

**MELIORA ASSET RECONSTRUCTION COMPANY LIMITED**  
**Balance Sheet as at 31st March, 2024**

PARTICULARS	Note No.	As at 31.03.2024 (In Rs. )	As at 31.03.2023 (In Rs. )
<b><u>EQUITY &amp; LIABILITIES:</u></b>			
(1) SHARE HOLDERS' FUNDS			
Share Capital	2	28,65,30,000	28,65,30,000
Reserves & Surplus	3	14,69,34,358	11,21,04,324
Total (A)		<b>43,34,64,358</b>	<b>39,86,34,324</b>
(2) CURRENT LIABILITIES			
Short Term Borrowings	4	-	-
Other Current Liabilities	5	57,32,448	24,76,306
Short Term Provisions	6	3,93,25,920	4,33,44,719
Total (B)		<b>4,50,58,368</b>	<b>4,58,21,025</b>
<b>TOTAL (A+B)</b>		<b>47,85,22,726</b>	<b>44,44,55,349</b>
<b><u>ASSETS:</u></b>			
(1) NON-CURRENT ASSETS:			
(i) Fixed Assets			
Tangible Assets	7(a)	45,748	69,011
Intangible Assets	7(b)	23,543	1,51,103
Intangible Assets under development		-	-
Total (A)		<b>69,291</b>	<b>2,20,114</b>
(ii) Non-Current Investments	8	-	5,73,00,000
Deferred tax assets (net)	9	93,807	81,581
Long Term Loans & Advances	10	1,69,000	1,69,000
Other Non-current Assets	11	3,29,705	20,41,255
Total (B)		<b>5,92,512</b>	<b>5,95,91,836</b>
(2) CURRENT ASSETS:			
Current Investments	8	2,48,00,000	3,72,00,000
Cash & Bank Balances	12	42,40,21,070	32,57,47,124
Short-term Loans & Advances	13	1,21,55,716	1,07,61,565
Other Current Assets	11	1,68,84,137	1,09,34,710
Total (C)		<b>47,78,60,923</b>	<b>38,46,43,399</b>
<b>TOTAL (A+B+C)</b>		<b>47,85,22,726</b>	<b>44,44,55,349</b>
Summary of Significant accounting policies	1		
Contingent Liabilities and commitments	1A	15,43,168	13,27,880

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

SD/-

**MR. SUBBARAO GORTI**

Director

SD/-

**MR. M. KRISHNA MOHAN**

Director

SD/-

**M RAMACHANDRAM**

Partner

M.N 219752

FRN.011778S

Place: Visakhapatnam

Date: 13-07-2024

UDIN: 24219752BKAJYQ3020

SD/-

**MAHENDRA REDDY**

Company Secretary

SD/-

**P RAMAKRISHNARAO**

Director

SD/-

**K RAVI KUMAR**

Director

SD/-

**K SRINIVASAN**

Chief Executive Officer

SD/-

**SISIR KUMAR APPIKATLA**

Director

**MELIORA ASSET RECONSTRUCTION COMPANY LIMITED**  
**Statement of Profit and Loss Account for the period ended 31st March, 2024**

Particulars	Note No.	As at 31.03.2024 (In Rs. )	As at 31.03.2023 (In Rs. )
<b>Income</b>			
Revenue from Operations	14	5,16,19,467	2,91,95,000
Other Income	15	2,73,11,077	7,54,87,660
<b>Total Revenue (I)</b>		<b>7,89,30,544</b>	<b>10,46,82,660</b>
<b>Expenses</b>			
Employee Benefit Expenses	16	37,54,352	36,45,170
Administrative Expenses	17	22,40,392	24,74,914
Other Expenses	18A	11,79,666	13,78,278
Amount Transferred to Trust 10	18B	-	<b>4,45,95,735</b>
Write-Off and Provision for Loss on Diminution of investments	19	2,23,00,000	1,36,30,000
<b>Total Expenses (II)</b>		<b>2,94,74,409</b>	<b>6,57,24,097</b>
<b>Earnings before interest, tax, depreciation and amortization (EBITDA) (I)-(II)</b>		<b>4,94,56,135</b>	<b>3,89,58,563</b>
Finance Costs	20	6,984	99,481
Depreciation & Amortization	7	1,50,823	1,60,945
<b>Profit before tax and exceptional items</b>		<b>4,92,98,328</b>	<b>3,86,98,138</b>
Prior Period Items		-	-
Exceptional items-loss on sale of assets		-	-
<b>Profits after exceptional items and before tax</b>		<b>4,92,98,328</b>	<b>3,86,98,138</b>
<b>Tax expenses</b>			
Current Tax		1,44,80,520	2,59,10,819
Prior Period Tax		-	-
Deferred Tax	25	(12,226)	(7,445)
<b>Profit for the year from continuing operations</b>		<b>3,48,30,034</b>	<b>1,27,94,764</b>
<b>Earnings per equity share (Face Value Rs.10/- each)</b>			
Basic EPS	21	1.22	0.45
Diluted EPS	21	1.22	0.45

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

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**MR. M. KRISHNA MOHAN**

Director

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**M RAMACHANDRAM**

Partner

M.N 219752

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Place: Visakhapatnam

Date: 13-07-2024

UDIN: 24219752BKAJYQ3020

SD/-

**MAHENDRA REDDY**

Company Secretary

SD/-

**P RAMAKRISHNARAO**

Director

SD/-

**K RAVI KUMAR**

Director

SD/-

**K SRINIVASAN**

Chief Executive Officer

SD/-

**SISIR KUMAR APPIKATLA**

Director

**MELIORA ASSET RECONSTRUCTION COMPANY LIMITED**  
**Cash Flow Statement for the period ended 31st March, 2024**

S.No	Particulars	Year Ended 31.03.2024	Year Ended 31.03.2023
<b>A</b>	<b>Cash flow from operating activities</b>		
	Net Profit before tax and exceptional items	<b>4,92,98,328</b>	<b>3,86,98,138</b>
	Adjustments for:		
	Depreciation or Amortisation Expenses	1,50,823	1,60,945
	Disposal Of Fixed Assets	-	-
	Preliminary Expenditure written off	-	-
	Interest on Fixed Deposits	(2,60,26,669)	(7,47,43,043)
	Interest on IT Refund	-	-
	Interest (Others)	(12,84,408)	(7,44,619)
	Cost of CCCPs funds	-	-
	ROC & Authorisation capital fee	-	-
	<u>Operating profit before working capital changes</u>		
	Adjustments for:		
	Trade and other payables	(99,384)	(29,09,35,767)
	Trade and other receivables	50,56,422	2,55,91,739
	<u>Cash generated from Operations</u>	<b>2,70,95,112</b>	<b>(30,19,72,608)</b>
	Tax paid (net of refund)	(1,51,43,793)	(11,86,000)
	<b>Net Cash generated from Operating Activity</b>	<b>1,19,51,319</b>	<b>(30,31,58,608)</b>
<b>B</b>	<b>Cash flow from investing activities</b>		
	Investment in Trusts	5,90,11,550	2,91,34,554
	Purchase of Fixed Assets	-	(10,800)
	Security Deposits	-	-
	Interest received on others	2,73,11,077	7,54,87,660
	Interest received from Deposits	-	-
	Interest Expense	-	-
	<b>Net Cash generated from investing activity</b>	<b>8,63,22,627</b>	<b>10,46,11,414</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>9,82,73,946</b>	<b>(19,85,47,194)</b>
	<b>Cash and Cash Equivalents as at 31.03.2023</b>	<b>32,57,47,124</b>	<b>52,42,94,315</b>
	<b>Cash and Cash Equivalents as at 31.03.2024</b>	<b>42,40,21,070</b>	<b>32,57,47,124</b>

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

SD/-  
**MR. SUBBARAO GORTI**  
Director

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Partner  
M.N 219752  
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Place: Visakhapatnam  
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SD/-  
**MAHENDRA REDDY**  
Company Secretary

SD/-  
**P RAMAKRISHNARAO**  
Director

SD/-  
**K SRINIVASAN**  
Chief Executive Officer

SD/-  
**K RAVI KUMAR**  
Director

SD/-  
**SISIR KUMAR APPIKATLA**  
Director

## Notes on Financial statements for the period ended 31st March, 2024

### 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 years	Amortization over 10 years
Intangible assets ( software)	5 years	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: DOR.SIG.FIN.REC 8/26.03.001/2023-24

**(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	Tax Amount	Accrued Interest	Forum
1	A.Y 2021-22	Income Tax	35,550	8,520	CPC
2	A.Y 2022-23	Income Tax	12,92,330	2,06,768	CPC
TOTAL			13,27,880	2,15,288	

**2. SHARE CAPITAL:**

Particulars	As at 31.03.2024	As at 31.03.2023
<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	28,65,30,000
( 2,86,53,000 equity shares of Rs.10/-each)		
( 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 31 <sup>st</sup> March 2024		As at 31 <sup>st</sup> March 2023	
Particulars	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	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	0	0
Issued during the period	0	0	0	0
Converted during the year	0	0	0	0
Outstanding at the end of the period(ii)	0	0	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:**

Sl. No	Equity Share holders	As at 31.03.2024		As at 31.03.2023	
		Number	% holding	Number	% holding
1	Sri. Appikatla Sisir Kumar	37,44,693	13.07%	35,44,693	12.37%
2	Sri. Korada Ravi Kumar	32,77,951	11.44%	32,94,618	11.50%
3	Sri. Pillala Ramakrishna Rao	29,95,360	10.45%	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 31.03.2024	As at 31.03.2023
<b>A. Securities Premium</b>		
a) Balance as per last financial statement	1,56,11,000	1,56,11,000
<b>Total securities premium (A)</b>	<b>1,56,11,000</b>	<b>1,56,11,000</b>
<b>B. Surplus/Deficit in the statement of Profit and Loss</b>		
a. Balance as per last financial statements	9,64,93,324	8,36,98,560
b. Profit after tax for the period	3,48,30,034	1,27,94,764
c. Less: Preference dividend	-	-
d. Less: Dividend distribution tax on Preference dividend	-	-
e. Income Tax refund for the F.Y 2018-19	-	-
f. Shortage of Income tax Provision for the F.Y 2019-20	-	-
<b>Profit transferred to Reserves (a+b-c-d+e-f) (B)</b>	<b>13,13,23,358</b>	<b>9,64,93,324</b>
<b>TOTAL (A+B)</b>	<b>14,69,34,358</b>	<b>11,21,04,324</b>

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

Particulars	As at 31.03.2024	As at 31.03.2023
Overdraft from PUNJAB NATIONAL BANK (Secured against FDR's)	-	-
<b>TOTAL</b>	<b>0</b>	<b>0</b>

**5. Other Current Liabilities:**

Particulars	As at 31.03.2024	As at 31.03.2023
a. TDS Payable	1,09,464	2,83,102
b. GST Reverse Charge Mechanism	-	-
c. GST Payable	92,484	1,92,673
d. Professional Tax Payable	-	-
e. Other Liabilities		
i) Trust 5 Liability : 5,30,500		
i) Trust 6 Liability : 50,00,000	55,30,500	20,00,531
<b>TOTAL</b>	<b>57,32,448</b>	<b>24,76,306</b>

i) Liability in connection with MARC – AB 05/2016 TRUST - (Outstanding since F.Y 2017-18). We have auctioned a property mortgaged as security to M/s Bhakar Padma rice Mill Pvt Ltd. Form 26 QB was issued in the name of Meliora ARC Ltd. An amount of Rs 5,30,500/- deducted towards TDS under Section 194 IA and utilized in A.Y 2018-19.

ii). Liability in connection with MARC - DENA 06/2016 TRUST- There are two accounts in the trust namely M/s. Janta Engineers & Company (Iron) & M/s Chowky Creations. An amount of Rs. 80.50 Lakhs was received as an upfront towards OTS and forfeited amount. After appropriation of balance of security receipts, an amount of 50 Lakhs was deposited in fixed deposits in the name of MARC Ltd. This will be adjusted after disposal of pending court cases.

**6. Short Term Provisions:**

Particulars	As at 31.03.2024	As at 31.03.2023
Provision for Taxation	1,44,80,520	2,59,10,819
Provision for diminution of investments*	2,48,00,000	1,73,00,000
Dividend distribution tax payable	-	-
Corporate Office Rent Payable	-	-
Register office Rent	-	-
Professional Fee Payable (JRS & Associates)	45,400	45,400
Professional Fee Payable (SS Reddy Associates)	-	88,500
Salaries	-	-
<b>TOTAL</b>	<b>3,93,25,920</b>	<b>4,33,44,719</b>

(\*) Provisions for diminution in the value of investments (Security Receipts) are made based on the 'CRA' ratings given by M/s ICRA Ltd. for the Security Receipts issued by the relevant Trusts



**MELIORA ASSET RECONSTRUCTION COMPANY LIMITED**

**FIXED ASSETS AND DEPRECIATION STATEMENT AS PER INCOME TAX ACT FOR THE FINANCIAL YEAR 2023-24**

Sl.No.	Name of the Asset	GROSS BLOCK					DEPRECIATION				NET BLOCK	
		As on 01.04.2023	Additions Before 30th Sep	Additions On or after 1st Oct	Disposals	As on 31.03.2024	Up To 31.03.2023	Rate of Dep (%)	From 01.04.2023 to 31.03.2024	Total 31.03.2024	As on 31.03.2023	As on 31.03.2024
1	Furniture, electrical fittings	69,724	-	-	-	69,724	32,111	10	3,761	35,872	37,613	33,852
2	Plant, machinery, cars	7,11,530	-	-	-	7,11,530	4,83,430	15	34,215	5,17,645	2,28,100	1,93,885
3	Computer, Energy saving devices, etc.	6,31,250	-	-	-	6,31,250	5,94,938	40	14,525	6,09,463	36,312	21,787
4	Intangible assets	6,64,800	-	-	-	6,64,800	4,65,826	25	49,743	5,15,570	1,98,974	1,49,230
	<b>TOTAL</b>	<b>20,77,304</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,77,304</b>	<b>15,76,305</b>		<b>1,02,245</b>	<b>16,78,549</b>	<b>5,00,999</b>	<b>3,98,754</b>

**7 FIXED ASSETS:**

**(a) Tangible Assets**

S.no	Description	Gross Block				Depreciation				Net Block	
		As at 31.03.2023	Additions	Deletions	As at 31.03.2024	Up to 31.03.23	From 1.04.2023 to 31.03.2024	Deletions	Up to 31.03.2024	As at 31.03.2023	As at 31.03.2024
1	Tablet 1	22,000	-	-	22,000	22,000	-	-	22,000	-	-
2	Laptop	2,51,539	-	-	2,51,539	2,50,773	766	-	2,51,539	766	-
3	Computers	2,47,138	-	-	2,47,138	2,46,327	811	-	2,47,138	811	-
4	Printers	64,773	-	-	64,773	63,852	921	-	64,773	921	-
5	Tablet 2	22,700	-	-	22,700	22,700	-	-	22,700	-	-
6	Steel Almirah	40,491	-	-	40,491	36,281	1,090	-	37,371	4,210	3,120
7	Filing Cabinet	29,233	-	-	29,233	26,111	808	-	26,919	3,122	2,314
8	Car	7,11,530	-	-	7,11,530	6,52,910	18,307	-	6,71,217	58,620	40,314
9	EPABX	12,300	-	-	12,300	11,741	559	-	12,300	560	-
	<b>TOTAL</b>	<b>14,01,704</b>	<b>-</b>	<b>-</b>	<b>14,01,704</b>	<b>13,32,694</b>	<b>23,263</b>	<b>-</b>	<b>13,55,957</b>	<b>69,011</b>	<b>45,748</b>

**(b) Intangible Assets**

Description	Gross Block				Amortization				Net Block	
	As at 31.03.2023	Additions	Deletions	As at 31.03.2024	Up to 31.03.2023	From 01.04.2023 to 31.03.2024	Deletions	Up to 31.03.2024	As at 31.03.2023	As at 31.03.2024
Tally Software	75,600	-	-	75,600	44,497	7,560	-	52,057	31,103	23,543
Software	6,00,000	-	-	6,00,000	4,80,000	1,20,000	-	6,00,000	1,20,000	-
<b>TOTAL</b>	<b>6,75,600</b>	<b>-</b>	<b>-</b>	<b>6,75,600</b>	<b>5,24,497</b>	<b>1,27,560</b>	<b>-</b>	<b>6,52,057</b>	<b>1,51,103</b>	<b>23,543</b>

Note: Software is amortized over 5 years equally

Tally Software is amortized over 10 years equally

## 8. INVESTMENTS:

Particulars	Non-current		Current	
	As at 31.03.2024	As at 31.03.2023	As at 31.03.2024	As at 31.03.2023
MARC –SBT 03/2015 Trust:				
MB-AG Timber Pvt Ltd	-	-	-	-
National Lumbers	-	-	-	-
Zaan Commodities Pvt Ltd	-	36,00,000	-	-
MARC-SVC 07/2016 Trust:				
Pratibha Ispat (P) Ltd	-	6,00,000	-	-
MARC-DENA 09/2016 Trust:				
Baid Industries		1,16,00,000	1,16,00,000	-
Sree Autos	-	-	-	40,00,000
MARC-AB 10/2016 Trust:				
Ravi Edible Oil Refinery	-	-	-	-
Nehal Creations	-	-	-	6,00,000
Reliance Cullulose & Ranichem Industries	-	-	-	-
MARC- AB 12/2017 Trust:				
LEADAGE METALS LTD	-	87,00,000	-	-
SREE RAYASEEMA GREEN STELOY LTD	-	8,00,000	-	-
MARC 13/20017 Trust:				
OM SREE SAI RAM	-	2,60,00,000	-	-
MARC DENA 14/2017 Trust:				
Sri Krishna Educational Trust:	-	-	1,32,00,000	1,32,00,000
MARC AB 16/2017 Trust:				
PBR AGRI TECH	-	60,00,000	-	-
Karumuri Suryakantam & 3 others	-	-	-	40,00,000
MARC JSB 17/2018 Trust:				
Indian Institute of Rural Workers	-	-	-	1,54,00,000
<b>TOTAL</b>	<b>-</b>	<b>5,73,00,000</b>	<b>2,48,00,000</b>	<b>3,72,00,000</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.

**9. Computation of Deferred Tax**

Sl. no	Particulars	Amount(Rs. )	Amount(Rs. )
1	Deferred Tax Asset(opening bal)		81,581
2	Depreciation as per income tax act	1,02,245	
3	Depreciation as per companies act	1,50,823	
4	Difference	48,578	
5	Deffered tax asset @ 25.168%		12,226
	<b>Total deferred tax asset</b>		<b>93,807</b>

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

Particulars	As at 31.03.2024	As at 31.03.2023
<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 31.03.2024	As at 31.03.2023	As at 31.03.2024	As at 31.03.2023
<b>A. Unsecured and considered good Expenses recoverable from trusts managed by the company</b>				
MARC- SBT 01/2015 TRUST	-	-	-	74,403
MARC –SBT 03/2015 TRUST	-	7,92,111	8,41,111	-
MARC-AB 05/2016 A.DEED EXP	1,27,747	1,27,747	-	-
MARC – DENA 06. TRUST A.DEED EXP	-	-	1,62,126	1,44,026
MARC – SVC 07. TRUST	23,600	3,600	-	-
MARC-AXIS 08 TRUST	-	-	-	3,550
MARC –DENA 09 TRUST	-	-	10,15,618	14,43,251
MARC –AB 10/17 TRUST	-	-	59,491	1,12,669
MARC-United 11/2017 Trust	-	-	-	3,50,159
MARC-AB 12/2017 Trust	-	6,19,093	-	-
MARC13/2017 Trust	-	4,98,704	100	-
MARC-DENA 14/2017 Trust	-	-	7,24,211	3,77,244
MARC-IB 15/2017 Trust	-	-	-	36,200
MARC-DENA 16/2017 Trust	1,78,358	-	-	34,29,250
MARC JSB 17/2018 Trust	-	-	(74,482)	6,37,359
(A)	3,29,705	20,41,255	27,28,175	66,08,111
<b>B. Other items</b>				
Preliminary Expenditure	-	-	-	-
Interest accrued on Reliance FD	-	-	-	-
Interest accrued on Fixed Deposits	-	-	1,38,69,116	41,72,455
Input GST	-	-	55,688	1,05,510
Input GST Reverse Charge	-	-	-	-
GST Input Provisional	-	-	-	-
GST-ITC	-	-	2,31,158	48,634
Sundry Debtors	-	-	-	-
Deposited with Income Tax	-	-	-	-
Deposited with Service Tax	-	-	-	-
Advance Tax for FY 2023-24	-	-	-	-
(B)	-	-	1,41,55,962	43,26,599
<b>Total (A+B)</b>	3,29,705	20,41,255	1,68,84,137	1,09,34,710

**12. Cash & Bank Balances:**

Particulars	As at 31.03.2024	As at 31.03.2023
<b>Cash and Cash Equivalents</b>		
<b>Balances with Banks</b>		
a.(i) In Current Accounts	26,45,150	16,54,306
(ii) In Dividend Account-AB-369	-	-
b. Cash on hand	-	-
c. In fixed deposits :		
1.MARC Fixed Deposit : Rs. 41,63,75,920*	42,13,75,920	32,40,92,818
2.Trust 06 Lien Marked : Rs. 50,00,000		
<b>TOTAL</b>	<b>42,40,21,070</b>	<b>32,57,47,124</b>

(\*)Fixed deposits worth Rs 5,39,91,818/- were lien marked as security against overdraft(PNB)

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

Particulars	As at 31.03.2024	As at 31.03.2023
TDS	1,21,55,716	1,07,61,565
<b>TOTAL</b>	<b>1,21,55,716</b>	<b>1,07,61,565</b>

The total TDS amount for FY 2022-23 includes an amount of Rs. 61,10,084/- which is against the M/s Reliance Cellulose Products Limited (Trust 10) Interest Income of Rs. 6,16,08,148/- (Refer Note-27 Other Information)

**14. Revenue from operations:**

Particulars	As at 31.03.2024	As at 31.03.2023
Incentive	92,25,000	1,10,00,000
Upside sharing of Recovery	1,70,70,634	17,20,000
(A)	2,62,95,634	1,27,20,000
<b>Other Financial Services</b>		
Management Fee (B)	2,53,23,833	1,64,75,000
<b>TOTAL (A+B)</b>	<b>5,16,19,467</b>	<b>2,91,95,000</b>

Both Incentive On SRs Redeemed and Management Fee attracts GST whereas Upside Sharing of Recovery doesn't attract GST.

**15. Other Income:**

Particulars	As at 31.03.2024	As at 31.03.2023
Interest on FD's with Banks	2,60,26,669	1,31,34,895
Interest (Others)	12,84,403	7,44,619
Interest Income Accrued On Trust 10 Fixed Deposit	-	6,16,08,148
Round off	5.00	(2.02)
<b>TOTAL</b>	<b>2,73,11,077</b>	<b>7,54,87,660</b>

**16. Employee benefits expenses:**

Particulars	As at 31.03.2024	As at 31.03.2023
a. Salaries	36,51,500	35,18,457
b. Staff welfare	42,852	66,713
c. Staff Welfare Health Insurance	60,000	60,000
<b>TOTAL</b>	<b>37,54,352</b>	<b>36,45,170</b>

**17. Administrative Expenses:**

Particulars	As at 31.03.2024	As at 31.03.2023
Conveyance Charges	9,065	17,015
Postage	8,863	9,503
Stationery & Printing	64,595	54,677
Rent	7,71,676	7,59,960
Corporate and Registered Office Maintenance	72,347	67,600
Travelling expenses	38,258	2,40,781
Legal expenses	8,75,000	9,35,000
Vehicle maintenance	3,67,623	3,41,792
Computer Maintenance & Google Suit Charges	32,964	48,586
<b>TOTAL</b>	<b>22,40,392</b>	<b>24,74,914</b>



**18A. OTHER EXPENSES:**

Particulars	As at 31.03.2024	As at 31.03.2023
Sitting fee- Directors	5,10,000	6,10,000
Travelling allowance- Board Meeting	-	4,300
CIBIL/CERSAI FEE/MCA Fess	-	6,000
Statutory Audit Fee	30,000	30,000
GST Fine	356	-
Professional Fee	3,57,000	3,35,500
ROC & filing fees	10,030	19,243
Insurance	9,158	8,183
Telephone charges & Internet Charges	44,009	59,432
Electricity charges	93,074	83,900
Trade license fee	4,800	4,800
Office maintenance	21,578	16,345
Newspapers, Books, Periodicals	1,061	-
Interest on Income Tax	-	10,727
Software Development Expenses	-	10,453
Business development expenses	-	21,413
Repairs and Maintenance	8,600	25,500
NSDL Charges	75,000	87,482
ISIN CHARGES	15,000	45,000
<b>TOTAL</b>	<b>11,79,666</b>	<b>13,78,278</b>

**18B. Amount Transferred To Trust 10**

Particulars	As at 31.03.2024	As at 31.03.2023
Accrued Interest transferred to Trust 10*	-	4,45,95,735
<b>TOTAL</b>	<b>-</b>	<b>4,45,95,735</b>

(\*)Interest accrued on auction proceeds kept as FDs is Rs. 6,16,08,148/-. Out of this , an amount of Rs. 4,31,25,704 /- has been tranferred to the Trust 10 account for appropriation. The balance of interest accrued amounting Rs. 14,70,031 transferred to the trust 10 account in FY 2022-23.

**19. Write-Off and Provision for Loss on Diminution of investments:**

Particulars	As at 31.03.2024	As at 31.03.2023
Provision for Loss on Diminution of value of security receipts	2,02,00,000	1,36,30,000
Investment in Security Receipts Written-Off F.Y 2023-24	21,00,000	-
<b>TOTAL</b>	<b>2,23,00,000</b>	<b>1,36,30,000</b>

The board has approved for creation of additional provision and write-off of investment in security receipts during the 52nd Board Meeting held on 14 March, 2024.

### Write-Off and Provision for Loss on Dimunition of Value Of Security Receipts

Sl.No	Asset	Trust	Ratings	Indication Of Ratings For Dec-23	Outstanding Security Receipts	Provision As On 31st March, 2023	Write-Off Required	Write Off Charged To Provision Account	Write Off Charged to Profit and loss Account	Provision Charged to Profit and Loss Account	Provision As On 31st March, 2024
			Dec-23								
1	Zaan Commodities	MARC/SBT-03/2015	RR5	Less than 25%	36,00,000	36,00,000	36,00,000	36,00,000	-	-	-
2	Prathiba Ispat Pvt Ltd	MARC/SVC-07/2016	RR5	Less than 25%	6,00,000	6,00,000	6,00,000	6,00,000	-	-	-
3	Baid Industries Pvt Ltd	MARC/DENA-09/2016	RR3	50%-75%	1,41,00,000	40,00,000	25,00,000	25,00,000	-	1,01,00,000	1,16,00,000
4	Sri Autos										
5	Leadage Metals Ltd	MARC/AB-12/2017	RR2	75%-100%	-	31,00,000	-	-	-	(31,00,000)	-
6	Sree Rayalaseema Green Energy Pvt Ltd										
7	Sri Krishna Educational Trust	MARC/DENA-14/2017	RR2	75%-100%	1,32,00,000	-	-	-	-	1,32,00,000	1,32,00,000
8	PBR Agrotech Pvt Ltd	MARC/AB-16/2017	RR4	25%-50%	71,00,000	60,00,000	71,00,000	60,00,000	11,00,000	-	-
9	Kanumuri Suryakantham and Others										
10	IIRW & ITMR	MARC/JSB-17/2018	RR5	Less than 25%	10,00,000	-	10,00,000	-	10,00,000	-	-
Total					3,96,00,000	1,73,00,000	1,48,00,000	1,27,00,000	21,00,000	2,02,00,000	2,48,00,000

**20. Finance Cost:**

Particulars	As at 31.03.2024	As at 31.03.2023
Interest expense - Overdraft	-	94,702
Bank charges	6,984	4,779
<b>TOTAL</b>	<b>6,984</b>	<b>99,481</b>

**21. EPS Calculation**

Particulars	As at 31.03.2024	As at 31.03.2023
Profit after tax	3,48,30,034	1,27,94,764
Add: Income tax refund	-	-
Less: Preference dividend	-	-
Less: Dividend distribution tax	-	-
Amount available for equity share holders	3,48,30,034	1,27,94,764
No. of equity shares	2,86,53,000	2,86,53,000
No. of Preference Shares Converted into Equity shares	-	-
Basic EPS	1.22	0.45
Diluted EPS	1.22	0.45
Face Value of Equity share	10	10

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

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

**24. Related Party disclosures:**

Name of the Party	Nature of Relationship	Nature of Transaction	Transaction Amount (Rs. )
M/s SISIR & RAVI ASSOCIATES	Common Management	Fees paid to Resolution Agents*	9,75,000
A SISIR KUMAR	Director	Rent**	2,46,076

\*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. Fees paid to resolution agents with respect to the following accounts :

Particulars	Amount(Rs. )
Leadage Metals Limited	9,75,000

\*\*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/- p.m with an annual increase of 5% of rent and maintenance charges on actual basis with effect from 1st August 2016. Meliora has paid Rs. 19,845/- p.m as rent from April to July and Rs. 20,837/- p.m from August to March for the F.Y 2023-24.

**Key Managerial Persons Remuneration Details**

Name of the Party	Nature of Relationship	Nature of Transaction	Transaction Amount (Rs. )
K.SRINIVASAN*	CEO	Remuneration	18,00,000
MAHENDRA REDDY**	CS	Remuneration	4,80,000

\*Remuneration is being paid to Chief Executive Officer of the company at Rs. 1,50,000/- Per month.

\*\*Remuneration is being paid to Company Secretary of the company at Rs. 40,000/- Per month.

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

Items of Deferred Tax Asset	2023-2024	2022-2023
Depreciation as per IT	1,02,245	1,31,365
Items of deferred tax assets	12,226	7,445
Deferred Tax Liability at current rate of tax	-	-

**Note.** The deferred tax asset of Rs. 12,226/- has been created for the year 2023-24 due to the timing difference of depreciation component. Total Deferred tax asset as on 31/03/2024 is 93,807/-

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

**27. ADDITIONAL DISCLOSURES:**

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

(i) 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 31.03.2024		
Sellers	Address	Acquisition Price
Nil		

**Non-Sponsors:**

Sellers	No.of Accounts	Address	Acquisition Price (Rs. )
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, Pandurang Budhkar Margh, Worli,	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>

(ii) Dispersion of various financial assets industry-wise as at 31.03.2024:

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>

(iii)	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.	Refer Note 24			
(iv)	A statement clearly charting therein the migration of financial assets from standard to non-performing.	Nil			
(v)	(I)Value of Financial assets acquired during the financial year either on it's own books of the company or in the books of the Trusts.(F.Y 2023-234)	Nil			
	(II)Value of Financial assets acquired upto the financial year 2023-24 either on it's own books of the company or in the books of the Trusts.	1,71,28,00,000			
(vi)	(I)Value of the financial assets realized during the financial year.(F.Y 2023-24)	21,58,00,000			
	(II)Value of the financial assets realized upto the financial year 2023-24.	1,45,03,00,000			
(vii)	Value of financial assets outstanding for realization as at the end of the financial year.(As on 31.03.2024)	26,25,00,000			
(viii)	(a)(I)Value of security receipts redeemed partially during the financial year.(F.Y 2023-24)	12,30,00,000			
	(a)(II)Value of security receipts redeemed partially upto the financial year 2023-24.	26,52,00,000			
	(b)(I)Value of security receipts redeemed fully during the financial year.(F.Y 2023-24)	15,48,00,000			
	(b)(II)Value of security receipts redeemed fully upto the financial year 2023-24.	1,18,51,00,000			
(ix)	Value of security receipts pending for redemption as at the end of the financial year.(As On 31.03.2024)	26,25,00,000			
(x)	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 6(C)(ii) or 6(C)(iii).	Nil			
(xi)	Value of land and/or building acquired in ordinary course of business of reconstruction of assets (year wise).	Nil			
(xii)	The basis of valuation of assets if the acquisition vaue of the assets is moe than the Book Value.	Nil			
(xiii)	The 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			
(xiv)	The details of Assets where the value of the SRs has declined more than 20% below of the acquisition value.				
Asset		Trust	Ratings Dec-23	Indication Of Ratings For Dec-23	Acquisition Value
Zaan Commodities		MARC/SBT-03/2015	RR5	Less than 25%	2,80,00,000
Prathibha Ispat Pvt Ltd		MARC/SVC-07/2016	RR5	Less than 25%	10,20,00,000
Baid Industries Pvt Ltd		MARC/DENA-09/2016	RR3	50%-75%	8,55,00,000
Sree Autos					2,62,00,000
Sri Krishna Educational Trust		MARC/DENA-14/2017	RR2	75%-100%	12,00,00,000
PBR Agrotech Pvt Ltd		MARC/AB-16/2017	RR4	25%-50%	4,00,00,000
Kanumuri Suryakantham and Others					2,35,00,000
IIRW & ITMR		MARC/JSB-17/2018	RR5	Less than 25%	10,25,00,000
(xv)	Information about outsourced agency, if owned/ controlled by a director of the ARC.				Refer Note 24
(xvi)	Information about assets acquired under IBC including the type and value of assets acquired, the sector-wise distribution based on business of the corporate debtor.				Nil
(xvii)	Implementation status of the resolution plans approved by the Adjudicating Authority on a quarterly basis.				Nil

## OTHER INFORMATION:

1.As per the guidelines of RBI, it was mandatory to increase Net Owned Funds (NOF) to a minimum of Rs. 100.00 crores on or before 31.03.2019. Though the Company has submitted an application backed by an investor from Hong Kong, the same was withdrawn due to technical issues. Hence 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 license as per the provisions of the Act. Department of Financial Services (DFS) had 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.

The Company has filed a Writ Petition at The High Court, Delhi W.P. (C) No. 10495/2022, challenging the decision of RBI cancelling the CoR for non-compliance of NOF. As per the interim order passed by Honorable High Court, MARC can reapply for a fresh license and the same is to be considered by RBI without any bearing on the earlier cancellation. The company has prayed for restoration of license instead of applying for a fresh one.

The Writ petition filed by the company against cancellation of license at High Court Delhi is adjourned to 6th August 2024. The company remains as a going concern and may opt out of ARC Business and venture to some other activities.

As per RBI Circular RBI/2022-23/128 DoR.SIG.FIN.REC.75/26.03.001/2022-23 dated 11th October, 2022 on Review of Regulatory Framework for Asset Reconstruction Companies (ARCs) , it has been stipulated that the Net Owned Funds (NOF) of the ARCs shall be at a minimum of Rs. 200.00 crores as on 31/03/2024 and at Rs. 300.00 crores as on 31/03/2026 .

2. The company has auctioned a property at surat which is a security for M/s Baid industries Pvt Ltd for Rs. 9.10 crores. An amount of Rs 9.10 Lakhs as TDS was remitted in the name of the mortgager by the auction purchaser. On earlier occasions, such TDS on sale of property was accounted in the books of MARC Ltd. Hence, the company has accounted auction proceeds excluding TDS ,i.e, Rs 9,00,90.000/- only as recovery.

3. Auction proceeds of the securities belonging to M/s Reliance Cellulose Products Limited (Trust 10) amounting to Rs. 25,10,00,000/- had been kept in fixed deposit as per Court Order during the FY (18-19) in the name of Meliora ARC Limited and the account has been settled under compromise during the financial year 22-23 and an interest amount of Rs. 6,16,08,148/- including TDS amount of Rs. 61,10,084/- has accrued on such fixed deposit amount.

4. 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.

5. 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-23	2,65,18,958	2,65,18,958	-	2,65,18,958
May-23	-	-	-	-
Jun-23	-	-	-	-
Jul-23	-	-	-	-
Aug-23	56,74,375	50,63,375	6,11,000	56,74,375
Sep-23	-	-	-	-
Oct-23	-	-	-	-
Nov-23	33,96,500	26,52,500	7,44,000	33,96,500
Dec-23			-	-
Jan-24	11,76,500	3,14,000	8,62,500	11,76,500
Feb-24	-	-	-	-
Mar-24	-	-	-	-
<b>TOTAL</b>	<b>3,67,66,333</b>	<b>3,45,48,833</b>	<b>22,17,500</b>	<b>3,67,66,333</b>

Both Incentive On SRs Redeemed and Management Fee attracts GST whereas Upside Sharing of Recovery doesn't attract GST.



**28. Analytical Ratios for the year ended 31st March, 2024 and 31st March, 2023**

Sl. No.	Ratio	Numerator	Denominator	31st March, 2024	31st March, 2023	Variance
1	Current Ratio	Current Assets	Current Liabilities	10.61	8.39	26.34
2	Debt-Equity Ratio	Total Debt (Non current borrowings+ Current Borrowings)	Shareholder's Equity (Total Equity)	-	-	NA
3	Debt Service Coverage Ratio	Profit for the Year+Finance Costs+Depreciation and amortization expenses+ Exceptional Items	Finance Costs + lease payments + Scheduled principal repayments of non current borrowings	-	-	NA
4	Return on Equity	Profit for the year	Average Shareholder's Equity	8.37%	3.26%	156.64
5	Inventory Turnover Ratio	Revenue from Operations	Average Inventory	NA	NA	NA
6	Trade Receivables Turnover Ratio	Revenue from Operations	Average Trade Receivable	-	-	NA
7	Trade Payables Turnover Ratio	Purchase of service and other expenses	Average Trade Payables	-	-	NA
8	Net Capital Turnover Ratio	Turnover	Working Capital+current maturities of non current borrowings	0.18	0.31	(40.97)
9	Net Profit Ratio	Profit for the year	Turnover	44.13%	12.22%	261.04
10	Return on Capital Employed	Earnings before interest and taxes	Capital Employed	11.37%	9.73%	16.87
11	Return on Investment(ROI)	Income from Investment	Cost of Investment	66.37%	18.49%	258.94

(i) Capital Employed = Equity+Long Term Borrowings+Current Borrowings+Current maturities of Non current borrowings+Deferred Tax

**A.Y. 2024-2025****Name** : Meliora Asset Reconstruction Company Limited**Previous Year** : 2023-2024**Address** : 47-3-26\*174, Flat No 106  
Bharat Towers  
5th Lane**PAN** : AAICM 2935 K**Date of Incorporation** : 21-Nov-2012**Status** : Domestic Company

Dwarakanagar, VISAKHAPATNAM - 530 016

Opted Tax u/s 115BAA

**Statement of Income**

	Rs.	Rs.	Rs.
<b>■ Profits and gains of Business or Profession</b>			
<u>Business-1</u>			
Net Profit Before Tax as per P & L a/c		4,92,98,328	
Add: Inadmissible expenses & Income not included			
Depreciation debited to P & L a/c	1,50,823		
37 disallowance	1	2,02,00,356	2,03,51,179
			6,96,49,507
Less: Deductible expenditure & income to be excluded			
Other deductions	2	1,27,00,000	
Adjusted Profit of Business-1			5,69,49,507
Total income of Business and Profession			5,69,49,507
Less: Depreciation as per IT Act	4	1,02,245	
Income chargeable under the head "Business and Profession"			5,68,47,262
<b>■ Total Income</b>			5,68,47,262
Total income rounded off u/s 288A			5,68,47,260
Tax on total income			1,25,06,397
Add: Surcharge			12,50,640
Tax with Surcharge			1,37,57,037
Add: Cess			5,50,281
Tax with surcharge and cess			1,43,07,318
TDS / TCS	3		1,21,55,716
Balance Tax			21,51,602
Interest u/s 234B		64,548	
Interest u/s 234C		1,08,654	1,73,202
<b>■ Balance tax payable</b>			23,24,800

**Schedule 1****Disallowances of expenditure u/s 37**

<u>Other expenditure</u>	Disallowance
<u>Penalty or fine</u>	
GST Late Fee	356
<u>Any other disallowance u/s 37</u>	
Provision For Loss On Dimunition in Value Of Investment	2,02,00,000
Total Disallowance	2,02,00,356

**Schedule 2****Other deductions**

<u>Description</u>	<u>Amount</u>
Write off	1,27,00,000
Total	1,27,00,000

**Schedule 3***TDS as per Form 16A*Deductor, TAN

	TDS deducted	TDS claimed in current year	Gross receipt offered
Canara Bank, TAN- HYDC10599B	9,47,507	9,47,507	94,75,083
Marc 13/2017 Trust, TAN- VPNM03864A	40,23,970	40,23,970	1,34,13,234
Marc-Ab 10/2017 Trust, TAN- VPNM03886B	2,162	2,162	21,619
Marc-Ab 10/2017 Trust, TAN- VPNM03886B	6,000	6,000	60,000
Marc-Ab 10/2017 Trust, TAN- VPNM03886B	10,50,000	10,50,000	35,00,000
Marc-Ab 12/2017 Trust, TAN- VPNM03865B	31,400	31,400	3,14,000
Marc-Ab 16/2017 Trust, TAN- VPNM03971C	89,916	89,916	8,99,163
Marc-Ab 16/2017 Trust, TAN- VPNM03971C	6,62,938	6,62,938	66,29,375
Marc-Dena 09/2016 Trust, TAN- VPNM03536B	20,605	20,605	2,06,044
Marc-Dena 09/2016 Trust, TAN- VPNM03536B	7,25,900	7,25,900	72,59,000
Marc-Jsb 17/2018 Trust, TAN- VPNM04157G	9,440	9,440	94,397
Marc-Jsb 17/2018 Trust, TAN- VPNM04157G	20,28,646	20,28,646	2,02,86,458
Marc-United 11/2017 Trust, TAN- VPNM03866C	6,318	6,318	63,180
Marc-United 11/2017 Trust, TAN- VPNM03866C	47,220	47,220	1,57,400
Punjab National Bank, TAN- HYDP04690A	14,59,672	14,59,672	1,45,96,716
State Bank Of India, TAN- MUMS86158C	1,95,522	1,95,522	19,54,868
<b>Total</b>	<b>1,13,07,216</b>	<b>1,13,07,216</b>	<b>7,89,30,537</b>

*TDS as per Form 16B (194-IA), 16C (194-IB), 16D (194M), 16E (194S)*Deductor, PAN & Section

	TDS deducted	TDS claimed in current year	Gross receipt offered
Balasubramanian, PAN- AGHPB9261B	82,000	82,000	82,00,000
Chandrika Bai, PAN- ALMPC7131R	2,25,000	2,25,000	2,25,00,000
Dr Sundararajan Neuro Hospital Private Limited, PAN- AABCA8142K	1,41,000	1,41,000	1,41,00,000
Suraksha Ventures Llp, PAN- AEDFS8377R	4,00,500	4,00,500	4,00,50,000
<b>Total</b>	<b>8,48,500</b>	<b>8,48,500</b>	<b>8,48,50,000</b>
<b>Grand Total</b>	<b>1,21,55,716</b>	<b>1,21,55,716</b>	

**Schedule 4****Depreciation as per Income Tax Act**

Block	Rate	WDV as on 01-Apr-2023	Additions (put to use) up to 04-Oct-2023	Additions (put to use) after 04-Oct-2023
4. Furnitures/ fittings 10%:	10%	37,613		
5. Plant/ Machinery 15%: not covered in other blocks, cars...	15%	2,28,100		
7. Plant/ Machinery 40%: as per proviso to Rule 5(1)	40%	36,312		
10. Intangible assets 25%:	25%	1,98,974		
<b>Total</b>		<b>5,00,999</b>		
	Deletions	Total	Depreciation	WDV as on 31-Mar-2024
		37,613	3,761	33,852
		2,28,100	34,215	1,93,885
		36,312	14,525	21,787
		1,98,974	49,744	1,49,230
		<b>5,00,999</b>	<b>1,02,245</b>	<b>3,98,754</b>

**Bank A/cs**Bank Accounts in IndiaBank Name

PUNJAB NATIONAL BANK

Account No.0462009300028  
154IFS Code

PUNB0046200

Type of Account

For Meliora Asset Reconstruction Company Limited

Date : 22-Jun-2024

Place : VISAKHAPATNAM

Authorised Signatory

**MELIORA ASSET RECONSTRUCTION COMPANY  
LIMITED**

**Net Worth Certificate as on 31.03.2024**

<b>Paid Up Capital</b>	<b>28,65,30,000</b>
<b>Net worth calculated as follows:</b>	
Paid up capital	28,65,30,000
Add: Reserves & Surplus (excluding revaluation reserve)	14,69,34,358
Less: Accumulated losses if any	-
Less: Miscellaneous expenditure	-
<b>Total Net worth</b>	<b>43,34,64,358</b>

**Book Value per share** : 43,34,64,358/2,86,53,000  
15.13

**Earnings per share** : 3,48,30,034/2,86,53,000  
1.22

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

SD/-

M.Ramachandram  
Partner

M.No.219752

Place: Visakhapatnam

Date: 13-07-2024

## **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, 2024, 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, 2024, 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. ".Though the Company had submitted an application backed by an investor from Hong Kong, the same was withdrawn due to technical issues. Hence, 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 license 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.

3. The Company has filed a Writ Petition at The High Court, Delhi W.P. (C) No. 10495/2022, challenging the decision of RBI cancelling the CoR for non-compliance of NOF. As per the interim order passed by Honorable High Court, MARC can reapply for a fresh license and the same is to be considered by RBI without any bearing on the earlier cancellation. The company has prayed for restoration of license instead of applying for a fresh one.

The Writ petition filed by the company against cancellation of license at High Court Delhi is adjourned to 6th August 2024. The company remains as a going concern and may opt out of ARC Business and venture to some other activities.

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.

### **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 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, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024 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**”.
- 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

SD/-  
M.Ramachandram  
Partner  
M.No.219752  
Place: Visakhapatnam  
Date: 13-07-2024  
UDIN: 24219752BKAJYP6559



## **“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, 2024:

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. However, 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 the response from the department.

The company has been issued a notice under section 131(1A) of The Income Tax Act, 1961 on 16/05/2023. The company has complied with the notice and submitted the relevant information on 06/06/2023. The company is awaiting 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.

- 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
  - (e)No loan or advance in the nature of loan which had been granted has fallen due during the year, has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties.
  - (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.

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, 2024 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:

SL. No	Period	Nature of Dispute	Tax Amount	Accrued Interest	Forum
1	A.Y 2022-23	Income Tax	12,92,330	2,06,768	CPC
2	A.Y 2021-22	Income Tax	35,550	8,520	CPC

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.

- (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.
- 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.
- 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;31.03.2024. 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

SD/-  
M.Ramachandram  
Partner  
M.No.219752  
Place: Visakhapatnam  
Date: 13-07-2024  
UDIN: 24219752BKAJYP6559

**“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, 2024 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, 2024, 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.

## **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 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

SD/-  
M.Ramachandram  
Partner  
M.No.219752  
Place: Visakhapatnam  
Date: 13-07-2024  
UDIN: 24219752BKAJYP6559