

***MELIORA ASSET RECONSTRUCTION COMPANY LIMITED***

***11<sup>TH</sup> ANNUAL REPORT***

***2022-23***

## **CORPORATE INFORMATION**

### **BOARD OF DIRECTORS:**

Ms Homai Ardeshir Daruwalla	-	Chairperson (DIN: 00365880)
Mr Prasad Kuchibhatla	-	Independent Director (DIN:02255028)
Mr Pillala Ramakrishna Rao	-	Non Executive Director (DIN:02119513)
Mr Sisir Kumar Appikatla	-	Non-Executive Director (DIN:01652759)
Mr Ravi Kumar Korada	-	Non-Executive Director (DIN:01672360)

### **REGISTERED OFFICE:**

H. No. 47-3-26/14, Flat No.106,  
1st Floor, Bharat Towers,  
5th Lane, Dwarakanagar,  
Visakhapatnam AP  
530016

### **CORPORATE OFFICE:**

503, Mayfair Gardens, Road  
No.12, Banjara Hills,  
Hyderabad, 500034.  
040-23375444

### **STATUTORY AUDITORS:**

M/s. JRS & Associates  
Chartered Accountants  
10-5-7, Sri Sai Surya Building,  
Ground Floor, Ramnagar,  
Near GVMC. Visakhapatnam,  
AP-530002.

**AUDIT COMMITTEE :**

Mr Kuchibhatla Prasad	-	Chairman
Ms H.A.Daruwalla	-	Member
Mr Pillala Rama Krishna Rao	-	Member

**NOMINATION & REMUNERATION COMMITTEE:**

Mr Kuchibhatla Prasad	-	Chairman
Ms H.A.Daruwalla	-	Member
Mr Pillala Rama Krishna Rao	-	Member

**EXECUTIVE COMMITTEE: (ACQUISITIONS & RESOLUTIONS)**

Mr Kuchibhatla Prasad	-	Chairman
Mr P Rama Krishna Rao	-	Member
Mr A Sisir Kumar	-	Member
Mr Korada Ravi Kumar	-	Member

**RISK MANAGEMENT COMMITTEE:**

Mr Kuchibhatla Prasad	-	Chairman
Ms H A Daruwalla	-	Member
Mr P Rama Krishna Rao	-	Member

**WEBSITE:**

[www.melioraarc.com](http://www.melioraarc.com)

**CORPORATE IDENTITY NUMBER:**

U65923AP2012PLC084298

**BANKERS:**

Punjab National Bank

State Bank of India

ICICI Bank Limited

## **NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the 11<sup>th</sup> Annual General Meeting (AGM) of the members of M/s. **MELIORA ASSET RECONSTRUCTION COMPANY LIMITED** will be held on 15<sup>th</sup> December 2023 at 11:30 A.M. Through Video Conferencing (“VC”) / Other Audio Visual Means (“OAVM”) to transact the following business:

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Financial Statements such as Audited Balance Sheet as on 31<sup>st</sup> March, 2023 and the Statement of Profit and Loss for the year ended as on that date together with the Cash Flow Statement and the schedules thereto along with the reports of the Directors’ and Auditors’ thereon.
2. To appoint a Director in place of Mr. Sisir Kumar Appikatla, who retires by rotation and being eligible, offers himself for re-appointment.

For and on behalf of the board of Directors  
Meliora Asset Reconstruction Company Limited

Sd/-

A. Sisir Kumar

Director (DIN: 01652759)

Date:10.11.2023

Place: Visakhapatnam

### **NOTES:**

1. In view of the continuing Covid-19 pandemic and consequential restrictions imposed on the movements of people, the Ministry of Corporate Affairs (“MCA”) has vide its General Circular No. 02/2021 dated January 13, 2021 read with Circular No. 20/2020 dated May 05, 2020 in conjunction with Circular No. 14/2020 dated April 08, 2020 and Circular No. 17/2020 dated April 13, 2020, 22/2020 dated June 15, 2020, 33/2020 dated September 28, 2020, 39/2020 dated December 31, 2020, 10/2021 dated June 23, 2021, 20/2021 dated December 08, 2021 and 11/2022 dated December 28, 2022 (collectively referred to as “MCA Circulars”) the AGM of the Company is being held through VC / OAVM.

2. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through Video Conferencing (VC) / Other Audio-Visual Means (OAVM), physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
3. Pursuant to the provisions of the circulars of MCA on the VC/OVAM(e-AGM):
  - a. Members can attend the meeting through log in credentials provided to them to connect to Video conference. Physical attendance of the Members at the Meeting venue is not required. Log in credentials will be provided 2 days in advance to the meeting.
  - b. Appointment of proxy to attend and cast vote on behalf of the member is not available.
  - c. Body Corporates are entitled to appoint authorized representatives to attend the e-AGM through VC/OAVM and participate there at and cast their votes through e-voting.
  - d. The Members can join the e-AGM 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice.
4. Queries proposed to be raised at Annual General Meeting may be sent to the Company to its designated email address [marc@melioraarc.com](mailto:marc@melioraarc.com) at least seven days prior to the date of AGM to enable the management to compile the relevant information to reply the queries in the meeting.
5. Members are requested to notify any change in their address/ mandate/ bank details immediately to the Company to its designated Email id at [marc@melioraarc.com](mailto:marc@melioraarc.com)
6. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.
7. The attendance of the Members (members' logins) attending the e-AGM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
8. Members are encouraged to join the Meeting through Laptops with Google Chrome/ Zoom for better experience.
9. Further Members will be required to allow Camera, if any, and hence use Internet with a good speed to avoid any disturbance during the meeting.

10. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
11. Members can cast their vote by show of hands, in case of a poll is demanded, the members shall cast their vote on the resolution only by sending emails through their e-mail address which are registered with the company to the designated email address of the Company [marc@melioraarc.com](mailto:marc@melioraarc.com)
12. Helpline number +91 **9966885176** for those shareholders who need assistance with using technology before or during the meeting.

For and on behalf of the board of Directors  
Meliora Asset Reconstruction Company Limited

Sd/-  
A. Sisir Kumar  
Director (DIN: 01652759)

Date:10.11.2023  
Place: Visakhapatnam

## **DIRECTORS' REPORT FOR THE FINANCIAL YEAR 2022-23**

To,  
The Members,  
Meliora Asset Reconstruction Company Limited,

Your directors have pleasure in presenting their 11<sup>th</sup> Annual Report on the business and operations of the Company and the accounts for the Financial Year ended 31<sup>st</sup> March, 2023.

### **1. Key Financial highlights/performance of the company:**

The financial performance of the Company for the year ended 31<sup>st</sup> March, 2023 is summarized below: (Amount in Rupees)

<b>Particulars</b>	<b>31.03.2023</b>	<b>31.03.2022</b>
Revenue from Operations	2,91,95,000	67,65,000
Other income	7,54,87,660	1,34,02,378
<b>Total income</b>	<b>10,46,82,660</b>	<b>2,01,67,378</b>
<b>Expenditure</b>	<b>6,57,24,097</b>	<b>70,53,438</b>
Profit before depreciation & Finance Cost	3,89,58,563	1,31,13,940
Less: Depreciation	1,60,945	1,81,112
Less: Finance cost	99,481	29,582
<b>Profit before Tax</b>	<b>3,86,98,138</b>	<b>1,29,03,247</b>
Less: Tax Expenses	2,59,03,374	39,37,621
Profit after Tax	1,27,94,764	89,65,625
Profit brought forward from earlier year	8,36,98,560	7,47,32,935
<b>Profit transferred to Reserves</b>	<b>9,64,93,324</b>	<b>8,36,98,560</b>

### **2. State of Company's Affairs:**

During the year under review, the Company has recorded an income of Rs. 1046.82 Lakhs and profit of Rs. 127.94 Lakhs as against the income of Rs. 201.67 Lakhs and Profit of Rs. 89.66 Lakhs in the previous financial year ending 31.03.2022. Though the recovery is higher than the last year, we have appropriated major portion of them towards redemption of Security Receipts.

### **3. Outlook & Strategy:**

The financial year under report reflected continuing rise in NPAs in the banking system, on the one hand, and declining sales of such NPAs to ARCs, on the other hand. The reasons for such a situation are not difficult to seek. Some of the important and critical factors hindering sales to ARCs are: -

- (i) Even in the backdrop of rising NPAs many banks are slow in sale of NPAs.
- (ii) Absence of well laid down standard process for arriving at the reserve price for sale of Assets to ARCs.
- (iii) Wide gap the price expected by selling banks and ARCs.

Your company has put in place strong system in screening the accounts offered for sale and has been cherry picking the assets. The Acquisition team short lists the assets and after due process of Risk rating, accounts are bid for acquisition from the selling Banks/ Financial institutions thereby mitigating the risks and spreading the risk across mid-size assets. However, presently our license is cancelled. As per the directions of RBI, we are prohibited from acquiring fresh assets. However, we continued to be an ARC till the existing assets are resolved upto five years from the date of acquisition of each asset. However, RBI has extended the validity of each asset for another three years from existing five years.

### **4. Share Capital:**

The authorized capital of the Company stands at Rs.45,00,00,000/- divided into 3,00,00,000 equity shares of Rs.10/- each and 1,50,00,000, Compulsorily Convertible Cumulative Preference shares of Rs. 10/- each. The company's paid-up capital is Rs. 28,65,30,000/- divided into 2,86,53,000 equity shares of Rs.10/- each.

### **5. Reserves:**

The Reserves as at the end of 31st March 2023 is Rs. 11, 21, 04,324/-.

### **6. Dividend:**

The Directors do not recommend any dividend on equity shares.

### **7. Corporate governance:**

Your Directors are enforcing high standards of Corporate Governance in the overall functioning of the Company which, in turn, helps to enhance the economic efficiency of its operations for the benefit of the society as a whole. Director's Report on Corporate Governance is at **Annexure-I**.



## **8. Meetings:**

The Board of Directors met four (4) times during the previous financial year. As at March 31<sup>st</sup> 2023, the Board has five committees, namely, the Audit Committee, the Risk Management Committee, Independent Directors Committee, Nomination & Remuneration Committee and the Executive Committee (Resolution & Acquisitions).

A detailed update on the Board, its composition, detailed charter including terms and reference of various Board Committees, number of Board and Committee meetings held during FY 2022- 2023 and attendance of the Directors at each meeting is provided in the Report on Corporate Governance, which forms part of this Report.

## **9. Details of subsidiary/joint ventures/associate companies:**

Your Company do not have any wholly owned Subsidiary Companies/ Joint Ventures/ or Associate Companies.

## **10. Deposits:**

The Company has not accepted any public deposits during the Financial Year ended March 31, 2023 and as such, no amount of principal or interest on public deposits was outstanding as on the date of the balance sheet.

## **11. Audit Committee Recommendations:**

During the year, all recommendations of Audit Committee were approved by the Board of Directors.

## **12. Significant and Material Orders passed by the Regulators or Courts or Tribunals.**

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 had submitted an application backed by an investor from Hong Kong, the same was withdrawn and submitted a fresh application backed by a domestic investment fund. However 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 permitted further extension of 3 years from the date of expiry of planning period of each asset for realization 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. We have prayed for restoration of license instead of applying for a fresh one. The same is pending before the Court.

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 crore as on 31/03/2026. Hence for fresh application, our NOF shall be Rs. 300.00 crore.

**13. Material changes and commitments, if any, affecting the financial position of the company:**

In compliance with Section 134(4) clause I of the Companies Act, 2013, there are no material changes or commitments in the business operations or financial position of the Company during the financial year 2022-23 and to the date of signing of Directors' Report.

**14. Change in the nature of business, if any:**

There is no change in the nature of business of the Company during the financial year.

**15. Events subsequent to the date of financial statements:**

During the period under review there were no significant and material orders passed by the regulators or Courts or Tribunals impacting the going concern status and the company's operations in future.

**16. Revision of financial statements:**

There was no revision of the financial statements for the year under review.

**17. Adequacy of Internal Financial Statements:**

The Company has in place adequate financial controls to ensure the orderly and efficient conduct of its business.

**18. Particulars of loans, guarantees or investments under section 186:**

The purchase of financial assets from Banks/ Financial Institutions is in the normal course of business of the Company and hence the following information is **Not Applicable** to the Company.

Accordingly, there are no Loans, Guarantees, Investments given during the Financial Year ended on 31st March 2023, which attracts the provisions of Section 186 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014.

**19. Risk management:**

We are in the process of evolving a comprehensive framework for implementation of the policy and review mechanism, to address the basic objective of risk mitigation.

**20. Corporate Social Responsibility: (CSR):**

Your Company does not meet the criteria of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules 2014 and hence the Rules relating to CSR

are not applicable. Therefore, Your Company has not constituted Corporate Social Responsibility Committee.

#### **21. Particulars of contracts or arrangements with related parties:**

Company has transactions with related parties entered into during the financial year and are also continuing from previous Financial Years. However, all those were entered in the ordinary course of business and are at arm's length transactions. Therefore, obtaining consent of the shareholders under Section 188 does not arise.

The particulars of contracts or arrangements with related parties referred to in sub-section (1) of Section 188 are prepared in Form No. AOC-2 pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014 and the same are enclosed as **ANNEXURE-II** to this Report.

#### **22. Cost records and cost audit:**

Maintenance of cost records and requirement of cost audit as prescribed under the provisions of Section 148(1) of the Act, are not applicable for the business activities carried out by the Company.

#### **23. Conservation of energy, technology absorption and foreign exchange earnings and outgo:**

Your Company has no activity relating to conservation of energy, technology absorption, foreign exchange earnings and outgo and the disclosures required as under section 134 (3) (m) read with Rule 8(3) of Companies (Accounts) Rule, 2014.

#### **24. Independent Directors and Declaration of Independency by Independent Directors:**

Ms Homai Daruwalla and Mr Prasad Kuchibhatla are acting as the independent directors of the Company. Your Company has received necessary declaration from the Independent Directors under Section 149(7) of the Companies Act, 2013 that they meet the criteria of Independence laid down in Section 149(6) of the Act.

The Independent Directors have also confirmed that they have complied with Schedule IV of the Act and the Company's Code of Conduct.

During the year, Independent Directors of the Company had no pecuniary relationship or transactions with the Company, other than sitting fees and reimbursement of expenses incurred by them for the purpose of attending meetings of the Board of Directors and Committee(s).

#### **25. Conservation of energy, technology absorption & foreign exchange earnings and out go:**

The required information as per Sec.134 of the Companies Act 2013 is provided hereunder:

##### **A. Conservation of Energy**

Adequate measures have been taken to reduce energy consumption, wherever possible. Total energy consumption and energy consumption per unit of production is not applicable as company is not

included in the industries specified in the schedule.

**B. Technology Absorption**

1. Research and Development (R&D) : Nil
2. Technology absorption, adoption and innovation : Nil

**C. Foreign Exchange Earnings and Out Go**

- Foreign Exchange Earnings : Nil  
Foreign Exchange Outgo : Nil

**26. Statement showing details of employees:**

Your Directors are pleased to record their appreciation on the sincere contribution by the staff at all levels in the improved performance of the Company.

None of the employees is drawing Rs. 8,50,000/- and above per month or Rs.1,02,00,000/- and above in aggregate per annum, the limits prescribed under Section 197(12) of Companies Act 2013 read with Rule 5 of Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014.

**27. Directors' responsibility statement:**

Pursuant to the requirement under Section 134 of the Companies Act, 2013, with respect to the Directors' Responsibility Statement, the Board of Directors of the Company hereby confirms:

- a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) The Directors have prepared the annual accounts on a going concern basis; and
- e) Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively and
- f) The Directors have laid down internal financial controls to be followed by the Company and

that such internal financial controls are adequate and are operating effectively;

### **28. Annual Return:**

As per the provisions of Section 134(3)(a) of the Companies Act, 2013, since the Company has a website for Investors, it is uploaded on the company website. A copy of the Annual Return in form MGT-7 shall be filed with the Registrar of Companies.

### **29. Directors and Key Managerial Personnel:**

In accordance with the provisions of Section 152 of the Companies Act, 2013, Mr. Sisir Kumar Appikatla, Director of the Company who retires by rotation and being eligible, has offered himself for re-appointment. The Board recommends for his re-appointment.

Mr K Srinivasan is continuing as CEO/CFO. Subsequent to the resignation of Ms Namrata Singh as company Secretary on 06.08.2022, Mr. N.Mahender Reddy was appointed as Company Secretary with effect from 01.12.2022.

### **30. Statutory Auditors:**

The members of the Company at their Annual General Meeting held on 29<sup>th</sup> December, 2020 have appointed M/s JRS & Associates., as statutory auditors of the Company to hold office until the conclusion of 13<sup>th</sup> Annual General meeting to be held in the year 2025 of the company. The Auditors' Report is enclosed with the financial statements in this Annual Report.

### **31. Auditors' Report:**

The Board has duly reviewed the Statutory Auditor's Report on the Accounts for the year ended March 31, 2023 and has noted that the same does not have any reservation, qualification or adverse remarks.

### **32. Transfer of unclaimed dividend to Investor Education & Protection Fund:**

The provisions of Section 125(2) of the Companies Act, 2013, do not apply as there was no dividend unpaid last year.

### **33. Vigil Mechanism:**

As the Company does not fall under the provisions of section 177 (9) & (10) of the Companies Act, 2013 read with Rule 7 of Companies (Meeting of Board and its Powers) Rules, 2014, the Company has not established a whistle Mechanism.

### **34. No Frauds reported by statutory auditors:**

During the Financial Year 2022-23, the Auditors have not reported any matter under section 143(12) of the Companies Act, 2013, therefore no detail is required to be disclosed under section 134(3) (ca)

of the Companies Act, 2013.

**35. Declaration by the Company:**

The Company has issued a certificate to its Directors, confirming that it has not made any default under Section 164(2) of the Act, as on March 31, 2023.

**36. Secretarial Standards:**

The company is in compliance with Secretarial Standards issued by The Institute of Company Secretaries of India on Meetings of the Board of Directors and General Meetings.

**37. Statutory compliance:**

The Company has complied with the required provisions relating to statutory compliance with regard to the affairs of the Company in all respects.

**38. Industry based disclosures as mandated by the respective laws governing the company:**

The Company is not a NBFC, Housing Companies etc., and hence Industry based disclosures are not required.

**39. Disclosure Under the Sexual Harassment of Women at Work place (Prevention, Prohibition and Redressal) Act, 2013:**

As the Company does not have any women employees, it has not laid down any policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. The same will be complied as and when it is applicable.

**40. Event based disclosures:**

During the year under review, the Company has not taken up any of the following activities:

- a. **Issue of sweat equity share:** The Company has not issued any sweat equity shares during the year under review and hence no information as per provisions of Section 54(1)(d) of the Act read with Rule 8(13) of the Companies (Share Capital and Debenture) Rules, 2014.
- b. **Issue of shares with differential rights:** The Company has not issued any shares with differential rights and hence no information as per provisions of Section 43(a)(ii) of the Act read with Rule 4(4) of the Companies (Share Capital and Debenture) Rules, 2014.
- c. **Issue of shares under employee's stock option scheme:** The Company has not issued any equity shares under Employees Stock Option Scheme during the year under review and hence no information as per provisions of Section 62(1)(b) of the Act read with Rule 12(9) of the Companies (Share Capital and Debenture) Rules, 2014.
- d. **Non- Exercising of voting rights:** During the year under review, there were no instances

of non-exercising of voting rights in respect of shares purchased directly by employees under a scheme pursuant to Section 67(3) of the Act read with Rule 16(4) of Companies (Share Capital and Debentures) Rules, 2014.

e. **Disclosure on purchase by company or giving of loans by it for purchase of its shares:** The Company did not purchase or give any loans for purchase of its shares.

f. **Buy back shares:** The Company did not buy-back any shares during the period under review.

g. **Disclosure about revision:** Since the company did not undergo any revision, this clause is Not Applicable to the company for the period under review.

#### **41. Acknowledgements:**

The Directors express their gratitude for the support and guidance provided by the Reserve Bank Of India, sponsors and other shareholders, banks, rating agencies and other service providers.

The Board also sincerely acknowledges the significant contributions made by all employees for their dedicated services to the Company.

For and on behalf of the Board of Directors  
Meliora Asset Reconstruction Company  
Limited

Date: \_\_\_\_\_  
Place: Vishakhapatnam

Sd/-  
Korada Ravi Kumar  
Director (DIN: 01672360)

Sd/-  
Pillala Ramakrishna Rao  
Director (DIN: 02119513)

**Annexure II**

**Disclosure of Particulars of Contracts/Arrangements entered into by the Company  
Form No. AOC-2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. There are no contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 which are not at arm's length basis.

2. Contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 which are at arm's length basis:

<b>S No</b>	<b>Name(s) of the related party and nature of relationship</b>	<b>Nature of contracts/ arrangements/ transactions</b>	<b>Amount approved by the Board of Directors</b>	<b>Date(s) of approval by the Board of Directors</b>	<b>Date(s) of approval by the shareholders</b>
1	M/s. Sisir & Ravi Associates, Partners of the Firm are also Promotor Directors of the Company	Resolution Agents for Ms. Subburaj Textile Mills Pvt Ltd	Professional Fee of 2.5% on recovered amount inclusive of all expenses but excluding legal expenses An Amount of Rs 8,68,218/- paid during this year	22 <sup>nd</sup> Jul,2015	N.A.
2	- Do -	Resolution Agents for M/s. National Lumbers	Fee of Rs. 18 lakh and applicable service tax. If recovered before 31.03.2017 Rs. 15,00,000 , If recovered before 31.03.2018 Rs. 10,00,000 and if recovered before 31.03.2019 Rs. 6,50,000	30 <sup>th</sup> Jun, 2016	N.A.
3	- Do -	Resolution	2.5% for full	18 <sup>th</sup> Oct.2016	N.A.



		Agents for M/s. Pratibha Ispat Pvt Ltd	resolution within 9 months. 2% for >9 months and <18 months, 1.5% after 18 months		
4	- Do -	Resolution Agents for M/s. Reliance Celluloses Pvt Ltd	1.75% for recoveries with in 12 months and 1.5% for >12 months An Amount of Rs 53,58,000/- paid during this year	28 <sup>th</sup> Aug.2017	N.A.
5	- Do -	Resolution Agents for M/s. Leadage Metals Ltd.	1.75% for recoveries with in 12 months and 1.5% for >12 months	1 <sup>st</sup> Nov.2017	N.A.
6	- Do -	Resolution Agents for M/s. Srikrishna Edu Trust	1.35% for recoveries within 12 months. 1.20% for >12 months and <24 months. 1% for >24 months.	26 <sup>th</sup> Sep.2017	N.A.
7	- Do -	Resolution Agents for M/s. Mother Mirra Estates	If recovered in < 1 Yr 1.48%, <2Yrs 1.43%, <3Yrs 1.38% and >3Yrs 1.33%	13 <sup>th</sup> Mar,2019	N.A.
8	- Do -	Resolution Agents for M/s. PBR Agrotech Pvt Ltd	If recovered in <1n Yr 1.48%, <2Yrs 1.30 %, <3Yrs 1.20% and >3Yrs 1.10%	13 <sup>th</sup> Mar,2019	N.A.
9	Mr Appikatla Sisir Kumar -	Rent on Registered Office Premises	Flat rent paid during normal course of work. Rs. 18,900/- PM from August, 2021 to July, 2022. Rs. 19,845/- from August, 2022.	N.A.	N.A.

Statement showing the details of the top ten employees in terms of remuneration drawn under Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Sl. No	Designation of the employee	Remuneration received	Nature of employment, whether contractual or otherwise;	Qualifications and experience of the employee	Date of commencement of employment ;	Age of employee	Last employment held by such employee before joining the company	Percentage of equity shares held by the employee in the company within the meaning of clause (iii) of sub-rule(2);	Whether any relative of any director or manager of company and if so, name
1	CEO	18,00,000	Otherwise	MA,C AIIB	Mar, 2016	67	Syndicate Bank	Nil	No
2	CS Namarta Singh	1,66,457	Otherwise	M.Com ,CS	Jan 2020	30		Nil	No
3	CS Mahinder. Reddy	1,60,000	Otherwise	LLB ACS	Dec 2022	32		Nil	No
3	SM	4,92,000	Otherwise	B.Sc, CAIIB	Jan 2015	67	SBI	Nil	No
4	SM	6,00,000	Otherwise	MBA Finance	Aug 2016	35	ICICI Bank	Nil	No

By the Order of the Board  
For **Meliora Asset Reconstruction Company Limited**

Date :  
Vishakhapatnam

Sd/-  
**Korada Ravi Kumar**  
Director  
DIN : 01672360

Sd/-  
**Pillala Ramakrishna Rao**  
Director  
DIN: 02119513

**REPORT ON CORPORATE GOVERNANCE FOR THE YEAR ENDED ON MARCH 31, 2023**

**1. Company's philosophy on corporate governance:**

Your Company believes Corporate governance principles are critical to enhance and retain investor trust and the company is committed for best practices of fairness, professionalism, transparency, compliances and ethical practices.

The Company believes that sound corporate governance practices lead to enhancing investors' confidence and thus ensuring long-term success. The Company strives for excellence with the twin objective of enhancing customer satisfaction and stake holders' value. The Company strongly believes that sound corporate governance practices leads to the fulfilment of its goals and attainment of its objectives in a manner that adds value to its image, is beneficial for all the stakeholders in the long run and enhances its ability to secure their confidence. Good Corporate Governance starts at the top and continues down the line consistently. The Board of Directors and the Management take appropriate decisions and guide the Bank in achieving the highest standards of excellence. The basic philosophy of the Company towards corporate governance is to protect and enhance the long- term value of all its stakeholders' viz. shareholders, creditors, employees, and to demonstrate that the shareholders are the ultimate beneficiaries of our economic activity, besides meeting compliance standards of Regulatory Authorities.

**2. Board directors:**

As on March 31, 2023, Board is comprised of 5 Directors. Their position on the Board as Independent Director or otherwise is indicated below:

S.No.	Name of the Directors	Designation	Category
1.	Ms. Homai A Daruwalla	Director	Independent
2.	Mr. Prasad Kuchibhatla	Director	Independent
3.	Mr. Sisir Kumar Appikatla	Director	Promoter
4.	Mr. Ravi Kumar Korada	Director	Promoter
5.	Mr. Pillala Ramakrishna Rao	Director	Promoter

### 3. Number of Board Meetings:

The Board of Directors met four (4) times during the financial year, on 29.06.2022, 20.08.2022, 07.12.2022, 28.02.2023. The Board Meeting could not be held during the first quarter due to pandemic. Further ROC has also permitted postponement of Board Meeting. The maximum time gap between any two meetings was less than four months. The agenda for each meeting is prepared well in advance, along with explanatory notes wherever required and distributed to all Directors. The details of the number of the meetings and the dates on which the Board meetings were held are summarized as below.

### 4. Committees of the Board:

The Company has Five Board-level Committees - Audit Committee, Executive Committee (Acquisitions & Resolution), Nomination & Remuneration Committee, Independent Directors Committee and Risk Management Committee.

All decisions pertaining to the constitution of Committees, appointment of members and fixing of terms of service for Committee members are taken by the Board of Directors. Details on the role and composition of these Committees, including the number of meetings held during the financial year and the related attendance, are provided below:

<b>ATTENDANCE AND DIRECTORSHIPS HELD:</b>					
Name of Director	Relationship with other Directors	Category	No. of Meetings Held	No. of Meetings Attended	Whether Attended Last Annual General Meeting
Ms.Homai Daruwalla	None	ID & NED	4	4	No
Mr. Prasad Kuchibhatla	None	ID & NED	4	4	yes
Mr.Sisir Kumar Appikatla	None	NED (N)	4	4	yes
Mr. Ravi Kumar Korada	None	NED (N)	4	4	yes
Mr.Pillala Ramakrishna Rao	None	NED (N)	4	4	yes

## **A) Audit Committee:**

Overview of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements reflect a true and fair position and that sufficient and credible information is disclosed.

- Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
- Discussion with external auditors before the audit commences, of the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- Reviewing the financial statements and draft audit report including quarterly / half yearly financial information.
- Reviewing with management the annual financial statements before submission to the Board, focusing on:
  - a) Any changes in accounting policies and practices;
  - b) Qualification in draft audit report;
  - c) Significant adjustments arising out of audit;
  - d) The going concern concept;
  - e) Compliance with accounting standards;
  - f) Compliance with stock exchange and legal requirements concerning financial statements and
  - g) Any related party transactions.
- Reviewing the company's financial and risk management's policies.
- Disclosure of contingent liabilities.
- Reviewing with management, external and internal auditors, the adequacy of internal control systems.
- Reviewing the adequacy of internal audit function, including the audit character, the structure of the internal audit department, approval of the audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- Discussion with internal auditors of any significant findings and follow-up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into the matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

During the year, the Audit Committee met three (4) times i.e. 29.06.2022, 20.08.2022, 07.12.2022 & 28.02.2023 to deliberate on various matters. The attendance of each Audit Committee members is as follows:

Name	Designation	Category	No of Meetingsheld	No of Meetings attended
Mr. Kuchibhatla Prasad	Chairperson	NED(I)	4	4
Ms. Homai Daruwalla	Member	NED(I)	4	4
Mr.P.Ramakrishna Rao	Member	NED(N)	4	4

**NED (I):** Non-Executive Independent Director

**NED (N):** Non-Executive Non-Independent Director

**B) Nomination and Remuneration Committee:**

The Committee comprises of two non-executive independent Directors.

- To approve the fixation/revision of remuneration of Directors of the Company and while approving:
- To take into account the financial position of the Company, trend in the industry, appointee's qualification, experience, past performance, past remuneration etc.
- To bring out objectivity in determining the remuneration package while striking a balance between the interest of the Company and the Shareholders.
- To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and to recommend to the Board their appointment and /or removal.
- To carry out evaluation of every Director's performance.
- To formulate the criteria for determining qualifications, positive attributes and independence of a Director, and recommend to the Board a policy, relating to the remuneration for the Directors, key managerial personnel and other employees.
- To formulate the criteria for evaluation of Independent Directors and the Board.
- To recommend/review remuneration of the Directors based on their performance and defined assessment criteria.

The Committee met on 07.12.2022 & 28.02.2023 the attendance of the members is as follows:

Name	Designation	Category	No of Meetingsheld	No of Meetings attended
Mr. Kuchibhatla Prasad	Chairperson	NED(I)	2	2
Ms. Homai Daruwalla	Member	NED(I)	2	2

Mr. P. Rama KrishnaRao,	Member	NED(N)	2	2
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**NED (I):** Non-Executive Independent Director

**NED (N):** Non-Executive Non-Independent Director

**C) Executive Committee Meeting (Acquisition & Resolution):**

The existing Executive Committee (Acquisition & Resolution) met three times on 07.05.2022, 30.06.2022 & 07.01.2023 during the year.

Name	Designation	Category	No of Meetings held	No of Meetings attended
Mr. Kuchibatla Prasad	Chairman	NED(I)	3	3
Mr. A Sisir Kumar	Member	NED(N)	3	3
Mr. P. Ramakrishna Rao	Member	NED(N)	3	3
Mr K. Ravi Kumar	Member	NED(N)	3	3

**NED (I):** Non-Executive Independent Director

**NED (N):** Non-Executive Non-Independent Director

**D) Independent Directors' Committee Meeting:**

As per clause 7 of the schedule IV of the Companies Act (Code for Independent Directors), a separate meeting of the Independent Directors of the Company (without the attendance of Non-Independent directors) was held on 28.02.2023 to discuss:

1. Evaluation of the performance of Non-Independent Directors and the Board of Directors as a whole;
2. Evaluation of the quality, content and timelines of flow of information between the management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors of the Company were present at the meeting. The company regularly appraises the Independent Directors their roles, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the company etc.,

The composition and attendance of the members is as follows:

Name of the Member	No. of Meeting		Category
	Held	Attended	
Ms. Homai Daruwalla	1	1	Independent Director
Mr. Kuchibhatla Prasad	1	1	Independent Director

## 5. Performance Evaluation of Board, Committees and Directors:

Pursuant to provisions of Regulation 17(10) of the SEBI Listing Regulations and the provisions of the Act, an annual Board effectiveness evaluation was conducted for FY 2022-23 on 28<sup>th</sup> February 2023, involving the following:

- i. Evaluation of Independent Directors, in their absence, by the entire Board was undertaken, based on their performance and fulfillment of the independence criteria prescribed under the Act.
- ii. Evaluation of the Board of Directors, its committees and individual Directors, including the role of the Board Chairman.

Independent Directors' meeting, in accordance with the provisions of Section 149(8) read with Schedule IV of the Act and Regulation 25(3) and 25(4) of the SEBI Listing Regulations, was convened on 28<sup>th</sup> February 2023, mainly to review the performance of Independent Directors and the Chairman & Managing Director as also the Board as a whole. All Independent Directors were present at the said meeting.

- (i) **Board:** Composition, responsibilities, stakeholder value and responsibility, Board development, diversity, governance, leadership, directions, strategic input, etc.
- (ii) **Executive Directors:** Skill, knowledge, performance, compliances, ethical standards, risk mitigation, sustainability, strategy formulation and execution, financial planning & performance, managing human relations, appropriate succession plan, external relations including CSR, community involvement and image building, etc.
- (iii) **Independent Directors:** Participation, managing relationship, ethics and integrity, Objectivity, in bringing independent judgment, time devotion, protecting interest of minority shareholders, domain knowledge contribution, etc.
- (iv) **Chairman:** Managing relationships, commitment, leadership effectiveness, promotion of training and development of directors etc.
- (v) **Committees:** Terms of reference, participation of members, responsibility delegated, functions and duties, objectives alignment with company strategy, composition of committee, committee meetings and procedures, management relations.



## **6. Remuneration Policy:**

The objectives of the remuneration policy are to motivate Directors to excel in their performance, recognize their contribution and retain talent in the organization and reward merit. The remuneration levels are governed by industry pattern, qualifications and experience of the Directors, responsibilities shouldered and individual performance.

### **A. Policy for Selection of Directors and Determining Directors' Independence:**

#### **1. Scope:**

This policy sets out the guiding principles for the Nomination & Remuneration Committee for identifying persons who are qualified to become Directors and to determine the independence of Directors, in case of their appointment as independent Directors of the Company.

#### **2. Terms and References:**

2.1 "Director" means a director appointed to the Board of a Company.

2.2 "Nomination and Remuneration Committee means the committee constituted in accordance with the provisions of Section 178 of the Companies Act, 2013.

2.3 "Independent Director" means a director referred to in sub-section (6) of Section 149 of the Companies Act, 2013.

### **Remuneration policy for Directors, Key Managerial Personnel and other employees:**

#### **3. Scope:**

3.1. This policy sets out the guiding principles for the Nomination and Remuneration committee for recommending to the Board the remuneration of the directors, key managerial personnel and other employees of the company.

#### **4. Terms and Reference:**

In this policy the following terms shall have the following meanings:

1.1 "Director" means a Director appointed to the Board of the company.

1.2 "Key Managerial Personnel" means the :

- i. Chief Executive Officer or the Managing Director or the Manager;
- ii. Company Secretary;
- iii. Whole-time Director;
- iv. Chief Financial Officer; and
- v. Such other office as may be prescribed under the companies Act, 2013

## B. Remuneration to Directors Paid During the Financial Year 2021-22 and Other Disclosures:

The Company does not have any Executive Director during the financial year. The Non-Executive Directors are paid remuneration by way of Sitting Fees. The Non-Executive Directors are paid sitting fees for each meeting of the Board and Committees attended by them.

Name of the Director	Salary (Rs)	Sitting fees(Rs)	Number of shares held	Service Contracts	Stock Option Details	Fixed Component	Performance Based Incentive
Ms.Homai Daruwalla	-	2,90,000	-	-	-	-	-
Mr.Prasad Kuchibhatla	-	3,20,000	-	-	-	-	-
Mr.Sisir Kumar Appikatla	-	-	35,44,693	-	-	-	-
Mr. Ravi Kumar Korada	-	-	32,94,618	-	-	-	-
Mr.Pillala Ramakrishna Rao	-	-	28,95,360	-	-	-	-

### 7. Information supplied to the Board:

The Board has complete access to all information of the Company and is regularly provided advanced detailed information as a part of the agenda papers or is tabled therein. In addition, detailed quarterly performance report by the CEO is presented in the quarterly Board meeting, encompassing all facts of the Company's operations during the quarter, including update of key projects, outlook and matters relating to environment, health & safety, corporate social responsibility etc., The following information is provided to the Board as a part of the agenda papers:

- Annual and Quarterly financial statements for the Company and the Accounting Policy.
- Minutes of the meetings of the Audit Committee and other Committees of the Board.
- Annual business plan.
- Quarterly review of compliance status under various laws applicable to the Company.

- Related Party Transactions, if they are not at arm's length and in the ordinary course of business.
- All other matters required to be placed before the Board for its review / information / approval under the statutes, including RBI Act 1934.

For and on behalf of the Board of Directors  
Meliora Asset Reconstruction Company Limited

Date: \_\_\_\_\_ Sd/-  
Place: Vishakhapatnam Korada Ravi Kumar  
Director (DIN: 01672360)

Sd/-  
Pillala Ramakrishna Rao  
Director (DIN:  
02119513)

## DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS

The Board of Directors  
M/s. Meliora Asset Reconstruction Company Limited

Dear Sir/Madam,

I undertake to comply with the conditions laid down under section 149 and Schedule IV of the Companies Act, 2013 in relation to conditions of independence and in particular:

- (a) I declare that upto the date of this certificate, apart from receiving director's remuneration, I did not have any material pecuniary relationship or transactions with the Company, its promoter, its directors, senior management or its holding Company, its subsidiary and associates as named in the Annexure thereto which may affect my independence as director on the Board of the Company. I further declare that I will not enter into any such relationship/transactions. However, if and when I intend to enter into such relationships/transactions, whether material or non-material I shall keep prior approval of the Board. I agree that I shall cease to be an independent director from the date of entering into such relationship/transaction.
- (b) I declare that I am not related to promoters or persons occupying management positions at the Board level or at one level below the board and also have not been executive of the Company in the immediately preceding three financial years.
- (c) I was not a partner or an executive or was also not partner or executive during the preceding three years, of any of the following:
  - (i) the statutory audit firm or the internal audit firm that is associated with the Company and
  - (ii) the legal firm(s) and consulting firm(s) that have a material association with the company
- (d) I have not been a material suppliers, service provider or customer or lessor or lessee of the company, which may affect independence of the director, and was not a substantial shareholder of the Company i.e., owning two percent or more of the block of voting shares.

Date: 19.06.2023

Place: Mumbai

Homai Ardeshir Darwalla

Independent Director

(DIN: 00365880)

## DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS

The Board of Directors  
M/s. Meliora Asset Reconstruction Company Limited

Dear Sir/Madam

I undertake to comply with the conditions laid down under section 149 and Schedule IV of the Companies Act, 2013 in relation to conditions of independence and in particular:

- a. I declare that upto the date of this certificate, apart from receiving director's remuneration, I did not have any material pecuniary relationship or transactions with the Company, its promoter, its directors, senior management or its holding Company, its subsidiary and associates as named in the Annexure thereto which may affect my independence as director on the Board of the Company. I further declare that I will not enter into any such relationship/transactions. However, if and when I intend to enter into such relationships/transactions, whether material or non-material I shall keep prior approval of the Board. I agree that I shall cease to be an independent director from the date of entering into such relationship/transaction.
- b. I declare that I am not related to promoters or persons occupying management positions at the Board level or at one level below the board and also have not been executive of the Company in the immediately preceding three financial years.
- c. I was not a partner or an executive or was also not partner or executive during the preceding three years, of any of the following:
  - (i) The statutory audit firm or the internal audit firm that is associated with the Company and
  - (ii) The legal firm(s) and consulting firm(s) that have a material association with the company
- d. I have not been a material suppliers, service provider or customer or lessor or lessee of the company, which may affect independence of the director, and was not a substantial shareholder of the Company i.e., owning two percent or more of the block of voting shares.

Date: 19.06.2023  
Place: Kolkata

K. Prasad  
Independent Director  
(DIN: 02255028)