



SATHAVAHANA ISPAT LIMITED

Reg. Off : 505, Block 1, Divyashakti Complex, Ameerpet, Hyderabad – 500 016.
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14th April, 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: Un-audited Financial Results for the Quarter and nine months ended December 31, 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 Nine Months ended December 31, 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 was admitted under Corporate Insolvency Resolution Process (CIRP) in terms of the Order of Hon’ble NCLT Hyderabad Bench dated 8 September, 2021. Further Hon’ble NCLT Hyderabad vide its order dated 31.03.2023 has approved the resolution plan, Thereafter a monitoring Agency was set up on 03.04.2023 and the Agency was handed over the powers of the suspended Board of Directors of the Company from the Resolution Professional to the Monitoring Agency until the reconstitution of the Board of Directors of the Company, post successful implementation of the Resolution Plan. Mr. Bhuvan Madan, being Authorised Representative of Monitoring Agency has signed the results

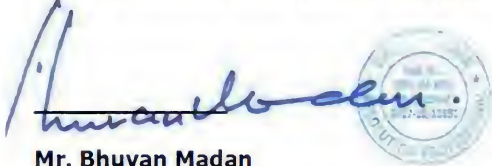
The meeting commenced at 03.30 PM and concluded at 04.30 PM

This is for your information and records

Kindly take the same on record.

Thanking you
Yours faithfully

For & on behalf of the Monitoring Agency of Sathavahana Ispat Limited



Mr. Bhuvan Madan

Monitoring Agent





SATHAVAHANA ISPAT LIMITED
CIN :L27109TG1989PLC010654

Regd. Office: Flat No. 505, 5th Floor, Block-I, Divyashakthi Complex, Ameerpet, Hyderabad - 500 016
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Statement of Unaudited Financial results for the Quarter and Nine Months Ended December 31, 2022

(Rs. In Lakhs, except as stated)

S.No	Particulars	Quarter ended			Nine Months ended		Year Ended
		31.12.2022 (Unaudited)	30.09.2022 (Refer Note-7)	31.12.2021 (Unaudited)	31.12.2022 (Unaudited)	31.12.2021 (Unaudited)	31.03.2022 (Audited)
1	INCOME						
	Revenue from operations	1,502.22	-	739.70	1,553.68	2,504.93	2,819.41
	Other income	3.85	1.93	63.82	7.12	371.38	371.17
	Provision no longer required written back	-	-	-	-	-	1,163.77
	Total income	1,506.07	1.93	803.52	1,560.80	2,876.31	4,354.35
2	EXPENSES:						
	a) Cost of raw materials consumed	1,720.90	-	117.08	1,720.90	210.70	302.51
	b) Job work Charges	5,636.54	-	-	5,636.54	-	-
	c) Changes in inventories of finished goods and work-in- progress	(6,291.12)	-	-	(6,291.12)	38.61	128.43
	d) Employee benefits expense	26.13	16.09	126.85	62.88	639.21	602.45
	e) Finance costs	0.88	12.15	7944.37	13.05	21858.27	8928.09
	f) Depreciation and amortisation expense	998.79	1002.02	1014.14	2998.75	3061.15	4048.97
	g) Other expenses (Refer Note -7)	262.81	148.20	271.35	609.63	986.24	2611.00
	Total expenses	2354.93	1178.46	9473.79	4750.63	26794.18	16621.45
3	Profit/(Loss) before Exceptional items and tax (1-2)	(848.86)	(1176.53)	(8670.27)	(3189.83)	(23917.87)	(12267.10)
4	Exceptional item	-	-	-	-	-	-
5	Loss before tax (3-4)	(848.86)	(1176.53)	(8670.27)	(3189.83)	(23917.87)	(12267.10)
6	Tax expense						
	Current tax	69.78	-	-	69.78	-	-
	Deferred tax	-	-	-	-	-	-
	Total tax expense	69.78	-	-	69.78	-	-
7	Profit/ (Loss) for the period from continuing operations (5-6)	(918.64)	(1176.53)	(8670.27)	(3259.61)	(23917.87)	(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)	(918.64)	(1,176.53)	(8,670.27)	(3,259.61)	(23,917.87)	(12,267.10)
12	Other Comprehensive Income / (Expense)						
A	a) (i) Items that will not be reclassified to profit or loss	(0.50)	(0.51)	15.29	(1.51)	45.85	(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	(0.50)	(0.51)	15.29	(1.51)	45.85	(52.96)
13	Total Comprehensive Income for the year (11+12) (Comprising Profit / (Loss) and other comprehensive Income for the year)	(919.14)	(1177.04)	(8654.98)	(3261.12)	(23872.02)	(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						(118316.26)
16	Loss Per Equity Share(Not Annualised) in Rs. (from discontinued operations and Continuing Operations						
	Basic	(1.80)	(2.31)	(17.03)	(6.40)	(46.99)	(24.10)
	Diluted	(1.80)	(2.31)	(17.03)	(6.40)	(46.99)	(24.10)

Munawar Ali

Notes :

- 1 As of December 31, 2022, the Company, M/s Sathavahana Ispat Limited, is currently undergoing corporate insolvency resolution process ("CIRP") under the insolvency and bankruptcy code 2016 ("code") 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 ("IRP").

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 ("RP") on September 15, 2021. As such, since September 15, 2021, has been under the control and management of Mr. Bhuvan Madan, the Resolution Professional.

During the 12th meeting of the Committee of Creditors ("COC") held on October 18, 2022 the COC confirmed M/S Jindal Saw Limited ("Jindal Saw") as the Successful Resolution Applicant ("RA"). On October 19, 2022, pursuant to discussions with the COC members and the RA, the RP issued the Letter of Intent ("LOI") to Jindal Saw confirming Jindal Saw as the Successful Resolution Applicant. On the same day, Jindal Saw also gave its acceptance of the LOI. Pursuant to the approval of the Resolution Plan of Jindal Saw and pursuant to acceptance of the LOI, on October 20, 2022, the RP has filed an Application under section 30(6) of the Code for approval of the Resolution Plan of Jindal Saw and pass appropriate orders under section 31 of the Code.

Pursuant to its order dated March 31, 2023 passed by the Hon'ble NCLT ("NCLT Order"), the Adjudicating Authority approved the resolution plan ("Approved Resolution Plan") submitted by M/S Jindal Saw Limited ("Resolution Applicant") ("RA") for the takeover of the Company under Section 31 of the Insolvency and Bankruptcy Code, 2016 ("Code"). As per the terms of Section 31 of the Code, the Approved Resolution Plan shall be binding on the Company, its employees, members, creditors, guarantors and other stakeholders involved in the Resolution Plan.

The CIRP of the Company has therefore concluded and Mr. Bhuvan Madan has ceased to be the resolution professional of the Company, effective on and from 31.03.2023. Further, as per the terms of the approved Resolution Plan, a monitoring agency is constituted as per plan comprising of (a) one nominee of the CoC, (b) one nominee of the Resolution Applicant and (c) Mr. Mr. Bhuvan Madan - Insolvency Professional / Monitoring agent ("Monitoring Agency").

Pursuant to the Approved Resolution Plan, a management control was taken over by the day to day operations and the management of the Company shall be carried out by the Monitoring Agency until the closing date as defined in the Resolution Plan, to manage the affairs of the Company and to maintain the Company as a going concern. Considering this the financial statements are being presented on a 'Going Concern Basis'.

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. However, as the company is undergoing CIRP process described above, these unaudited financial statements have been taken on record by the Monitoring Agent on **April 14, 2023** for filing with the stock exchanges in accordance with the Regulations. The Statutory Auditors have given disclaimer for the quarter ended December 31, 2022.

During quarter ended December 2022, company accounted turnover of 1502.22 lakhs mainly arised on the trial production runs conducted by the Repairs and maintaince contractor who is eligible to operate the units on trail run for demonstration of performance and handing over Units to the Company/Resolution Professional post successful completion of test run of the Units in accordance with the R&M Contract. As per the terms agreed R&M Contractor responsible for end-to-end planning and controlling of all aspects related to procurement, production, sales, dispatch, quantity, quality, inventory supply chain etc.

- 2 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.
- 3 These financial results have been signed by the Monitoring agent while exercising the powers of the Board of Directors of the Company, which has been conferred upon him in terms of the provisions of Code. Monitoring agent has signed these financial results in good faith, solely for the purpose of compliance and discharging his duty under the Code.
- 4 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.
- 5 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 December 31, 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, Pursuant to the Approved Resolution Plan, a management control was taken over by Monitoring agency from April 03, 2023 to manage the affairs of the Company and to maintain the Company as a going concern. Considering this the financial statements are being presented on a 'Going Concern Basis'.
- b) The Company's current level of operations, 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 and currently undergoing CIRP process and under the control of Monitoring Agency. Accordingly, Impairment testing under Ind AS has not been performed while presenting these results.
- c) Trade receivables as at December 31, 2022 include Rs.3682.77 lakhs (March 31, 2022 Rs. 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.672.77 lakhs (March 31, 2022 Rs. 607.63 Lakhs) and other financial assets of Rs.156.30 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) Resolution Professional (Now Monitoring agent) 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. After handing over the plant, Inventory arise mainly on account of the trail run production as described in the note1, accordingly cost sheet of the final product and working progress can be concluded upon the successful completion R&M contract and starting of the normal operations, presently finished goods and work in progress valued at net realisable value based on the selling price agreed with customers.
- e) Since shut down of the operations Haresamudram plant from 12th June 2017, no major movement have happened in Inventories amounting to Rs. 1381.25 Lakhs (As at 31st March 2022: Rs. 1458.67 Lakhs). Resolution Professional (Now Monitoring agent) 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.
- f) Creditors for capital works as at December 31, 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).
- g) Statutory liabilities as at December 31, 2022 amounting to Rs.1385.02 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.
- h) 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.
- i) 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. No accounting effects of the approved the resolution plan as per the said order in note 1 made during the Quarter and nine months ended 31 Dec 2022
- 7 The figures for the corresponding previous period have been reclassified / regrouped wherever necessary to conform to current period classification.

**By Order of the Monitoring Agency
For Sathavahana Ispat Limited**



**(BHUVAN MADAN)
Monitoring Agent**

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

**HYDERABAD
14.03.2023**



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 Monitoring Agency of
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. Golla Ramakantha 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. Golla Ramakantha Rao. The same has been confirmed by the NCLT. As said in note no1 of attached Statement, Resolution plan approved by The Hon'ble NCLT vide its order dated March 31, 2023, however No accounting effects of the approved resolution plan made in the unaudited financial results for the **quarter ended December 31, 2022, and year to date from 1st April 2022 to 31st December 2022 (the "Statement")**.
- 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 Monitoring Agent 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 December 31, 2022 and year to date from 1st April 2022 to 31st December 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 paragraphs below, we are not able to obtain sufficient appropriate audit evidence to provide the basis of our conclusion on this statement.*

i. **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.

ii. **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 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.

iii. **Inventories**

- a) We draw attention to Note 6(d) to the statement, The companies' inventories as at Dec 31, 2022 are carried at Rs 8591.71 lakhs of which Finished stock and work in progress amounting to Rs 6880.92 lakhs valued being the lower of cost and net realizable value based on the management's estimates. We have not been able to obtain sufficient appropriate audit evidence to test the methods and assumptions used by the management in determining the net realizable values and therefore we are unable to conclude if the value of the inventories is fairly stated in the statement.

- b) We draw attention to Note 6(e) to the statement, regarding non-moving inventories Since shut down of the operations at factory located at Haresamudram amounting to Rs.1381.25 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.

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



iv. **Claims against the company**

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

v. **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. 3682.77 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. 672.77 lakhs (March 31, 2022 Rs. 607.63 Lakhs) and other financial assets of Rs. 156.30 lakhs (March 31, 2022 Rs. 156.42 Lakhs), respectively due for a period of more than one year as good and recoverable as at December 31, 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 disclaimer in our report on the financial statements for the year ended March 31, 2022.

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

We draw attention to Note no 6 (g) to the statement, Statutory dues related to Income tax, Employee's provident fund, Employee state insurance act and professional tax, amounting to Rs. 1385.02 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 disclaimer in our report on the financial statements for the year ended March 31, 2022.

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

We draw your attention to Note 6(f) to the statement regarding overdue payables aggregating to Rs. 224.15 lakhs as at December 31, 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 disclaimer in our report on the financial statements for the year ended March 31, 2022.



viii. **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.105.96 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.

ix. **Unaccounted 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 Manufacturing Facilities' at a contract Price of Rs 28325 lakhs 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(h) 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 disclaimer in our report on the financial statements for the year ended March 31, 2022.

x. **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. 48066.26 lakhs from August 2021 to December 31, 2022, which is noncompliance of Indian Accounting Standard (Ind AS) 109 Financial Instruments.

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

7) **Material uncertainty 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 plants since 12th June 2017, on account of trial operations as described in above said note resulted in a Net Loss of Rs. 918.64 Lakhs for the quarter ended



resulting into accumulated losses of Rs.1,21,577.38 Lakhs and erosion of its Net worth as at December 31, 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 and as mentioned in the above said note Resolution plan approved by Hon'ble NCLT vide order dated March 31, 2023 and monitoring agency is constituted as per plan who will manage day to day operations as going concern. Accordingly, the financial statements are continued to be prepared on going concern basis (Refer Note no 6(a)).


Our opinion is not modified in respect of this matter.

- 8) 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.

Hyderabad
March 14, 2023



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


Kiran Kumar Majeti
Partner
Membership Number: 220354
UDIN: 23220354BGTEUF6784