

**MELIORA ASSET RECONSTRUCTION COMPANY LIMITED**  
Balance Sheet as at 31st March , 2022

PARTICULARS	Note No.	As at	As at
		31.03.2022	31.03.2021
		In Rupees	In Rupees
<b><u>EQUITY &amp; LIABILITIES:</u></b>			
<b>(1) SHARE HOLDERS' FUNDS</b>			
Share Capital	2	28,65,30,000	28,65,30,000
Reserves & Surplus	3	9,93,09,560	9,03,43,935
Total (A)		<b>38,58,39,560</b>	<b>37,68,73,935</b>
<b>(2) CURRENT LIABILITIES</b>			
Short Term Borrowings	4	-	-
Other Current Liabilities	5	30,43,76,452	29,06,44,935
Short Term Provisions	6	76,55,521	63,50,762
Total (B)		<b>31,20,31,973</b>	<b>29,69,95,697</b>
<b>TOTAL (A+B)</b>		<b>69,78,71,534</b>	<b>67,38,69,632</b>
<b><u>ASSETS:</u></b>			
<b>(1) NON-CURRENT ASSETS:</b>			
<b>(i) Fixed Assets</b>			
Tangible Assets	7(a)	1,02,936	1,57,567
Intangible Assets	7 (b)	2,67,323	3,93,803
Intangible Assets under development			
Total (A)		<b>3,70,259</b>	<b>5,51,370</b>
<b>(ii) Non-Current Investments</b>			
Deferred tax assets (net)	8	8,62,00,000	12,95,40,000
Long Term Loans & Advances	9	74,136	71,637
Other Non-current Assets	10	1,69,000	1,69,000
	11	22,75,809	36,10,141
Total (B)		<b>8,87,18,945</b>	<b>13,33,90,778</b>
<b>(2) CURRENT ASSETS:</b>			
Current Investments	8	6,16,40,000	2,97,00,000
Cash & Bank Balances	12	52,42,94,315	49,04,69,442
Short-term Loans & Advances	13	74,34,130	57,72,467
Other Current Assets	11	1,54,13,884	1,39,85,575
Total (C)		<b>60,87,82,329</b>	<b>53,99,27,484</b>
<b>TOTAL (A+B+C)</b>		<b>69,78,71,534</b>	<b>67,38,69,632</b>
Summary of Significant accounting policies	1		
Contingent Liabilities and commitments	1A		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For and on behalf of the Board

for JRS & ASSOCIATIES  
Chartered Accountants

*M. Ramachandram*

**M RAMACHANDRAM**  
Partner

M.N 219752

FRN.011778S

Place: Visakhapatnam

Date: 29.06.2022

UDIN: 22219752AMXWCH4695

**NAMARTA SINGH**  
Company Secretary

*Homa Daruwalla*  
**HOMA DARUWALLA**  
Director

*P Ramakrishnarao*  
**P RAMAKRISHNARAO**  
Director

*K Srinivasan*  
**K SRINIVASAN**  
Chief Executive Officer

*Kuchibhatla Prasad*  
**KUCHIBHATLA PRASAD**  
Director

*K Ravi Kumar*  
**K RAVI KUMAR**  
Director

*Sisir Kumar Appikatla*  
**SISIR KUMAR APPIKATLA**  
Director

**MELIORA ASSET RECONSTRUCTION COMPANY LIMITED**  
Statement of Profit and Loss for the period ended 31st March, 2022

Particulars	Notes	As at 31.03.2022	As at 31.03.2021
		In Rupees	In Rupees
<b>Income</b>			
Revenue from Operations	14	67,65,000	1,27,17,500
Other Income	15	1,34,02,378	1,41,66,396
<b>Total Revenue (I)</b>		<b>2,01,67,378</b>	<b>2,68,83,896</b>
<b>Expenses</b>			
Employee Benefit Expenses	16	24,77,684	26,36,799
Administrative Expenses	17	11,97,502	12,27,545
Other Expenses	18	33,78,252	28,68,616
<b>Total Expenses (II)</b>		<b>70,53,438</b>	<b>67,32,960</b>
<b>Earnings before interest, tax, depreciation and amortization (EBITDA) (I)-(II)</b>		<b>1,31,13,940</b>	<b>2,01,50,936</b>
Finance Costs	19	29,582	24,98,606
Depreciation & Amortization	7	1,81,112	2,20,524
<b>Profit before tax and exceptional items</b>		<b>1,29,03,247</b>	<b>1,74,31,806</b>
Prior Period Items		-	-
Exceptional items-loss on sale of assets			
<b>Profits after exceptional items and before tax</b>		<b>1,29,03,247</b>	<b>1,74,31,806</b>
<b>Tax expenses</b>			
Current Tax		39,40,121	49,20,362
Prior Period Tax			
Deferred Tax	24	(2,500)	2,392
<b>Profit for the year from continuing operations</b>		<b>89,65,625</b>	<b>1,25,09,052</b>
<b>Earnings per equity share (Face Value Rs.10/- each)</b>			
Basic EPS	20	0.31	0.44
Diluted EPS	20	0.31	0.44

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For and on behalf of the Board

For JRS & ASSOCIATIES  
Chartered Accountants

*M. Ramachandram*

**M RAMACHANDRAM**

Partner

M.N 219752

FRN.011778S

Place: Visakhapatnam

Date: 29.06.2022

UDIN: 22219752AMXWCH4695

**NAMARTA SINGH**  
Company Secretary

*Homai Daruwalla*  
**HOMAI DARUWALLA**  
Director

*Kuchibhatla Prasad*  
**KUCHIBHATLA PRASAD**  
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*P Ramakrishnarao*  
**P RAMAKRISHNARAO**  
Director

*K Ravi Kumar*  
**K RAVI KUMAR**  
Director

*K Srinivasan*  
**K SRINIVASAN**  
Chief Executive Officer

*Sisir Kumar Appikatla*  
**SISIR KUMAR APPIKATLA**  
Director

**MELIORA ASSETS RECONSTRUCTION COMPANY LIMITED**

**Cash Flow Statement for the period ended 31st March 2022**

S.No	Particulars	Year Ended 31.03.2022	Year Ended 31.03.2021
<b>A.</b>	<b>Cash flow from operating activities</b>		
	Net Profit before tax and exceptional items	1,29,03,247	1,74,31,806
	Adjustments for:		
	Depreciation or Amortisation Expenses	1,81,112	2,20,524
	Preliminary Expenditure written off	-	-
	Interest on Fixed Deposits	(1,28,47,954)	(1,37,68,367)
	Interest on IT Refund	-	-
	Interest (Others)	(5,54,424)	(3,98,029)
	Cost of CCCPs funds	-	-
	ROC & Authorisation capital fee	-	-
	<u>Operating profit before working capital changes</u>		
	Adjustments for:		
	Trade and other payables	1,12,43,837	(3,90,28,104)
	Trade and other receivables	(3,45,29,972)	2,22,27,847
	<b>Cash generated from Operations</b>	<b>(2,36,04,155)</b>	<b>(1,33,14,323)</b>
	Tax paid (net of refund)	6,47,682	16,44,112
	<b>Net Cash generated from Operating Activity</b>	<b>(2,42,51,837)</b>	<b>(1,49,58,435)</b>
<b>B</b>	<b>Cash flow from investing activities</b>		
	Investment in Trusts	4,46,74,332	97,08,003
	Purchase of Fixed Assets	-	-
	Security Deposits	-	-
	Interest received on others	1,34,02,378	1,41,66,396
	Interest received from Deposits	-	-
	<b>Net Cash generated from investing activity</b>	<b>5,80,76,710</b>	<b>2,38,74,399</b>
<b>C</b>	<b>Cash flow from financing activities</b>		
	Issue of Equity Share Capital	-	-
	Issue of CCCP Share Capital / OD	-	-
	Increase in Securities Premium	-	-
	Dividend and DDT paid	-	-
	Cost of CCCPs funds	-	-
	ROC & Authorisation capital fee	-	-
	<b>Net cash generated from financial activity</b>	<b>-</b>	<b>-</b>
	<b>Net Increase in Cash and Cash Equivalents</b>	<b>3,38,24,873</b>	<b>89,15,964</b>
	Cash and Cash Equivalents as at 31.03.2021	49,04,69,443	48,15,53,478
	<b>Cash and Cash Equivalents as at 31.03.2022</b>	<b>52,42,94,315</b>	<b>49,04,69,443</b>

As per our report of even date

For and on behalf of the Board

for JRS & ASSOCIATES  
Chartered Accountants

  
HOMAI DARUWALLA  
Director

  
KUCHIBHATLA PRASAD  
Director

  
M RAMACHANDRAM  
Partner  
Place: Visakhapatnam  
Date: 29.06.2022  
UDIN: 22219752AMXWCH4695

  
SISIR KUMAR APPIKATLA  
Director

  
P RAMAKRISHNARAO  
Director

# Notes on Financial statements for the period ended 31st March, 2022

## 1. Summary of significant accounting policies

### (A). Basis for Preparation:

The accounting and reporting policies of the Company have been framed to comply with the Generally Accepted Accounting Principles ("GAAP") in India, the guidelines issued by the Reserve Bank of India (RBI) from time to time and the provisions of the Companies Act, 2013. Financial Statements are prepared under historical cost convention and all Incomes and Expenditures are accounted on accrual basis, except otherwise stated.

### (B). Principal Accounting Policies:

#### Revenue Recognition:

- (i) Interest income is recognized in respect of Financial Assets acquired and restructured for revival on accrual basis.
- (ii) Income in respect of assets acquired and resolved through One Time Settlement and / or by sale of underlying securities is recognized only on realization. Proceeds are appropriated first towards debt acquisition cost and balance is recognized as income.
- (iii) Income is not recognized against the financial assets during the permissible planning period meant for finalization of the resolution strategy.
- (iv) Share of income in case of assets acquired through trusts is recognized as per the terms of relevant trust deed.
- (v) Management fee and other fee incomes are recognized as per the terms of the agreement/offer document.

### (C). Asset Classification and provisioning thereon:

The Company shall classify the financial assets acquired and make the required amount of provision against non-performing assets, if any, as per the guidelines issued by Reserve Bank of India from time to time.



**(D). Fixed Assets:**

(i) Fixed Assets are stated at cost less accumulated depreciation.

(ii) Cost includes cost of purchase and all expenditure such as installation costs and professional fees incurred on the assets before it is put to use.

(iii) Depreciation is charged on Written down value method (WDV) as per rates prescribed in Schedule II of the Companies Act, 2013 as given below.

Class of Asset	Useful Life	Rate of depreciation
Laptops and Tablets	3 years	63.16%
Furniture and Fittings	10 years	25.89%
Vehicles	8 years	31.23%
Office Equipment(EPABX)	5 years	45.07%
Intangible assets( Tally software)	10	Amortization over 10 years
Intangible assets ( software)	5	Amortization over 5 years

**(E). Investments:**

Investment of the Company in Security Receipts of various trusts set up by the Company is carried at cost. Diminution, if any, based on Net Asset Value declared by the respective trusts is provided by charging it to Profit & Loss Account. Investments in Security Receipts (SRs) held by the Company are treated as "Available for Sale Category". The undertaken policy for providing provision for diminution in investments is as per the RBI Circular No: 03/SCRC/26.03.001/2015-16.

**(F). Rating of Security Receipts:**

Credit ratings are obtained periodically for the Security Receipts issued by the trusts which are managed by the Company in the capacity of managing trustee.

**(G). Pre-Acquisition Expenditure of Financial Asset:**

Expenditure incurred in acquiring financial asset is debited to the respective financial asset.

**(H). Preliminary Expenses:**

Preliminary expenses are being amortized over a period of five years.

**(I). Provisions, Contingent Liabilities and Contingent Assets:**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a 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 the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.



**1(A).Contingent Liabilities and commitments**

Nil

**2. SHARE CAPITAL:**

Particulars	As at 31.03.2022	As at 31.03.2021
<b>Authorized share capital</b>		
4,50,00,000 shares divided into		
3,00,00,000 equity shares of Rs.10/- each	30,00,00,000	30,00,00,000
1,50,00,000 Preference Shares of Rs.10/- each	15,00,00,000	15,00,00,000
<b>Issued Subscribed &amp; Paid up Share Capital</b>		
( 2,86,53,000 equity shares of Rs.10/-each)	28,65,30,000	
( 2,86,53,000 equity shares of Rs.10/-each)		28,65,30,000
( Out of the above, 1,03,14,000 equity shares have been issued for consideration other than cash during the financial year 2017-18 and 32,20,000 Compulsorily Convertible Cumulative Preference Shares of Rs.10/- each converted into equity shares of Rs.10/- each during the financial year 2019-20)		
<b>TOTAL</b>	<b>28,65,30,000</b>	<b>28,65,30,000</b>



**1(A).Contingent Liabilities and commitments**

Nil

**2. SHARE CAPITAL:**

Particulars	As at 31.03.2022	As at 31.03.2021
<b>Authorized share capital</b>		
4,50,00,000 shares divided into		
3,00,00,000 equity shares of Rs.10/- each	30,00,00,000	30,00,00,000
1,50,00,000 Preference Shares of Rs.10/- each	15,00,00,000	15,00,00,000
<b>Issued Subscribed &amp; Paid up Share Capital</b> ( 2,86,53,000 equity shares of Rs.10/-each) ( 2,86,53,000 equity shares of Rs.10/-each)	28,65,30,000	28,65,30,000
( Out of the above, 1,03,14,000 equity shares have been issued for consideration other than cash during the financial year 2017-18 and 32,20,000 Compulsorily Convertible Cumulative Preference Shares of Rs.10/- each converted into equity shares of Rs.10/- each during the financial year 2019-20)		
<b>TOTAL</b>	<b>28,65,30,000</b>	<b>28,65,30,000</b>



(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:

Particulars	As at 31st March 2022		As at 31 <sup>st</sup> March 2021	
	No.	Amt. Rs.	No.	Amt. Rs.
<b>Equity shares</b>				
At the beginning of the period	2,86,53,000	28,65,30,000	2,86,53,000	28,65,30,000
Issued during the period	0	0	0	0
CCCPS Converted into Equity during this financial year			0	0
Outstanding at the end of the period(i)	2,86,53,000	28,65,30,000	2,86,53,000	28,65,30,000
<b>Preference Shares (CCCPS)</b>				
At the beginning of the period	0	0	32,20,000	3,22,00,000
Issued during the period	0	0	0	0
Converted during the year	0	0	32,20,000	3,22,00,000
Outstanding at the end of the period(ii)	0	0		
<b>TOTAL (i)+(ii)</b>	<b>2,86,53,000</b>	<b>28,65,30,000</b>	<b>2,86,53,000</b>	<b>28,65,30,000</b>

(b) Rights attached to equity shares:

The company has only one class of equity shares having a par value of Rs.10/- per share . Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend recommended by the Board of Directors is subject to approval of shareholders in Annual General Meeting.

(c) Details of shareholders holding more than 5% shares in the company:

Equity Share holders	As at 31.03.2022		As at 31.03.2021	
	Number	% holding	Number	% holding
Sri. Appikatla Sisir Kumar	33,11,360	11.56%	33,11,360	11.56%
Sri. Korada Ravi Kumar	30,61,285	10.68%	33,11,360	11.56%
Sri. Pillala Ramakrishna Rao	28,95,360	10.10%	28,95,360	10.10%
Smt. J Padmaja Rani	16,64,000	5.81%	16,64,000	5.81%
Sri. Kanteti Venkateswar Rao	22,04,000	7.69%	22,04,000	7.69%

(d) Shares reserved for issue under options:

The company has not reserved any shares for issue under employee's stock option (ESOP), loan agreements or contracts for supply of capital goods etc..





### 3. Reserves and Surplus:

Particulars	As at 31.03.2022	As at 31.03.2021
<b>A. Securities Premium</b>		
a) Balance as per last financial statement	1,56,11,000	1,56,11,000
Total securities premium(A)	1,56,11,000	1,56,11,000
<b>B. Surplus/Deficit in the statement of Profit and Loss</b>		
a. Balance as per last financial statements	7,47,32,935	6,22,20,313
b. Profit after tax for the period	89,65,625	1,25,09,052
c. Less: Preference dividend	-	-
d. Less: Dividend distribution tax on Preference dividend	-	-
e. Income Tax refund for the F.Y 2018-19		3,570
f. Shortage of Income tax Provision for the F.Y 2019-20	-	
<b>Profit transferred to Reserves (a+b-c-d+e) (B)</b>	<b>8,36,98,560</b>	<b>7,47,32,935</b>
<b>TOTAL (A+B)</b>	<b>9,93,09,560</b>	<b>9,03,43,935</b>

### 4. Short-term borrowings (secured) :

Particulars	As at 31.03.2022	As at 31.03.2021
Overdraft from PUNJAB NATIONAL BANK (Secured against FDR's)	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>



**5. Other Current Liabilities:**

Particulars	As at 31.03.2022	As at 31.03.2021
a. TDS Payable	1,22,427	1,62,488
b. GST Reverse Charge Mechanism	0	0
c. GST Payable	5,23,402	16,41,194
d. Professional Tax Payable		-
e. Other Liabilities*		
i) Amount received from Reliance Cellulose & Interest thereon.                     30,32,00,123		
ii) others **                                     5,30,500	30,37,30,623	28,88,41,253
<b>TOTAL</b>	<b>30,43,76,452</b>	<b>29,06,44,935</b>

(\* )As per High Court Order in connection with SLS Properties (Auction Purchaser), the sale proceeds of M/s Reliance Cellulose Products Ltd., the amount of Rs. 29,39,26,026/- has been kept as fixed deposits in PNB.

(\*\*) MARC –AB 05/2016 TRUST

**6. Short Term Provisions:**

Particulars	As at 31.03.2022	As at 31.03.2021
Provision for Taxation	39,40,121	49,20,362
Provision for dimunition of investments	36,70,000	13,85,000
Corporate Office Rent Payable	0	0
Register office Rent	-	-
Professional Fee Payable (JRS & Associates)	45,400	45,400
Legal Fee Payable (A Aparna )	0	0
Salaries	0	0
<b>TOTAL</b>	<b>76,55,521</b>	<b>63,50,762</b>



**MELIORA ASSET RECONSTRUCTION COMPANY LIMITED**

**FIXED ASSETS AND DEPRECIATION STATEMENT AS PER INCOME TAX ACT FOR THE FINANCIAL YEAR 2021-22**

Sl.No.	Name of the Asset	GROSS BLOCK					DEPRECIATION					NET BLOCK	
		As on 01.04.2021	Additions Before 30th Sep	Additions On or after 1st Oct	Disposals	As on 31.03.2022	Up To 31.03.2021	Rate of Dep (%)	From 01.04.2021 to 31.03.2022	Total 31.03.2022	As on 31.03.2021	As on 31.03.2022	
1	Furniture, electrical fittings	69,724	-	-	-	69,724	23,288	10	4,644	27,932	46,436	41,792	
2	Plant, machinery, cars	7,11,530	-	-	-	7,11,530	3,95,921	15	47,356	4,43,177	3,15,709	2,68,353	
3	Computer, Energy saving devices, etc.	6,20,450	-	-	-	6,20,450	5,43,582	40	30,747	5,74,329	76,868	46,121	
4	Intangible assets	6,64,800	-	-	-	6,64,800	3,11,069	25	88,433	3,99,501	3,53,732	2,65,299	
	<b>TOTAL</b>	20,66,504	-	-	-	20,66,504	12,73,760		1,71,180	14,44,940	7,92,744	6,21,564	



7 FIXED ASSETS:  
(a) Tangible Assets

S.no	Description	Gross Block			Depreciation			Net Block		
		As at 31.03.21	Additions	Deletions	As at 31.03.22	Up to 31.03.22	From 1.04.21 to 31.03.2022	Deletions	As at 31.03.21	As at 31.03.22
1	Tablet 1	22,000	-	-	22,000	22,000	-	-	-	-
2	Laptop	2,51,539	-	-	2,51,539	2,45,243	3,570	-	5,652	2,081
3	Computers	2,47,138	-	-	2,47,138	2,41,160	3,776	-	5,978	2,202
4	Printers	64,773	-	-	64,773	57,988	4,285	-	6,785	2,499
5	Tablet 2	22,700	-	-	22,700	22,700	-	-	-	-
6	Steel Almirah	40,491	-	-	40,491	32,826	1,984	-	7,665	5,681
7	Filing Cabinet	29,233	-	-	29,233	23,548	1,472	-	5,685	4,213
8	Car	7,11,530	-	-	7,11,530	5,87,580	38,709	-	1,23,950	85,240
9	EPABX	12,300	-	-	12,300	10,446	835	-	1,854	1,019
	<b>TOTAL</b>	<b>14,01,704</b>	<b>-</b>	<b>-</b>	<b>14,01,704</b>	<b>12,43,493</b>	<b>54,632</b>	<b>-</b>	<b>1,57,567</b>	<b>1,02,936</b>



(b) Intangible Assets

Description	Gross Block			Amortization				Net Block		
	As at 31.03.21	Additions	Deletions	As at 31.03.22	Up to 31.03.21	From 1.04.21 to 31.03.2022	Deletions	Up to 31.03.22	As at 31.03.21	As at 31.03.22
Tally Software	64,800	0	0	64,800	30,997	6,480		37,477	33,803	27,323
Software	6,00,000	-	0	6,00,000	2,40,000	1,20,000		3,60,000	3,60,000	2,40,000
<b>TOTAL</b>	<b>6,64,800</b>	<b>0</b>	<b>0</b>	<b>6,64,800</b>	<b>2,70,997</b>	<b>1,26,480</b>	<b>0</b>	<b>3,97,477</b>	<b>3,93,803</b>	<b>2,67,323</b>

Note: Software is amortized over 5 years equally



**8 INVESTMENTS:**

Particulars	Non-current		Current	
	as at 31.03.2022	as at 31.03.2021	as at 31.03.2022	as at 31.03.2021
(A). MARC- SBT 01/2015 TRUST				
Mahalakshmi Farm & Nursery				
Subburaju Textilemills Pvt Ltd	-	36,40,000	36,40,000	-
(B). MARC –SBT 03/2015 TRUST				
MB-AG Timber Pvt Ltd				
National Lumbers	0	500000		
Zaan Commodities Pvt Ltd	36,00,000	42,00,000	-	-
(C). MARC-DENA 04/2016 TRUST				
(D). MARC-AB 05/2016 TRUST:				
Bhaskara Padma Rice Industry				
(E). MARC – Dena 06/2016 Trust				
Chowky Creations	-	-	-	36,00,000
Janata Engineers & Co	-	-	-	-
(F). MARC-SVC 07/2016 TRUST:				
Pratibha Ispat (P) Ltd	9,00,000	9,00,000	-	-
(G). MARC-AXIS 08/2016 TRUST:				
Lauret Marketing & Krishna Ceramics	-	-	-	-
(H). MARC-DENA 09/2016 TRUST				
Baid Industries	1,16,00,000	76,00,000	0	40,00,000
Sree Autos	-	-	40,00,000	40,00,000
(I).MARC-AB 10/2016 TRUST				
Ravi Edible Oil Refinery	0	1,43,00,000	1,43,00,000	-
Nehal Creations	-	-	27,00,000	27,00,000
Reliance Cullulose & Ranichem Industries	0	3,30,00,000	33000000	
(J). MARC- UNITED 11/2017 Trust				
AB Furnishing Pvt Ltd	0	67,00,000	-	-
(K). MARC- AB 12/2017 Trust				
LEADAGE METALS LTD	87,00,000	87,00,000		
SREE RAYASEEMA GREEN STELOY LTD	8,00,000	8,00,000		
(L). MARC 13/20017 Trust				
OM SREE SAI RAM	2,60,00,000	2,60,00,000	-	-
(M). MARC_DENA 14/2017 Trust				
Sri Krishna Educational Trust	1,32,00,000	1,32,00,000		
(N). MARC- IB 15/2017 Trust				
Mother Mirra Estates	-		-	-
(O). MARC AB 16/2017 Trust				
PBR AGRI TECH	60,00,000	60,00,000		
Karumuri Suryakantam & 3 others	0	40,00,000	40,00,000	
(P). MARC JSB 17/2018 Trust				
Indian Institute of Rural Workers	1,54,00,000	-	0	1,54,00,000
<b>TOTAL</b>	<b>8,62,00,000</b>	<b>12,95,40,000</b>	<b>6,16,40,000</b>	<b>2,97,00,000</b>

The assets whose schedule recovery period is considered less than 12 months, they have shown under current investments. Remaining assets are shown under Non-current investments. The classification of above assets are based on the Present status report & expectations of the assets.



**MELIORA ASSET RECONSTRUCTION COMPANY LIMITED**

Notes forming part of the financial statements

**Note 9-Computation of Deferred Tax**

Sl no	Particulars	Rs.	Rs.
1	Deferred Tax Asset(opening bal)		71,637
2	Depreciation as per income tax act	1,71,180	
3	Depreciation as per companies act	1,81,112	
4	Difference	9,932	
5	Deffered tax asset @ 25%		2,500
6	<b>Total deferred tax asset</b>		<b>74,136</b>

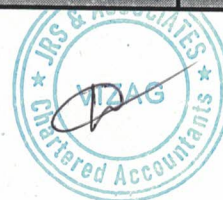


**10. LONG TERM LOANS & ADVANCES:**

Particulars	As at 31.03.2022	As at 31.03.2021
<b>Security Deposits (Unsecured considered good)</b>		
a. Rental Deposit	1,69,000	1,69,000
<b>TOTAL</b>	<b>1,69,000</b>	<b>1,69,000</b>

**11. Other Assets:**

Particulars	Non-current Portion		Current Portion.	
	As at 31.03.2022	As at 31.03.2021	As at 31.03.2022	As at 31.03.2021
<b>A. Unsecured and considered good Expenses recoverable from trusts managed by the company</b>				
MARC- SBT 01/2015 TRUST	-	3,99,179	4,36,179	-
MARC -SBT 03/2015 TRUST	3,69,164	-	-	8,10,917
MARC-AB 05/2016 A.DEED EXP	62,347	46,997	-	-
MARC - DENA 06. TRUST A.DEED EXP	-	-	11,551	4,42,549
MARC - SVC 07. TRUST	1,81,594	1,40,094	-	-
MARC-AXIS 08 TRUST	-	-	3,550	-
MARC -DENA 09 TRUST	-	-	3,35,388	2,67,391
MARC -AB 10/17	-	-	20,93,607	15,44,716
MARC-United 11/2017 Trust	-	9,22,509	15,000	-
MARC-AB 12/2017 Trust	2,12,810	45,050	-	-
MARC13/2017 Trust	4,12,871	3,39,188	-	-
MARC-DENA 14/2017 Trust	1,48,975	1,03,500	-	-
MARC-IB 15/2017 Trust	-	-	(10,675)	68,540
MARC-DENA 16/2017 Trust	-	10,87,070	32,03,485	-
MARC JSB 17/2018 Trust	3,61,494	-	-	1,03,960
<b>(A)</b>	<b>17,49,255</b>	<b>30,83,587</b>	<b>60,88,085</b>	<b>32,38,073</b>
<b>B. Other items</b>				
Interest accrued on Reliance FD	-	-	41,04,816	41,10,470
Interest accrued on Fixed Deposits	-	-	46,85,703	51,31,362
Input GST	-	-	35,280	5,400
Input GST Reverse Charge	-	-	-	-
Sundry Debtors	-	-	-	270
Deposited with Income Tax	-	-	-	-
Deposited with Service Tax	5,26,554	5,26,554	-	-
Advance Tax for FY 2021-22	-	-	5,00,000	15,00,000
<b>(B)</b>	<b>5,26,554</b>	<b>5,26,554</b>	<b>93,25,799</b>	<b>1,07,47,502</b>
<b>Total (A+B)</b>	<b>22,75,809</b>	<b>36,10,141</b>	<b>1,54,13,884</b>	<b>1,39,85,575</b>





**12. Cash & Bank Balances:**

Particulars	As at 31.03.2022	As at 31.03.2021
<b>Cash and Cash Equivalents</b>		
<b>Balances with Banks</b>		
a.(i) In Current Accounts	27,29,649	15,61,032
(ii) In Dividend Account-AB-369		11,877
b. Cash on hand		
c. In fixed deposits	52,15,64,666	48,88,96,533
*1. Reliance fixed deposit amount : Rs.29,39,26,026.00		
** 2. MARC fixed deposit : Rs. 22,76,38,639.93		
<b>TOTAL</b>	<b>52,42,94,315</b>	<b>49,04,69,442</b>

(\* )As per High Court Order in connection with SLS Properties, the sale proceeds of M/s Reliance Cellulose Products Ltd., an amount of Rs.29,39,26,026 /- has been made as fixed deposits in PNB.

(\*\*)Fixed deposit worth Rs 16,87,43,345/- (Rupees sixteen crores eight seven lakhs forty-three thousand three hundred and forty five rupees ) were given as security against overdraft against deposits(PNB).

**13. Short – term loans and advances:**

Particulars	As at 31.03.2022	As at 31.03.2021
TDS	74,34,130	57,72,467
<b>TOTAL</b>	<b>74,34,130</b>	<b>57,72,467</b>

**14. Revenue from operations:**

Particulars	As at 31.03.2022	As at 31.03.2021
Incentive	6,63,000	44,12,000
Upside sharing of Recovery	2,30,000	-
(A)	8,93,000	44,12,000
<b>Other Financial Services</b>		
Management Fee (B)	58,72,000	83,05,500
<b>TOTAL (A+B)</b>	<b>67,65,000</b>	<b>1,27,17,500</b>



**15. Other non-operating income:**

Particulars	As at 31.03.2022	As at 31.03.2021
Interest on FD's with Banks	1,28,47,954	1,37,68,364
Interest (Others)	5,54,424	3,98,027
Other income		0
Round off	(0.36)	5
<b>TOTAL</b>	<b>1,34,02,378</b>	<b>1,41,66,396</b>

**16. Employee benefits expenses:**

Particulars	As at 31.03.2022	As at 31.03.2021
a. SALARIES	23,52,000	25,40,000
b. Staff welfare	66,849	45,897
c. Staff Welfare Health Insurance	58,835	50,902
d. Leave Encashment	0	0
<b>TOTAL</b>	<b>24,77,684</b>	<b>26,36,799</b>

**17. Administrative Expenses:**

Particulars	As at 31.03.2022	As at 31.03.2021
Conveyance Charges	13,937	7,261
Postage	9,332	9,279
Stationery & Printing	38,588	31,499
Rent	7,23,600	7,13,400
Corporate and Registered Office Maintenance	66,600	74,050
Travelling expenses	82,369	33,179
Legal expenses	50,000	1,54,255
Vehicle maintenance	1,59,522	96,087
Computer Maintenance & Google Suit Charges	53,554	1,08,535
<b>TOTAL</b>	<b>11,97,502</b>	<b>12,27,545</b>



**18. OTHER EXPENSES:**

Particulars	As at 31.03.2022	As at 31.03.2021
Board Meeting Expenses	0	0
Sitting fee- Directors	4,60,000	5,30,000
Travelling allowance- Board Meeting	0	0
ARC Association Membership fee	0	0
CIBIL/CERSAI FEE	3,000	0
Statutory Audit Fee	30,000	30,000
GST Fine		300
Professional Fee	2,49,000	6,31,105
ROC & filing fees	600	3,600
Insurance	9,157	10,614
Telephone charges & Internet Charges	71,943	54,818
Electricity charges	73,005	59,530
Trade license fee	4,800	4,800
Office maintenance	15,390	16,354
Newspapers, Books, Periodicals		0
Interest on Income Tax	34,757	0
Web hosting		0
Business development expenses		0
Repairs and Maintenance	4,100	4,840
Stamp papers		0
GST FY 17-18		0
NSDL Charges	77,500	77,655
Roc fee		0
Service tax		0
Interest on Service tax		0
PenaltyService tax		0
ISIN CHARGES	60,000	60,000
Short fall In Provision Of Income Tax		0
Diminution on investments	22,85,000	13,85,000
<b>TOTAL</b>	<b>33,78,252</b>	<b>28,68,616</b>



**19. Finance Cost:**

Particulars	As at	As at
	31.03.2022	31.03.2021
Interest expense - Overdraft	21,794	24,91,348
Bank charges	7,788	7,258
<b>TOTAL</b>	<b>29,582</b>	<b>24,98,606</b>

**20. EPS Calculation**

Particulars	As at	As at
	31.03.2022	31.03.2021
Profit after tax	89,65,625	1,25,09,052
Less: Preference dividend	0	0
Less: Dividend distribution tax	0	0
Amount available for equity share holders	89,65,625	1,25,09,052
No. of equity shares	2,86,53,000	2,86,53,000
No. of Preference Shares Converted into Equity shares		
Basic EPS	0.31	0.44
Diluted EPS	0.31	0.44
Face Value of Equity share	10	10

21. The Security Receipts issued by the Trusts, which are managed by the company as Managing Trustee, are being rated by M/s. Brickwork Ratings India Pvt Ltd., in accordance with the guidelines issued by the Reserve Bank of India for credit rating of SR's of the Trusts.

22. The company has only one line of business and as such no separate reportable segment to be disclosed under AS-17 "segment reporting".

**23. Related Party disclosures:**

Name of the Party	Nature of Relationship	Nature of Transaction	Transaction Amount (Rupees)
M/s SISIR & RAVI ASSOCIATES	*Common Management	Resolution Agent	8,14,812
A SISIR KUMAR	Director	Rent	2,23,200

**Key Managerial Persons Remuneration Details**

Name	Designation	Nature of Remuneration	Amount
K. SRINIVASAN	CEO	Remuneration	9,00,000
NAMARTA SINGH	CS	Remuneration	4,20,000

**Transactions with Related Parties**

As a resolution agent with the following accounts:

Particulars	Amount
National Lumbers	8,14,812

(a) \*The Company appointed M/s Sisir & Ravi Associates as Resolution Agents. Mr. Appikatla Sisir Kumar & Mr. Korada Ravi Kumar, promoter directors of the Company are also the partners in M/s Sisir & Ravi Associates.



(b) Flat taken on lease from Mr. A. Sisir Kumar for housing the Registered Office of the Company, on a monthly rent of Rs.15,000/- with an annual increase of 5% of rent and maintenance charges on actual basis with effect from 1st August 2016. At present we are paying rent of Rs.18,900/- p.m.

(c) Remuneration is being paid to CEO of the company of Rs., 75,000 Per month.

(d) Remuneration is being paid to Company Secretary of the company of Rs., 35,000 Per Month.

**24. Taxes on Income (AS-22).**

Items of Deferred Tax Asset	2021-22	2020-21
Depreciation as per IT	1,71,180	2,30,029
Items of deferred tax assets	2,500	-2,392
Deferred Tax Liability at current rate of tax	-	-

**Note.** The deferred tax asset of Rs.2,500/- has been created the year 2021-22 due to the timing difference of depreciation component. Total Deferred tax asset as on 31/03/2022 is 74,136.

**25. Previous year's figures are regrouped wherever necessary.**



**26. ADDITIONAL DISCLOSURES:**

The following are the additional disclosures as required by "The Securitisation Companies and Reconstruction Companies (Reserve Bank) Guidelines and Directions ,2003".

(a) The Names and addresses of banks/financial Institutions from whom financial assets were acquired and the values at which such assets were acquired from each bank/financial institutions.

**Sponsors:**

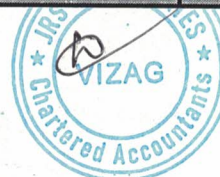
Seller-wise acquisition details as at 31.03.2022		
Sellers	Address	Acquisition Price
Nil		

**Non-Sponsors:**

Sellers	No. of Accounts	Address	Acquisition Price
State Bank of India (SBT)	6	Corporate Centre, State Bank Bhavan, Madame Cama Road, Nariman Point, Mumbai, Maharashtra 400021	34,65,00,000
Bank Of Baroda(Dena Bank)	6	Corporate Centre, C-10, Block "G", Bandra Kurla Complex, Mumbai-400 051	37,77,00,000
Axis Bank	2	Corporate Office, Bombay Dyeing Mills Compound,	7,70,00,000
Andhra Bank	10	Central Office, Koti, Hyderabad	62,75,00,000
SVC Coop Bank	1	SVC Buildings, Vakola, Santacruz(E), Mumbai.	10,20,00,000
United Bank	1	. 11 Hemant Basu Sarani. Kolkata - 700001	2,21,00,000
Indian Bank	1	66, Rajaji Salai, Chennai 600001.	5,75,00,000
Janata Sahakari Bank	1	BAJIRO ROAD, PUNE	10,25,00,000
<b>TOTAL</b>	<b>28</b>		<b>1,71,28,00,000</b>

(b) Dispersion of various financial assets industry-wise as at 31.03.2022:

Industry	No. of borrowers	Acquisition Price	% of Total
Textiles & spinning	3	20,85,00,000	12.17%
Readymade Garments	2	6,94,00,000	4.05%
Nursery	1	3,54,00,000	2.07%
Timber	4	20,88,00,000	12.19%
Information & Technology	1	7,20,00,000	4.20%
Iron-Steel-Other Metals	6	32,35,00,000	18.89%
Trading	2	5,55,00,000	3.24%
Automobiles	1	2,62,00,000	1.53%
Rice & Edible Oils	2	14,75,00,000	8.61%
Chemicals	1	22,00,00,000	12.84%
Educational	2	22,25,00,000	12.99%
Oil & Gas	1	2,60,00,000	1.52%
Coffee estate & Plantation	1	5,75,00,000	3.36%
Poultry	1	4,00,00,000	2.34%
<b>TOTAL</b>	<b>28</b>	<b>1,71,28,00,000</b>	<b>100</b>



c)	Details of Related parties as per Accounting Standards and guidance notes issued by the Institute of Chartered Accountants of India and the amounts due to and from them.	Note Below
d)	A statement clearly showing there in the migration of financial assets from standard to non-	Nil
e)	Value of Financial assets acquired during the financial year either on the books of the company or in the books of the Trusts. (UPTO 31.03.2022)	1,71,28,00,000
f)	Value of the financial assets fully realized during (UPTO 31.03.2022).	63,66,00,000
g)	Value of financial assets including assets acquired through Trust and outstanding for realization (AS ON 31.03.2022)	80,62,00,000
h)	i. value of security receipts redeemed partially (UPTO 31.03.2022)	27,00,00,000
	ii. value of security receipts redeemed fully (UPTO 31.03.2022)	63,66,00,000
j)	Value of security receipts which could not be redeemed as a result of non-realization of the financial asset as per the policy formulated by the securitization company or reconstruction company under paragraph 7(6) (ii) or 7(6)(iii)	Nil
k)	Value of land and/or building acquired in ordinary course of business of reconstruction of assets (year wise)	Nil
l)	Details of assets where the value of acquisition is more than the book value (the value of assets as declared by the seller bank in the auction)	Nil
m)	Details of Assets disposed off (either by write off or by realisation) during the year at discount of more than 20% of valuation as on the previous year and reasons therefore.	Nil
n)	Details of Assets where the value of the SR has declined more than 20% of the acquisition value.	Nil

#### OTHER INFORMATION:

1. RBI had stipulated a condition whereby, it was mandatory to increase Net Owned Funds to a minimum of Rs. 100.00 Crore on or before 31.03.2019. Further, RBI had brought in a new condition of "Fit and Proper" for any investor into an ARC. After proper due diligence, the company had submitted an application backed by an investor to infuse capital into the company so as to meet the above stipulation of minimum net owned funds of 100 Crores. However, the said application has been submitted after the deadline as fixed by RBI. This was not complied by the company due to technical reasons. The Company had identified an alternative investor and was also in a position to infuse fresh capital. However, without looking into the merits, RBI had cancelled the Certificate of Registration (COR) vide its order dated 30.08.2019. Aggrieved by this, the Company had appealed on 09.10.2019 to the Secretary, Department of Financial Services, Government of India for the restoration of the licence as per the provisions of the Act. Department of Financial Services (DFS) had rejected the appeal. RBI has granted an extension of time upto 3 years for realization of existing financial assets and consequent redemption of security receipts.

2. In MARC-AB 10/2017 Trust, the sale proceeds of the securities of M/s Reliance Cellulose products Ltd, amounting to Rs 29,93,26,026/- has been kept as fixed deposits with PNB as per High Court Order.

3. The company is opting the new tax rate under Sec 115BAA, from the financial year 2019-20 onwards the company shall compute the tax liability as specified in section 115 BAA.

4. Resolution fee paid to resolution agents of different trusts is routed through Meliora. Hence the total turnover appearing in the Profit & Loss Account does not tally with that of the GSTR 3B returns filed. The detailed explanation is referred in Annexure (1).

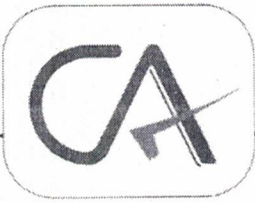


## Annexure (1)

MONTH	TURNOVER AS PER GSTR 3B	TURNOVER AS PER BOOKS (A)	RESOLUTION FEE NOT CONSIDERED IN BOOKS (B)	TOTAL (A+B)
Apr-21	11,21,812	3,07,000	8,14,812	11,21,812
May-21	-			-
Jun-21	-			-
Jul-21	-			-
Aug-21	0.00			-
Sep-21	0.00			-
Oct-21	-			-
Nov-21	-			-
Dec-21	30,20,550	25,79,500	4,41,050	30,20,550
Jan-22	-			-
Feb-22	-			-
Mar-22	39,92,000	36,48,500	3,43,500	39,92,000
Total	81,34,362	65,35,000	15,99,362	81,34,362







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# JRS & ASSOCIATES

Chartered Accountants

## Net Worth Certificate as on 31.03.2022

<b>Paid Up Capital</b>	28,65,30,000
<b>Net worth calculated as follows:</b>	
Paid up capital	28,65,30,000
Add: Reserves & Surplus (excluding revaluation reserve)	9,93,09,560
Less: Accumulated losses if any:	-
Less: Miscellaneous expenditure	-
<b>Total Net worth</b>	<b>38,58,39,560</b>

**Book Value per share** -  $38,58,39,560/2,86,53,000$

13.47

**Earnings per share** -  $89,65,625/2,86,53,000$

0.31

Place: Visakhapatnam

Date: 20.06.2022





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# JRS & ASSOCIATES

## Chartered Accountants

### **Independent Auditor's Report**

**To the Members of Meliora Asset Reconstruction Company Limited**

### **Report on the Standalone Financial Statements**

We have audited the accompanying financial statements of **Meliora Asset Reconstruction Company Limited**, ("the Company") which comprise the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss, Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

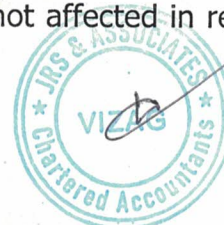
### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the 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 Profit and loss account and its Cash Flow for the year ended on that date. The Company is following the guidelines of RBI for recognizing the revenue from the sale of assets.

### **Emphasis of Matter:**

1. As mentioned in the Point 1 of "Other Information Paragraph" in the Notes to Balance Sheet ", it was observed that the RBI has cancelled the Certificate of Registration (COR) vide its order dated 30.08.2019, reason being the Company has not complied with the prescribed capital of having a minimum paid up capital of Rs 100 Crore or more as on 31<sup>st</sup> March, 2019.

2. When inquired with the management, they informed us that. "The Company has identified an alternative investor and also in a position to infuse fresh capital. The Company had appealed on 09.10.2019 to the Secretary, Department of Financial Services, Government of India for the restoration of the licence as per the provisions of the Act. Department of Financial Services (DFS) had concluded the enquiry proceedings and rejected the appeal. RBI has granted an extension of time up to 3 years for realization of existing financial assets and consequent redemption of security receipts. Our opinion regarding the True and Fair presentation of the Financial Statements of the entity is not affected in respect of the matter emphasized above.





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### **Management's Responsibility for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("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, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depends on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true





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and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. 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 purpose 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 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.





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- 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**".
- 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:
- i. The Company does not have any pending litigations which would impact its Financial position.
  - ii. The Company did not have any long-term contracts including derivative Contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For JRS & Associates,  
Chartered Accountants,  
FRN: 011778S

M. Ramachandram

M. Ramachandram  
Partner  
M.No.219752

Place: Visakhapatnam

Date: 29.06.2022

UDIN : 22219752AMXWCH4695



jrsandassociates@hotmail.com

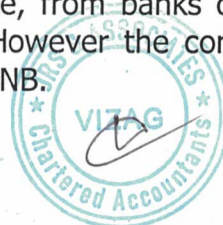
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### **"Annexure A" to the Independent Auditors' Report**

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the financial statements of the Company for the year ended March 31, 2022:

- 1.(a) (A) The company is maintaining proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment;  
  
(B) The company is maintaining proper records showing full particulars of Intangible assets;
  - (b) As explained to us, the management has physically verified the Property, Plant and Equipment during the year and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of the assets. No coding was given for the Property, Plant and Equipment except this no other discrepancies were noticed on such verification.
  - (c) The title deeds of all the immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the company.
  - (d) The company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.
  - (e) No proceedings have been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made there under. But, the company has received a letter with regard to Proceedings under section 21 of Prohibition of Benami Property Transactions Act, 1988 for states of Andhra Pradesh and Telangana states on 06/05/2022 and relevant information has been submitted by the company on 21.05.2022 and the company is awaiting for the response from the department.
- 2) (a) The Company is a service company, primarily rendering financial Services. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable.
  - (b) During any point of time of the year, the company has not been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. However the company has been utilizing an overdraft limit against fixed deposits at PNB.





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- 3) (a) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (f) of the Order are not applicable to the Company and hence not commented upon.
  - (b) The Company has not made any investments, no guarantees provided; no security given during the year. This Clause is not applicable to the Company and hence not commented upon.
  - (c) In respect of loans and advances in the nature of loans, the schedule of repayment of principal and interest has been stipulated and the repayments or receipts are regular.
  - (d) There is no such amount overdue for more than ninety days of the principal and interest of loans and advances.
  - (f) The company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment of loans granted to Promoters, related parties as defined in clause (76) of section 2 of the Companies Act, 2013. This clause is not applicable to the Company and hence not commented upon.
- 4) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 In respect of loans, investments, guarantees, and security.
  - 5) The Company has not accepted any deposits (including deemed deposits) from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
  - 6) As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company.





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- 7) (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Goods and Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2022 for a period of more than six months from the date on when they become payable.
- (b) According to the information and explanation given to us, no statutory dues referred to in sub-clause (a) are pending before any forum.
- 8) In our opinion and according to the information and explanations given to us, the Company has not undertaken any transactions 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),
- 9) (a) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. The Company has not taken any loan either from financial institutions or from the government or in the payment of interest thereon to any lender and has not issued any debentures.
- (b) The company is not declared as willful defaulter by any bank or financial institution or other lender;
- (c) No term loans were taken by the company during the year. This clause is not applicable to the Company and hence not commented upon.
- (d) The company has raised funds on short term basis and not utilized for long term purposes.
- (e) The company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures during the year. This clause is not applicable to the Company and hence not commented upon.







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- (f) The company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. This Clause is not applicable to the Company and hence not commented upon.
- 10) (a) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.
- (b) Based upon the audit procedures performed and the information and explanations given by the management, the company has not made preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provisions of clause 3 (x) of the Order are not applicable to the Company and hence not commented as per Section 42 and section 62 of the companies act, 2013.
- 11) (a) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
- (b) No such cases found and 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) No such whistle-blower complaints received during the year by the company. This Clause is not applicable to the Company and hence not commented upon.
- 12) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.





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- 13) In our opinion, all transactions with the related parties are in compliance with Section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- 14) The company is not covered under internal audit applicability as per section 138 of companies act, 2013. Therefore, the provisions of clause 3(xiv) of the order are not applicable to the company and hence not commented upon.
- 15) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.
- 16) (a) The company is required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the Company has been registered .  
(b) The company has not conducted any Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration (COR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934;  
(c) Based upon the audit procedures performed and the information and explanations given by the management, The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India.  
(d) The company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. This Clause is not applicable to the Company and hence not commented upon.
- 17) Based upon the audit procedures performed and the information and explanations given by the management, the company has not incurred cash losses in the financial year and in the immediately preceding financial year. Accordingly, the provisions of clause 3 (xvii) of the Order are not applicable to the Company and hence not commented upon.





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- 18) Based on the information and explanations given by the management, there has been no resignation of the statutory auditors during the year. Accordingly, the provisions of clause 3 (xviii) of the Order are not applicable to the Company and hence not commented upon.
- 19) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans, our opinion is 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;31.03.2022. Financial Position is satisfactory.
- 20) The Company is not covered under CSR applicability as per section 135 of companies act, 2013 Therefore, the provisions of clause 3 (xx) of the Order are not applicable to the Company and hence not commented upon.
- 21) The Company is not having any subsidiaries and associates so reporting on Consolidated Financial Statements are not applicable.

For JRS & Associates,  
Chartered Accountants,

FRN: 011778S

  
M. Ramachandram

Partner

M.No.219752

UDIN : 22219752AMXWCH4695

Place: Visakhapatnam

Date: 29.06.2022



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### **"Annexure B" to the Independent Auditor's Report of even date on the Financial Statements of Meliora Asset Reconstruction Company Limited**

### **Report on the Internal Financial Controls 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 Meliora Asset Reconstruction Company Limited ("the Company") as of March 31, 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on 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"

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on 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, including adherence to company's policies, 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.





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### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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

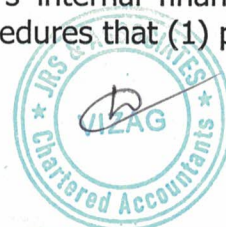
Financial reporting was established and maintained and if such controls operated effectively in all material respects.

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 judgment, including the assessment of the risks of material misstatement of 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 controls 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 (1) pertain to





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the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent 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 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.

For JRS & Associates,  
Chartered Accountants,  
FRN: 011778S

M. Ramachandram

Partner

M.No.219752

Place: Visakhapatnam

Date: 29.06.2022

UDIN: 22219752AMXWCH4695