

**INDEPENDENT AUDITOR'S REPORT**

**TO THE MEMBERS OF A-ONE STEEL AND ALLOYS PRIVATE LIMITED**

**Report on the Audit of Consolidated Financial Statements**

**Opinion**

We have audited the accompanying consolidated financial statements of **A-ONE STEEL AND ALLOYS PRIVATE LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiary (collectively referred to as "the Group") which comprise the Consolidated Balance Sheet as at March 31, 2020, the Consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (herein after referred to as "the consolidated financial statement").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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 31<sup>st</sup> March 2020 and its profit and its cash flows for the year ended on that date.

**Basis for Opinion**

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the consolidated financial statements section of our report. We are independent of the group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics.

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

**Emphasis of Matter-Other Issues**

Also we invite attention to **Note No-18** to the financial statements which describes the impact of **COVID-19**, a global pandemic, on the operations and financial matters of the company.

Our opinion is not modified in respect of this matter.

**Information Other than the Consolidated Financial Statements and Auditor's Report thereon**

The Group's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report and Shareholder's Information, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent



with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The Holding 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 consolidated financial statements that give a true and fair view of the financial position, financial performance and cash flows of the group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act,

The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

The respective Board of Directors of the companies included in the Group is also responsible for overseeing the financial reporting process of the Group.

#### **Auditor's Responsibilities for the Audit of Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether The Group has adequate internal financial controls system in place and the operating effectiveness of such controls. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists



related to events or conditions that may cast significant doubt on The Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Refer to paragraph "material uncertainty related to going concern" above in respect to our reporting on going concern appropriateness. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause The Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates and jointly controlled entities to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### **Report on other Legal & Regulatory Requirements**

1. As required by Section 143 (3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b. In our opinion, proper books of account as required by law have been kept by the group so far as it appears from our examination of those books;
  - c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the books of account;
  - d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - e. On the basis of the written representations received from the directors of the Holding on 31<sup>st</sup> March 2020 taken on record by the Board of Directors of the Company & its Subsidiary,



**R. Singhvi & Associates**  
Chartered Accountants

none of the directors is disqualified as on 31<sup>st</sup> March 2020 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 Group and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on Auditor's report of the company and its subsidiary. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of The Group's internal financial controls over financial reporting.
- g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:  
In our opinion and to the best of our information and according to the explanations given to us, the provisions of section 197 of the Act not applicable to the Group.
- h. 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. There were no pending litigations which would impact the consolidated financial position of the Group.
  - ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we have not given in the Annexure 'B' a statement on the matters specified in the paragraph 3 and 4 of the Order as the order is not applicable to the consolidated financial statements.

**For R. SINGHVI & ASSOCIATES**

Chartered Accountants

ICAI FRN NO. 003870S



**CA Subhash Chand Singhvi**

Partner

M.No.024534

UDIN: 21024534AAAAAX2059

Place: Bengaluru

Date: 24-12-2020

**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of A-One Steel And Alloys Private Limited of even date)

**Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of A-One Steel And Alloys Private Limited and its subsidiary company (hereinafter referred to as "the group"), as of that date.

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

The Board of Directors of the group is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the group considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective 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.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of The Group based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting 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 judgement, 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 internal financial controls system over financial reporting of the Group.

**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



**R. Singhvi & Associates**  
Chartered Accountants

the transactions and dispositions of the assets of the group; (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 group are being made only in accordance with authorizations of management and directors of the group; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the group's assets that could have a material effect on the financial statements.

**Limitations of Internal Financial Controls over Financial Reporting**

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

**Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the group 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, 2020, based on the internal control over financial reporting criteria established by the group considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India(ICAI).

**For R. SINGHVI & ASSOCIATES**  
Chartered Accountants

ICAI FRN NO. 0038705



**C A Subhash Chand Singhvi**  
Partner  
M.No.024534  
UDIN: 21024534AAAAAX2059  
Place: Bengaluru  
Date: 24-12-2020

Consolidated Financial Statements and  
Auditors' Report

A-One Steels And Alloys Private Limited

31 March 2020



A-One Steel And Alloys Private Limited CIN - U28999KA2012PTC063439 Reg. Office : A One House, No. 326, CQAL Layout Ward No. 08, Sahakar Nagar Bengaluru -560092 CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2020			
	Note no	As at 31 March 2020 Rs.	As at 31 March 2019 Rs.
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	2A	9,00,00,000	9,00,00,000
Minority Interest		2,79,00,000	-
Reserves and surplus	2B	54,33,20,154	36,37,14,984
		<b>66,12,20,154</b>	<b>45,37,14,984</b>
<b>NON CURRENT LIABILITIES</b>			
Long-term borrowings	2C	94,19,99,270	98,75,00,249
Deferred tax liabilities (Net)	2D	2,63,07,569	(27,78,522)
Other Long term liabilities	2E	23,05,81,158	9,15,05,518
Long Term Provisions	2F	95,59,592	28,30,520
		<b>1,20,84,47,590</b>	<b>1,07,90,57,765</b>
<b>CURRENT LIABILITIES</b>			
Short Term Borrowings	2G	88,90,69,112	53,60,82,409
Trade payables	2H		
-MSME Trade Payables		61,87,933	-
-Other Trade Payables		1,37,02,86,820	73,15,80,200
Other current liabilities	2I	54,46,57,062	62,22,62,091
Short Term Provisions	2J	3,03,97,038	89,11,518
		<b>2,84,05,97,965</b>	<b>1,89,88,36,219</b>
<b>TOTAL ASSETS</b>		<b>4,71,02,65,709</b>	<b>3,43,16,08,968</b>
<b>NON CURRENT ASSETS</b>			
Property Plant And Equipment			
-Tangible assets	2K	1,43,14,21,936	1,14,13,28,940
-Intangible Asset		-	1,400
-Goodwill on Consolidation		7,699	7,699
-Capital Work in Progress		85,73,039	6,73,81,622
Non Current Investments	2L	49,31,177	44,99,809
Long Term Loans & Advances	2M	2,19,91,163	4,31,10,960
		<b>1,46,69,25,013</b>	<b>1,25,63,30,430</b>
<b>CURRENT ASSETS</b>			
Inventories	2N	1,00,52,69,733	1,22,11,69,230
Trade receivables	2O	1,76,03,47,122	73,67,05,811
Cash and Cash Equivalents	2P	9,51,08,950	4,48,94,671
Short-term loans and advances	2Q	36,94,66,718	16,70,48,204
Other Current Assets	2R	1,31,48,173	54,60,621
		<b>3,24,33,40,696</b>	<b>2,17,52,78,537</b>
<b>TOTAL</b>		<b>4,71,02,65,709</b>	<b>3,43,16,08,968</b>

The notes referred to above form an integral part of the financial statements.

This is the Balance Sheet referred to in our report of even date.

R.Singhvi & Associates  
Chartered Accountants  
ICAI FRN - 038709

Subhash Chand Singhvi

Partner  
M.No.024534

Place : Bengaluru

Date : 24/12/2020

For and on behalf of the Board of Directors

SUNIL JULLIAN ALIAS  
JULLIAN JALLAN  
Director  
DIN: 02150846  
Place: Bengaluru

SANDEEP KUMAR  
Director  
DIN: 02112630  
Place: Bengaluru

POOJA SARA NAGARAJA  
Company Secretary



**A-One Steel And Alloys Private Limited**  
CIN - U28999KA2012PTC063439

Reg. Office : A One House, No. 326, CQAL Layout Ward No. 08, Sahakar Nagar Bengaluru -560092  
**CONSOLIDATED STATEMENT OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2020**

	Note no.	As at 31 March 2020 Rs.	As at 31 March 2019 Rs.
<b>INCOME</b>			
Revenue from operations	3A	14,83,93,98,343	11,91,07,69,368
Other income	3B	2,69,20,150	2,02,40,323
		<b>14,86,63,18,493</b>	<b>11,93,10,09,690</b>
<b>EXPENDITURE</b>			
Cost of Raw Materials and component consumed	3C	13,34,45,95,452	10,65,81,71,390
Changes in inventories of finished goods, work in progress and stock-in-trade	3D	(5,86,236)	(2,35,69,275)
Employee benefit expenses	3E	16,15,47,048	9,61,20,340
Finance costs	3F	15,25,11,826	8,27,46,965
Depreciation and amortisation expenses	2K	6,16,67,515	3,89,70,866
Other expenses	3G	90,24,39,047	79,54,64,485
		<b>14,62,21,74,652</b>	<b>11,64,79,04,771</b>
<b>Profit before exceptional and extraordinary items and tax</b>		<b>24,41,43,841</b>	<b>28,31,04,919</b>
<b>PRIOR PERIOD ITEM (tax)</b>		43,02,292	86,14,312
<b>Profit before extraordinary items and tax</b>		<b>23,98,41,549</b>	<b>27,44,90,607</b>
<b>Extraordinary Items</b>		-	-
<b>PROFIT BEFORE TAX</b>		<b>23,98,41,549</b>	<b>27,44,90,607</b>
<b>TAX EXPENSE</b>			
Current tax		2,84,70,826	4,77,67,237
Mat Credit Utilised		-	13,45,433
Tax for Earlier period		26,79,459	(23,00,115)
Deferred tax charge/(credit)		2,90,86,091	(2,30,24,518)
		<b>17,96,05,170</b>	<b>25,07,02,570</b>
<b>Profit for the year</b>		<b>17,96,05,170</b>	<b>25,07,02,570</b>
<b>EARNINGS PER SHARE</b>			
Basic ( in Rs.)		<b>199.56</b>	<b>278.56</b>

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

This is the Profit and Loss Account referred to in our report of even date.

**R.Singhvi & Associates**  
Chartered Accountants  
ICAI FRN - 03870S

**Subhash Chand Singhvi**  
Partner  
M.No.024534

Place : Bengaluru

Date : 24/12/2020

For and on behalf of the Board of Directors

  
**SUNIL JALLAN ALIAS**  
Director  
DIN: 02150846  
Place: Bengaluru

  
**SANDEEP KUMAR**  
Director  
DIN: 02112630  
Place: Bengaluru

  
**POOJA SARA NAGARAJA**  
Company Secretary

**'A-One Steel And Alloys Private Limited**  
CIN - U28999KA2012PTC063439

Reg. Office : A One House, No. 326, CQAL Layout Ward No. 08, Sahakar Nagar Bengaluru -560092  
**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020**

	Year ended 31 March 2020 Rs.	Year ended 31 March 2019 Rs.
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit / (Loss) from continuing operations after tax	17,96,05,170	25,07,02,569
Adjustments for:		
Depreciation and amortisation	6,16,67,515	3,89,70,866
Provisions	2,82,14,592	(2,12,82,059)
Deferred tax	2,90,86,091	-
Provision for Income Tax	3,11,50,285	4,68,12,555
Finance Charges	15,25,11,826	8,29,03,167
<b>Operating profit from continuing operations before working capital changes</b>	<b>48,22,35,478</b>	<b>39,81,07,099</b>
<b>Changes in working capital:</b>		
Decrease or (Increase) in Trade Receivables	(1,02,36,41,311)	(28,60,49,574)
Decrease or (Increase) in Inventory	21,58,99,497	(39,00,05,161)
(Increase) / Decrease in Short term loans and advances	(20,24,18,514)	2,80,53,807
(Increase) / Decrease in Other current assets	(76,87,552)	(1,06,10,789)
Increase or (Decrease) in Trade Payables	64,48,94,553	4,83,65,350
Increase or (Decrease) in Other current Liabilities	(8,10,63,422)	6,00,54,472
Increase or (Decrease) in Short Term Borrowings	35,29,86,703	50,01,90,043
<b>Cash generated from continuing operations</b>	<b>38,12,05,433</b>	<b>34,81,05,248</b>
Taxes paid	(3,11,50,285)	(4,68,12,555)
<b>Net cash generated from continuing operations</b>	<b>35,00,55,147</b>	<b>30,12,92,693</b>
Net cash used in discontinuing operations	-	-
<b>Net cash generated from operating activities</b>	<b>A 35,00,55,147</b>	<b>30,12,92,693</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(29,29,50,527)	(68,65,44,399)
Sale of Fixed Assets	-	35,09,941
Investment in Shares/Securities	(4,31,367)	(44,99,809)
<b>Net cash used in continuing operations</b>	<b>(29,33,81,894)</b>	<b>(68,75,34,268)</b>
Net cash used in discontinuing operations	-	-
<b>Net cash used in investing activities</b>	<b>B (29,33,81,894)</b>	<b>(68,75,34,268)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Long-term Borrowings	(4,55,00,979)	38,75,06,038
Proceeds from Issue of Share Capital	2,79,00,000	-
Finance Charges	(14,90,53,433)	(8,29,03,167)
Other Long Term Liabilities	13,90,75,640	9,43,36,038
Long Term Loans and advances	2,11,19,797	2,20,98,884
<b>Net cash used in continuing operations</b>	<b>(64,58,974)</b>	<b>42,10,37,793</b>
Net cash used in discontinuing operations	-	-
<b>Net cash used in financing activities</b>	<b>C (64,58,974)</b>	<b>42,10,37,793</b>
Net Increase in cash and cash equivalents	<b>A+B+C 5,02,14,279</b>	<b>3,47,96,218</b>
Cash and cash equivalents at the beginning of the year	4,48,94,671	1,00,98,454
<b>Cash and cash equivalents at the end of the year</b>	<b>9,51,08,950</b>	<b>4,48,94,671</b>
<b>Components of cash and cash equivalents</b>		
Cash and bank balance	9,51,08,950	4,48,94,671
<b>Cash and cash equivalents at the end of the year</b>	<b>9,51,08,950</b>	<b>4,48,94,671</b>

This is the Cash Flow Statement referred to in our report of even date.

**R.Singhvi & Associates**  
Chartered Accountants  
ICAI FRN - 03870S

**Subhash Chand Singhvi**  
Partner  
M.No.024534

Place : Bengaluru  
Date : 24/12/2020

For and on behalf of the Board of Directors

**SUNIL JALLAN ALIAS**  
**JULLIAN JALLAN**  
Director  
DIN: 02150846  
Place: Bengaluru

**SANDEEP KUMAR**  
Director  
DIN: 02112630  
Place: Bengaluru

**POOJA SARA NAGARAJA**  
Company Secretary

Particulars	As at	As at
	31 March 2020	31 March 2019
	Rs.	Rs.
<b>NOTE 2A</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
Equity shares: (10,00,000 equity shares of Rs.100 each)	10,00,00,000	10,00,00,000
	<b>10,00,00,000</b>	<b>10,00,00,000</b>
<b>Issued , subscribed and paid up :</b>		
Equity shares: (With voting rights)		
Opening Balance	9,00,00,000	9,00,00,000
Issued during the year	-	-
Closing Balance ( Equity shares of Rs 100/- Each)	9,00,00,000	9,00,00,000
<b>Terms/rights attached to equity shares</b>		
The company has only one class of equity shares having a par value of Rs. 100 per share. Each holder of equity shares is entitled to one vote per share.		
	<b>9,00,00,000</b>	<b>9,00,00,000</b>
<b>Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period</b>		
Equity shares:		
Beginning of the year	90,00,000	90,00,000
Issued during the Respective years. ( Equity share at Rs.100 each)		
	<b>90,00,000</b>	<b>90,00,000</b>
<b>List of Equity shareholders holding Equity shares more than 5% of subscribed share capital</b>		
	In Nos	In Nos
<b>Mona Jallan</b>	1,77,600	1,77,600
(Percentage of Holding)	19.73%	19.73%
<b>Krishan Kumar Jallan</b>	3,36,670	3,36,670
(Percentage of Holding)	37.41%	37.41%
<b>KRISHAN KUMAR JALLAN (As Karta of HUF)</b>	43,100	43,100
(Percentage of holding)	4.79%	4.79%
<b>Sandeep Kumar Jallan</b>	1,00,250	1,00,250
(Percentage of Holding)	11.14%	11.14%
<b>Sunil Kumar Jallan</b>	2,42,380	2,42,380
(Percentage of Holding)	26.93%	26.93%
<b>NOTE 2B</b>		
<b>RESERVES AND SURPLUS</b>		
a) Surplus in Profit and Loss Account/ Debit balance in Profit & loss account		
Beginning of the Year	36,37,14,984	11,30,12,414
Profit(Loss) for the year	17,96,05,170	25,07,02,570
Capital Reserve	-	-
Less : Utilised for calculation of Capital Reserve	-	-
Closing of the year	<b>54,33,20,154</b>	<b>36,37,14,984</b>



Particulars	As at	As at
	31 March 2020	31 March 2019
	Rs.	Rs.
<b>NOTE 2C</b>		
<b>LONG TERM BORROWINGS</b>		
<b>Secured Term Loans- From Banks</b>		
Car Loan	48,39,271	41,36,372
Term Loan	53,66,12,173	32,39,17,504
Less:- Current Maturities of Long term debt		
Car Loan	(16,66,886)	(16,30,703)
Term Loan	(13,14,45,480)	(6,02,44,457)
	<b>40,83,39,077</b>	<b>26,61,78,716</b>
Bank OverDraft	-	14,53,00,000
	<b>40,83,39,077</b>	<b>41,14,78,716</b>
<b>Secured Term Loans - From Others</b>		
Toyota Fianancial Services	2,00,858	2,57,121
1. Terms Loans are secured against hypothecation of Current Assets, Exclusive charge on Movable Fixed Assets and Collateral Security provided by Directors		
2. Car Loans are secured against hypothecation of respective Vehicles		
3. Refer Note 2I for Current Maturities of Long Term Debt		
4. Refer Note 14 of the consolidated financial statements for terms of repayment of secured non current liabilities.		
<b>Un-Secured Loans</b>		
From Related Parties	30,85,30,671	39,62,56,340
<b>Others (Inter Corporate Loan)</b>		
Others (Inter Corporate Loan)	22,49,28,664	17,95,08,072
	<b>94,19,99,270</b>	<b>98,75,00,249</b>
<b>NOTE 2D</b>		
<b>DEFERRED TAX LIABILITY/ (ASSET), NET</b>		
DEFERRED TAX LIABILITY	2,63,07,569	(27,78,522)
	<b>2,63,07,569</b>	<b>(27,78,522)</b>
<b>NOTE 2F</b>		
<b>OTHER LONG TERM LIABILITIES</b>		
a) Others	23,05,81,158	9,15,05,518
	<b>23,05,81,158</b>	<b>9,15,05,518</b>
<b>NOTE 2E</b>		
<b>LONG TERM PROVISIONS</b>		
Provision for Gratuity	88,92,987	23,45,572
Provision for Compensated Absences	6,66,605	4,84,948
	<b>95,59,592</b>	<b>28,30,520</b>



Particulars	As at 31 March 2020 Rs.	As at 31 March 2019 Rs.
<b>Note 2G</b>		
<b>Short Term Borrowings</b>		
HDFC Bank O/D	80,52,25,336	44,26,13,177
Overdraft Facility from AXIS Bank	8,38,43,776	9,34,69,232
<b>TOTAL</b>	<b>88,90,69,112</b>	<b>53,60,82,409</b>
<b>NOTE 2H</b>		
<b>TRADE PAYABLES</b>		
MSME Trade Payables	61,87,933	-
Other Trade Payables	1,37,02,86,820	73,15,80,200
<b>TOTAL</b>	<b>1,37,64,74,753</b>	<b>73,15,80,200</b>
(* Refer Note 12 of Notes to Consolidated financial statements)		
<b>NOTE 2I</b>		
<b>OTHER CURRENT LIABILITIES</b>		
Current Maturities of Long term debt *	13,31,12,366	6,18,75,160
Salary & Wages Payable	90,15,944	66,54,418
Advance from Customers	33,96,68,401	37,91,86,569
Balance due to government authorities	1,79,63,184	2,62,18,206
Payable for Capital Goods	57,55,806	2,93,442
Lease Equalisation Reserve	57,30,487	-
Expenses Payable	2,94,54,480	14,58,08,512
Interest Payable	34,58,393	18,30,284
Audit Fees Payable	4,98,000	3,95,500
<b>TOTAL</b>	<b>54,46,57,062</b>	<b>62,22,62,091</b>
* (For terms of repayment & security - Refer Note 2C )		
<b>NOTE 2J</b>		
<b>SHORT TERM PROVISIONS</b>		
Provision for Income Tax	2,84,70,826	77,67,237
Gratuity Benefit Payable	27,862	7,364
Provision for Compensated Absences	14,800	15,486
Provision for Bonus	18,83,550	11,21,431
<b>TOTAL</b>	<b>3,03,97,038</b>	<b>89,11,518</b>



Particulars	As at 31 March 2020 Rs.	As at 31 March 2019 Rs.
<b>NOTE 2L</b>		
<b>NON - CURRENT INVESTMENTS</b>		
Unquoted Investments		
Shares at Vyshali Energy Private Limited ( 43,026 (P.Y NIL) Equity Shares Face value Rs 10, fully paid up )	4,30,260	-
Shares in Atria Wind Power Private Limited (20,322 Equity Shares @ Rs 100 face value, Premium Rs 121.48, fully paid up ) (PY 20,317 Equity Shares @ Rs 100 face value, Premium Rs 121.48, fully paid up)	45,00,917	44,99,809
	<b>49,31,177</b>	<b>44,99,809</b>
<b>NOTE 2M</b>		
<b>LONG TERM LOANS AND ADVANCES</b>		
Security Deposit	2,19,91,163	4,31,10,960
	<b>2,19,91,163</b>	<b>4,31,10,960</b>
<b>NOTE 2N</b>		
<b>INVENTORIES</b>		
Finished goods		
- Pipe	23,28,93,627	20,35,38,016
- TMT	5,60,71,750	9,07,94,912
- Coal	6,05,20,087	-
-Sponge Iron	2,86,33,270	5,56,08,765
- Coil Sheet	2,84,40,337	6,87,67,149
- Billet	11,91,92,743	10,64,56,746
Raw Materials		
-Sponge	4,34,65,350	6,56,57,353
-Coal	6,02,31,188	22,00,97,440
-Iron Ore Pellets	8,40,00,601	2,13,65,882
-Scrap	8,42,56,150	11,40,70,498
-Others	6,99,78,940	16,06,86,241
Consumables Stores & Spares	13,75,85,690	11,41,26,228
<b>TOTAL</b>	<b>1,00,52,69,733</b>	<b>1,22,11,69,230</b>
<b>NOTE 2O</b>		
<b>TRADE RECEIVABLES</b>		
Outstanding more than 6 months		
Doubtful	2,79,06,530	2,27,07,457
Less:- Provision for Bad and Doubtful Debts	(27,90,653)	-
Net Doubtful	2,51,15,877	2,27,07,457
Others		
Unsecured, considered good	1,73,52,31,245	71,39,98,354
<b>TOTAL</b>	<b>1,76,03,47,122</b>	<b>73,67,05,811</b>



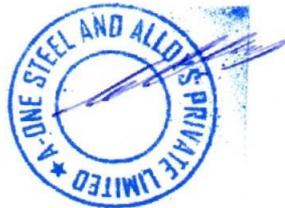
Particluars	As at 31 March 2020 Rs.	As at 31 March 2019 Rs.
<b>NOTE 2P</b>		
<b>Cash and Cash Equivalents</b>		
Balance with scheduled bank		
(i) In current accounts	25,90,995	1,87,79,042
(ii) Fixed Deposits	9,07,29,570	2,55,74,393
Cash in hand	17,88,385	5,41,236
<b>TOTAL</b>	<b>9,51,08,950</b>	<b>4,48,94,671</b>
<b>NOTE 2Q</b>		
<b>Short Term Loans &amp; Advances</b>		
Balance with Statutory Authorities	9,15,27,313	7,38,99,543
Prepaid Expenses	45,64,178	88,07,319
Advances to suppliers	22,82,11,989	7,72,22,653
Advances for Capital Goods	2,95,88,192	3,00,000
EMD (Monitoring Committee)	1,37,91,746	65,41,746
Advance to Employees	17,83,300	2,76,943
<b>TOTAL</b>	<b>36,94,66,718</b>	<b>16,70,48,204</b>
<b>NOTE 2R</b>		
<b>Other Current Assets</b>		
Processing Fees Recoverable	47,43,200	47,43,200
Interest Receivable	83,50,001	7,17,421
MEIS Receivables	54,972	-
<b>TOTAL</b>	<b>1,31,48,173</b>	<b>54,60,621</b>



	Year ended 31 March 2020 Rs.	Year ended 31 March 2019 Rs.
<b>NOTE 3A</b>		
<b>REVENUE FROM OPERATIONS</b>		
Sale of Products	14,82,69,47,293	11,90,07,89,718
Sale of Services (Job Work)	1,24,51,050	99,79,650
<b>TOTAL</b>	<b>14,83,93,98,343</b>	<b>11,91,07,69,368</b>
<b>NOTE 3B</b>		
<b>OTHER INCOME</b>		
Interest Income	58,06,997	41,13,000
Misc Income	92,67,961	1,23,45,538
Foreign Exchange (Gain or Loss)	10,80,084	37,81,785
Insurance Claimed Received	11,86,929	-
Liabilities Written Off	95,78,179	-
<b>TOTAL</b>	<b>2,69,20,150</b>	<b>2,02,40,323</b>
<b>NOTE 3C</b>		
<b>CONSUMED</b>		
Inventory at the beginning of the year	69,60,03,652	79,91,24,579
Add: Purchase (net of discount)	12,19,29,33,371	10,56,68,38,747
-Sponge		
-Scrap		
-Others		
Less: Inventory at the end of the year	(47,95,17,919)	(1,16,55,60,465)
Freight & Transportation & Discount	43,61,90,306	30,57,53,751
Import Expenses/High Sea Purchase Expenses	24,75,02,801	6,01,30,159
Custom Duty/ Import Duty	7,81,89,967	1,57,25,644
Handling Charges	3,53,01,971	-
Royalty, Permit & Others Expenses	7,15,43,726	4,31,45,267
Loading/Unloading Expenses	98,93,313	43,31,691
Compensation Cess	5,65,54,264	2,86,82,018
<b>TOTAL</b>	<b>13,34,45,95,452</b>	<b>10,65,81,71,390</b>
<b>NOTE 3D</b>		
<b>Changes in Inventory of Finished Goods</b>		
(Increase)/Decrease in Finished Goods Stock		
Closing stock of Finished Goods	52,57,51,813	5,56,08,765
Opening stock of Finished Goods	52,51,65,577	3,20,39,490
	<b>(5,86,236)</b>	<b>(2,35,69,275)</b>
<b>NOTE 3E</b>		
<b>EMPLOYEE BENEFIT EXPENSES</b>		
Salaries & Wages	14,73,42,161	8,92,44,275
Staff Welfare Expenses	16,31,204	16,07,019
Contribution to provident and other funds	40,70,076	28,91,054
Gratuity Expenses	65,67,913	12,56,561
Bonus	19,35,694	11,21,431
<b>TOTAL</b>	<b>16,15,47,048</b>	<b>9,61,20,340</b>



	Year ended 31 March 2020 Rs.	Year ended 31 March 2019 Rs.
<b>NOTE 3F</b>		
<b>FINANCE COSTS</b>		
Interest expenses	14,76,36,389	7,49,51,887
Other borrowing costs	48,75,437	77,95,078
<b>TOTAL</b>	<b>15,25,11,826</b>	<b>8,27,46,965</b>
<b>NOTE 3G</b>		
<b>OTHER EXPENSES</b>		
Advertisement Expenses	3,34,91,809	3,67,81,821
Audit fees	7,62,500	4,41,000
Bad Debts	27,90,653	-
Boarding and loading expenses	9,55,296	5,10,237
Business Promotion	23,54,677	14,25,124
Commission on Sales	1,18,32,403	78,29,817
CSR Expenditure	35,01,340	20,65,284
Power, Fuel and Diesel	65,83,89,184	57,43,74,824
Export Expenses	32,18,706	36,11,184
Hire Charges	1,34,42,064	30,09,020
Insurance	37,15,009	26,11,372
Interest on Delayed Payment	9,78,558	44,40,196
Licence Renewal & Filling Fees	9,48,054	9,82,119
Material Shortage	24,57,173	17,10,980
Other expenses	2,26,56,852	3,05,08,133
Packing, Forwarding	11,87,207	77,07,807
Professional Fees	1,37,64,043	60,88,579
Rates & Taxes	97,72,025	48,85,979
Rent Expenses	10,10,56,268	9,75,75,033
Security charges	87,04,826	76,04,216
Travelling expenses	27,65,654	3,09,599
Village Welfare Expenses	36,94,745	9,92,162
<b>TOTAL</b>	<b>90,24,39,047</b>	<b>79,54,64,485</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1) Background

A-ONE STEEL AND ALLOYS PRIVATE LIMITED ( The Company ) was incorporated on 9 April 2012 with its registered office in Bangalore, India. The holding company is manufacturer of heat & cold treatment of iron ,steels etc . The holding company also undertakes machining and job works for its customers.

VANYA STEELS PRIVATE LIMITED was incorporated on 20 June 2005 with its registered office in Bangalore, India. The subsidiary is a manufacturer of heat & cold treatment of iron, steels etc and also undertakes machining and job works for its customers.

Vanya Steels Private Limited is 100% subsidiary of A-One Steel and Alloys Private Limited.

### 2) PRINCIPLES OF CONSOLIDATION

The consolidated financial statements relate to A-ONE STEEL AND ALLOYS PRIVATE LIMITED ('the Company') and its subsidiary company. The consolidated financial statements have been prepared on the

i) The financial statements of the Company and its subsidiary company are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intragroup transactions in accordance with Accounting Standard (AS) 21 - "Consolidated Financial Statements"

ii) The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognised in the consolidated financial statements as Goodwill or Capital Reserve, as the case may be.

iii) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

### 3) (a) Basis of preparation of Consolidated financial statements

The consolidated financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting in accordance with the Generally Accepted Accounting Principles in India ('Indian GAAP') notified under relevant provisions of the Companies Act, 2013.

### (b) Use of estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles, requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the consolidated financial statements and the results of operations during the reporting periods. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from those estimates. Significant estimates used by management in the preparation of these financial statements include the estimates of the economic useful lives of the Property Plant and Equipment, provisions for bad and doubtful debts, recognition of deferred tax asset, provision for employee benefits and provision for income taxes.

### 4) Significant accounting policies

#### i. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

#### *Sale of goods*

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer.

#### *Rendering of services*

Job work and development income is recognised as and when the related service is rendered.

#### *Interest*

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.



**Dividend**

Revenue is recognised when the shareholders' right to receive payment is established by the Balance Sheet date.

**Duty incentives**

Export entitlements under Duty Entitlement Pass Book Scheme ('DEPB') is recognised as income when the right to receive credit as per the terms of the Scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

**ii. Inventories**

Raw materials including components, stores and spares are valued at lower of cost and net realisable value. However, raw materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis.

Work-in-Progress and finished goods are valued at lower of cost and net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes GST compensation Cess

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)****iii. Property Plant and Equipment**

Property Plant and Equipment are stated at cost or revalued amounts, as the case may be, less accumulated depreciation/ amortisation and impairment losses. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use, net of refundable taxes.

Borrowing costs directly attributable to acquisition of those Property Plant and Equipment which necessarily take a substantial period of time to get ready for their intended use are capitalised.

Advances paid towards the acquisition of Property Plant and Equipment outstanding at each Balance Sheet date and the cost of Property Plant and Equipment not ready for their intended use before such date are disclosed as capital work-in-progress.

**iv. Impairment of assets**

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Profit and Loss Account. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

**v. Depreciation / amortisation**

Depreciation on Property Plant and Equipment provided on Straight Line Method as per Schedule II of the Companies Act 2013.

Assets	Useful Life
Computers	3 Years
Furniture & Fixtures	10 Years
Motor Car	8 Years
Motor Vehicles	10 Years
Shed & Buildings	30 and 60 Years
Plant and Equipment	15 and 25 Years
Technical know How	20 Years
Office Equipments	5 Years



**vi Investments**

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments.

Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost.

However, provision for diminution in value is made to recognise a decline, other than temporary, in the value of the investments.

**vii. Foreign currency transactions**

Monetary assets and liabilities related to foreign currency transactions remaining unsettled at the end of the year are restated at year-end rates. The difference in translation of monetary assets and liabilities and realised gains and losses on foreign exchange transactions are recognised in the Profit and Loss Account.

Non-monetary items denominated in foreign currency:

(a) which are carried in terms of historical costs are reported using the exchange rate at the date of transaction.

(b) which are carried at fair value or other similar valuation are reported using the exchange rate that existed when the values are determined.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

### viii. Financial instruments

Financial instruments are recognised when the Company becomes a party to the contractual provisions of the

#### *Derivative instruments*

The Company is exposed to foreign currency fluctuations on foreign currency assets, liabilities and forecasted cash flows denominated in foreign currency. The Company limits the effects of foreign exchange rate fluctuations by following established risk management policies including the use of derivatives. The Company enters into derivative financial instruments such as forward contracts, where the counterparty is a bank.

The accounting policies for forwards contracts are based on whether they meet the criteria for designation as effective cash flow hedges. To designate a forward contract as an effective cash flow hedge, the Company objectively evaluates with appropriate supporting documentation at the inception of the each contract whether the contract is effective in achieving offsetting cash flows attributable to the hedged risk. Effective hedge is generally measured by comparing the cumulative change in the fair value of the hedge contract with a cumulative change in the fair value of the hedged item.

The fair value of derivative financial instruments is determined based on observable market inputs including currency spot and forward rates, yield curves, currency volatility, etc.

#### *Non-Derivative financial instruments*

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets of the Company mainly include cash and bank balances, sundry debtors, other loans and advances and derivative financial instruments with a positive fair value. Financial liabilities of the Company mainly comprise secured and unsecured loans, sundry creditors, accrued expenses and derivative financial instruments with a negative fair value. Financial assets / liabilities are recognised on the balance sheet when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when all of risks and rewards of the ownership have been transferred. The transfer of risks and rewards is evaluated by comparing the exposure, before and after the transfer, with the variability in the amounts and timing of the net cash flows of the transferred assets.

The Company measures the financial assets and liabilities, except for derivative financial assets and liabilities at amortised cost using the effective interest method. The Company measures the short-term payables and receivables with no stated rate of interest at original invoice amount, if the effect of discounting is immaterial. Non-interest bearing deposits are discounted to their present value.

### ix. Operating leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating lease. Operating lease payments are recognised as an expense in the Profit and Loss Account on a straight line basis.

### x. Earnings per share

Basic earnings/(loss) per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends, if any and attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings/(loss) per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

### xi. Retirement benefits

#### **Provident fund**

Contributions payable to the Recognised Provident Fund, which is a defined contribution scheme, is recognised as an expense in the period in which services are rendered by the employee.

#### **Gratuity**

Gratuity is a post employment benefit and is a defined benefit plan. The liability recognised in the balance sheet represents the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets (if any), together with adjustments for unrecognised past service costs. Independent actuaries using the projected unit credit method calculate the defined benefit obligation annually.

Actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are credited or charged to the Profit and Loss Account in the year in which such gains or losses arises.

#### **Compensated absences**

Liability in respect of leave becoming due or expected to be availed within one year from the Balance Sheet date is recognised on the basis of estimated amount required to be paid or estimated value of benefit expected to be availed by the employees. Liability in respect of earned leave becoming due or expected to be availed more than one year after the Balance Sheet date is estimated on the basis of actuarial valuation by an independent actuary using the projected unit credit method.

#### **Other short term benefits**

Expense in respect of other short term benefits is recognised in the Profit and Loss Account on the basis of the amount paid or payable for the period during which services are rendered by the employee.

### xii. Taxes on income

#### **Current tax**

Provision is made for income tax under the tax payable method, based on the liability computed, after taking credit for allowances and exemptions.

#### **Minimum Alternative Tax.**

Minimum Alternative Tax ("MAT") paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustments of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay income taxes at the enacted rates. MAT credit entitlement can be carried forward and utilised for fifteen years from the year in which the same is availed.

#### **Deferred tax**

Deferred tax charge or credit reflects the tax effect of timing differences between accounting income and taxable income for the period. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future. However, in case of unabsorbed depreciation or carried forward losses, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed at each Balance Sheet date and written down or written-up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realised.

Unrecognised deferred tax assets of earlier years are re-assessed and recognised to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realised.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)**

**xiii. Provisions and contingent liabilities**

The Company creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no Provisions for onerous contracts, i.e., contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a reliable estimate of such

**xiv. Borrowing costs**

Borrowing cost directly attributable to the acquisition, construction or productions qualifying assets are capitalised as part of assets. Other borrowings cost are recognised as an expense in the period in which they are incurred.

**5) Employees Benefit Expenses**

**a) Defined Contribution Plan**

Contribution towards provident fund and employee state insurance for employees is made to the regulatory authorities. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis

Amount recognised in the Statement of Profit and Loss	As at	As at
	31st March 2020	31st March 2019
i) Contribution to Provident Fund	27,26,154	14,13,171
ii) Contribution to Employee State Insurance	10,81,687	9,72,405

**b) Defined Benefit Plan**

The following table sets out the status of the Gratuity Plan as required under AS 15. Reconciliation of the opening and closing balances of the present value of the defined benefit obligation and plan assets:

Particulars	As at 31st March		
	2020	2019	2018
Obligation at year beginning	23,52,936	10,96,375	4,29,412
Current Service cost	45,01,399	12,88,405	8,26,997
Interest Cost	1,81,560	-	31,968
Past service cost - ( vested benefits)	-	85,311	-
Actuarial loss/(gain)	18,84,954	(1,17,155)	(1,92,002)
Benefits paid	-	-	-
Amendment in benefit paid	-	-	-
Obligation at the end	<b>89,20,849</b>	<b>23,52,936</b>	<b>10,96,375</b>



Defined benefit obligation liability as at the Balance Sheet date is fully funded by the company

Change in plan assets	-	-	-
Plan assets at year beginning, at fair value	-	-	-
Expected return on plan assets	-	-	-
Actuarial gain/(loss)	-	-	-
Contributions	-	-	-
Benefits paid	-	-	-
Fair value of plan assets as at the end of the period	<hr/>		

**Reconciliation of present value of the obligation and the fair value of plan assets:**

Fair value of plan assets at the end of the year	-	-	-
Present value of the defined benefit obligations at the end of the year	89,20,849	23,52,936	4,29,412
Asset recognized in the balance sheet	<hr/>		
Liability recognized in the balance sheet	89,20,849	23,52,936	4,29,412
Expenses recognized in the statement of P&L	65,67,913	12,56,561	(1,10,020)

**Assumptions**

Discount Rate	6.85%	7.70%	7.80%
Salary escalation rate	10% for first 3 years & 7.50% thereafter	10% for first 3 years & 7.50% thereafter	10.00%
Attrition rate	0.00%	0.00%	0.00%
Expected rate of return on Plan Assets	0.00%	0.00%	0.00%



5) **Related party transactions**

i *Parties where control exists*

- a) Mr. Sandeep Jallan  
b) Mr. Sunil Kumar Jallan  
c) Mr. Manoj Kumar  
d) Mr. Krishna Kumar Jallan  
e) Pooja Sara Nagaraja

Nature of relationship

- Director  
Director  
Director  
Person having substantial Interest  
Company Secretary

ii *Name and relationship of related parties where transaction has taken place*

- Director**  
a) Mr. Sandeep Jallan  
b) Mr. Sunil Kumar Jallan  
c) Mr. Manoj Kumar

- Entities controlled by Director**  
a) M/s. A One Steels India Private Limited  
b) M/s. Aaryan Hitech Steels India Private Limited

- Relatives of Director**  
Mona Jallan  
Krishan kumar Jallan  
Priya Jallan

iii *Transactions with related parties during the period/ year are summarised below:*

Nature of transactions	Relation	Year ended	Year ended
		31 March 2020	31 March 2019
		Rs.	Rs.
<b>Loan repaid by the Company</b>			
Mr. Sandeep Jalan	Director	6,32,93,699	15,43,62,274
Ambe Metals	Entities controlled by Director	2,53,00,000	-
Mr. Sunil Kumar Jalan	Director	1,34,56,872	8,39,62,466
		<b>10,20,50,571</b>	<b>23,83,24,740</b>
<b>Loan received by the Company</b>			
Mr. Sandeep Jalan	Director	3,91,00,000	19,20,50,000
Mr. Sunil Kumar Jalan	Director	20,00,000	16,99,08,620
		<b>4,11,00,000</b>	<b>36,19,58,620</b>
<b>Purchase of Goods</b>			
A One Steels India Private Limited	Entities controlled by Director	48,02,01,602	38,15,94,787
		<b>48,02,01,602</b>	<b>38,15,94,787</b>
<b>Sale of Goods</b>			
A One Steels India Private Limited	Entities controlled by Director	63,91,54,059	46,88,57,233
Sandeep Jalan	Director	15,49,622	3,80,678
		<b>64,07,03,681</b>	<b>46,92,37,911</b>
<b>Purchase of Plant &amp; Machinery</b>			
A One Steels India Private Limited	Entities controlled by Director	-	59,58,741
		-	<b>59,58,741</b>
<b>Payment of Lease Rental</b>			
Aaryan Hitech Steels India Private Limited	Entities controlled by Director	4,50,00,000	4,50,00,000
		<b>4,50,00,000</b>	<b>4,50,00,000</b>
<b>Remuneration</b>			
Sunil Kumar Jallan	Director	60,00,000	60,00,000
		<b>60,00,000</b>	<b>60,00,000</b>

**Balances receivable/ (payable) from and to the related parties are as follows:**

Mr. Sandeep Jalan	(11,23,53,931)	(13,65,47,630)
Mr. Sunil Kumar Jalan	(19,61,76,740)	(20,76,33,612)
A One Steels India Private Limited	(18,20,30,238)	(39,20,96,937)
Ambe Metals	(2,67,75,098)	(5,20,75,098)
Aaryan Hitech Steels India Private Limited	2,25,28,782	(2,18,18,808)

**(49,48,07,225) (81,01,72,085)**



6) Auditors' remuneration \*

	Year ended 31 March 2020 Rs.	Year ended 31 March 2019 Rs.
for Statutory audit, taxation Matters, and Other Services	6,00,000	6,00,000
	<b>6,00,000</b>	<b>6,00,000</b>

\* Excluding Goods and Service Tax

7) Operating Lease

The Company have significant operating lease arrangement for premises. This lease arrangement has lease period of 9 Years. The lease is renewable for further period of 3 Years after the end of 9 Years subject to the term of this lease on mutually agreeable and also includes escalation Clause.

Particulars	Within 1 Year	Between 1 and 5 Years	Beyond 5 Years
Minimum Lease payments	4,99,20,000	28,04,53,755	-

Enterprises consolidated as subsidiary in accordance with Accounting Standard 21-Consolidated

8) Financial Statements:

Name of the Enterprise	Country of Incorporation	Proportion of Ownership Interest
<b>Direct Subsidiaries</b>		
Vanya Steels Private Limited	INDIA	100%

9) Additional Information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Subsidiary

Name of the Enterprise	Net Assets i.e Total Assets minus Total liabilities		Share in profit and loss	
	As % of Consolidated Net assets	Amount in Rs.	As % of Consolidated Profit or loss	Amount in Rs.
<b>Parent</b>				
A-ONE STEEL AND ALLOYS PRIVATE LIMITED	64.95	48,47,02,174	75.34	13,53,13,645
<b>Direct Subsidiaries</b>				
Vanya Steels Private Limited	35.05	26,15,17,966	24.66	4,42,91,524

10) SALIENT FEATURES OF FINANCIAL STATEMENTS OF SUBSIDIARY AS PER COMPANIES ACT , 2013

Subsidiaries:

Name of Subsidiary Company	Reporting Currency for Consolidation	Share Capital ( In Value )	Reserves & Surplus	Total Assets
Vanya Steels Private Limited	INR	17,95,01,670	8,20,16,296	89,32,15,045
<b>Total Liabilities</b>				63,16,97,079

Name of Subsidiary Company	Reporting Currency for Consolidation	Total Turnover	Profit / (Loss) Before Taxation	Provision for Taxation
Vanya Steels Private Limited	INR	2,48,30,94,340	6,05,26,048	1,62,34,524
<b>Profit / (Loss) After Taxation</b>	<b>% of Shareholding</b>			
4,42,91,524	100%			



**11) Previous year comparatives**

The Consolidated financial statements for the year ended 31 March 2020 had been prepared as per the applicable schedule III to the Companies Act, 2013 & the consolidated financial statements for the year ended 31 March 2019 are also been prepared as per Schedule II. However, Previous year's amounts have been regrouped/ reclassified wherever considered necessary to conform to those of the current year.

**12) Disclosure under MSMED Act,2006.**

The group has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows:

Particulars	As at March 31, 2020	As at March 31, 2019
(i) Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	61,87,933	-
(ii) Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	-	-
(iii) Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
(iv) Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
(v) Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
(vi) Interest due and payable towards suppliers registered under MSMED Act, for payments already made	-	-
(vii) Further interest remaining due and payable for earlier years	-	-

**13) Contingent Liabilities and Commitments****a) Litigations**

Name of the Party	Type of Legal Case	As at March 31, 2020	As at March 31, 2019
IndusInd Bank Ltd *	Refer * point below	47,43,200	47,43,200
Office of the Commissioner of Central Tax (GST)	Refer ** point below	4,29,14,006	-

\* IndusInd Bank has recovered Rs. 47,43,200/- as pre-closure charges without renewal of the credit limits. Company has taken up the matter with bank to refund this money. Further company also filed a suit in The Hon'ble State Consumer Disputes Redressal Commission, Bangalore for recovery of this money. The company is confident of recovering this money from bank.

\*\* The company has received a demand for Interest Liability recovery under GST act 2017, on delayed payment of GST amounting to Rs 4,51,70,549 against which the Company has self computed interest on unpaid amount of Rs 22,56,543. The company has filed a writ petition before the hon'ble karnataka high court requesting to not to initiate coercive action against the Company towards recovery. The Company expects to sustain its position.

**b) Capital Commitments**

	As at March 31, 2020	As at March 31, 2019
- Estimated value of Contracts in capital account remaining to be executed	1,25,39,987	3,00,000

**c) Guarantees**

Name of the Party	Nature of Commitments	As at March 31, 2020	As at March 31, 2019
Karnataka Renewal Energy Development Limited	Bank Guarantee	95,00,000	-



14) Terms of Repayment - Secured Non Current Liabilities

Details of Loan	Repayment Period ( In months )	Installments yet to be due as on 31/03/2020	Amount Payable as on 31/03/2020	Interest Rates
HDFC Bank Term Loan 82897672	60	33	6,11,01,713	9.40%
83130198	60	37	10,95,92,074	9.40%
83867083	84	75	23,35,68,385	9.30%
HDFC Car Loan 54639092	60	35	13,05,448	8.50%
HDFC Car Loan 59269097	60	41	13,36,993	9.25%
Axis Bank Car Loan	60	28	5,19,734	9.01%
HDFC Bank Cash Credit - A/C Loan	12	-	80,52,25,336	9.65%
	28	4	2,00,858	10.81%
HDFC Car Loan 68928829	60	51	8,78,435	9.50%
Term Loan -Vanya	69	60	13,23,50,000	10.05%
Vehicle Loan -Vanya	60	44	7,83,300	9.10%
Overdraft Facility- Vanya	12	-	8,38,43,776	9.75%

15) Details of foreign exchange transactions :-

	Year ended 31 March 2020 Rs.	Year ended 31 March 2019 Rs.
<b>Earnings in foreign currency</b>		
Export of Goods (on F.O.B basis)	11,16,74,877	12,48,91,622
Import of Goods (on C.I.F basis)	69,60,71,031	24,01,24,120

\* ( foreign exchange earning represents the amount invoiced. It does not include the amount not invoiced but

16) Earnings per Share - Basic

	March 31, 2020	March 31, 2019
Net Profit after Tax for the year	17,96,05,170	25,07,02,570
Less: Dividend on CCCPS		
Adjusted Net Profit for the Year (A)	17,96,05,170	25,07,02,570
Weighted Average number of Equity Shares outstanding during the year	9,00,000	9,00,000
Nominal Value per Equity Shares	100	100
<b>Earnings per Share - Basic</b>	<b>199.56</b>	<b>278.56</b>

Note - There is no dilution to the Earnings per share as there are no dilutive potential equity

17) The Prior Period Item of Rs 43,02,292 is related to Lease Equilisation Reserve as per AS-19 of Rs 14,34,097 for F.Y 2017-18 and Rs 28,68,195 for F.Y 2018-19.

18) The outbreak of Coronavirus (COVID-19) globally and in India has impacted business and economic activities in general. The spread of COVID-19 along with nationwide lockdown starting from 25th March 2020, has caused serious threat to human lives and resulted in reduction in global demand and disruption in supply chain, which have forced the business to restrict or close the operation in short term. The company has assessed internal and external information up to the date of approval of the financial statements while reviewing the recoverability of assets & financial resources, performance of contractual liability and obligation, ability to service the debt and liabilities. Based on such assessment, the company expects to fully recover the carrying amounts of the assets and comfortably discharge its debts and obligations. The company is positive on the long term business outlook as well as its financial position. However, it will continue to closely monitor any material changes to future economic conditions as the COVID-19 situation continues to evolve in India and globally.

For R Singhvi & Associates,  
Chartered Accountants  
ICAI FRN NO.03870S

Partner: Subhash Chand Singhvi  
M.No. 024534  
Place : Bengaluru  
Date: 24/12/2020

For and on behalf of the Board of Directors

SANDEEP KUMAR  
Director  
Place: Bengaluru  
DIN: 02112630

SUNIL KUMAR JALLAN  
Director  
Place: Bengaluru  
DIN: 02150846

POOJA SARA NAGARAJA  
Company Secretary  
Place: Bengaluru

NOTE : 2K  
FIXED ASSETS

PARTICULARS	GROSS BLOCK (AT COST)		Depreciation						NET BLOCK	
	As at 01-04-2019	Additions/ Adjustments During the Year	Deductions During the Year	As at 31-03-2020	Upto 01-04-2019	For the Year	Deductions During the Year	Upto 31-03-2020	As at 31-03-2019	As at 31-03-2020
<b>Tangible Assets</b>										
Land (Freehold)	14,78,23,873	-	-	14,78,23,873	-	-	-	-	14,78,23,873	14,78,23,873
Buildings	10,86,28,433	1,75,97,969	-	12,62,26,402	1,36,63,195	34,45,773	-	1,71,08,968	9,49,65,238	10,91,17,434
Plant & Machinery	1,01,72,13,779	33,20,99,056	36,79,591	1,34,56,33,244	14,50,30,506	5,24,71,446	-	19,75,01,952	87,21,83,273	1,14,81,31,292
Furniture and Fixtures	15,86,984	10,32,615	-	26,19,599	5,49,356	1,93,438	-	7,42,794	10,37,628	18,76,805
Vehicles	1,57,33,878	27,43,506	-	1,84,77,384	58,13,736	18,36,572	-	76,50,308	99,20,142	1,08,27,076
Office equipment	40,25,894	6,87,454	-	47,13,348	16,44,524	7,12,124	-	23,56,648	23,81,370	23,56,700
D G Set	83,21,857	-	-	83,21,857	49,85,097	3,96,593	-	53,81,690	33,36,760	29,40,167
Caterpillar-424	20,12,260	-	-	20,12,260	15,73,232	1,27,635	-	17,00,868	4,39,028	3,11,392
Loader Z 2021	26,70,698	-	-	26,70,698	19,02,951	1,69,340	-	20,72,290	7,67,747	5,98,408
Computer	22,37,402	11,85,139	-	34,22,541	11,02,049	7,46,909	-	18,48,958	11,35,353	15,73,583
Electrical Installation	1,67,03,816	4,00,000	4,00,000	1,67,03,816	94,31,305	15,19,173	-	1,09,50,478	72,72,511	57,53,338
Intangible Assets	10,59,279	-	-	10,59,279	10,57,879	1,400	-	10,59,279	1,400	-
Mobile Phone	66,974	92,962	-	1,59,936	956	47,112	-	48,069	66,018	1,11,867
<b>TOTAL</b>	<b>1,32,80,85,127</b>	<b>35,58,38,701</b>	<b>40,79,591</b>	<b>1,67,98,44,237</b>	<b>18,67,54,786</b>	<b>6,16,67,515</b>	<b>-</b>	<b>24,84,22,301</b>	<b>1,14,13,30,341</b>	<b>1,43,14,21,936</b>
<b>Capital WIP</b>										
P&M-RM	2,85,41,096	6,65,000	2,92,06,096	-	-	-	-	-	2,85,41,096	-
Building-Rolling Mill	-	59,92,538	-	59,92,538	-	-	-	-	-	59,92,538
Freight Charges- Project	-	26,730	-	-	-	-	-	-	-	-
Building & Shed	11,04,280	21,28,361	32,32,641	-	-	-	-	-	11,04,280	-
Solar Project	9,54,300	10,18,150	-	19,72,450	-	-	-	-	9,54,300	-
CWIP - LRF	3,67,81,946	6,08,051	3,67,81,946	6,08,051	-	-	-	-	3,67,81,946	6,08,051
<b>TOTAL</b>	<b>6,73,81,622</b>	<b>1,04,38,830</b>	<b>6,92,47,413</b>	<b>85,73,039</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24,84,22,301</b>	<b>6,73,81,622</b>	<b>85,73,039</b>
<b>GRAND TOTAL</b>	<b>1,39,54,66,749</b>	<b>36,62,77,531</b>	<b>7,33,27,004</b>	<b>1,68,84,17,276</b>	<b>18,67,54,786</b>	<b>6,16,67,515</b>	<b>0</b>	<b>1,20,87,11,963</b>	<b>1,43,99,94,975</b>	

