

# DIRECTOR'S REPORT

To,  
The Members of  
**MOHAN STEELS LIMITED**

Your Directors have pleasure in presenting herewith the 50th Annual Report along with Audited Accounts of the company for the financial year ended 31<sup>st</sup> March, 2022.

## FINANCIAL RESULTS

The summarized financial position of the Company for the financial year ended on 31<sup>st</sup> March, 2022 as compared to Previous Year is as under:

(Amount in Lakhs)

PARTICULARS	FY ended on 31 <sup>st</sup> March, 2022	FY ended on 31 <sup>st</sup> March, 2021
Revenue From Operations	NIL	NIL
Total Revenue from Operations	NIL	NIL
Other Revenue	30.86	26.99
Total Revenue	30.86	26.99
Total Expenditure	105.98	114.43
Profit/(loss) before Interest, Depreciation and Tax (PBIDT)	(75.12)	(87.44)
- Interest	00.00	00.00
- Depreciation	(50.43)	(55.60)
Profit/(loss) Before Tax (PBT)	(125.55)	(143.04)
- Deferred Tax	34.71	48.46
Earlier year tax	-	-
- Current Tax	-	-
Profit /(loss) After Tax (PAT)	(90.84)	(94.58)

## OPERATIONS

Your company used to manufacture TMT bars for conversion contract with SAIL. The domestic production plant operations were closed on 10/02/2015 and there is no production of TMT BARS during the financial year ended on 31<sup>st</sup> March, 2022. But company is evaluating new business opportunities and evaluating & restarting the steel manufacturing in coming years.

## STATE OF COMPANY'S AFFAIRS:

The Company has made a loss of Rs. 90.84Lacs during the year in comparison to last year's loss of Rs.94.58lacs, as the steel mill operations remain affected. A large amount of money remains outstanding with two customers overseas against the mercantile trade. Mr. Uday Desai and Mr Sunil Verma, (of FROST GROUP) ex Directors of the company, had exclusively carried out all the mercantile trades in the company, which is now doubtful for recovery. The alleged dues of both Frost Group companies are now disputed in NCLT as the same are directly linked to the pending mercantile trade receivables by MSL. Company has also issued legal notices to both the overseas mercantile parties and has filed case in Mumbai HC against M/s Surya Global FZC, and is taking additional advice of solicitors as regard second customer.

#### **DEPOSITS:**

The Company has not accepted any deposit from public/shareholders as stipulated in section 73 of the Companies Act, 2013 (hereinafter referred to as 'Act') read with the Companies (Acceptance of Deposits) Rules, 2014 and, as such no amount on account of principal or interest on public deposits was outstanding on the date of the Balance Sheet.

#### **DIVIDEND**

Due to loss in the previous years and in order to conserve the resources of the company, the Board of Directors has decided not to declare any dividend during the financial year under review.

#### **TRANSFER TO RESERVES**

During the year under review, the Board of Directors did not propose to transfer any amount to the reserves.

#### **CHANGES IN SHARE CAPITAL**

During the period Share Capital of the Company does not change. As on the financial year ended on march 31<sup>st</sup>, 2022 the Authorized Share Capital of the Company is Rs. 20,00,00,000.00 (Rupees Twenty Crore Only) and Paid-up Share Capital of the Company is Rs. 17,53,95,540/- (Rupees Seventeen Crore Fifty three Lakh Ninety five thousand Five hundred Forty only).

#### **DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

##### **Retirement by Rotation:**

In accordance with the provisions of Section 152 of The Companies Act, 2013 read with the Articles of Association of the Company, Mr. Pradeep Gautam, the Director of the company liable to retire by rotation at the ensuing Annual General Meeting and being eligible has consented for re-appointment as Director. His re-appointment is recommended to the members.

#### **DETAILS OF DIRECTORS AND KMP'S APPOINTED AND RESIGNED DURING THE YEAR**

##### **a) APPOINTMENTS AND RESIGNATION OF DIRECTORS**

During the financial year 2021-22, there was no change in directorship of company.

**b) APPOINTMENTS OF KEY MANAGERIAL PERSONNEL**

No new appointment was made during the year.

**ANNUAL EVALUATION OF BOARD OF ITS OWN PERFORMANCE, OF ITS COMMITTEES AND INDIVIDUAL DIRECTORS**

The Companies Act, 2013 stipulates the performance evaluation of the Individual Directors including Chairman, Board and its Committees. Considering the said provisions, the Company has devised the process and the criteria for the performance evaluation.

The Nomination & Remuneration Committee evaluates the performance of the Independent Directors, Non- Independent Directors and the Chairman of the Company. Structured questionnaires to evaluate and assess the quality, quantity and timeliness of the flow of information between the Company management and the Board to see the (i) Board Effectiveness, (ii) Evaluation of Non-independent Directors, (iii) Evaluation of Independent Directors, (iv) Evaluation of Committees (Audit, NRC, Stakeholder Relationship Committee & Corporate Social Responsibility and (v) Evaluation of Chairperson

The Board would use the results of evaluation process constructively to improve its effectiveness, maximize strengths of individual directors and deliver performance & overall growth for the company.

**DECLARATION OF INDEPENDENCE BY INDEPENDENT DIRECTORS**

All Independent Directors have submitted their declaration of independence, pursuant to the provisions of Section 149(7) of the Act and Regulation 25(8) of the Listing Regulations, stating that they meet the criteria of independence as provided in Section 149(6) of the Act and Regulation 16(1) (b) of the Listing Regulations. The Board is of the opinion that the Independent Directors of the Company possess requisite qualifications, experience, expertise and hold highest standards of integrity.

**COMMITTEES TO THE BOARD**

The Company has 3 (Three ) Committees which have been established in Compliance with the requirements of the relevant provisions of applicable laws and statutes.

The Company has following Committees of the Board:

- Audit Committee
- Nomination & Remuneration Committee

- Stakeholders Relationship Committee

#### **PERFORMANCE & FINANCIAL POSITION OF EACH OF THE SUBSIDIARY, ASSOCIATES AND CONSOLIDATED FINANCIALS:**

The Company has no joint venture companies, associate and subsidiaries. The provision of the consolidated financial Statements are not applicable on the Company.

#### **MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION:**

The company would like to inform that material changes and commitments affecting the financial position of the company have occurred in the financial year ending 31<sup>st</sup> March 2022 namely mercantile trade which was wound up earlier due to being non remunerative & credit risk & credit outstanding increasing in the business, the recovery of the balance out standings from the two overseas parties, namely Gulf Distribution Ltd., Hong Kong and Surya Global FZC, Sharjah seems doubtful. Pending proceeding in NCLT may affect company.

#### **RELATED PARTY CONTRACT AND ARRANGEMENT OF THE COMPANY:**

During the year under review, there were no transactions with the related parties of the Company under section 188 (1) of the Companies Act, 2013 except the loan & advances from Rotomac Exports Pvt. Limited.

Suitable disclosures as required have been made in Note No. 2.3 of the Notes to the financial statements.

#### **INTERNAL FINANCIAL CONTROLS**

The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weakness in the process or operation was observed.. The Company is following all the applicable Accounting standards for properly maintaining the books of accounts and reporting financial statements.

#### **PARTICULARS OF LOANS, GUARANTEES & INVESTMENTS UNDER SECTION 186 OF THE ACT:**

Particulars of loans given, investments made, guarantees given or securities provided along with the purpose for which the loan or guarantee or security is proposed to be utilized by the recipient are provided in the standalone financial statement.

#### **LEGAL FRAMEWORK AND REPORTING STRUCTURE:**

The Company would like to inform that a legal compliance framework is there within the organization for monitoring and complying all laws applicable to the Company. This framework is being overseen and supervised by the office of the Company Secretary. Further the Company

Secretary has also been cast the responsibility of providing a compliance certificate at every Board meeting including the key non-compliances during the quarter.

**RISK MANAGEMENT POLICY AND IDENTIFICATION OF KEY RISKS:**

The Company would like to inform that the risks which threaten the existence of the Company have been identified and accordingly a risk management framework has been created and adopted by the company. Further the internal auditors of the Company have been cast with the responsibility of monitoring this framework and report to the management the key risks affecting the business from time to time. The mercantile trade business has been wound up earlier due to increased credit & forex risk and non remunerative margins in the same and also due to Mr. Uday Desai & Sunil Verma's resignation who were exclusively looking after the mercantile trade.

**CSR ACTIVITIES:**

The CSR Provisions are not applicable on the Company and the company has already dissolved the committee

**DISCLOSURES**

**(i) MEETINGS OF THE BOARD**

During the Financial Year 2021-22 Four Board Meetings were held on the following date(s) i.e. 18<sup>th</sup> June, 2021, 31<sup>st</sup> August, 2021, 8<sup>th</sup> October, 2021 and 31<sup>st</sup> March, 2022.

**(ii) ESTABLISHMENT OF VIGIL / WHISTLE BLOWER MECHANISM**

The Company promotes ethical behavior in all its business activities and in line with the best practices for corporate governance. It has established a system through which directors & employees may report breach of code of conduct, unethical business practices, illegality, fraud, and corruption etc at work place without fear of reprisal. The functioning of the Vigil mechanism is reviewed by the Audit Committee from time to time. None of the Whistle Blowers have been denied access to the Audit Committee of the Board.

During the Financial Year 2021-2022, there was no complaint reported by any Director or employee of the company under this mechanism.

**(iii) EXTRACT OF ANNUAL RETURN (WEB-LINK OF ANNUAL RETURN)**

Pursuant to sub-section 3(a) of Section 134 and sub-section (3) of Section 92 of the Companies Act 2013, read with Rule 12 of the Companies (Management and Administration) Rules, 2014 the extracts of the Annual Return as at March 31, 2022 to be set out. After the Amendment it is required to display e-form MGT-7 on the website of the Company instead of attaching MGT-9 along with Board's Report.

As per 92(3) Every company shall place a copy of the annual return on the website of the company, if any, and the web-link of such annual return shall be disclosed in the Board's report. If company does not have a website it is not required to do the same.

**The company has no website.**

## **AUDITORS & AUDITORS' REPORT**

### **STATUTORY AUDITORS AND AUDIT REPORT**

Pursuant to the provisions of section 139 of the Act and rules made there under M/s. RISHABH & CO, Chartered Accountants, Kanpur were appointed as the statutory Auditors of the Company for a term of five years, to hold the office from the conclusion of the 45<sup>th</sup> AGM till the conclusion of the 50<sup>th</sup> AGM to be held in the year 2022, subject to ratification by members at every Annual general Meeting

**M/s. B C JAIN & Co, Chartered Accountants Kanpur (Firm Registration No. 01099C),,** are eligible for appointment for a term of 5 (five) years and have given their consent for their re-appointment as Statutory Auditors of the Company and have issued a certificate confirming that their appointment, if made, will be within the limits prescribed under the provisions of section 139 read with section 141 of the Companies Act, 2013 ('the Act') and the rules made thereunder.

### **Directors Reply to Auditors remark**

Auditor's remarks in their audit report are self-explanatory and need no further comments.

### **SECRETARIAL AUDIT & SECRETARIAL AUDIT REPORT**

Pursuant to the Provision of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s Adesh Tandon & Associates, Practicing Company Secretaries, Kanpur to conduct Secretarial Audit for the financial year 2022-2023.

The Secretarial Audit Report in Form MR-3 for the financial year ended on March 31<sup>st</sup>, 2022 has been annexed as **ANNEXURE A** to the Directors' Report.

The remarks given by the board on the observations of Secretarial Auditor as given in Secretarial Audit report is mentioned in **ANNEXURE B**.

### **REPORTING OF FRAUDS BY AUDITORS**

During the year under review, neither the Statutory Auditors nor the Secretarial Auditors have reported to the Audit Committee under Section 143(12) of the Act, any instances of fraud committed against the Company by its officers and employees, the details of which would need to be mentioned in Board's Report.

## **INTERNAL AUDITOR**

The Directors have appointed M/S Rajiv Girdhar & Co., Practicing Chartered Accountants, as Internal Auditor for the financial year 2022-23 in pursuance of provisions of Section 138 of the Companies Act, 2013 read with Rule 13 of The Companies (Accounts) Rules, 2013.

## **STATUTORY INFORMATION**

### **A. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The details of Energy, Technology, Absorption, Foreign Exchange Earnings and Outgo are as under:

**a) Conservation of Energy:**

The Company does not engage in any operations so the question of energy conservation does not arise.

**b) Technology Absorption:**

The company is not engaged in any agreement for technology absorption with any foreign party or any other party.

**c) Foreign Exchange Earnings/ Outgo:**

There were no Foreign Exchange Earnings and Outgo during the year:

Foreign Exchange Earnings: **NIL**

Foreign Exchange Outgo: **NIL**

### **DISCLOSURE AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

The Company has zero tolerance towards sexual harassment at the workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules there under.

During the year 2021-22, the Company has not received any complaints.

### **COST AUDIT AND COST RECORD MAINTENANCE**

**The Provision relating to maintenance of Cost records and Cost Audit from now onwards are not applicable to company.**

### **DIRECTORS' RESPONSIBILITY STATEMENT**

In accordance with the requirements of Section 134(5) of the Companies Act, 2013, it is hereby confirmed that:-

- a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) the directors had 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 at the end of the financial year and of the profit and loss of the company for that period;
- c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) the directors had prepared the annual accounts on a going concern basis;
- e) the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### **OTHER DISCLOSURES**

- i. No Shares (including Sweat Equity Shares) to the employees of the Company under any scheme was issued.
- ii. No Equity Shares with Differential Rights were issued.
- iii. No orders were passed by any regulators or Courts or Tribunals impacting the going concern status and Company's operations in future.

#### **LISTING INFORMATION**

The Uttar Pradesh Stock Exchange Association Limited (UPSE) was de-recognised on 9<sup>th</sup> June, 2015. As per SEBI policy, the Company was referred to Dissemination board of NSE on 16<sup>th</sup> April, 2015.

SEBI notified the Listing Regulations and the same were effective from December 1, 2015. The Listing Regulations aim to consolidate and streamline the provisions of the erstwhile listing agreement for different segments of capital markets to ensure better enforceability. In terms of the Listing Regulations, all listed entities were required to enter into a new listing agreement with the stock exchanges/take SEBI mandated step for delisting of the Company.

Since the company is in NCLT so the Company is not making compliances under various provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

#### **PROCEEDINGS at NCLT**

Rs. 291.15 Cr. and Rs. 167.76 Cr. is recoverable from M/s Gulf Distribution Ltd and M/s Surya Global FZC respectively aggregating to Rs. 458.91 Cr. It was assured orally by ex Directors who are also the Promoters of the company namely Mr. Uday Desai and Mr. Sunil Verma who also



belong to the Frost Group to ensure the repayment thereof to the company. Since the promise made has yet not been materialised the management feels that the recovery of the amount is doubtful and has decided to take the necessary remedial action as per the legal advice given to it by Lakshmikumaran & Sridharan, Senior Legal Counsel, New Delhi at Mumbai High Court. The Board believes that both overseas debtors' parties are linked to the Frost Group, which has also claimed Rs. 361.19 Cr. from Mohan Steels Limited. This is reflected in company's affidavit filed in NCLT, Allahabad Case No380/ALD/2018 at Allahabad which is pending. The recoverable amount is not written off as yet pending due legal procedure & process.

Company has disputed secured loans of Rs. 5.65 crores (previous year 5.65 crore) and unsecured loan of Rs. 11.59 crores (previous year 11.59 crore) of Rotomac Exports Pvt.Ltd. Said Company was co-owned by Kothari and Desai Group (Co-promoters).Liquidator of Rotomac Exports Pvt.Ltd. has filed petition under Section 7 of IBC,2016 before Hon'ble National Company Law Tribunal against Mohan Steels Ltd. for recovery of loan. Proceedings are pending. See point no 2.24 to notes to accounts for more clarity on this.

### **INDUSTRIAL RELATIONS**

Relations with the Employees continued to be cordial. The Directors wish to place on record their appreciation of the co-operation and contribution made by the Employees at all levels.

### **ACKNOWLEDGEMENTS**

Your Directors take this opportunity to place on record their appreciation for the continued cooperation and support extended by the Employees and specially the Shareholders of the Company and bankers of the company for reposing trust and confidence in Company's management.

**FOR AND ON BEHALF OF THE BOARD  
MOHAN STEELS LIMITED**

<b>Place: Unnao</b>	<b>(Prem Shanker Mishra)</b>	<b>(Pradeep Gautam)</b>
<b>Date:11th AUGUST,2022</b>	<b>Director</b>	<b>Whole Time Director</b>
	<b>(DIN: 02354691)</b>	<b>(DIN:01172119)</b>
	<b>ADDRESS:Mohan Steels Limited,,</b>	<b>Mohan Steels Limited,</b>
	<b>Gazauli, Industrial Area</b>	<b>Gazauli, Industrial Area</b>
	<b>Kanpur - Lucknow Hwy,</b>	<b>Kanpur - Lucknow Hwy,</b>
	<b>Unnao – 209801 (UP)</b>	<b>Unnao – 209801 (UP)</b>

## **SECRETARIAL AUDIT REPORT**

For the Financial Year ended March 31, 2022

*[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies  
(Appointment and Remuneration of Managerial Personnel)Rules, 2014]*

To,  
The Members,  
MOHAN STEELS LIMITED,  
Gazauli Industrial Area,  
Unnao, Uttar Pradesh-209 801

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Mohan Steels Limited** (hereinafter called as “the Company”). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the 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, however on account of Pandemic “Covid-19”, the audit process has been modified wherein all the documents/records etc were verified in electronic mode and have relied upon the representation received from the Company for its accuracy and authenticity, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2022 (“Audit Period”), 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 the Company for the financial year ended on March 31, 2022 according to the provisions of:

- (i) The Companies Act, 2013 (“the Act”) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 (“SCRA”) and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under **(Not applicable to the Company during the Audit Period)**;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings **(Not applicable to the Company during the Audit Period)**.

However, the company was listed under Uttar Pradesh Stock Exchange (UPSE), which was de-recognized and Exit order was passed vide order dated 9th June, 2015 and consequently the company was sent to the Dissemination Board of National Stock Exchange by UPSE with effect from 17th April, 2015. Therefore, the Company has not made any compliance under the provisions of the Securities and Exchange Board of India Act, 1992 and Regulations and Guidelines made there under.

We further report that two applications by the parties claiming to be financial creditors as earlier reported is pending for initiation of proceeding u/s 7 of IBC Code 2016 before the Hon'ble Allahabad bench of NCLT. Besides this a new application u/s 212(14A) of Companies Act 2013 was filed by Union of

India(SFIO) against 51 respondents including the company. The matter is pending for adjudication before the Hon'ble Allahabad Bench.

We further report that, having regard to the compliance system prevailing in the Company and as certified by management and on examination of the relevant documents and records in pursuance thereof, on text check basis there are no specific laws applicable to the company.

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by the Institute of Company Secretaries of India (as amended from time to time).

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the followings.

1. The constitution of board is not proper in terms of executive and non executive directors and therefore, the committees could not be constituted properly as per the provisions of the Companies Act, 2013
2. The company has not filed form DPT-3 pursuant to rule 16 of Companies (Acceptance of Deposit) Rules, 2014 for the financial year 2021-22.
3. The company has not filed form PAS-6 pursuant to Companies (Prospectus and Allotment of securities) Rules, 2014 for the financial year 2021-22.
4. The company has failed to comply with the provisions of section 203 of Companies Act, 2013 read with rule 8 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and not appointed CFO(Key Managerial Personnel) during the financial year 2021-22.
5. The company is in non-compliance of section 173 of Companies Act, 2013 which provides that every company is required to hold at least 4 board

meetings in a year in such manners that not more than one twenty days shall intervene between two consecutive board meetings. However, the gap between third and fourth board meeting of the company held during financial year 2021-22 is more than 120 days.

**We further report that:-**

The Board of Directors of the Company is not duly constituted with proper balance of Executive Directors, Non-Executive Directors and there were no changes in the composition of the Board of Directors that took place during the period under review.

Adequate notice is given to all the directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least 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 decision at the Board Meeting and Committee Meeting are carried out with the majority as recorded in the minutes of the meetings of the board or Committee of the Board as the case may be.

**We further report that:-**

There exist 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. However, the same is needed to be further strengthened.

We further report that, during the audit period there were no instances of:

- (i) issue of public / right / Preferential Issue of shares / sweat equity, debentures etc;
- (ii) Redemption / Buyback of securities;
- (iii) Major decisions were taken by the members in pursuance to section 180 of the Act;
- (iv) Merger / amalgamation / re-construction, etc; and
- (v) Foreign technical collaborations.

**For ADESH TANDON & ASSOCIATES  
Company Secretaries**

**UDIN:F002253D000781119**  
Place: Kanpur  
Date:11.08.2022

**(ADESH TANDON)**  
Proprietor  
FCS No. 2253  
C.P. No. 1121

**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.*

## **'Annexure A'**

To,  
The Members  
Mohan Steels Limited

Our report of even date is to be read along with this letter:

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 process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the process 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. Wherever 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 procedure on 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 ADESH TANDON & ASSOCIATES  
Company Secretaries**

**(ADESH TANDON)**  
Proprietor

Place: Kanpur

Date: August 11, 2022

FCSNo.2253  
C. P. No. 1121



**ANNEXURE B**

**ADDENDUM TO DIRECTORS REPORT FOR AUDITOR REMARKS**

**The statutory auditor report is self explanatory.**

**In respect of secretarial auditor report, following explanations given by the Board of Directors to the points raised by secretarial auditor of company:-**

1. Reply to the point No.1 and 4: The business of the company was affected by the Covid-19 pandemic and due to the reason that the company is not in working and also on account of pending litigations, the company is not in position to appoint suitable candidate in the board as non executive director and CFO of the company. However, the efforts are being made to comply the provisions of the Act.

2. Reply to the point No. 2 and 3: Your company is always strict to the compliance to be made by it however, due to some ambiguity involving the interpretation of provisions of relevant sections on account of status of the company, the company inadvertently could not file these forms. The board shall take necessary steps to comply the aforesaid provisions by filing the pending forms.

3. Reply to the point No. 5: Due to the Covid-19 situations which was beyond the control, it was not possible to convene the board meeting at the relevant time.

**FOR AND ON BEHALF OF THE BOARD  
MOHAN STEELS LIMITED**

	<b>(Prem Shanker Mishra)</b>	<b>(Pradeep Gautam)</b>
	<b>Director</b>	<b>Whole Time Director</b>
	<b>(DIN: 02354691)</b>	<b>(DIN:01172119)</b>
<b>Place: Unnao</b>	<b>ADDRESS: Mohan Steels Limited,</b>	<b>Mohan Steels Limited,</b>
<b>Date: 11th AUGUST, 2022</b>	<b>Gazauli, Industrial Area</b>	<b>Gazauli, Industrial Area</b>
	<b>Kanpur - Lucknow Hwy,</b>	<b>Kanpur - Lucknow Hwy,</b>
	<b>Unnao – 209801 (UP)</b>	<b>Unnao – 209801 (UP)</b>

To

The Members of

**Report on the audit of the financial statements**

**1. Qualified Opinion**

We have audited the accompanying financial statements of Mohan Steels Limited (“the Company”), which comprise the balance sheet as at March 31, 2022, and the Statement of Profit and Loss and 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.

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, the aforesaid financial statements give the information required by the Companies Act, 2013 (‘Act’) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, its Loss and Cash Flows for the year ended on that date.

**2. Basis for Qualified Opinion**

We draw attention to Note 2.20, 2.23 to 2.28 to the financial statements. The Company's trade receivables as at 31st March 2022 include foreign debtors aggregating Rs.458.91 crores (Previous Year 458.91 crores). As informed by the management and taken on records in the Board minutes dated 05.02.2019, the company has doubt in recoverability of these foreign debtors, as there is no recovery/movement from foreign debtors since last 6 years. It was further informed that company has filed suit in Hon’ble Bombay High Court against one of its foreign debtors for recovery. Company also has advance from customer Rs 11.56 corers (Previous Year 11.56 crores) which was adjusted against said debtors as per past practice of company. In view of the facts that recoverability of these debtors is doubtful and the recoverable amount thereof cannot be defined with reasonable accuracy. The company has not reported the foreign currency debtors and advance from customers using the closing rate at the balance sheet date, pursuant to Para 11(a) of Accounting Standard 11 on “The Effects of Changes in Foreign Exchange Rates”. Also, the Company has not made provisions for the sum of Rs. 447.35 Crores as the recovery from the foreign debtors is doubtful. Due to non-provisioning of foreign debtors in the books of the company, the loss is understated by Rs. 447.35 crores and current assets is overstated by same amount.

Due to above net worth of company become Negative to Rs 6.24 crores (Previous Year 5.34 crores)

Our audit opinion on the financial statements for the year ended 31st March 2022 is qualified in respect of this matter.

We conducted our audit in accordance with the standards on auditing 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 Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

**Our opinion is not modified in respect of this matter.**

### **3. Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Reporting of key audit matters as per SA 701, Key Audit Matters are not applicable to the Company as it is an unlisted company.

### **4. Management's responsibility for the financial statements**

The Company's board of directors are responsible for the matters stated in section 134 (5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting standards specified under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The board of directors are also responsible for overseeing the Company's financial reporting process.

### **5. Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a

guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **6. Other Matters**

The Company's board of directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, as same is not provided to us by the management.

## 7. Report on other legal and regulatory requirements

- I. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2020, we give in Annexure "A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
- II. 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 it appears from our examination of those books;
  - (c) The balance sheet, the statement of profit and loss, and the cash flow statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid financial statements comply with the accounting standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014;
  - (e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the board of directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act;
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting;
  - (g) 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;
    - a. The Company does not have any pending litigations which would impact its financial position except as mentioned in our opinion para;
    - b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
    - c. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

**Rishabh & CO.**  
**Chartered Accountants**  
FRN. 010915C

Place: Unnao  
Date: 25/06/2022

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Partner  
M.NO: 451284  
UDIN: 22451284AOJBAF9300

## **Annexure “B” to the Independent Auditor’s Report**

(Referred to in paragraph 2 (f) under ‘Report on other legal and regulatory requirements’ section of our report to the Members of Mohan Steels Limited of even date)

### **Report on the internal financial controls over financial reporting under clause (i) of sub – section 3 of section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of Mohan Steels Limited (“the Company”) as at March 31, 2022, in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management’s responsibility for internal financial controls**

The board of directors of the Company 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 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 its business, 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 Companies Act, 2013.

#### **Auditors’ responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the standards on auditing prescribed under Section 143 (10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 in the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial control system over financial reporting.

#### **Meaning of internal financial controls over financial reporting**

A company’s internal financial control over financial reporting 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 internal financial control over financial reporting includes those policies and

procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) 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 (iii) 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.

### **Limitations of internal financial controls over financial reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management of override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion and according to the information and explanations given to us, the Company has, in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, 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**  
**Rishabh & CO.**  
**Chartered Accountants**  
FRN.010915C

Place: Unnao  
Date: 25/06/2022

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Partner.  
M.NO. 451284  
UDIN: 22451284AOJBAF9300



**Annexure “A” to the Independent Auditor’s Report\***

(Referred to in paragraph 7 under ‘Report on other legal and regulatory requirements’ section of our report to the members of Mohan Steels Limited of even date)

- (i) In respect of its fixed assets,
  - (a) (A) The Company has maintained proper records showing full particulars including its fixed assets;
  - (B) The Company is not having any intangible assets, so this clause is not applicable;
  - (b) As explained to us, fixed assets have been physically verified by the management in a phased periodical manner which in our opinion is reasonable. As informed to us no discrepancy was noticed on such physical verification;
  - (c) According to the information and explanation given to us and on the basis of examination of the records of the Company, Land is taken on lease of 90 years from UPSIDC which is in name of Mohan Steels Ltd;
  - (d) The Company has not revalued its tangible assets during the year, so this clause is not applicable;
  - (e) During the year no proceedings are initiated or pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder;
  
- (ii) In respect of its inventories,
  - (a) As explained to us the inventories have been physically verified by the management at regular interval during the year and the frequency of physical verification is reasonable., the procedure of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business. The company has maintained proper records of inventories. As explained to us, the discrepancies between the physical stocks and the book stocks were not material and properly dealt with in the books of accounts;
  - (b) During the any point of time of the year, no working capital limit has been sanctioned, so this clause is not applicable,
  
- (iii) The company has not made any investment, nor provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties, so this clause is not applicable;
  
- (iv) In our opinion and according to the information and explanation given to us, the Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013, with respect loans, investments, guarantee and securities made;
  
- (v) In our opinion and according to the information and explanation given to us, the company has not accepted any deposit within the meaning of section 73 to 76 of the Act, and the rules framed thereunder, so this clause is not applicable;
  
- (vi) As operations of company is closed, so company is not maintaining cost records as per section 148(1) of companies act 2013;
  
- (vii) (a) The Company is regular in depositing undisputed statutory dues including Goods and Services Tax, Provident Fund, Employees’ State Insurance, Income Tax, Sales tax, Service Tax, Custom Duty, Excise Duty, Cess and other Statutory dues with the appropriate authorities;



- (b) In our opinion and according to the information and explanations given to us, there is no undisputed dues payable in respect of above which were outstanding as at 31.03.2022 for a period of more than six months from the date they became payable;
- (viii) As informed to us there is no transactions which were not recorded in the books of account have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961), so this clause is not applicable;
- (ix) (a) Based on our audit procedures and according to the information and explanation given by the management, the Company has not defaulted in repayment of loans or interest to bank, financial institution or government, so this clause (b),(c),(d),(e),(f) are not applicable;
- (x) (i) In our opinion and according to the information and the explanation given to us, the company has not raised money by way of Initial Public Offer (IPO) or further public offer (including debt instruments) during the year;
- (b)The company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year, so this clause is not applicable;
- (xi) (a) According to the information and explanations given by the management and to the best of our knowledge and belief, no fraud by the company or on the company by its officer or employees has been noticed or reported during the year under audit;
- (b) As, no fraud is reported during the year so no report under sub-section (12) of section 143 of the Companies Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government;
- (c) As informed to us, there is no whistle-blower complaints during the year so this clause is not applicable;
- (xii) The Company is not a Nidhi / Mutual Benefit Fund / Society, so clause (a),(b),(c) is not applicable;
- (xiii) According to the information and explanation give to us and based on our examination of the records of the Company, transaction with the related parties are in compliance with section 177 and 188 of the Act where applicable and details of such transaction have been disclosed in the financial statements as required by the applicable accounting standards;
- (xiv) The company is having internal audit system communicate to nature and size of company. We have considered report of internal auditor in framing our opinion;
- (xv) According to the information and explanation give to us and based on our examination of the records of the Company, the company has not entered into non-cash transaction with directors or persons connected with him.so this clause is not applicable;
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934, so clause (a),(b),(c),(d) are not applicable;

- (xvii) The company has incurred cash losses in current year amounting to Rs 75.13 Lakhs, also company had incurred cash losses in previous year amounting to Rs 87.44 Lakhs;
- (xviii) There is no resignation by statutory auditor, so this clause is not applicable;
- (xix) on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, the auditor's knowledge of the Board of Directors and management plans, We are of the opinion that no material uncertainty exists as on the date of the audit report that company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date;
- (xx) a) As informed to us there is no ongoing projects, so clause (a) and (b) are not applicable;
- (xxi) The company is not having any subsidiary company, so this clause is not applicable.

**Rishabh & CO.**  
**Chartered Accountants**  
FRN. 010915C

Place:Unnao

Date: 25/06/2022

\_\_\_\_\_  
Partner  
UDIN : 22451284AOJBAF9300

**MOHAN STEELS LIMITED**  
BALANCE SHEET AS AT 31st MARCH 2022

(Amount in rupees)

Particulars	Note No.	As at 31.03.2022	As at 31.03.2021
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	2.1	175,395,540	175,395,540
Reserves and surplus	2.2	623,766,354	632,850,705
<b>Non-current liabilities</b>			
Long-term borrowings	2.3	3,784,265,243	3,784,265,243
Long-term provisions	2.4	35,969,907	35,969,907
<b>Current liabilities</b>			
Trade payables	2.5	985,190	238,413
Other current liabilities	2.6	37,747,038	37,423,762
<b>TOTAL</b>		<u><b>4,658,129,272</b></u>	<u><b>4,666,143,570</b></u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
-Tangible assets	2.7	49,236,843	54,356,258
-Capital work-in-progress	2.7	92,857,804	97,766,366
Non-current investments	2.8	36,847	36,847
Deferred tax Assets (Net)	2.9	17,926,000	14,455,000
Long-term loans and advances	2.10	7,622,983	7,622,983
Other non-current assets	2.11	4,473,500,752	4,473,500,752
<b>Current assets</b>			
Inventories	2.12	3,324,141	3,324,141
Cash and cash equivalents	2.13	291,018	530,980
Short-term loans and advances	2.14	13,285,721	14,483,831
Other current assets	2.15	47,163	66,412
Significant accounting policies	1		
Notes to accounts	2		
<b>TOTAL</b>		<u><b>4,658,129,272</b></u>	<u><b>4,666,143,570</b></u>
<b>Auditor's Report :</b>			
As per our report of even date attached			
For Rishabh & Co.			
Chartered Accountants			
(Regd. No. 10915C)			
( Utkarsh Singh )	(Chetna Dwivedi)	(Prem Shanker Mishra)	(Pradeep Gautam)
Partner	Company Secretary	Director	Director
(Membership No. 451284)		DIN-02354691	DIN-01172119
Place : Unnao			
Dated : 25th June 2022			

## MOHAN STEELS LIMITED

### STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31 MARCH 2021

(Amount in rupees)

Particulars	Note No.	For the Year ended 31.03.2022	For the Year ended 31.03.2021
<b>Income :</b>			
Other income	2.16	3,085,778	2,699,096
<b>Total Revenue</b>		<u><b>3,085,778</b></u>	<u><b>2,699,096</b></u>
<b>Expenses:</b>			
Employee benefits expense	2.17	2,859,794	4,054,416
Depreciation & Amortisation	2.7	5,042,839	5,559,842
Other expenses	2.18	7,738,496	7,388,365
<b>Total expenses</b>		<u><b>15,641,129</b></u>	<u><b>17,002,623</b></u>
<b>Profit before tax</b>		<b>(12555351)</b>	<b>(14303527)</b>
<b>Tax expense</b>			
-Current tax		0	0
-Earlier year tax		0	0
-Deferred tax		3471000	4846000
<b>Profit after tax</b>		<u><b>(9084351)</b></u>	<u><b>(9457527)</b></u>
<b>Earnings per equity share</b>			
Basic & diluted - Par value Rs.10 per share	2.30	(0.52)	(0.54)
<b>Auditor's Report :</b>			
As per our report of even date attached			
For Rishabh & Co.			
Chartered Accountants			
(Regd. No. 10915C)			
( Utkarsh Singh ) Partner (Membership No. 451284)	(Chetna Dwivedi) Company Secretary	(Prem Shanker Mishra) Director DIN-02354691	(Pradeep Gautam) Director DIN-01172119
Place : Unnao			
Dated : 25th June 2022			

# MOHAN STEELS LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2022

PARTICULARS	FOR THE YEAR ENDED 31.03.2022 (Rs. In lacs)	FOR THE YEAR ENDED 31.03.2021 (Rs. In lacs)
<b>A CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net Loss before Tax	(125.55)	(143.04)
<b>Adjustments:</b>		
Depreciation	50.43	55.60
Loss/(Profit) on sale of Fixed assets	(30.18)	(20.51)
Loss on sale of CWIP	15.29	0.00
Profit on sale of Mutual Fund	0.00	(2.53)
<b>Operating Profit before working capital changes</b>	<b>(90.01)</b>	<b>(110.48)</b>
Trade & other receivables	0.00	0.00
Inventories	0.00	0.00
Loans & Advances	12.17	3.30
Trade Payables & Other liabilities	10.70	0.34
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>(67.14)</b>	<b>(106.84)</b>
<b>B. NET CASH FROM INVESTING ACTIVITIES :</b>		
Investment in Mutual fund	0.00	(49.00)
Redemption of Mutual fund	0.00	89.67
Purchase of Fixed Assets	(0.24)	(0.72)
Sale of Fixed Assets	31.18	23.48
Sale of CWIP	33.80	0.00
<b>NET CASH FROM INVESTING ACTIVITIES:</b>	<b>64.74</b>	<b>63.43</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Increase of short term loan	0.00	0.00
Repayment of short term loan	0.00	0.00
<b>NET CASH USED IN FINANCIAL ACTIVITIES</b>	<b>0.00</b>	<b>0.00</b>
<b>NET INCREASE/(DECREASE) IN CASH OR CASH EQUIVALENTS (A+B+C)</b>	<b>(2.40)</b>	<b>(43.41)</b>
Opening Cash & Bank Balance	5.31	48.72
Closing Cash & Bank Balance	2.91	5.31

**Auditor's Report :**

As per our report of even date attached

For Rishabh & Co.

Chartered Accountants

(Regd. No. 10915C)

( Utkarsh Singh )

Partner

(Membership No. 451284)

(Chetna Dwivedi)

Company Secretary

(Prem Shanker Mishra)

Director

DIN-02354691

(Pradeep Gautam)

Director

DIN-01172119

Place : Unnao

Dated : 25th June 2022

# **MOHAN STEELS LIMITED**

## **1.SIGNIFICANT ACCOUNTING POLICIES**

### **1.1 Basis of Preparation of Financial statements**

The financial statements are prepared under historical cost convention on accrual basis, in accordance with Generally Accepted Accounting principles in India and Accounting Standards notified u/s 133 and other relevant provisions of the Companies Act 2013.

### **1.2 Use of Estimates**

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

### **1.3 Own Fixed Assets**

Fixed Assets are stated at cost net of GST credits, less accumulated depreciation and impairment losses. Cost comprises the purchase price and any attributable cost of bringing the assets to working condition for its intended use.

### **1.4 Leased Assets**

**Finance Leases** – Present value of the minimum lease rental is capitalized as fixed assets with corresponding amount shown the lease liability. The principal component of repayment of lease rental is adjusted against the lease liability and the interest component is charged to Profit & Loss Account.

### **1.5 Depreciation**

Depreciation on owned & leased Assets is provided for 'on straight line method' based on useful life of Fixed Assets as per Schedule II of the Companies Act 2013.

### **1.6 Impairment of assets**

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impaired loss is charged in the Profit & Loss Account in the year in which an asset is identified as impaired. The impaired loss recognized in the prior accounting period is reversed if there has been change in the estimate of recoverable amount.

## **1.7 Foreign Currency Transactions**

- 1.7.1 Transactions denominated in Foreign Currencies are recorded at the exchange rates prevailing on the date of transaction.
- 1.7.2 Monetary items denominated in foreign currencies at the yearend are restated at year end rates. In case of items covered by forward exchange contracts, the difference between yearend rates and the rate on the date of contract is recognized as exchange difference.
- 1.7.3 Any income or expense on account of exchange difference either on settlement or on translation is recognized in the Profit & Loss Account.

## **1.8 Investments**

Long term Investments are stated at cost. Provision for diminution in the value of long term investments is made only if such a decline is other than temporary.

## **1.9 Inventories**

Items of inventories are valued at lower of cost and net realizable value. Cost of inventories comprises of cost of purchases (net of GST credit), cost of conversion and other costs incurred in bringing them to present condition. Cost is determined on weighted average basis. By-products are valued at realizable value.

## **1.10 Revenue recognition**

Revenue is recognized only when it can be reliably measured and it is reasonable to expect ultimate collection. Domestic sales is net of returns, rebate and discounts. Sales are recognized on dispatch to customers. Interest income is recognized on time proportion basis. Dividend income is recognized on receipt.

## **1.11 Goods& Services tax.**

GST is accounted for on the basis of payments made in respect of goods cleared from the Company.

## **1.12 Employee Benefit**

- 1.12.1 Short term employee benefits are recognized as an expense in the Profit & Loss Account of the year in which the related service is rendered.
- 1.12.2 Post retirement benefits i.e. Earned Leave and gratuity are accounted for on payment basis.

### **1.13 Financial Derivatives**

In respect of derivative contracts, gains / losses on settlement are recognized in Profit & Loss Account.

### **1.14 Provision for Current tax and Deferred Tax**

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the income tax Act, 1961. Deferred tax resulting from 'timing difference' between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the date of balance sheet. The deferred tax asset is recognized and carried forward only to the extent that there is virtual certainty that the asset will be realized in future.

### **1.15 Provisions, Contingent Liabilities and Contingent assets**

Provision involving substantial degree of estimation in measurement is recognized when there is present obligation as result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in notes. Contingent assets are neither recognized nor disclosed in the financial statements.



**MOHAN STEELS LIMITED**

**2. NOTES TO ACCOUNTS**

(Amount in rupees)

	AS AT 31.03.2022	AS AT 31.03.2021
<b>2.1 : SHARE CAPITAL</b>		
<b>AUTHORISED :</b>		
2,00,00,000 Equity shares of Rs.10/- each.	20,00,00,000	20,00,00,000
<b>ISSUED</b>		
1,75,39,554 Equity Shares of Rs. 10/- fully paid	175,395,540	175,395,540
<b>SUBSCRIBED, CALLED &amp; PAID-UP</b>		
1,75,39,554 Equity Shares of Rs. 10/- fully paid	175,395,540	175,395,540
<b>TOTAL</b>	<b>175,395,540</b>	<b>175,395,540</b>

**2.1.1 : The reconciliation of the number of equity shares outstanding is set out below:**

Particulars	AS AT 31 MARCH 2022		AS AT 31 MARCH 2021	
	Number of shares	Amount (Rs.)	Number of shares	Amount (Rs.)
Shares outstanding at the beginning of the year	17,539,554	175,395,540	17,539,554	175,395,540
Shares Issued during the year	0	0	0	0
Shares bought back during the year	0	0	0	0
<b>Shares outstanding at the end of the year</b>	<b>17,539,554</b>	<b>175,395,540</b>	<b>17,539,554</b>	<b>175,395,540</b>

**2.1.2 : The details of shareholder holding more than 5% equity shares is set out below:**

Particulars	AS AT 31 MARCH 2022		AS AT 31 MARCH 2021	
	Number of shares held	% of Holding	Number of shares held	% of Holding
*Rotomac Exports Pvt. Ltd.	7,707,537	43.94	7,707,537	43.94
Mohan Krishna Kejriwal	1,816,230	10.36	1,816,230	10.36
Gopal Krishna Kejriwal	2,142,564	12.22	2,142,564	12.22
Sri Krishna Kejriwal	2,141,765	12.21	2,141,765	12.21
Madhav Krishna Kejriwal	1,880,267	10.72	1,880,267	10.72
<b>Total</b>	<b>15,688,363</b>	<b>89.45</b>	<b>15,688,363</b>	<b>89.45</b>

\*Rotomac Exports Pvt. Ltd. Is under NCLT liquidation.

	AS AT 31.03.2022	AS AT 31.03.2021
<b>2.2 - RESERVES &amp; SURPLUS</b>		
General Reserve	710,000,000	710,000,000
<b>Surplus</b>		
Opening Balance	(77,149,295)	(67,691,768)
Add : Loss for the year	(9,084,351)	(9,457,527)
Closing Balance	<b>(86,233,646)</b>	<b>(77,149,295)</b>
<b>Total</b>	<b>623,766,354</b>	<b>632,850,705</b>

**MOHAN STEELS LIMITED**

**2. NOTES TO ACCOUNTS (CONTINUED)**

Particulars	AS AT 31.03.2022	AS AT 31.03.2021
<b>2.3 - LONG TERM BORROWING</b>		
<b>Secured</b>		
*From Co-Promoter (Secured against charge on fixed assets in the form of capital work in progress of Melting Unit to the extent of sale proceeds not exceeding Rs. 5.65 Cores.)	56,500,000	56,500,000
<b>Unsecured</b>		
<b>Loans &amp; Advances form related parties</b>		
*Co-Promoter's group	115,872,422	115,872,422
Other Loans & Advances	3,611,892,821	3,611,892,821
	<b>3,784,265,243</b>	<b>3,784,265,243</b>
* Secured & unsecured loan relates to Rotomac Exports Pvt. Ltd., Which is under liquidation.		
<b>2.4 - Long-term provisions</b>		
Interest payable	35,969,907	35,969,907
	<b>35,969,907</b>	<b>35,969,907</b>
<b>2.5 - Trade Payables</b>		
Trade Payables		
- Due to Other than micro and small enterprises	985,190	238,413
	<b>985,190</b>	<b>238,413</b>
<b>2.6 - Other current liabilities</b>		
Advances from customers	10,000	29,410
Statutory liabilities	148,109	23,264
Payable to employees	552,898	318,005
Liabilities for expenses	37,018,531	37,048,083
Other liabilities	17,500	5,000
	<b>37,747,038</b>	<b>37,423,762</b>

**MOHAN STEELS LIMITED**

**2. NOTES TO ACCOUNTS (CONTINUED)**

**2.7 - FIXED ASSETS**

(Amount in rupees)

PARTICULARS	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
	As at 01.04.2021	Additions During the year	Sale/Adj.	As at 31.03.2022	Upto 01.04.2021	For the year	Adjustment	Total Upto 31.03.2022	As at 31.03.2022	As at 31.03.2021
<b>1. Tangible assets</b>										
Lease hold land (25.4 acres)	462359	0	0	462359	0	0	0	0	462359	462359
Factory Building	22939349	0	0	22939349	17249479	453396	0	17702875	5236474	5689870
Plant & Machinery	227412619	0	1805555	225607064	180466390	4552612	1705478	183313524	42293540	46946229
Furniture & Fixtures	1447449	0	0	1447449	1360120	3972	0	1364092	83357	87329
Office Equipments	4901265	23500	0	4924765	4549742	32859	0	4582601	342164	351523
Vehicles	16379026	0	0	16379026	15560077	0	0	15560077	818949	818949
<b>Total</b>	<b>273542067</b>	<b>23500</b>	<b>1805555</b>	<b>271760012</b>	<b>219185808</b>	<b>5042839</b>	<b>1705478</b>	<b>222523169</b>	<b>49236843</b>	<b>54356259</b>
<b>2. Capital work in progress</b>										
Melting shop -factory shed	16910228	0	0	16910228	0	0	0	0	16910228	16910228
Melting shop -Plant	55525371	0	2414804	53110567	0	0	0	0	53110567	55525371
Rolling mill-Plant	25330767	0	2493758	22837009	0	0	0	0	22837009	25330767
<b>Total</b>	<b>97766366</b>	<b>0</b>	<b>4908562</b>	<b>92857804</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>92857804</b>	<b>97766366</b>
<b>Total (1+2)</b>	<b>371308433</b>	<b>23500</b>	<b>6714117</b>	<b>364617816</b>	<b>219185808</b>	<b>5042839</b>	<b>1705478</b>	<b>222523169</b>	<b>142094647</b>	<b>152122625</b>
Previous year	375054211	71778	3817557	371308432	217147015	5559842	3521049	219185808	152122624	157907196

**Note :**

1. Depreciation on fixed assets are charged as per schedule II of the Companies Act 2013 on useful life basis.
2. Company owns 25.4 acres leasehold land in UPSIDC Industrial area, Gazauli, Unnao

**MOHAN STEELS LIMITED**

**2. NOTES TO ACCOUNTS (CONTINUED)**

(Amount in rupees)

Particulars	AS AT 31.03.2022		AS AT 31.03.2021	
<b>2.8 - Non current investment</b>				
<b>Investment in equity instruments</b>				
<b>Trade investment (Quoted)</b>				
Investment in Indian companies (At cost)			36,847	36,847
<b>Name of Company</b>	<b>Face Value</b>	<b>No. of Shares</b>	<b>Cost</b>	<b>Cost</b>
Usha Martin Ltd.	1	165	3,052	3,052
Tata Steels Ltd.	10	30	8,779	8,779
Tata Steels Ltd.	10	6	1,800	1,800
Mukand Ltd.	10	80	15,224	15,224
Mukand Ltd. (Pref. Shares)	8	20	3,766	3,766
Ganesh Benzoplast Ltd.	10	100	4,226	4,226
<b>Total</b>			<b>36,847</b>	<b>36,847</b>
(Quoted value in aggregate as on 31.03.2022 was Rs. 90887/- (Previous year Rs. 47,729/-)				
			<b>36,847</b>	<b>36,847</b>
<b>2.9 - Deferred tax assets (Net)</b>				
Deferred tax Assets			25,541,000	21,805,000
Less : Deferred tax liabilities			7,615,000	7,350,000
			<b>17,926,000</b>	<b>14,455,000</b>
<b>2.10 - Long term loans and advances</b>				
Security deposit			7,622,983	7,622,983
			<b>7,622,983</b>	<b>7,622,983</b>
<b>2.11 - Other non-current assets</b>				
(Unsecured, Considered doubtful)				
Trade exports receivable (net)			4,473,500,752	4,473,500,752
(Refer to note 2.22)				
			<b>4,473,500,752</b>	<b>4,473,500,752</b>
<b>2.12 - Inventories</b>				
Stores & spares (At cost)			3,324,141	3,324,141
			<b>3,324,141</b>	<b>3,324,141</b>
<b>2.13 - Cash and cash equivalents</b>				
<b>Balance with bank</b>				
- Current account			239,309	374,047
- Cash on hand			3,180	156,933
- Fixed Deposit			10,052	0
- Cheque in hand			38,477	0
			<b>291,018</b>	<b>530,980</b>
<b>2.14 - Short-term loans and advances</b>				
Advances recoverable in cash or in kind or for value to be received (Unsecured, Considered good)				
			11,719,277	11,899,058
Advances with government, public bodies and others			1,564,935	2,583,973
GST receivable			1,509	800
			<b>13,285,721</b>	<b>14,483,831</b>
<b>2.15 - Other current assets</b>				
Prepaid Expenses			47,163	66,412
			<b>47,163</b>	<b>66,412</b>

**MOHAN STEELS LIMITED**

**2. NOTES TO ACCOUNTS (CONTINUED)**

(Amount in rupees)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
<b><u>2.16 - Other income</u></b>		
Dividend received	64	40
Interest received	52	0
Profit on sale of Mutual Fund	0	252,730
Profit on sale of Fixed Assets	3,018,163	2,051,548
Miscellaneous receipt	67,499	394,778
	<b><u>3,085,778</u></b>	<b><u>2,699,096</u></b>
<b><u>2.17 - Employee benefits expenses</u></b>		
Salary ,Wages & Bonus	2,559,816	3,732,003
Contribution to Provident Fund & ESIC	277,921	288,196
Staff Welfare Expenses	22,057	34,217
	<b><u>2,859,794</u></b>	<b><u>4,054,416</u></b>
<b><u>2.18 - Other expenses</u></b>		
Insurance Charges	74,527	114,753
Lease Rent	6,747	6,747
Printing & Stationery	67,658	49,758
<b>Repairs &amp; Maintenance</b>		
- Building	0	189,370
- Machinery	434,306	492,076
- Others	29,117	23,016
Legal & professional charges	1,444,900	2,338,025
Director's Remuneration	687,796	300,000
Director's sitting fee	20,000	20,000
Filing & Other Fees	3,727	23,469
Books & Periodicals	0	1,591
Loss on sale of CWIP	1,528,562	0
Security service charges	2,563,575	2,454,509
Bank Charges	118	2,242
Interest paid	64	1,942
Telephone & internet charges	16,652	26,005
Travelling expenses	82,349	148,692
Vehicle running & maintenance	391,685	843,513
Auditors Remuneration	120,000	100,000
Miscellaneous Expenses	266,713	252,657
	<b><u>7,738,496</u></b>	<b><u>7,388,365</u></b>

**2.19:** There is a dispute between the company and Madhyanchal VidyutVitaran Nigam Ltd (MVVNL) for reduction of electricity load from 3000 KVA to 100 KVA. Hon'ble High Court Lucknow bench appointed Hon'ble Justice B.K. Srivastava-II (Retd.) as Sole Arbitrator in this matter. Ld. Arbitrator vide their award dated 22.07.2017 ordered MVNL to reduce electricity load from 3000 KVA to 100 KVA w.e.f. 01.12.2015. Subsequently MVVNL approached to Hon'ble District Court Unnao (U.P.) against the award of the Arbitrator and eventually the case was transferred by the Hon'ble District Court Unnao (U.P.) to Hon'ble Commercial Court Lucknow. During the year no provision for power charges has been made by the company because power connection of factory has been disconnected by MVNL due to above reason. If in future any demand of minimum charges arises after reduction of electricity load (case of which is pending before the Commercial Court, Lucknow) the same shall be accounted for in the year of accrual of liability. Presently electricity load of 100 KVA is sufficient for general maintenance purposes and the same can be increased to 3000 KVA as and when the company decides to restart operations of the Rolling Mill as the security deposit for electricity load of 3000 KVA is already deposited with MVVNL.

**2.20:** As company is in NSE Dissemination board and is not listed in any stock exchange presently therefore provisions of Security of Exchange Board of India Act.1992 are not applicable.

**2.21:** Company had filed civil suit before Hon'ble Delhi High Court against Steel Authority of India Ltd. (SAIL) for recovery of outstanding amount of Rs.7874189/- Hon'ble Delhi High Court has decided the case in Company's favour vide order dated 04.03.2020. SAIL had filed an appeal against the said judgement and the same was heard and dismissed by Division Bench of the Hon'ble Delhi High Court vide judgement dated 12.04.2021 and had held that Mohan Steels Ltd. is entitled for refund of said amount along with simple interest @ 9% per annum till the amount is repaid by them. SAIL has approached Hon'ble Supreme Court of India against order of Hon'ble High Court of Delhi, where Hon'ble Supreme Court had issued order dated 26.07.2021 for restoring the order of Hon'ble High Court of Delhi and instructing SAIL to reimburse the amount within six weeks from the date of order. Steel Authority of India has filed SLP against order of Hon'ble Supreme court against which Mohan Steels Ltd. has filed counter affidavit on dt.03.03.2022. Matter is pending before Hon'ble Supreme Court.

Company had filed another Civil Suit before Hon'ble Saket District Court, New Delhi against Steel Authority of India Ltd. (SAIL) for recovery of outstanding amount of Rs. 3684501/-. Hon'ble Saket District Court, New Delhi has issued order dated 21.10.2021, where court has set aside order of Ld. Arbitrator which was against Mohan Steels Ltd. (MSL) and allow MSL to claim outstanding amount as per law. Steel Authority of India has filed in Hon'ble Delhi High Court an appeal against order passed by Hon'ble Saket District court, New Delhi dt.21.10.2021. Proceedings are pending.

**2.22.:** The company has foreign debtors of Rs. 458.91 crores (Previous Year Rs.458.91 crores ), Rs. 167.76 crores from Surya Global FZC and Rs. 291.15 crores from Gulf Distribution Ltd. Company also has advances from customer of Rs 11.56 crores (Previous Year 11.56 crores). As per past practice, said advance has been adjusted against foreign debtors and the company has shown balances of debtor's net of advances i.e. Rs 447.35 crores (Previous Year 447.35 crores) in the balance sheet. Said amount has been considered by the company as doubtful as per Board Meeting dt. 5<sup>th</sup> Feb,2019. However, no provision has been made against said amount, for the under mentioned reasons.

- As per petition filed by Serious Fraud Investigation Office (SFIO), Company petition no.61 of 2021 before Hon'ble National Company Law Tribunal. It is stated that all the companies mentioned above are controlled by Frost Group and Rs. 220 crore (Approx.) were already been received by Frost Group of Companies. Although Company has also filed suit against Surya Global FZC before Hon'ble Bombay High Court on 18.11.2019 for recovery of debts. Proceeding are still pending before the Hon'ble Court. Matter is subjudice.

**2.23:** Company has loans from Frost International Limited, amounting to Rs.250.48 crores and from Frost Infrastructure and Energy Pvt Ltd amounting to Rs.110.71 crores total Rs. 361.19 crores (Previous Year Rs. 361.19crores). Frost group has filed case before Hon'ble National Company Law Tribunal under Section 7 of IBC 2016 for recovery of said loans. In response, the Company has filed Affidavit before the Hon'ble National

Company Law Tribunal( Case No.380/ALD/2018) stating that foreign debtors of Rs. 458.91 crores are linked with Frost group ,therefore loan amount of Rs.361.19crores should be adjusted against the amount receivable from Foreign debtors. Case is still pending before the Hon'ble NCLT, Allahabad. The matter is subjudice.

**2.24:** Company had secured loans of Rs. 5.65 crores (previous year 5.65 crore) and unsecured loan of Rs. 11.59 crores (previous year 11.59 crore) of Rotomac Exports Pvt.Ltd. Said Company was co-owned by Kothari and Desai Group (Co-promoters). Liquidator of Rotomac Exports Pvt.Ltd. has filed petition under Section 7 of IBC, 2016 before Hon'ble NCLT against Mohan Steels Ltd. Proceedings are pending. The matter is sub-judice. However, the Company has filed objections/ rebuttal affidavit in NCLT (Case No. C.P. (IB) No. (ALD). 40/2021) against the same that group companies of Kothari and Desai Group (Co-promoters) have directly received the money that is due and payable to Mohan Steels Ltd. from the foreign entities/debtors (including M/s Gulf Distribution Ltd., Hongkong and M/s. Surya Global FZC, Sharjah), which are owned and controlled by Kothari and Desai Group. The said fact has also been confirmed and affirmed by SFIO in its investigation report wherein they during the investigation have found that the foreign entities are co-owned/controlled by Rotomac & Frost Groups and the money that is payable to Mohan Steel has been directly received by group companies of Kothari and Desai Group. Therefore loan amount claimed is disputed and should be adjusted against the amount receivable from Foreign entities/debtors and is therefore not payable by Company. Case is still pending before the Hon'ble NCLT, Allahabad. The matter is subjudice.

**2.25:** The Company reviewed the present financial and operational status of the company .The Board noted that the overall economic scenario for steel sector appears positive, due to buoyant demand for steel and heavy spending on infrastructure. Company is making efforts to commence rolling mill operations either on own account, on job basis for conversion, or in association with other parties. The technology of rolling mill plant is viable and still functional. The maintenance team of the company has maintained the Rolling Mill plant in revivable condition and MSL can revive the operations on finalizing the modalities.

Company is having an old oxygen plant of X GEN PSA OXYGEN BRAND of 150m<sup>3</sup>/hr capacity lying in factory premises which is not in use since long. Due to sudden surge in demand of oxygen in the country, the company in its board meeting decided looking into reviving the oxygen plant and start production of oxygen with some investment. Company is making efforts to raise liquidity of the company for commencing rolling operations and running of oxygen plant.

**2.26:** Serious Fraud Investigation Office (SFIO) has filed a Criminal complaint (ST.No. 577/2020 on dt.15.05.2020) before 9<sup>th</sup> court of Ld. Additional District and Session Judge, Kanpur Nagar, Special Judge (Companies Act) against the Rotomac Group and its directors, Frost Group and its directors, Mohan Steels Ltd., and others. SFIO has also filed a petition under section 212(14A) of the Companies Act. 2013 before National Company Law Tribunal. The proceedings are pending before the court as on date. Matter is subjudice.

**2.27:** During the year Company has received order under Clause(d) of section 148(A) of Income Tax Act 1961, Where Income Tax Department has reason to believe that Income chargeable to tax amounting to Rs.919.13 crore is escaped income for A.Y.2015-16 & Rs. 0.21 crores as escaped income for A.Y.2018-19 dated 13.04.2022 & 27.03.2022. Where it is stated that company need to file revise Income Tax Return U/s 148 of Income Tax Act. Company has filed the revised return for both Assessment year. Due to above assessment of A.Y.2015-16 & A.Y.2018-19 are opened. Proceedings are pending.

During the course of Income tax Assessment proceedings in AY 2010-11 a disallowance of Rs. 44.35 lakh was made out of power and fuel expenses. Against it company filed an appeal before CIT (A) and relief was allowed to the company. Against the order of CIT (A), IT Department filed an appeal before ITAT, Lucknow. Hon'ble ITAT vide their order dtd.31-12-20215 set aside the order of CIT(A), Kanpur with a direction to adjudicate the issue afresh after obtaining proper report from any technical expert. Matter is pending before CIT(A) for disposal till date. However there is no tax liability due to said addition/ disallowance because the total assessed income of the company during the year was negative.

2.28 :The Current Assets, loans and advances are taken at a value that they shall realize in ordinary course of business.

2.29: Company has not made provision for interest on unsecured loans due to dispute pending before NCLT.

### 2.30 : Earning per Share (EPS)

Particulars	<u>2021-22</u>	<u>2020-21</u>
Net Loss as per statement of Profit & Loss attributable to Equity Share holders.	(9084351)	(9457527)
Weighted Average number of Equity Shares	17539554	17539554
Basic & Diluted Earnings per share for the year	(0.52)	Rs. (0.54)
Face Value of Shares	Rs.10	Rs.10

### 2.31 : Deferred tax Assets

Deferred tax assets comprise the following :(Rs.in Lacs)

Deferred Tax Assets	<u>2021-22</u>	<u>2020-21</u>
Carried forward Business Loss & Unabsorbed Depreciation	255.41	218.05
	<b>255.41</b>	<b>218.05</b>
Deferred Tax Liabilities		
Related to Fixed Assets	76.15	73.50
<b>Net Deferred Tax Assets</b>	<b>179.26</b>	<b>144.55</b>

### 2.32 : Employees Benefits

a. Defined Contribution Plan	<u>2021-22</u>	<u>2020-21</u>
Employer's Contribution to PF	220642	201006
Employer's Contribution to ESI	57279	87190
<b>b. Bonus**</b>	-	-
<b>c. Gratuity **</b>	-	-
<b>d. Earned Leave**</b>	-	-

\*\*Earned leave encashment, Bonus & Gratuity is accounted for on payment basis.

2.33 : Related Party transaction in terms of accounting standard 18 is given below :

#### A. Key Management Personnel

1. Pradeep Gautam Director
2. Prem Shanker Mishra Director
3. Chetna Dwivedi Company Secretary

#### B. Transaction with related party

(Amount in Rs.)

Particulars	Key Management Personnel
Remuneration	687796

### 2.34 : Auditors Remunerations (excluding GST)

	F.Y. <u>2021-22</u>	F.Y. <u>2020-21</u>
Audit fee	110000	90000
Other Services	<u>10000</u>	<u>10000</u>
	<b><u>120000</u></b>	<b><u>100000</u></b>

### 2.35: Contingent Liability:



Legal formalities of leasehold land sold in FY 2004-05 as per BIFR Order are pending. Since UPSIDC levy sub-division charges before grant of approval, as sub-division of land is as per the BIFR order so company has requested to UPSIDC for charging sub-division charges at concessional rate. Company has not received any demand notice in this regard from UPSIDC, hence company has shown a sum of Rs.1.15 crore as contingent liability as per present UPSIDC rates.

Land sub-division charges to UPSIDC - Rs.1.15 Crore (Prev.Year- Rs.1.15 Crore)

**2.36(i)** : Previous year figures have been regrouped/reclassified wherever necessary.

**2.36(ii)** : Analytical Ratios discloser to the companies covered under division I and II of schedule III

	<b>Ratios</b>	<b>2021-22</b>	<b>2020-21</b>
a.	Current Ratio	0.44	0.49
b.	Debt-Equity Ratio	21.78	21.78
c.	Debt-Service Coverage Ratio	NIL	NIL
d.	Return on Equity Ratio	NIL	NIL
e.	Inventory turnover ratio	NIL	NIL
f.	Trade Receivables turnover ratio	NIL	NIL
g.	Trade payables turnover ratio	NIL	NIL
h.	Net capital turnover ratio	NIL	NIL
i.	Net profit ratio	NIL	NIL
j.	Return on Capital employed	NIL	NIL
k.	Return on investment	NIL	NIL

**2.37:** Notes to Accounts form part of Balance Sheet and statement of Profit & Loss Account.

**For Rishabh & Co.**  
**Chartered Accountants**  
**(Registration No.10915C)**

**(Utkarsh Singh)**  
**Partner**  
**(M.No.451284)**

**(Chetna Dwivedi)**  
**Company Secretary**

**(PremShanker Mishra)**  
**Director**  
**DIN-02354691**

**(Pradeep Gautam)**  
**Director**  
**DIN-01172119**

**Place : Unnao**  
**Dated : 25<sup>th</sup> June,2022**