2,052	286	6,375	2,338	13,861	21,184
IV Expenses						
a) Cost of material consumed	1,036	96	3,495	1,132	7,505	11,090
b) Changes in inventory of finished goods and work in progress	31	102	247	132	457	1,364
c) Employees benefits expense	595	357	616	952	1,181	2,354
d) Finance Costs	25	1	60	25	120	39
e) Depreciation	122	120	125	242	252	486
f) Power and fuel	628	115	1,251	743	2,490	4,121
g) Other expenditure	474	152	1,392	626	2,643	6,807
IV Total Expenses	2,910	943	7,186	3,852	14,648	26,261
V. Profit/(Loss) before Exceptional Items (III-IV)	(858)	(657)	(811)	(1,514)	(787)	(5,077)
VI. Exceptional items (Reversal of interest provision)	-	-	-	-	-	(138)
VII. Profit / (Loss) from Ordinary Activities before tax (V-VI)	(858)	(657)	(811)	(1,514)	(787)	(4,939)
VIII. Tax expense:	-	-	-	-	-	-
IX. Profit / (Loss) for the period from continuing operations (VII-VIII)	(858)	(657)	(811)	(1,514)	(787)	(4,939)
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)	(858)	(657)	(811)	(1,514)	(787)	(4,939)
XIV Other Comprehensive Income						
A (i) Items that will not be reclassified to profit and loss	-	-	-	-	-	(1)
(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.	(858)	(657)	(811)	(1,514)	(787)	(4,938)
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	-	-	-	-	-	(13,201)
XVIII EPS after Extraordinary items for the period and for the previous year (not to be annualised)						
i) Basic EPS	(6.24)	(4.76)	(5.88)	(11.00)	(5.72)	(35.89)
ii) Diluted EPS	(6.24)	(4.76)	(5.88)	(11.00)	(5.72)	(35.89)

For and on behalf of the Board of Directors

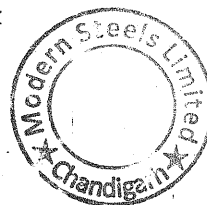
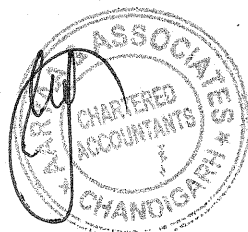
Place : Chandigarh

Date : 12th November, 2020



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. The Company's accounts with lenders have become non-performing assets (NPA) hence interest amounting to Rs.857.33 Lakhs and Rs. 1689.83 Lakhs for current Quarter and half Year ended 30th September 2020 respectively. The financial results are affected to the same extent.
3. The Company is proposing One Time Settlement with the Edelweiss Asset Reconstruction Company Limited (Secured Lender).
4. The Company has paid managerial remuneration to the Directors amounting to Rs. Nil for the quarter under review and Rs.3,24,069 for the half year ended 30th September 2020. As required, the Company has applied for the approval of lenders for the payment of said remuneration, which is under their consideration. The Directors undertake that in case the approval is not received, the remuneration paid shall be refunded. The financial results are affected to that extent.
5. The Company is proposing for a slump sale of its assets under the terms that the proposed purchaser shall be outsourcing the production job work, considering the preparation of financial statements is done on going concern basis consequently assets and liabilities are being carried at their book value.
6. 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 12th November 2020. The Statutory Auditors of the Company have carried out a limited review of the above financial results.
7. The figures of the previous period have been reclassified/rearranged/ regrouped wherever necessary to conform to current period's figures.



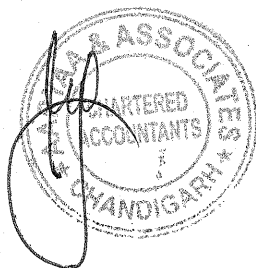
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Notes:-

1.Statement of Assets & Liabilities as on 30th September 2020

Rs. in lakhs

Particulars	As at 30.09.2020 UnAudited	As at 31.03.2020 Audited
A ASSETS		
1 Non-Currents Assets		
Fixed Assets		
a) Property, plant and equipment	5,205	5,448
b) Capital work-in-progress	28	28
c) Other Intangible Assets	9	9
d) Investments	3	3
e) Other non-current assets	532	532
Sub-total-Non Current Assets	5,777	6,019
2 Current Assets		
a) Inventories	1,583	1,978
b) Financial Assets		
(i) Trade Receivables	1,725	2,517
(ii) Cash and cash equivalents	29	19
(iii) Short Term advances	197	226
c) Other Current Assets	562	509
Sub-total- Current Assets	4,096	5,249
TOTAL ASSETS	9,873	11,268
B EQUITY AND LIABILITIES		
1 Equity		
(a) Equity Share capital	1,440	1,440
(b) Other Equity	(14,716)	(13,201)
Sub-total-Shareholders funds	(13,276)	(11,761)
2 LIABILITIES		
Non-current-liabilities		
(a) Provisions	248	232
(b) Other non-current liabilities	2	2
Sub-total-Non current liabilities	250	234
3 Current Liabilities		
(a) Financial liabilities		
(i) Trade payables	2,862	3,009
(ii) Other financial liabilities	18,654	18,464
(b) Other current liabilities	1,310	1,248
(c) Short term provisions	75	75
Sub-total- Current liabilities	22,900	22,795
TOTAL EQUITY AND LIABILITIES	9,873	11,268

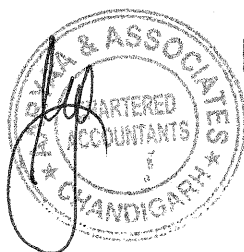


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CASH FLOW STATEMENT FOR THE HALF YEAR ENDED 30TH SEPTEMBER 2020

Rs. in lakhs

	Particulars	30th September 2020		31st March 2020	
A.	Cash Flow from Operating Activities :				
	Net Profit/(Loss) after tax		(1,514)		(5,078)
	Adjusted for :				
	i. Depreciation	242		486	
	ii. Loss on Sale of Fixed Assets	-		0	
	iii. Prior period adjustments	(0)		142	
	iv. Finance Cost	25		39	
	v. Interest Income	(18)	249	(36)	631
	Operating profit before working Capital Changes		(1,265)		(4,447)
	Adjusted for :				
	i. Inventories	395		2,128	
	ii. Trade & Other receivables	754		3,085	
	iii. Trade Payable & Other Liabilities	(84)		(648)	
			1,065		4,565
	Cash Generated from Operations		(200)		118
	i. Taxes Paid		11		11
	Net Cash outflow from Operating Activities (A)		(189)		130
B.	Cash Flow from Investing Activities				
	i. Purchase of Fixed Assets		-		(31)
	ii. Sale/Adjustments of Fixed Assets/ others		(0)		1
	iii. Purchase/Sale of Investment		-		-
	iv. Interest Income		18		36
	v. Increase(Decrease) in Bank balances not considered as cash and cash equivalents		-		-
	Net Cash used In Investing Activities (B)		18		6
C.	Cash Flow from Financing Activities				
	i. Net Increase(Decrease) in other financial liabilities		190		(227)
	ii. Net Increase(Decrease) in Liabilities/Provisions		16		38
	iii. Finance Cost		(25)		(39)
	Net Cash from Financing Activities (C)		180		(228)
	Net increase/decrease in Cash & Cash Equivalents (A+B+C)		9		(92)
	Cash & Cash Equivalents as on 1st April 2020		20		112
	Cash & Cash Equivalents as on 30 September 2020		29		20
	Reconciliation of Cash and Bank balances with Balance Sheet				
	Cash and Bank balances as per Balance Sheet		29		20
	Less Bank balances not considered as Cash and Cash equivalents		-		-
	Cash & Cash Equivalents as on 30 September 2020		29		20



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AARYAA & ASSOCIATES CHARTERED ACCOUNTANTS

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Mob. : +91-9814798644

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cahchahal@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 2020** 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.

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

2. 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.

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.)



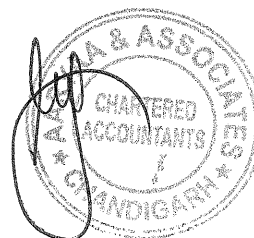
Therefore, the Company is not eligible to pay director's remuneration due to non-compliance of conditions prescribed in schedule V of the companies Act, 2013. During the quarter, the company has given the director remuneration to Mr. R.K. Sinha (Director) amounting to Rs. 3,24,069 (for the current quarter NIL) 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:

(a) 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 amount to Rs.857.33 Lakhs and Rs 1,689.83 Lakhs for Current quarter & Half year ended 30th September 2020 respectively 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.



(b) 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.

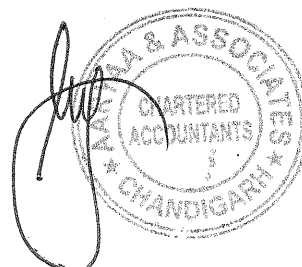
The company is proposing One Time Settlement with the Edelweiss Asset Reconstruction Company Limited (Secured lender).

(c) 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. As regards the interest on the outstanding amount the same has not been provided in accordance with the reasons as specified in above Point (a).

(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 half year ended 30th September 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. The company is proposing for a slump sale of its assets under the terms that the proposed purchaser shall be outsourcing the production job work, considering the same.



Our Opinion is not qualified in respect of matters specified in Para 4(a).

**FOR AARYAA & ASSOCIATES
CHARTERED ACCOUNTANT**



CA HARSHARANJIT SINGH CHahal
(Partner)
M No: 091689

Place: Chandigarh

Dated: 12-11-2020

UDIN: 20091689AAAAMH5021