

**MELIORA ASSET RECONSTRUCTION COMPANY LIMITED**

**Balance Sheet as at 31st March , 2021**

PARTICULARS	Note No.	As at	As at
		31.03.2021	31.03.2020
		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	9,03,43,935	7,78,31,313
<b>Total (A)</b>		<b>37,68,73,935</b>	<b>36,43,61,313</b>
<b>(2) CURRENT LIABILITIES</b>			
Short Term Borrowings	4	-	4,53,26,029
Other Current Liabilities	5	29,06,44,935	27,92,94,504
Short Term Provisions	6	63,50,762	66,30,588
<b>Total (B)</b>		<b>29,69,95,697</b>	<b>33,12,51,121</b>
<b>TOTAL (A+B)</b>		<b>67,38,69,632</b>	<b>69,56,12,435</b>
<b><u>ASSETS:</u></b>			
<b>(1) NON-CURRENT ASSETS:</b>			
<b>(i) Fixed Assets</b>			
Tangible Assets	7(a)	1,57,567	2,51,612
Intangible Assets	7 (b)	3,93,803	5,20,283
Intangible Assets under development			
<b>Total (A)</b>		<b>5,51,370</b>	<b>7,71,895</b>
<b>(ii) Non-Current Investments</b>			
Deferred tax assets (net)	9	71,637	74,029
Long Term Loans & Advances	10	1,69,000	1,69,000
Other Non-current Assets	11	36,10,141	28,18,144
<b>Total (B)</b>		<b>13,33,90,778</b>	<b>14,31,01,173</b>
<b>(2) CURRENT ASSETS:</b>			
Current Investments	8	2,97,00,000	3,64,25,000
Cash & Bank Balances	12	49,04,69,442	48,15,53,478
Short-term Loans & Advances	13	57,72,467	62,19,854
Other Current Assets	11	1,39,85,575	2,75,41,035
<b>Total (C)</b>		<b>53,99,27,484</b>	<b>55,17,39,366</b>
<b>TOTAL (A+B+C)</b>		<b>67,38,69,632</b>	<b>69,56,12,435</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: 21-09-2021

UDIN: 21219752AAAAES8930



*Namarta Singh*  
**NAMARTA SINGH**  
Company Secretary

*Homai Daruwalla*  
**HOMAI 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, 2021

Particulars	Notes	As at 31.03.2021	As at 31.03.2020
		In Rupees	In Rupees
<b>Income</b>			
Revenue from Operations	14	1,27,17,500	2,17,27,195
Other Income	15	1,41,66,396	1,47,56,610
<b>Total Revenue (I)</b>		<b>2,68,83,896</b>	<b>3,64,83,805</b>
<b>Expenses</b>			
Employee Benefit Expenses	16	26,36,799	35,23,942
Administrative Expenses	17	12,27,545	20,81,698
Other Expenses	18	28,68,616	25,53,365
<b>Total Expenses (II)</b>		<b>67,32,960</b>	<b>81,59,005</b>
<b>Earnings before interest, tax, depreciation and amortization (EBITDA) (I)-(II)</b>		<b>2,01,50,936</b>	<b>2,83,24,800</b>
Finance Costs	19	24,98,606	34,82,010
Depreciation & Amortization	7	2,20,524	2,81,423
<b>Profit before tax and exceptional items</b>		<b>1,74,31,806</b>	<b>2,45,61,366</b>
Prior Period Items		-	-
Exceptional items-loss on sale of assets			
<b>Profits after exceptional items and before tax</b>		<b>1,74,31,806</b>	<b>2,45,61,366</b>
<b>Tax expenses</b>			
Current Tax		49,20,362	63,06,828
Prior Period Tax			
Deferred Tax	24	2,392	6,759
<b>Profit for the year from continuing operations</b>		<b>1,25,09,052</b>	<b>1,82,47,779</b>
<b>Earnings per equity share (Face Value Rs.10/- each)</b>			
Basic EPS	20	0.44	0.51
Diluted EPS	20	0.44	0.51

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 & ASSOCIATES  
Chartered Accountants

M. Ramachandram  
**M RAMACHANDRAM**  
Partner

M.N 219752  
FRN.011778S

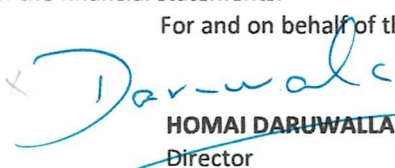
Place: Visakhapatnam

Date: 21-09-2021

UDIN: 21219752AAAAES8930

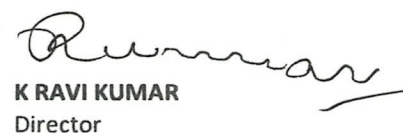
  
**NAMARTA SINGH**  
Company Secretary



  
**HOMAI DARUWALLA**  
Director

  
**KUCHIBHATLA PRASAD**  
Director

  
**P RAMAKRISHNARAO**  
Director

  
**K RAVI KUMAR**  
Director

  
**K SRINIVASAN**  
Chief Executive Officer

  
**SISIR KUMAR APPIKATLA**  
Director

**MELIORA ASSETS RECONSTRUCTION COMPANY LIMITED**

**Cash Flow Statement for the period ended 31st March 2021**

S.No	Particulars	Year Ended 31.03.2021	Year Ended 31.03.2020
<b>A.</b>	<b>Cash flow from operating activities</b>		
	Net Profit before tax and exceptional items	1,74,31,806	2,45,61,366
	Adjustments for:		
	Depreciation or Amortisation Expenses	2,20,524	2,81,423
	Preliminary Expenditure written off		-
	Interest on Fixed Deposits	(1,37,68,367)	(1,44,11,765)
	Interest on IT Refund		-
	Interest (Others)	(3,98,029)	(3,44,844)
	Cost of CCCPs funds		-
	ROC & Authorisation capital fee		-
	<u>Operating profit before working capital changes</u>		
	Adjustments for:		
	Trade and other payables	(3,90,28,104)	(7,66,492)
	Trade and other receivables	2,22,27,847	6,81,90,555
	<b>Cash generated from Operations</b>	<b>(1,33,14,323)</b>	<b>7,75,10,243</b>
	Tax paid (net of refund)	16,44,112	92,33,573
	<b>Net Cash generated from Operating Activity</b>	<b>(1,49,58,435)</b>	<b>6,82,76,670</b>
<b>B</b>	<b>Cash flow from investing activities</b>		
	Investment in Trusts	97,08,003	(6,35,81,561)
	Purchase of Fixed Assets	-	(16,866)
	Security Deposits		-
	Interest received on others	1,41,66,396	1,47,56,610
	Interest received from Deposits		
	<b>Net Cash generated from investing activity</b>	<b>2,38,74,399</b>	<b>(4,88,41,817)</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	-	(34,93,694)
	Cost of CCCPs funds		-
	ROC & Authorisation capital fee		-
	<b>Net cash generated from financial activity</b>	<b>-</b>	<b>(34,93,694)</b>
	<b>Net Increase in Cash and Cash Equivalents</b>	<b>89,15,964</b>	<b>1,59,41,159</b>
	<b>Cash and Cash Equivalents as at 31.03.2020</b>	<b>48,15,53,478</b>	<b>46,56,12,319</b>
	<b>Cash and Cash Equivalents as at 31.03.2021</b>	<b>49,04,69,443</b>	<b>48,15,53,478</b>

As per our report of even date

For and on behalf of the Board

for JRS & ASSOCIATES

Chartered Accountants

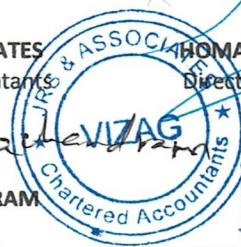
**M RAMACHANDRAM**

Partner

Place: Visakhapatnam

Date: 21-09-2021

UDIN: 21219752AAAAES8930



**HOMAI DARUWALLA**

Director

**SISIR KUMAR APPIKATLA**

Director

**KUCHIBHATLA PRASAD**

Director

**P RAMAKRISHNARAO**

Director

# Notes on Financial statements for the period ended 31st March, 2021

## 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**

The Management has identified the following disputes pending before different forums of the statutory authorities.

SL.no	Period	Nature of Dispute	Disputed amount	Tax Amount	Forum
1	June(2015-16) to 2017-18(Up to June-2017)	Service tax	18,75,000	2,81,250	Assistant commissioner

**2. SHARE CAPITAL:**

Particulars	As at 31.03.2021	As at 31.03.2020
<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 2021		As at 31 <sup>st</sup> March 2020	
	No.	Amt. Rs.	No.	Amt. Rs.
<b>Equity shares</b>				
At the beginning of the period	2,86,53,000	28,65,30,000	2,54,33,000	25,43,30,000
Issued during the period	0	0	0	0
CCCPS Converted into Equity during this financial year			32,20,000	3,22,00,000
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:**

S. No	Equity Share holders	As at 31.03.2021		As at 31.03.2020	
		Number	% holding	Number	% holding
1	Sri. Appikatla Sisir Kumar	33,11,360	11.56%	33,11,360	11.56%
2	Sri. Korada Ravi Kumar	33,11,360	11.56%	33,11,360	11.56%
3	Sri. Pillala Ramakrishna Rao	28,95,360	10.10%	28,95,360	10.10%
4	Smt. J Padmaja Rani	16,64,000	5.81%	16,64,000	5.81%
5	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 31.03.2021	As at 31.03.2020
<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	6,22,20,313	4,74,69,801
b. Profit after tax for the period	1,25,09,052	1,82,47,779
c. Less: Preference dividend	0	-28,98,000
d. Less: Dividend distribution tax on Preference dividend	0	-5,95,694
e. Income Tax refund for the F.Y 2018-19	3,570	0
f. Shortage of Income tax Provision for the F.Y 2019-20	-	-3,573
<b>Profit transferred to Reserves (a+b-c-d+e) (B)</b>	<b>7,47,32,935</b>	<b>6,22,20,313</b>
<b>TOTAL (A+B)</b>	<b>9,03,43,935</b>	<b>7,78,31,313</b>

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

Particulars	As at 31.03.2021	As at 31.03.2020
Overdraft from PUNJAB NATIONAL BANK (Secured against FDR's)	0	4,53,26,029
<b>TOTAL</b>	<b>0</b>	<b>4,53,26,029</b>





**5. Other Current Liabilities:**

Particulars	As at 31.03.2021	As at 31.03.2020
a. TDS Payable	1,62,488	85,844
b. GST Reverse Charge Mechanism	0	95,697
c. GST Payable	16,41,194	19,75,530
d. Professional Tax Payable	-	-
e. Other Liabilities*		
i) Amount received from Reliance Cellulose & Interest thereon.                     28,83,10,753		
ii) others **                                     5,30,500	28,88,41,253	27,71,37,433
<b>TOTAL</b>	<b>29,06,44,935</b>	<b>27,92,94,504</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. 28,05,19,936/- has been made as fixed deposits in PNB

(\*\*) MARC –SBT 03/2015 TRUST

**6. Short Term Provisions:**

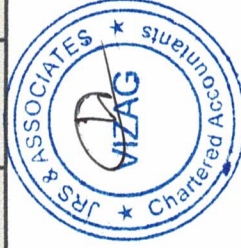
Particulars	As at 31.03.2021	As at 31.03.2020
Provision for Taxation	49,20,362	63,06,828
Provision for dimution of investments	13,85,000	-
Corporate Office Rent Payable	-	37,530
Register office Rent	-	18,630
Professional Fee Payable (JRS & Associates)	45,400	45,400
Legal Fee Payable (A Aparna )	-	27,500
Salaries	-	1,94,700
<b>TOTAL</b>	<b>63,50,762</b>	<b>66,30,588</b>



**MELIORA ASSET RECONSTRUCTION COMPANY LIMITED**

**FIXED ASSETS AND DEPRECIATION STATEMENT AS PER INCOME TAX ACT FOR THE FINANCIAL YEAR 2020-21**

Sl.No.	Name of the Asset	GROSS BLOCK				DEPRECIATION				NET BLOCK		
		As on 01.04.2020	Additions Before 30th Sep	Additions On or after 1 st Oct	Disposals	As on 31.03.2021	Up To 31.03.2020	Rate of Dep (%)	From 01.04.2020 to 31.03.2021	Total 31.03.2021	As on 31.03.2020	As on 31.03.2021
1	Furniture, electrical fittings	69,724	-	-	-	69,724	18,129	10	5,160	23,288	51,595	46,436
2	Plant, machinery, cars	7,11,530	-	-	-	7,11,530	3,40,107	15	55,713	3,95,821	3,71,423	3,15,709
3	Computer, Energy saving devices, etc.	6,20,450	-	-	-	6,20,450	4,92,337	40	51,245	5,43,582	1,28,113	76,868
4	Intangible assets	6,64,800	-	-	-	6,64,800	1,93,158	25	1,17,911	3,11,069	4,71,642	3,53,732
	<b>TOTAL</b>	<b>20,66,504</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,66,504</b>	<b>10,43,731</b>		<b>2,30,029</b>	<b>12,73,760</b>	<b>10,22,773</b>	<b>7,92,744</b>



**7 FIXED ASSETS:**  
**(a) Tangible Assets**

S.no	Description	Gross Block				Depreciation			Net Block	
		As at 31.03.20	Additions	Deletions	As at 31.03.21	From 1.04.20 to 31.03.2021	Deletions	Up to 31.03.21	As at 31.03.20	As at 31.03.21
					Up to 31.03.20					
1	Tablet 1	22,000	-	-	22,000			22,000	-	-
2	Laptop	2,51,539	-	-	2,35,556	9,688		2,45,244	15,339	5,650
3	Computers	2,47,138	-	-	2,30,912	10,248		2,41,160	16,226	5,978
4	Printers	64,773	-	-	46,354	11,633		57,988	18,419	6,785
5	Tablet 2	22,700	-	-	22,700			22,700	-	-
6	Steel Almirah	40,491	-	-	30,148	2,678		32,826	10,343	7,665
7	Filing Cabinet	29,233	-	-	21,562	1,986		23,548	7,671	5,685
8	Car	7,11,530	-	-	5,31,292	56,288		5,87,580	1,80,238	1,23,950
9	EPABX	12,300	-	-	8,923	1,522		10,445	3,377	1,855
	<b>TOTAL</b>	<b>14,01,704</b>	<b>-</b>	<b>-</b>	<b>11,49,448</b>	<b>94,044</b>	<b>-</b>	<b>12,43,491</b>	<b>2,51,612</b>	<b>1,57,567</b>



**(b) Intangible Assets**

Description	Gross Block			Amortization			Net Block	
	As at 31.03.20	Additions	Deletions As at 31.03.21	Up to 31.03.20	From 1.04.20 to 31.03.2021	Deletions Up to 31.03.21	As at 31.03.20	As at 31.03.21
Tally Software	64,800	0	0	24,517	6,480	30,997	40,283	33,803
Software	6,00,000	-	0	1,20,000	1,20,000	2,40,000	4,80,000	3,60,000
<b>TOTAL</b>	<b>6,64,800</b>	<b>0</b>	<b>0</b>	<b>1,44,517</b>	<b>1,26,480</b>	<b>2,70,997</b>	<b>5,20,283</b>	<b>3,93,803</b>

Note: Software is amortized over 5 years equally



**8 INVESTMENTS:**

Particulars	Non-current		Current	
	as at 31.03.2021	as at 31.03.2020	as at 31.03.2021	as at 31.03.2020
(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	5,00,000			24,00,000
Zaan Commodities Pvt Ltd	42,00,000	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	42,00,000
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	76,00,000	77,50,000	40,00,000	38,50,000
Sree Autos	-	40,00,000	40,00,000	-
(I).MARC-AB 10/2016 TRUST				
Ravi Edible Oil Refinery	1,43,00,000	1,43,00,000	-	-
Nehal Creations	-	-	27,00,000	27,00,000
Reliance Cullulose & Ranichem Industries	3,30,00,000	3,30,00,000		
(J). MARC- UNITED 11/2017 Trust				
AB Furnishing Pvt Ltd	67,00,000	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	-		68,25,000
(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	1,21,50,000		10,50,000
(N). MARC- IB 15/2017 Trust				
Mother Mirra Estates	-	87,00,000	-	-
(O). MARC AB 16/2017 Trust				
PBR AGRI TECH	60,00,000	60,00,000		
Karumuri Suryakantam & 3 others	40,00,000	40,00,000	-	-
(P). MARC JSB 17/2018 Trust				
Indian Institute of Rural Workers	-	-	1,54,00,000	1,54,00,000
<b>TOTAL</b>	<b>12,95,40,000</b>	<b>14,00,40,000</b>	<b>2,97,00,000</b>	<b>3,64,25,000</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)		74,029
2	Depreciation as per income tax act	2,30,029	
3	Depreciation as per companies act	2,20,524	
4	Difference	(9,505)	
5	Deffered tax asset @ 25%		(2,392)
6	<b>Total deferred tax asset</b>		<b>71,637</b>



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

Particulars	As at 31.03.2021	As at 31.03.2020
<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 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020
<b>A. Unsecured and considered good Expenses recoverable from trusts managed by the company</b>				
MARC- SBT 01/2015 TRUST	3,99,179	3,61,179	0	0
MARC –SBT 03/2015 TRUST	0	0	8,10,917	7,04,131
MARC-AB 05/2016 A.DEED EXP	46,997	33997	0	0
MARC – DENA 06. TRUST A.DEED EXP	0	0	4,42,549	9,000
MARC – SVC 07. TRUST	1,40,094	1,02,094	0	0
MARC-AXIS 08 TRUST	0	0	0	361
MARC –DENA 09 TRUST	0	0	2,67,391	69,020
MARC –AB 10/17	0	0	15,44,716	7,94,975
MARC-United 11/2017 Trust	9,22,509	7,27,285	0	0
MARC-AB 12/2017 Trust	45,050	0	0	19,500
MARC13/2017 Trust	3,39,188	3,00,188	0	0
MARC-DENA 14/2017 Trust	1,03,500	0	0	29,500
MARC-IB 15/2017 Trust		4,30,355	68,540	0
MARC-DENA 16/2017 Trust	10,87,070	8,43,046	0	0
MARC JSB 17/2018 Trust		20,000	1,03,960	0
<b>(A)</b>	<b>30,83,587</b>	<b>28,18,144</b>	<b>32,38,073</b>	<b>16,26,487</b>
<b>B. Other items</b>				
Interest accrued on Reliance FD	-	-	41,10,470	38,70,994
Interest accrued on Fixed Deposits			51,31,362	1,43,56,230
Input GST	-	-	5,400	35,727
Input GST Reverse Charge			-	1,48,797
Sundry Debtors			270	2,800
Deposited with Income Tax		-		50,00,000
Deposited with Service Tax	5,26,554	-	-	0
Advance Tax for FY 2020-21		-	15,00,000	25,00,000
<b>(B)</b>	<b>5,26,554</b>		<b>1,07,47,502</b>	<b>2,59,14,548</b>
<b>Total (A+B)</b>	<b>36,10,141</b>	<b>28,18,144</b>	<b>1,39,85,575</b>	<b>2,75,41,035</b>



**12. Cash & Bank Balances:**

Particulars	As at 31.03.2021	As at 31.03.2020
<b>Cash and Cash Equivalents</b>		
<b>Balances with Banks</b>		
a.(i) In Current Accounts	15,61,032	21,37,278
(ii) In Dividend Account-AB-369	11,877	13,189
b. Cash on hand	0	0
c. In fixed deposits	48,88,96,533	47,94,03,011
*1.Reliance fixed deposit amount : Rs.28,05,19,936		
** 2.MARC fixed deposit : Rs. 20,83,76,596.93		
<b>TOTAL</b>	<b>49,04,69,442</b>	<b>48,15,53,478</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. 28,05,19,936 /- has been made as fixed deposits in PNB.

(\*\*)Fixed deposit worth Rs 15,84,34,646/- (Rupees Fifteen crores eighty four lakhs thirty four thousand six hundred and forty six rupees ) were given as security against overdraft against deposits(PNB).

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

Particulars	As at 31.03.2021	As at 31.03.2020
TDS	57,72,467	62,19,854
<b>TOTAL</b>	<b>57,72,467</b>	<b>62,19,854</b>

**14. Revenue from operations:**

Particulars	As at 31.03.2021	As at 31.03.2020
Incentive	44,12,000	20,20,000
Upside sharing of Recovery	0	53,695
<b>(A)</b>	<b>44,12,000</b>	<b>20,73,695</b>
<b>Other Financial Services</b>		
Management Fee <b>(B)</b>	83,05,500	1,96,53,500
<b>TOTAL (A+B)</b>	<b>1,27,17,500</b>	<b>2,17,27,195</b>





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

Particulars	As at 31.03.2021	As at 31.03.2020
Interest on FD's with Banks	1,37,68,364	1,44,11,765
Interest (Others)	3,98,027	3,44,844
Other income	0	0
Round off	5	1
Reimbursement of Interest on Reliance FD		
<b>TOTAL</b>	<b>1,41,66,396</b>	<b>1,47,56,610</b>

**16. Employee benefits expenses:**

Particulars	As at 31.03.2021	As at 31.03.2020
a. SALARIES	25,40,000	33,90,939
b. Staff welfare	45,897	37,617
c. Staff Welfare Health Insurance	50,902	70,902
d. Leave Encashment	0	24,484
<b>TOTAL</b>	<b>26,36,799</b>	<b>35,23,942</b>

**17. Administrative Expenses:**

Particulars	As at 31.03.2021	As at 31.03.2020
Conveyance Charges	7,261	61,588
Postage	9,279	14,814
Stationery & Printing	31,499	52,969
Rent	7,13,400	6,92,400
Corporate and Registered Office Maintenance	74,050	72,150
Travelling expenses	33,179	2,54,952
Legal expenses	1,54,255	7,35,790
Vehicle maintenance	96,087	1,66,148
Computer Maintenance & Google Suit Charges	1,08,535	30,887
<b>TOTAL</b>	<b>12,27,545</b>	<b>20,81,698</b>



**18. OTHER EXPENSES:**

Particulars	As at 31.03.2021	As at 31.03.2020
Board Meeting Expenses	0	1,51,577
Sitting fee- Directors	5,30,000	4,60,000
Travelling allowance- Board Meeting	0	2,73,562
ARC Association Membership fee	0	1,00,000
CIBIL/CERSAI FEE	0	6,800
Statutory Audit Fee	30,000	30,000
GST Fine	300	0
Professional Fee	6,31,105	3,75,992
ROC & filing fees	3,600	65,433
Insurance	10,614	0
Telephone charges & Internet Charges	54,818	38,946
Electricity charges	59,530	1,08,998
Trade license fee	4,800	4,800
Office maintenance	16,354	39,227
Newspapers, Books, Periodicals	0	2,640
Interest on Income Tax	0	1,71,777
Web hosting	0	130
Business development expenses	0	1,45,871
Repairs and Maintenance	4,840	7,600
Stamp papers	0	60
GST FY 17-18	0	25,188
NSDL Charges	77,655	93,799
Roc fee	0	1,800
Service tax	0	2,24,553
Interest on Service tax	0	1,21,661
PenaltyService tax	0	43,458
ISIN CHARGES	60,000	48,000
Short fall In Provision Of Income Tax	0	11,493
Diminution on investments	13,85,000	0
<b>TOTAL</b>	<b>28,68,616</b>	<b>25,53,365</b>



**19. Finance Cost:**

Particulars	As at	As at
	31.03.2021	31.03.2020
Interest expense - Overdraft	24,91,348	34,74,126
Bank charges	7,258	7,884
<b>TOTAL</b>	<b>24,98,606</b>	<b>34,82,010</b>

**20. EPS Calculation**

Particulars	As at	As at
	31.03.2021	31.03.2020
Profit after tax	1,25,09,052	1,82,47,779
Less: Preference dividend	0	-28,98,000
Less: Dividend distribution tax	0	-5,95,694
Amount available for equity share holders	1,25,09,052	1,47,54,085
No. of equity shares	2,86,53,000	2,86,53,000
No. of Preference Shares Converted into Equity shares		32,20,000
Basic EPS	0.44	0.51
Diluted EPS	0.44	0.51
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	9,86,700
A SISIR KUMAR	Director	Rent	2,13,000

**Key Managerial Persons Remuneration Details**

Name	Designation	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
Mother Mirra	9,86,700

(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.18,000/- 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	2020-21	2019-20
Depreciation as per IT	2,30,029	3,08,279
Items of deferred tax assets	-2,392	-6,759
Deferred Tax Liability at current rate of tax	-	-

**Note.** The deferred tax Liability of Rs.2,392/- has been created the year 2020-21 due to the timing difference of depreciation component. Total Deferred tax asset as on 31/03/2021 is 71,637.

**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:**

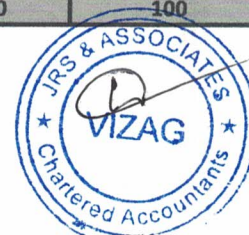
Seller-wise acquisition details as at 31.03.2021		
Sellers	Address	Acquisition Price
Nil		

**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 31.03.2021:

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.	<b>Note Below</b>
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 31.03.2021)	1,71,28,00,000
f)	Value of the financial assets fully realized during (UPTO 31.03.2021).	51,58,00,000
g)	Value of financial assets including assets acquired through Trust and outstanding for realization (AS ON 31.12.2021)	85,93,00,000
h)	i. value of security receipts redeemed partially (UPTO 31.03.2021)	33,77,00,000
	ii. value of security receipts redeemed fully (UPTO 31.03.2021)	51,58,00,000
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 . 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 concluded the enquiry proceedings. The Company is awaiting a favourable order at the earliest.

2. With respect to M/S Reliance Cellulose products Ltd(Trust 10) deposited a fixed deposit with Punjab National Bank amounting to Rs., 28,05,19,936.

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-20				-
May-20				-
Jun-20	13,29,450	12,30,000	99,450	13,29,450
Jul-20				-
Aug-20				-
Sep-20	12,47,649	8,57,500	3,90,149	12,47,649
Oct-20				-
Nov-20				-
Dec-20	9,32,007	7,42,000	1,90,007	9,32,007
Jan-21				-
Feb-21				-
Mar-21	1,09,33,950	98,88,000	10,45,950	1,09,33,950
	<b>1,44,43,056</b>	<b>1,27,17,500</b>	<b>17,25,556</b>	<b>1,44,43,056</b>



PAN : AAICM2935K

ASST YEAR : 2021-2022

Name : MELIORA ASSET RECONSTRUCTION COMPANY LIMITED  
Address : 47-3-26\*174, Flat No 106,Bharat Towers,5th LaneDwarakanagar  
Status : Limited Company  
Method of accounting : Mercantile

COMPUTATION OF TOTAL INCOME

I **Business Income**

Profit as per profit and loss Account	1,74,31,806
Add: Depreciation as per companies act	2,20,524
Add: Disallowances	
Penalty on GST disallowed U/S 37	300
Provision for diminution in value of Investment disallowed U/S 37	13,85,000
	-----
	1,90,37,630
Less: Depreciation as per Income Tax Act	2,30,029
	-----
	1,88,07,601

U/S 115BAA	Tax on above @ 22%	41,37,672
	Surcharge @ 10%	4,13,767
	Add: Education cess @ 4%	1,82,058
		-----
		47,33,497
	Effective tax rate @ 25.168%	47,33,497

Less: Advance Tax	15,00,000
Less: TDS	20,92,119
	-----
	11,41,378
234a	
234b	68,478
234c	1,18,387
	-----
Balance Tax Payable	13,28,243





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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, 2021, 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, 2021, its Profit and Loss 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.





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## Chartered Accountants

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 license as per the provisions of the Act. Department of Financial Services (DFS) had concluded the enquiry proceedings. The Company is awaiting a favorable order at the earliest.

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.

### **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.





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## Chartered Accountants

### **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 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. 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 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.





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# JRS & ASSOCIATES

## Chartered Accountants

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("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, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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**".





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# JRS & ASSOCIATES

## Chartered Accountants

- 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:
- The Company does not have any pending litigations which would impact its Financial position.
  - The Company did not have any long-term contracts including derivative Contracts for which there were any material foreseeable losses.
  - 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: 21-09-2021.

UDIN : 21219752AAAAES8930



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, 2021:

- 1) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;  
  
(b) As explained to us, the management has physically verified the fixed assets 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. There is no coding available for the fixed assets except this no discrepancies were noticed on such verification.  
  
(c) According to the Information and explanations given to us and on the basis of our examination of the records of the company, the title deeds in respect of all immovable properties are held in the name of the company.
- 2) Physical verification of inventory is not applicable to the company due to nature of its business. Consequently, Paragraph 3(ii) of the order is not applicable to the company.
- 3) During the year 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 Companies Act, 2013. Consequently, paragraph 3 (iii) (a), (b) and (c) of the Order are not applicable
- 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.





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- 5) The Company has not accepted any 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) Rules made by the Central Government for the maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013 are not applicable to the company.
- 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 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, 2021 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, the following dispute is pending before the forum of the statutory authorities.

S.no	Period	Nature of Dispute	Disputed amount	Tax Amount	Forum
1	June(2015-16) to 2017-18(Up to June-2017)	Service tax	18,75,000	2,81,250	Assistant commissioner

- 8) 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 and has not issued any debentures.





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- 9) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments). No term loans were raised during the year under report. Consequently, the paragraph 3(ix) of the order does not apply.
- 10) 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.
- 11) Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act;
- 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.
- 13) According to the information and explanations given to us and on overall examination of the records of the Company, we report that all transactions with related parties are in compliance with the provisions of sections 187 and 188 of the Companies Act, 2013 and the related party disclosures as required by relevant Accounting Standards are disclosed in the financial statements.
- 14) Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, 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.







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- 16) 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.

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

  
M. Ramachandram

Partner

M.No.219752

**UDIN : 21219752AAAAES8930**



Place: Visakhapatnam

Date: 21-09-2021.



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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, 2021 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, 2021, 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 the maintenance of records that, in reasonable detail, accurately and fairly reflect the





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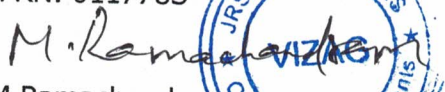
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transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and 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: 21-09-2021.

**UDIN : 21219752AAAAES8930**



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### Net Worth Certificate as on 31.03.2021

<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)	9,03,43,935
Less: Accumulated losses if any:	-
Less: Miscellaneous expenditure	-
<b>Total Net worth</b>	<b>37,68,73,935</b>

**Book Value per share** -  $37,68,73,935/2,86,53,000$

13.15

**Earnings per share** -  $1,25,09,052/2,86,53,000$

0.44

Place: Visakhapatnam

Date: 21.09.2021

M. Rama Chavizag

