



SATHAVAHANA ISPAT LIMITED

Reg. Off : 505, Block 1, Divyashakti Complex, Ameerpet, Hyderabad – 500 016.
Phones : 237330812,3,4 E-mail : info@sathavahana.com web : www.sathavahana.com

Date: 20th March, 2023

To B S E Limited, Corporate Relationship Department, P.J Towers, Dalal Street, Mumbai – 400001	To National Stock Exchange of India Limited, Listing Department, Regd. Office: “Exchange Plaza”, Bandra Kurla Complex, Mumbai – 400051
STOCK CODE:526093	STOCK CODE: SATHAISPAT

Dear Sir/Madam,

Sub: Submission of unaudited Financial Results for the Quarter and half year ended September 30, 2022

Ref: Regulation 33 of SEBI (Listing Obligation and Disclosure Requirements), Regulations, 2015

Script code: 526093

The Unaudited Financial Results of the Company for the quarter and half year ended September 30, 2022 along with the Limited Review Report issued by Majeti & Co., the Statutory Auditors, pursuant to Regulation 33 of the Listing Regulations. The said results along with Limited Review Report thereon are attached herewith.

As you are aware that the company is under Corporate Insolvency Resolution Process (CIRP) in terms of the Order of Hon’ble NCLT Hyderabad Bench dated 8 September, 2021. The powers of Board of Directors are suspended and are vested in the Resolution Professional and Company’s affairs, business and assets are being managed by the Resolution Professional.

The meeting commenced at 6.00 PM and concluded at 07.00 PM

This is for your information and records

Kindly take the same on record.

Thanking you
Yours faithfully

For SATHAVAHANA ISPAT LIMITED

Bhuvan Madan

Resolution Professional

SATHAVAHANA ISPAT LIMITED

Email : cirp.bm.sil@gmail.com

A-103, Ashok Vihar, Phase – III, Delhi – 110 052

IP Regn. No. IBBI/PA-001/IP-P01004/2017-2018/11655

AFA number : AAI/11655/02/210123/103825





SATHAVAHANA ISPAT LIMITED
CIN :L27109TG1989PLC010654

Regd.Office: Flat No. 505, 5th Floor, Block-I, Divyashakthi Complex, Ameerpet, Hyderabad - 500 016
Email: cfo@sathavahana.com www.sathavahana.com

Statement of Unaudited Financial results for the Quarter and Six Months Ended September 30, 2022

(Rs. In Lakhs, except as stated)

S.No	Particulars	Quarter ended			Six Months ended		Year Ended
		30.09.2022	30.06.2022	30.09.2021	30.09.2022	30.09.2021	31.03.2022
		(Unaudited)	(Refer Note-8)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	INCOME						
	Revenue from operations	-	51.46	679.84	51.46	1,765.23	2,819.41
	Other income	1.93	1.34	298.71	3.27	307.56	371.17
	Provision no longer required written back	-	-	-	-	-	1,163.77
	Total income	1.93	52.80	978.55	54.73	2,072.79	4,354.35
2	EXPENSES:						
	a) Cost of raw materials consumed	-	-	93.62	-	93.62	302.51
	b) Changes in inventories of finished goods and work-in-progress	-	-	-	-	38.61	128.43
	c) Employee benefits expense	16.09	20.66	282.86	36.75	512.36	602.45
	d) Finance costs	12.15	0.02	7591.26	12.17	13913.90	8928.09
	e) Depreciation and amortisation expense	1,002.02	997.94	1026.06	1999.96	2047.01	4048.97
	f) Other expenses (Refer Note -7)	148.20	198.62	470.62	346.82	714.89	2611.00
	Total expenses	1178.46	1217.24	9464.42	2395.70	17320.39	16621.45
3	Profit/(Loss) before Exceptional items and tax (1-2)	(1176.53)	(1164.44)	(8485.87)	(2340.97)	(15247.60)	(12267.10)
4	Exceptional item	-	-	-	-	-	-
5	Loss before tax (3-4)	(1176.53)	(1164.44)	(8485.87)	(2340.97)	(15247.60)	(12267.10)
6	Tax expense						
	Current tax	-	-	-	-	-	-
	Deferred tax	-	-	-	-	-	-
	Total tax expense	-	-	-	-	-	-
7	Profit/(Loss) for the period from continuing operations (5-6)	(1176.53)	(1164.44)	(8485.87)	(2340.97)	(15247.60)	(12267.10)
8	Profit/(loss) from discontinued operations	-	-	-	-	-	-
9	Tax expenses of discontinued operations	-	-	-	-	-	-
10	Profit/(Loss) from discontinued operations after tax (8±9)	-	-	-	-	-	-
11	Profit/(Loss) for the Period (7+10)	(1176.53)	(1164.44)	(8485.87)	(2,340.97)	(15,247.60)	(12,267.10)
12	Other Comprehensive Income / (Expense)						
	A a) (i) Items that will not be reclassified to profit or loss	(0.51)	(0.50)	15.28	(1.01)	30.56	(52.96)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-	-	-
	B b) (i) Items that will be reclassified to profit or loss	-	-	-	-	-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-	-
	Total other comprehensive income for the period	(0.51)	(0.50)	15.28	(1.01)	30.56	(52.96)
13	Total Comprehensive Income for the year (11+12) (Comprising Profit / (Loss) and other comprehensive Income for the year)	(1177.04)	(1164.94)	(8470.59)	(2341.98)	(15217.04)	(12320.06)
14	Paid Up Equity Share Capital (Ordinary shares of Rs 10/- each)	5090.00	5090.00	5090.00	5090.00	5090.00	5090.00
15	Other Equity Excluding Revaluation Reserve						(18316.26)
16	Loss Per Equity Share(Not Annualised) in Rs. (from discontinued operations and Continuing Operations)						
	Basic	(2.31)	(2.29)	(16.67)	(4.60)	(29.96)	(24.10)
	Diluted	(2.31)	(2.29)	(16.67)	(4.60)	(29.96)	(24.10)

STATEMENT OF ASSETS & LIABILITIES

Particulars	As at	
	30.09.2022	31.03.2022
	(Unaudited)	(Audited)
ASSETS		
I Non-current assets		
(a) Property, plant and equipment	58012.37	60012.01
(b) Capital work-in-progress	3343.19	3343.19
(c) Right-of-use asset	331.43	331.43
(d) Intangible assets	-	-
(e) Financial assets		
(i) Investments	23.68	23.23
(ii) Other financial assets	210.58	210.31
(f) Other non-current assets	851.86	865.77
Total Non-current assets	62773.11	64785.94
II Current assets		
(a) Inventories	1504.94	1555.82
(b) Financial assets		
(i) Trade receivables	3690.56	4010.91
(ii) Cash and cash equivalents	170.40	117.44
(iii) Bank balances other than (ii) above	0.62	0.62
(c) Other current assets	1546.49	1474.81
Total Current assets	6913.01	7159.60
TOTAL ASSETS	69686.12	71945.54
EQUITY AND LIABILITIES		
III Equity		
a) Equity share capital	5090.00	5090.00
b) Other equity	(120658.24)	(118316.26)
Total Equity	(115568.24)	(113226.26)
IV Non-current liabilities		
(a) Provisions	129.89	129.90
Total Non-current liabilities	129.89	129.90
V Current liabilities		
(a) Financial liabilities		
(i) Borrowings	174714.10	174714.10
(ii) Trade payables		
- dues to micro and small enterprises	-	-
- dues to others	5990.25	5949.44
(iii) Other financial liabilities	2837.42	2760.03
(b) Other current liabilities	1532.17	1567.80
(c) Provisions	50.53	50.53
Total current liabilities	185124.47	185041.90
Total Liabilities	185254.36	185171.80
TOTAL EQUITY AND LIABILITIES	69686.12	71945.54

STATEMENT OF CASH FLOWS

Particulars	For Six Months Ended	
	30.09.2022	30.09.2021
	(Unaudited)	(Unaudited)
Cash flow from operating activities:		
(Loss) before tax	(2,340.97)	(15,247.60)
Adjustments for:		
Depreciation and amortisation expense	1,999.96	2,047.01
Unrealised foreign exchange loss (net)	-	1.39
Interest income from financial assets at amortised cost	(2.71)	-
Dividend income classified as investing activities	(0.02)	(0.06)
Finance cost	12.17	13,913.90
Net (gain) arising on investments mandatorily measured at Fair value through profit and loss	(0.45)	(3.22)
Debit balance written off	-	44.91
Operating Profit/ (Loss) before working capital changes	(332.02)	756.33
Adjustments for:		
Trade receivables and other assets	248.40	(700.63)
Inventories	50.88	134.54
Trade payables, other liabilities and provisions	81.55	(357.33)
Cash generated from operating activities	48.81	(167.09)
Income tax (paid)/ Refund	13.91	(0.90)
Net cash inflow / (outflow) from operating activities	62.72	(167.99)
Cash flows from investing activities:		
Purchase of property, plant and equipment, Intangibles and capital work-in-progress	(0.32)	(0.15)
Sale Proceeds from property, plant and equipment	-	4.58
Restricted Balances with Banks	-	227.44
Interest received	2.71	-
Dividend received	0.02	0.06
Net cash inflow from investing activities	2.41	231.93
Cash flows from financing activities:		
Proceeds/(repayment) of long-term borrowings (net)	-	(7.76)
Proceeds/(repayment) of short-term borrowings (net)	-	(1.44)
Finance costs (Charged to short-term borrowings)	-12.17	-
Net cash (outflow) / inflow from financing activities	-12.17	(9.20)
Net (decrease) / increase in cash and cash equivalents	52.96	54.74
Opening Cash and Cash Equivalents	117.44	33.84
Closing Cash and Cash Equivalents	170.40	88.58

Notes:

- As of September 30, 2022, the Company, M/s Sathavahana Ispat Limited, is currently undergoing corporate insolvency resolution process ("CIRP") pursuant to the order dated July 28, 2021, passed by the Hon'ble National Company Law Tribunal, Hyderabad Bench ("NCLT"), in C.P. No.17/9/HDB/2020 filed by one M/s Thirumala Logistics, an operational creditor of the Company. Vide the same order, one Mr. Golla Ramakantha Rao, an Insolvency Professional, was appointed as the Interim Resolution Professional. Pursuant to order dated September 08, 2021, passed by the Hon'ble NCLT, Mr. Bhuvan Madan, an Insolvency Professional, was appointed as the Resolution Professional to conduct the CIRP and to manage the affairs of the Company. The copy of the said order was received by Mr. Bhuvan Madan, the Resolution Professional on September 15, 2021. As such, since September 15, 2021, has been under the control and management of Mr. Bhuvan Madan, the Resolution Professional. The CIRP of the Company is at advanced stage with the Resolution Plans being under consideration of the COC. The Resolution Plans have been voted upon by the Committee of Creditors of the Company in their meeting held on March 17, 2021 same has been submitted to the Hon'ble NCLT Hyderabad for their Approval. Accordingly, the Company continues to be under CIRP under the aegis of Mr. Bhuvan Madan, the Resolution Professional.

Upon commencement of CIRP, the powers of Board of Directors of the company stands suspended and management of company/CD vests with IRP/RP. The IRP/RP is expected to take every endeavour to protect and preserve the value of property of the corporate debtor and manage the operations of the company as Going Concern. RP is expected to conduct CIRP, invite claims from various class of creditors, and invite prospective resolution applicants for submission of resolution plans. To conduct CIRP and to preserve the value of assets, RP has undertaken various measures to keep safeguard and restore and preserve value of property. Further RP has undertaken various measures to realise the old inventory and recovery from the debtors. Resolution Plans have been received and evaluated and pending for submission to Hon'ble NCLT for Plan approval.
- As Per Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'Regulation') the financial results of a company submitted to the stock exchange shall signed by the Chairperson or Managing Director or Whole Time Director or in absence of all of them, it shall be signed by any director of the company who is duly authorized by the Board of Directors. The Financial Results have been signed by A. Naresh Kumar, Managing Director of suspended board of the company confirming truthfulness, fairness, accuracy and completeness of the financial results. Basis this confirmation, these unaudited financial statements have been taken on record by the Resolution Professional on March 20, 2023 for filing with the stock exchanges in accordance with the Regulations. The Statutory Auditors have given disclaimer for the quarter ended September 30, 2022.
- The Statement has been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies to the extent applicable and in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
- These financial results have been signed by the Resolution Professional (RP) while exercising the powers of the Board of Directors of the Company, which has been conferred upon him in terms of the provisions of Section 17 of Code. Resolution Professional has signed these financial results in good faith, solely for the purpose of compliance and discharging his duty under the Code. The Resolution Professional has relied upon the certification, representation and statements made by the management while reviewing the financial results
- Since the operations of all the segments of the company shut down, disclosure related to segment reporting as required under IND AS 108 "Operating segments" was not given.
- Based on the letter dated June 23, 2021 by the Canara Bank (lead banker of Consortium), Three lender Banks (Out of Four (4) in consortium) of the Company namely, Canara Bank ('CB'), State Bank of India ('SBI') and Union Bank of India [(earlier Andhra Bank) ('UBI')] [collectively hereinafter referred as 'Banks'] and IFCI non banking financial company have assigned their debt provided to the Company to J C Flower Asset Reconstruction Company Limited ("JCFARC"), the anchor bidder in Swiss challenge process. Therefore, J C Flower ARC shall now have all the rights and privileges on the debt earlier owed by the Company to the Banks. The Company has obligations towards JCFARC aggregating to Rs.1,74,714.10 lakhs (Including Interest Accrued) as at September 30, 2022.

- a) Since Corporate Insolvency Resolution Process (CIRP) is currently in progress, as per the Code, it is required that the Company be managed as going concern during CIRP and Resolution plan was considered by coc which was put on hold on account of reasons specified in above Note 1. Accordingly, the financial statements are continued to be prepared on going concern basis.
- b) The Company's current level of operations in NH at both Metallurgical Coke division and Ferrous division, may not be an indication of the future performance of the Company. As the company has awarded Repair and Maintenance Contract to Jindal Saw Limited to upkeep the Property plant and Equipment. Accordingly, Impairment testing under Ind AS has not been performed while presenting these results.
- c) Trade receivables as at September 30, 2022 include Rs. 3676.09 lakhs (March 31, 2022 Rs. 3486.76 lakhs) due for a period of more than one year for which no provision has been made in the books of account, as the management considers these receivables as good and recoverable. The management assess the recoverability of trade receivables on regular basis and there was no uncertainty at present on recoverability of these receivables and legal cases were preferred where required to ensure recoverability. With regard to other long outstanding capital advances of Rs. 174.01 Lakhs (March 31, 2022 Rs. 174.01 Lakhs) , supplier advances of Rs.641.29 lakhs (March 31, 2022 Rs. 607.63 Lakhs) and other financial assets of Rs.156.42 Lakhs (March 31, 2022 Rs. 156.42 Lakhs), management is confident of recoverability and no provision at present is required to be made. (This was also subject matter of disclaimer in the audit report for the year ended March 31, 2022.)
- d) Claims have been received from various governments authorities admitted / partial admitted or rejected based upon the verification conducted by Resolution Professional and can be settled in accordance with Resolution plan approved by NCLT.
- e) Resolution Professional has taken control over both plants and reviewed the position of inventory before handing over the same to Jindal Saw limited for Repair and Maintained work
- f) Since shut down of the operations Haresamudram plant from 12th June 2017, no major movement have happened in Inventories amounting to Rs. 1407.79 Lakhs (As at 31st March 2022: Rs. 1458.67 Lakhs) . Resolution Professional regularly monitored, maintained and ensured same in usable/ saleable condition and assessed the stated value was fully recoverable and no provision is required as on the date of balance sheet. . This was also subject matter of disclaimer in the audit report for the year ended March 31, 2022.
- g) Creditors for capital works as at September 30, 2022 includes overdue payables of Rs.224.15 lakhs (March 31, 2022: Rs.224.15 lakhs) which is owed by the Company to a non-resident company for more than three years. The Company is required to obtain approvals from consent authorities to condone such delay in payment of foreign currencies, which is presently not obtained and the Company intends to take the necessary approvals in this regard, pending which any penalties that may be levied by consent authorities and impact in the aforesaid liabilities in the financial statements are not presently ascertainable. (This was also subject matter of disclaimer in the audit report for the year ended March 31, 2022).
- h) Statutory liabilities as at September 30, 2022 amounting to Rs. 1390.29 Lakhs (March 31, 2022 Rs. 1460.92 Lakhs) related to Income tax, Employee's provident fund, Employee state insurance act, Gratuity and professional tax, have become overdue and remaining unpaid. This is because of the tight working capital situation faced by the company. This was also subject matter of disclaimer in the audit report for the year ended March 31, 2022.
- i) As per the terms of the contract amount become due upon submission final invoice by the party and also subject to satisfactory performance of the Plant and Equipment as per the contract.
- j) Resolution Professional has invited the Claims through the Public Announcement and Various Creditors such as financial, operational and other have submitted and reconciled the same with Books of accounts based on the documents provided by the claimant which has been verified. And the Final version of claims summary has been uploaded on the company website.
- 7 The figures of the quarter ended March 31, 2022 is the balancing figures between audited figures in respect of the financial year and the published year to date figures up to the third quarter of the current and previous financial year i.e., 2021-22 respectively.
- 8 The figures for the corresponding previous period have been reclassified / regrouped wherever necessary to conform to current period classification.

By Order of the Resolution Professional
For Sathavahana Ispat Limited



(BHUVAN MADAN)
Resolution Professional

IBBI/IPA-001/IP-P01004/2017-18/11655



INDEPENDENT AUDITOR'S REVIEW REPORT ON QUARTERLY AND YEAR TO DATE UNAUDITED FINANCIAL RESULTS OF THE COMPANY PURSUANT TO THE REGULATION 33 OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015, AS AMENDED

TO
The Resolution Professional
SATHAVAHANA ISPAT LIMITED

- 1) The Hon'ble National Company Law Tribunal, Hyderabad Bench ('NCLT') admitted an Insolvency and bankruptcy petition filed by an operational creditor against SATHAVAHANA ISPAT LIMITED (the 'Company') and appointed Mr. GollaRamakantha Rao to act as Interim Resolution Professional ('IRP') with a direction to initiate appropriate action contemplated with extant provisions of the Insolvency and Bankruptcy code, 2016 and other related rules as applicable. Further, pursuant to the order of NCLT, committee of creditors ("CoC") were formed and the First COC meeting was held on August 31, 2021 and appointed Mr. Bhuvan Madan as Resolution Professional ('RP') in place of Mr. GollaRamakantha Rao. The same has been confirmed by the NCLT.
- 2) As Per Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'Regulation') the financial results of a company submitted to the stock exchange shall be signed by the Chairperson or Managing Director or Whole Time Director or in absence of all of them, it shall be signed by any director of the company who is duly authorized by the Board of Directors. In view of the ongoing Corporate Insolvency Resolution Process ("CIRP") as Board has been suspended and these powers are now vested with Mr. Bhuvan Madan in the capacity as the Resolution Professional as per the Provisions of the Insolvency and bankruptcy Code, 2016 ("the Code").
- 3) We have reviewed the accompanying statement of unaudited financial results of **SATHAVAHANA ISPAT LIMITED** (the 'Company') for the quarter ended September 30, 2022 and year to date from 1st April 2022 to 30th September 2022 (the "Statement") attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (, the 'Regulation') as amended.
- 4) This Statement, which is the responsibility of the Company's Management and approved by the Resolution Professional, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
- 5) We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to

whether the Statement is free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

6) Our responsibility is to express a conclusion on the statement based on our review. *However, because of the matters described in paragraph 7 below, we are not able to obtain sufficient appropriate audit evidence to provide the basis of our conclusion on this statement.*

i. Related to Going Concern

As mentioned in Note No.1 to the Statement, the Company has been referred to National Company Law Tribunal under the Insolvency and Bankruptcy Code, 2016, ("Code") and the company's obligation towards current borrowings was Rs. 1,74,714.10 Lakhs significantly exceeded its available cash and cash equivalents and other financial assets as on the date of balance sheet. The company's financial results and funds availability were adversely affected due to continuing shut down of the ferrous plant since 12th June 2017, no operations in the coke oven plant and power plant resulted in a Net Loss of Rs.1176.53 Lakhs for the quarter ended resulting into accumulated losses of Rs.1,20,658.24 Lakhs and erosion of its Net worth as at September 30, 2022. These conditions give rise to material uncertainty over the ability of the Company to continue as a going concern.

Since Corporate Insolvency Resolution Process (CIRP) is currently in progress, as per the Code, it is required that the Company be managed as going concern during CIRP. Accordingly, the financial statements are continued to be prepared on going concern basis (Refer Note no 6(a)). However, there exists a material uncertainty about the ability of the Company to continue as a "Going Concern". The same is dependent upon the resolution plan to be approved by NCLT. The appropriateness of the preparation of financial statements on going concern basis is critically dependent upon CIRP as specified in the Code. Necessary adjustments required on the carrying amount of assets and liabilities are not ascertainable at this stage.

The financial Results have been prepared on going concern basis based on the reason as described above. In the absence of forecast plans made available to us, presently not ascertainable about company's ability to repay its borrowings, trade payables, statutory liabilities, other payables and arrangement of funds to resume its operations. We are unable to obtain sufficient and appropriate audit evidence to conclude the company will remain in operation into the foreseeable future and whether the use of the going concern assumption to prepare the financial statements is appropriate.

ii. Minutes of committee of creditors

We have been informed by the Resolution Professional that certain information including the Minutes of meetings of the Committee of Creditors and the outcome of certain procedures carried out as per the CIRP are confidential in nature and could not be shared with anyone other than the Committee of Creditors and NCLT. Accordingly, we are unable to comment on the possible financial impact, presentation and disclosure, if any, that may arise if we have been provided access to those information.

iii. Impairment of Property plan and equipment, capital work in progress

We draw your attention to Note no 6(b) to the statements, As per Indian Accounting Standard 36 on Impairment of Assets, the Company is required to determine impairment in respect of Property, Plant and equipment and capital work in progress as per the

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methodology prescribed under the said Standard on account of shut down of the ferrous plant since 12th June 2017 and no operations in the coke oven and power plant. However, the Management of the Company has not done impairment testing for the reasons explained in the above note. However, In the absence of documents related to working for impairment of the Property, Plant and equipment and capital work in progress as per Ind AS 36, the impact of impairment, if any, on the Ind AS financial statements is not ascertainable.

This matter was also disclaimer in our report on the financial statements for the year ended March 31, 2022.

iv. **Inventories**

- a) Management has not performed the stock verification during the period end due to the reasons described in the said note 6(e), In the absence of physical verification of stock, we have not been able to obtain sufficient, appropriate audit evidence over the existence of inventory of Rs.1504.94 Lakhs as of September 30, 2022.
- b) We draw attention to Note 6(f) to the statement, regarding non-moving inventories Since shut down of the operations at factory located at Haresamudram amounting to Rs.1407.79 Lakhs (As at 31st March 2022: Rs.1458.67 lakhs). Management believes that no adjustments to the carrying value of the inventories is required as those are regularly monitored, maintained and in usable/ saleable condition. As per Indian Accounting Standard - 2 'Inventories' are to be Valued at the lower of cost and net realisable value. Pending corroborative evidence to assess the net realisable value, we are unable to comment on the realisable value of these Inventories together with consequential impact.

This matter was also disclaimed in our report on the financial statements for the year ended March 31, 2022.

v. **Claims against the company**

- v. We draw your attention to Note no 6(i) to the statement, pursuant to commencement of CIRP under the code, there are various claims submitted by the financial creditors, operational creditors, employees and other creditor to the RP. The books balances appears will be recasted upon successful implementation of resolution plan. Pending final outcome of the CIRP, no accounting impact in the books of accounts has been recognised in respect of excess or short claims or non-receipts of claims for above-mentioned creditors.

This matter was also disclaimed in our report on the financial statements for the year ended March 31, 2022.

vi. **Long outstanding unconfirmed trade receivables, capital and supplier advances and other financial assets**

We draw attention to Note no 6(c) to the statement, where in management has considered outstanding trade receivables of Rs.3676.09 Lakhs (March 31, 2022 Rs. 3486.76 Lakhs) capital advances of Rs.174.01 Lakhs (March 31, 2022 Rs. 174.01 Lakhs), supplier advances of Rs. 641.29 lakhs (March 31, 2022 Rs. 607.63 Lakhs) and other financial assets of Rs. 156.42 lakhs (March 31, 2022 Rs. 156.42 Lakhs), respectively due for a period of more than one year as good and recoverable as at September 30, 2022, for which no provision has been made in the books of account. For reasons said in the

aforesaid note, due to confirmations being not available and pending reconciliation adjustments we are unable to comment on the recoverability of these receivables and its consequential effect on these financial statements.

This matter was also disclaimed in our report on the financial statements for the year ended March 31, 2022.

vii. **Non-Payment of statutory dues**

We draw attention to Note no6 (h) to the statement, Statutory dues related to Income tax, Employee's provident fund, Employee state insurance act and professional tax, amounting to Rs. 1390.29 Lakhs (March 31, 2022 Rs. 1460.92 Lakhs) have become overdue and remain unpaid, interest, penalty if any in respect of the same has remained unascertained and unaccounted for.

This matter was also disclaimed in our report on the financial statements for the year ended March 31, 2022.

viii. **Noncompliance with Foreign exchange management act, 1999**

We draw your attention to Note 6(g) to the statement regarding overdue payables aggregating to Rs.224.15 lakhs as at June 30, 2022 (As at 31st March 2022:- Rs.224.15 lakhs), included in 'Creditor for capital works', which is outstanding to a non-resident company for more than three years, and for which the Company is yet to obtain approval from the Authorised Dealer or Reserve Bank of India (RBI) to remit the aforesaid amounts. Any penalties that may be levied by RBI in the aforesaid liabilities in the financial statements are presently not ascertainable.

This matter was also disclaimed in our report on the financial statements for the year ended March 31, 2022.

ix. **Noncompliance with Companies act 2013**

a) During the period Internal audit was not carried out as per the requirement of section 138 of the Companies Act, 2013.

b) The Company has taken advances from customers which were outstanding for more than one year amounting to Rs.105.32 lakhs, in terms of section 73 of Companies Act, 2013 read together with Companies (Acceptance of Deposits) Rules, 2014, (Rule 2(1)(xii)(a)), such advances are liable to be treated as deposits and hence the Company is in violation of the same, consequential effects and penalty if any in respect of the same has remained unascertained and unaccounted for.

penalty if any in respect of above non-compliances has remained unascertained and unaccounted for.

This matter was also disclaimed in our report on the financial statements for the year ended March 31, 2022.

x. **Un accounted expenditure**

As per the recognition principles mentioned in Indian Accounting Standard (Ind AS) 37, provision shall be recognised when company has a present obligation (legal or constructive) as a result of a past event, which is to be measured by the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. On 20 September 2021 the company entered into a contract for 'Repairs & Maintenance of

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Manufacturing Facilities' at a contract Price of Rs 26600lakhs and related work was commenced by the contractor. The company has not accounted any provision for expenses till date of Balance sheet due to the reasons described in note no.6 (e) In the absence of any best estimate of the provision to be accounted, we are unable to comment about its consequential effect if any on these financial results.

The same is not in compliance with requirement of Ind AS 37 appropriate recognition, measurement and disclosure of provisions.

This matter was also disclaimed in our report on the financial statements for the year ended March 31, 2022.

xi. **Non recognition of interest on borrowings**

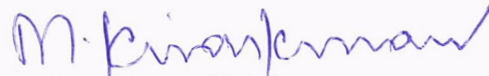
As Mentioned in note no 5 to the statement, all borrowings were assigned by the Banks and Financial Institutions to J C Flower Asset Reconstruction Company Limited along with all rights and privileges. The company has not accounted for accrued interest amounting to Rs.38649.54lakhs from August 2021 to September 30, 2022, which is noncompliance of Indian Accounting Standard (Ind AS) 109 Financial Instruments.

This matter was also disclaimed in our report on the financial statements for the year ended March 31, 2022.

- 7) Based on our review conducted as above and procedure performed as stated in paragraph 5 above because of the substantive nature and significance of the matters described in paragraph 7 above ***we have not been able to obtain sufficient appropriate audit evidence to provide our basis for our conclusion*** as to whether accompanying statement prepared in accordance with applicable Accounting Standards i.e. Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.

For MAJETI & Co.,
Chartered Accountants
Firm's Registration Number: 015975S

Hyderabad
March 20, 2023


Kiran Kumar Majeti
Partner
Membership Number: 220354
UDIN:23220354BGTEUD6587