



Scooters India Limited

(A Government of India Enterprise)

Post Bag No. 23, GPO, Sarojini Nagar, Lucknow-226008 Uttar Pradesh, India

CIN: L25111UP1972GOI003599

Telephone No. 0522-2476244, 0522-2476200, Fax No. 0522-2476190

E-mail: Companysecretary@scootersindia.com; Website: www.scootersindia.com

Date: 11.02.2021

BSE Limited, Mumbai
1st Floor, Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai-400001

Subject: Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Outcome of Board Meeting of M/s Scooters India Limited held on February 11, 2021

Dear Sir/ Madam,

Pursuant to provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, this is to inform you that the Board of Directors of M/s Scooters India Limited (Scrip code: 505141) in their 270th meeting held on Thursday, February 11, 2020 (commenced at 12:00 Noon & closed at 5:40 pm) has adopted Un-audited Standalone Financial Results of the Company for the quarter ended at December 31, 2020 along with Limited Review report.

Further, we are enclosing herewith the following:

1. Un-Audited Standalone Financial Results of the Company for the quarter ended at December 31, 2020 as 'Annexure — 1'.
2. Limited Review Report on Un-Audited Financial Results of the Company for the quarter ended at December 31, 2020 as 'Annexure — 2'.

Further, pursuant to letter No. F. No. 3(1)/2020-PE-VI, Dated 28.01.2021 issued by Govt. of India, Ministry of Heavy Industries & Public Enterprises, Department of Heavy Industry, New Delhi, communicating the decision regarding closure and DPE Guidelines on Closure vide OM dated 14.06.2018, the Board of Directors of the Company have decided to proceed with closure of the Company, envisaging inter-alia:

- i. Shutting down the operations of the plant/unit of SIL and closure of the Company.
- ii. Seeking loan (with interest) of Rs. 65.12 crore required for closure from Government of India.



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- iii. Separating the regular employees rendered surplus due to closure of the plant through VRS/VSS and payment of all their outstanding salary/wages and statutory dues. The VRS/VSS of the staff will be completed over a period of three months with specific tasks assigned to them. So that they finish all the ground work required for closure operations, before leaving. Employees not option for VRS/VSS will be retrenched as per the provisions of Industrial Disputes Act, 1947.
- iv. **Return of land to UPSIDA:** The total land about 147.499 acres is to be returned to UPSIDA at the mutually agreed rates.
- v. **Delisting of SIL shares from stock exchange:** Before closure of the Company under section 248(2) of the Companies, the shares are required to be delisted from Bombay Stock Exchange (BSE). The shares with the public are to be acquired and payout is to be made to public shareholders by GOI, as per procedure prescribed in SEBI (Delisting of Equity shares) regulation, 2009.
- vi. Monetizing of Trademarks and Brands of SIL: Before closure of the Company, the trademarks/brands available with the Company are to be monetized and the proceeds are to be utilized for the closure process. If the Company fails to monetize the same in timely manner, the brands/trademarks will be vested in GOI, with a right to vest the same in another Government Company.
- vii. Funds are likely to be received by the Company in due course from sale of moveable assets, proceeds of return of land to UPSIDA and sale of Brands and Trademarks, which will be used to pay back the earlier outstanding interest free loan of Rs. 16 crores from GOI and the loan with interest of Rs. 65.12 crores being sought at present. The Balance amount received from disposal of the assets and after paying back the GOI loan will be returned back to GOI in lieu of the GOI's equity in the Company.
- viii. Disposal of plant/machinery and moveable assets will be done through e-auction by MSTC Ltd.. Terms of appointment of MSTC will be in accordance with DPE/Government guidelines.



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We humbly request you to kindly take the above on your records.

Thanking You,

For Scooters India Limited,

(Renati Sreenivasulu)

Chairman & Managing Director

Encl.: as above

SCOOTERS INDIA LIMITED

(CIN-L25111UP1972GOI003599)

Regd. Office : Post Bag No 23, Sarojini Nagar, Lucknow

Website : www.scootersindia.com

STATEMENT OF STANDALONE AUDITED FINANCIAL RESULTS FOR QUARTER ENDED ON 31.12.2020

(₹ in lakhs)

Sr. No	PARTICULARS	Quarter Ended				Nine month ended		Year ended
		31.12.2020	30.09.2020	30.06.2020	30.09.2019	31.12.2020	31.12.2019	31.03.2020
		Unaudited	Audited	Audited	Audited	Unaudited	Audited	Audited
I	Revenue from Operations	126.90	176.10	43.75	1,767.21	346.75	5,138.07	7,200.65
II	Other Income	54.58	48.93	37.59	32.03	141.10	94.92	207.42
III	Total Income (I+II)	181.48	225.03	81.34	1,799.24	487.85	5,232.99	7,408.07
IV	Expenses	-	-	-	-	-	-	-
	Cost of materials consumed	6.45	9.70	4.88	840.40	21.03	2,804.15	3,611.94
	Purchases of Stock-in-Trade	-	-	-	-	-	-	-
	Changes in Inventories of Finished Goods, W.I.P and Stock in trade	-25.82	256.67	127.73	615.65	358.58	1,165.33	1,975.52
	Employee benefits expense	336.59	368.65	389.24	481.60	1,094.48	1,482.09	2,053.07
	Finance costs	-	-	-	-	-	-	-
	Depreciation and amortization expense	51.05	54.46	54.23	48.47	159.74	145.42	206.97
	Other expenses	89.56	117.01	75.16	154.55	281.73	855.74	1,133.08
	Total Expenses (IV)	457.83	806.49	651.24	2,140.67	1,915.56	6,452.73	8,980.58
V	Profit/(loss) before exceptional items and tax (I-IV)	(276.35)	(581.46)	(569.90)	(341.43)	(1,427.71)	(1,219.74)	(1,572.51)
VI	Exceptional items	-	-	-	-	-	-	-
VII	Profit/(loss) before tax (V- VI)	(276.35)	(581.46)	(569.90)	(341.43)	(1,427.71)	(1,219.74)	(1,572.51)
VIII	Tax expense :	-	-	-	-	-	-	-
	(1) Current tax	-	-	-	-	-	-	-
	(2) Deferred tax	-	-	-	-	-	-	-
IX	Profit (Loss) for the period from continuing operations (VII-VIII)	(276.35)	(581.46)	(569.90)	(341.43)	(1,427.71)	(1,219.74)	(1,572.51)
X	Profit/(loss) from discontinued operations	-	-	-	-	-	-	-
XI	Tax expense of discontinued operations	-	-	-	-	-	-	-
XII	Profit/(Loss) from Discontinued operations (after tax) (X-XI)	-	-	-	-	-	-	-
XIII	Profit/(loss) for the period (IX+XII)	(276.35)	(581.46)	(569.90)	(341.43)	(1,427.71)	(1,219.74)	(1,572.51)
XIV	Other Comprehensive Income	-	-	-	-	-	-	-
	A (i) Items that will not be reclassified to profit or loss	-	-	-	-	-	-	-
	- Gain / (Loss) of defined benefit Obligation	-	-	-	-	-	-	(28.73)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-	-	-	-
	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	-	-	-	-	-	-	-
XV	Total Comprehensive Income for the period (XIII+XIV)(Comprising Profit (Loss) and Other Comprehensive Income for the period)	(276.35)	(581.46)	(569.90)	(341.43)	(1,427.71)	(1,219.74)	(1,601.24)
XVI	Earnings per equity share (for continuing operation):	-	-	-	-	-	-	-
	(1) Basic	(0.32)	(0.67)	(0.65)	(0.39)	(1.64)	(1.40)	(1.83)
	(2) Diluted	(0.32)	(0.67)	(0.65)	(0.39)	(1.64)	(1.40)	(1.83)
XVII	Earnings per equity share (for discontinued operation):	-	-	-	-	-	-	-
	(1) Basic	-	-	-	-	-	-	-
	(2) Diluted	-	-	-	-	-	-	-
XVIII	Earnings per equity share (for Discontinued & Continuing and operation) :	-	-	-	-	-	-	-
	(1) Basic	(0.32)	(0.67)	(0.65)	(0.39)	(1.64)	(1.40)	(1.83)
	(2) Diluted	(0.32)	(0.67)	(0.65)	(0.39)	(1.64)	(1.40)	(1.83)



1. The above financial results of Scooters India Limited (the Company) for the quarter ended 31st December, 2020 have been reviewed by Audit Committee and approved by the Board of Directors at their meeting held on 11th February, 2021 and have been subjected to the Limited Review by the Statutory Auditor of the Company.
2. The Company adopted Indian Accounting Standards (IND AS) from 1 April 2017 accordingly these financial results have been prepared in accordance with the recognition and measurement principles laid down in the Accounting Standards 34 : Interim Financial Reporting : ('IND AS 34') prescribed under section 133 of the Companies Act 2013, read with the relevant rule issued thereunder and other accounting principles generally accepted in India.
3. Regarding revision of pay of Officers w.e.f. 01.01.2007, the proposal of implementation of revision with cutoff date 01.04.2013 for all officers on the rolls of the Company on 01.04.2013, has been forwarded to the Ministry for consideration. Regarding revision of wages of workmen w.e.f. 01.01.2007 for all workmen on the rolls of the Company on 01.04.2013, the consent for implementation of wage revision with a cutoff date 01.04.2013 had been sought from workmen of the Company.
4. The Company's business falls within a single business segment in terms of the Indian Accounting Standard 108 "Operating Segments" and hence additional disclosures not required.
5. Revenue from Operations for the Quarter ended 30th September, 2020 is net of Goods and Service Tax (GST) which is applicable from July 1 2017.
6. Under Previous GAAP, leasehold land was shown as part of fixed assets, similarly under Ind AS-116 all leases are transferred to Right of Use Assets and disclosed appropriately.
7. The financial results for the Quarter ended 31st December, 2020 have been subjected to Limited Review by the statutory auditors. These results have been prepared based on the information compiled by the Management. However, the Management has exercised due diligence to ensure that the financial results for the Quarter ended 31st December, 2020 provide a true and fair view of the results of the Company in accordance with Ind AS.
8. Expenditure capitalized & prior year items has been adjusted in other expenditure.
9. Previous period figures have been regrouped / reclassified wherever necessary to confirm to current period classification.
10. Pursuant to letter No. F. No. 3(1)/2020-PE-VI, Dated 28.01.2021 issued by Govt. of India, Ministry of Heavy Industries & Public Enterprises, Department of Heavy Industry, New Delhi, communicating the decision regarding closure and DPE Guidelines on Closure vide OM dated 14.06.2018, the Board of Directors of the Company in their meeting held on 11.02.2021 have decided to proceed with closure of the Company.

Place: Lucknow
Date: 11th February, 2021

On behalf of Board of Directors
For Scooters India Limited


Chairman & Managing Director
DIN-07634253



Asija & Associates LLP

Chartered Accountants

LLPIN : AAH-3862

(An Entity Registered with Limited Liability)

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Independent Auditors' Limited Review Report on Unaudited Standalone Quarterly Results and year to date results of the Company pursuant to regulation 33 of the SEBI (Listing Obligation & Disclosure Requirement) Regulations, 2015 (as amended)

**TO THE BOARD OF DIRECTORS
SCOOTERS INDIA LIMITED**

Introduction

1. We have reviewed the accompanying statement of unaudited financial results of **Scoters India Limited** ('the Company') for the Quarter ended 31st December, 2020 attached herewith ("the statement"), being submitted by the company pursuant to the requirement of Regulation 33 of the SEBI (Listing obligation and Disclosure Requirement) Regulation 2015 as amended from time to time. This statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.

2. *Scope of Review*

We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, Review of Interim Financial Results 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 financial statements are free from 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.

3. *Basis for Qualified Conclusion*

- a) As per **Para 25 of Ind AS 1 Presentation of Financial Statement** while preparing Financial Statement management should assess entity's ability to continue as going concern by taking into consideration all information available of future whether entity is able to continue. Further, when management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern, the entity shall disclose those uncertainties.

In addition, as per **para 28 of Ind AS 34 Interim Financial Reporting** an entity shall apply the same accounting policies in its interim financial statements as are applied in its annual financial statements, except for accounting policy changes made after the date of the most recent annual financial statements that are to be reflected in



the next annual financial statements. However, the frequency of an entity's reporting (annual, half-yearly, or quarterly) shall not affect the measurement of its annual results. To achieve that objective, measurements for interim reporting purposes shall be made on a year-to-date basis.

In this case, based on the information provided to us, vide letter dated **28th January, 2021** received from Government of India, Ministry of Heavy Industry & Public Enterprises Department of Heavy Industry (PE-VI Section)-Udyog Bhawan, New Delhi regarding the closure of Scooters India Limited. It has been brought to our notice that the competent authority has provided approval for shutting down the operations and closure of Scooters India Limited.

However, no required disclosure for this has been made in the Interim Financial Report, even though the management was aware regarding the material uncertainties related to entity's ability of going concern and the pendency of approval for the closure of the company from the competent authority and that the same is to be discussed by the Cabinet (Ministry).

Further, on the current date the Going Concern Principal is not applicable on Scooters India Limited due to the above stated matter and the financials from now onwards shall be prepared in accordance with the same.

- b) Based on the information provided to us, it was observed that the useful life of the assets amounting to ₹ 1,57,724.68/- (WDV as on 31.12.2020) has been expired and the depreciation is not being charged on the same.

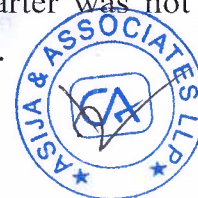
However, as **per Para 55 of Ind AS 16 Property Plant and Equipment**, depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with Ind AS 105 and the date that the asset is derecognised.

Therefore, depreciation does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated.

Further, as **per para 63 of IND AS 16**, the company should determine the assets impaired and assess the indication for impairment as per para 12 of Ind AS 36 to measure the recoverable amount.

As **per para 67 Ind AS 16 Property Plant and Equipment**, the carrying amount of an item of Property, Plant and Equipment shall be derecognised when no future economic benefits are expected from its use or disposal.

In addition, based on the information provided to us, it was observed that the depreciation amounting to ₹ 2,845.13/- during the quarter was not charged on the Right of Use Assets of carrying amount ₹ 4,99,886.73/-.



4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable accounting standards and other recognized 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.

5. **Emphasis of Matter**

We have reviewed the financial results and other information for the Quarter ended 31st December, 2020 which is solely based on the financial information compiled by the management and that the Financial Statements give a true and fair view and are free from material misstatement, whether due to fraud or error subject to compliance on previous quarter report enclosed with this report as **Attachment-1** and significant matters related to current period **Attachment-2**.

For & Behalf of:

Asija & Associates LLP

Chartered Accountants

(FRN: 003155C/ C400011)



CA Kamal Kumar Ferwani

(Senior Partner)

(M. No.-402982)



Place: Lucknow

Date: 11/02/2021

UDIN: 21402982 A A A A D A 2304

Report on Non-Compliance to Previous Audit Report

A. Description of Emphasis of Matter

1. Mismatch in Paid-up-Share Capital

Attention has been invited to Note No. 13 of Significant Accounting Policies & Notes to Financial Statement where mismatch has been observed in Paid-up-capital as compared to Books of Account and as per Master Data on Ministry of Corporate Affair website due to share forfeiture amount of ₹15,367.50.

During the audit, it has been informed to us by the management that the above-mentioned matter has been taken up to DHI (Department of Heavy Industries) that the forfeited shares shall be reissued to the Government of India once the approval of the same has been received from DHI.

2. Attention has been invited to Notes No. 17 of Significant Accounting Policies & Notes to Financial Statement relating to payment for Rent of Warehouse it was observed by us that expense was charged on approval basis for the region wise warehouse taken on rent, against which no legal deed has been found.

3. Attention has been invited to Notes No. 21 of Significant Accounting Policies & Notes to Financial Statement relating to

- i) Arrears on Wages payable amounting to ₹19.23 lakhs are payable in respect of retired employees which are no more associated with company.
- ii) Liability for Adhoc payment amounting to ₹0.43 lakhs are payable in respect of retired employees which are no more associated with company.

4. Attention has been invited to Notes No. 4 of Significant Accounting Policies & Notes to Financial Statement relating Sundry Debtors (unsecured) were: -

- i) No external confirmation regarding any Sundry Debtors outstanding more than year has been provided.
- ii) In respect of one of the debtor's "Maarz Mechatronics Pvt" a vehicle has been given by the company for Research work, where the said party has provided a Bank Guarantee of ₹1,00,000 in favour of company. However, it was observed by us that the BG provided expired on 18/12/2019 and no vehicle has been returned by the party.

5. Attention has been invited to Notes No. 8 of Significant Accounting Policies & Notes to Financial Statement related to Inventories, it was observed by us that the changes in inventory occurred mainly due to change in WIP amounting to ₹106.29 lakhs. Further, with reference to our previous quarter report in Emphasis of Matter, we have verified the valuation of WIP on sample basis and arrived at the conclusion that the: -

- WIP consist of Finished & Semi Finished Items regarding which no proper classification has been made against usage in model wise production of vehicles.



- WIP also consist of those obsolete/ non usable items related to previous models against which provision earlier has been made amounts to ₹52.71 lakhs against which no proper classification for those items in WIP has been with management.
- During this quarter, ₹99.84 lakhs approx. some finished items in WIP related to old models of vehicles has been shifted as Spare Parts in inventory at recent market price, but not all the items have been re-valued at current market price.
- While verifying the recent market price on sample basis, we have observed that the quotation related to market prices are not received from the other parties, but it is internally decided by the management.

B. Description of Key Audit Matter

6. Obsolescence's in Work-in-Progress relating to manufacturing of BS IV Norms Vehicles

Attention has been invited to Note No. 8 of Significant Accounting Policies & Notes to Financial Statement were Inventory consist of WIP of 3Wheelers on Bharat Stage IV Norms amounting to ₹413.05 Lakhs.

This matter is considered to be Key Audit Matter given that due to implementation of the latest Govt. Order "G.S.R. 881(E) 26th November 2019 BS VI" where amendment has been made in Central Motor Vehicle Rules, 1989. As per the amended rule 115(2)(i), Bharat Stage VI Norms will be applicable from 1st April, 2020. With effect from the above notification, vehicles manufactured on Bharat Stage IV norms will not be saleable within Indian Territory from 1st April, 2020 onwards.

There is the risk over the company's assessment and measurement of valuation of WIP relating vehicles, due to changes in law and regulation made by government that expected to be adversely affect the entity were:

- Uncertainties relating to the collation of items which are obsolete items carrying on BS IV Norms.

Audit Procedures to address the Key Audit Matter

Our audit approach consisted was a combination of test of internal controls and substantive procedures which include: -

Selected the sample of items consisting of WIP to obtained the operating effectiveness of the internal controls we have observed that:

- it is impossible for management to bifurcate WIP into model wise production of vehicles.
- WIP consisting of such items which cannot be used further in manufacturing of vehicles on BS-VI Norms.



7. Non-Capitalisation of Assets under inspection

Attention has been invited to Note No. 2 of Significant Accounting Policies & Notes to Financial Statement regarding non-capitalisation of capital work in progress amounting to ₹174.06 Lakhs pending since F.Y 2016-17 as assets under inspection.

There is the risk over the company's estimation about capitalisation of Assets under Inspection were:

- Inherent challenges with accurately predicting the future economic benefit which must be assessed as probable for capitalisation

Audit Procedures to address the Key Audit Matter

Our audit approach consisted of testing the design and operating effectiveness of internal controls and substantive procedures were we have: -

- Evaluated the design of internal control relating to assets under inspection.
- Carried out a combination of procedure involving enquiry and observation, reperformance and inspection of evidence in relation to these controls obtained that:
 - i. Assets purchased from HMT International Ltd. dated: 31/03/2017 are specialized assets which required specialised training to company employees to operate the asset. For this, HMT International Ltd. would be sending his experts to excel the employees of company to operate the assets. However, till the date of our audit, no expert has been sent by HMT International Ltd.

8. Material Uncertainty relating to Interest Tax & Penalty

Attention has been invited to Note No. 21 of Significant Accounting Policies & Notes to Financial Statement where Interest on taxes & penalty amounting to ₹128.53 Lakhs relating to material uncertainty for regulatory matters under dispute.

There is the risk over the company's estimation about the provisioned amount of Interest on Taxes & Penalty were:

- Uncertainties relating appropriate documentation relating to legal precedence for the disputed cases pending at adjudication.
- Uncertainties relating to management estimation involves significant judgement to determine the possible outcome.

Audit Procedures to address the Key Audit Matter

Based on our audit procedure we reviewed and challenged the management underlying assumption about the provisioning relating to Taxes & Penalty accordingly we have been informed that: -

- no such notices/ Communication/ or letter (in any kind) relating to cases has been issued to company from the date of filing of such cases by the concerned authorities accordingly, nor the files relating to cases have been produced before us.



9. Non-Payment of Long-Term Loan from Government of India

Attention has been invited to Note No. 15 of Significant Accounting Policies & Notes to Financial Statement where payment has been overdue relating to outstanding long-term loan received from Government of India amounting to ₹12,00 lakhs.

10. Non-Compliance of SEBI (LODR) Regulation, 2015

Attention has been invited to Note No. 33 of Significant Accounting Policies & Notes to Financial Statement where penalty imposed on the company under regulation 30 of SEBI (Listing Obligation and Disclosure Requirements) amounting to 57.28 Lakhs.

During the course of audit it has been observed that SIL has received the following letters for imposition & waiver of penalty during the quarter ended September 2020.

Imposition

S. No.	Penalty Letter Reference Number/Date	Amount (in Rs)
1	LIST/COMP/REG27(2) & REG 17 to 21/ Mar-20 505141/219/2019-20 dated July 03, 2020.	₹ 8,53,140.00
2	E-mail Dated 20.08.2020 regarding Non-Compliance with Provision of Regulation 17(1) & 18(1).	₹ 7,51,660.00

Waiver

S. No.	Penalty Letter Reference Number/Date	Regulation	Amount (in Rs)
1	LIST/COMP/REG27(2) & REG 17 to 21/ Sep-18 505141/960/2018-19 Dated October 31, 2018.	17	₹ 5,42,000.00
2	LIST/COMP/REG27(2) & REG 17 to 21/ Dec-18 505141/1093/2019-20 Dated January 31, 2019.	18	₹ 1,15,640.00
3	LIST/COMP/REG27(2) & REG 17 to 21/ Mar-19 505141/37/2019-20 Dated May 02, 2019.	19	₹ 2,12,400.00

Refer Note No. 33 "Contingent Liabilities and Commitments" The Company has material uncertain positions related to penalty imposed which involves significant judgment to determine the possible outcome of these disputes, provisions required, if any.

Audit Procedures to address the Key Audit Matter

We evaluated the design and tested the operating effectiveness of internal controls related to the assessment of the likely outcome of uncertain positions related to the penalty imposed, the provision made, if any.



We verified the appropriateness of the accounting policies, disclosures related to provisions for subjudice matters and details of contingent liabilities in notes 33 respectively in the standalone financial statements.

11. Recoverability from disputed and long pending cases from Sales Tax Department

Attention has been invited to Note No. 12 of Significant Accounting Policies & Notes to Financial Statement there are some accounts of previous Indirect tax Regime and deposit with others which are still being reflected on the Assets side of Balance Sheet. While discussing the matter with appropriate authority, it was told to us that the cases under these accounts are pending with concerned tax authorities and therefore these accounts are still reflecting in the books of accounts.

12. Remaining Useful Life of the Assets are NIL Attention has been invited to Note No. 2 of Significant Accounting Policies & Notes to Financial Statement, it was observed that the assets amounting to approx. ₹170.66 Lakhs as shown in the books under different assets head since F.Y 2016-17 have been depreciated to its residual value i.e. remaining useful life of the assets are NIL, but these assets are still in operational use of the entity and further future economic benefit are embodied in the assets. However, as per para 55 of the Ind AS - 16, depreciation can be seized only if the asset is de-recognised/ sale or is held for sale as per Ind AS 105.

Further, the company should have the assets management policy to determine the expected utility i.e. useful life from the assets to the entity.

Moreover, as per para 63 of Ind AS 16, the company should determine the assets impaired and assess the indication for impairment as per para 12 of Ind AS 36 to measure the recoverable amount. While discussing this issue with the management, it was told to us that such machines could not be revalued by any valuation officer as these machines were bought from Italy with the name of Innocenti Machines and the size of these machines is very heavy.

C. Description of Other Matter

13. Charge Creation of Assets as per Ministry of Corporate Affairs Website.

Attention has been invited to below mentioned snapshots from MCA Website, where it has been observed that company has not given the intimation to Registrar as per Section 82(1) and Rule 8(1) :-

Assets under charge	Charge Amount	Date of Creation	Date of Modification	Status
Book debts	₹6,00,00,000	03/04/2007	-	OPEN
NA	₹12,00,00,000	31/07/1975	28/03/2007	OPEN



Report on Current Period Matters

A. EMPHASIS OF MATTER

1. TRUE AND FAIR PRESENTATION OF POSITION OF ASSETS AND LIABILITIES:

By taking into consideration the current position of the company, as the closure of the company has been approved by the competent authority hence, the attention has been invited on the position of the assets and liabilities as on 31.12.2020.

It has been brought to our notice that, regarding the assessment of the current position of assets and liabilities no actions such as external confirmation, age wise analysis, physical verification, reconciliation etc. has been undertaken by the management till date. As per our suggestion, appropriate actions shall be taken by the management regarding the same.

Further, for the true and fair presentation of the financial position of the entity, the management should make assessment of the probable future economic inflows/ outflows from Assets and Liabilities, undertake physical verification, reconciliation, aging analysis and external confirmation in respect of the below mentioned assets and liabilities as per their nature:

ASSETS

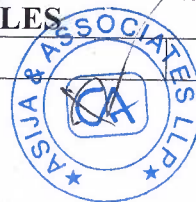
A/C Code	Particulars	Amount (in ₹)
SECURITY DEPOSITS		
30506	Custom Duty Deposit	₹ 8,256.00
30507	Port Trust	₹ 12,733.15
30508	Octroi Deposit	₹ 21,377.85
30511	Deposit with St Authorities (Fan)	₹ 2,86,608.00
30519	Deposit with Export Inspection	₹ 10,398.00
CAPITAL WORK IN PROGRESS		
10909	Capital Work In Progress	₹ 17,30,317.00
10911	Assets Under Inspection	₹ 1,74,06,978.00
OTHER LOANS AND ADVANCES		
30350	Recoverable from Workmen (Wage Revision 2002)	₹ 78,06,452.36
30351	Deferred Interest on Employee Benefit	₹ 2,00,816.36
TRADE RECEIVABLE		
30305	S. Debtors Three Wheeler	₹ 60,48,508.03
30306	S. Debtors Two Wheeler	₹ 31,65,956.92
30320	S. Debtors South Zone	₹ 18,77,151.37
30322	S. Debtors Others	₹ 11,45,099.97
30801	S. Debtors North Zone	₹ 82,15,718.96
30802	S. Debtors East Zone	₹ 12,46,860.51
30803	S. Debtors West Zone	₹ 34,17,177.57
30340	S. Debtors (South Zone II)	₹ 1,42,54,255.48
30347	Royalty Receivable	₹ 91,56,977.64



OTHER CURRENT ASSETS		
30301	Vehicle Advance (Secured)	₹ 1,835.33
30321	Vehicle Advance (3 Wh)	₹ -1,162.00
30510	Deposit with Sales Tax	₹ 14,41,363.00
30520	Deposit with Others	₹ 10,74,003.00
30525	Deposit with Excise	₹ 6,500.00
30538	Deposit with Excise Authorities (Appeal)	₹ 19,050.00
30530	Deposit with Consumer Forum	₹ 1,41,776.00
30548	ITC on RO Inputs	₹ 5,49,757.50
OTHER ADVANCES		
30302	Staff Advance	₹ 27,756.84
30701	UPIIL General Advance	₹ 15,12,000.00
30402	Interest Recoverable On UPIIL	₹ 24,44,849.68
30314	Salary Advance	₹ 1,500.00
30315	Recoverable Advance	₹ 5,48,925.26
30312	Claims Recoverable	₹ 14,00,000.00
30317	Pre paid Expenses	₹ 3,50,218.00
30323	Wages Advance	₹ 300.00
30533	Input Tax Recoverable Account	₹ 11,53,483.00
30363	Recoverable from Sales Tax Authorities	₹ 14,00,109.00
30364	Subsidy Receivable	₹ 21,60,000.00
30352	Extra Coin Recovery	₹ 1,114.54
30362	Professional Tax Recoverable	₹ 17,421.40
00514	S. Creditors (Gen) Debit Balance	₹ 1,07,54,889.71
00559	S. Creditors Debit Balance	₹ 36,27,054.45
00519	S. Creditors (ANC) Debit Balance	₹ 7,02,655.95
30537	Int. Receivable A/C Consumer Forum	₹ 2,131.00
TERM DEPOSITS WITH BANK		
30258	SBI STDR (CAPEX)	₹ 4,14,71,953.00
30535	Term Deposit S.B.I. (COURT ORDER)	₹ 1,26,829.00
30531	Deposit with Welfare Fund	₹ 1,29,621.00
30268	PNB/TN/CAPEX/STDR	₹ 2,12,61,649.00
30245	Short Term Deposit IOB MAIN	₹ 59,99,436.00
30253	Short Term Deposit I.O.B. GAURI	₹ 41,921.00
30269	PNB/CK/CAPEX/STDR	₹ 1,55,64,509.00

LIABILITIES

A/C Code	Particulars	Amount (in ₹)
ADVANCES RECEIVED FROM CUSTOMERS		
00550	Advance from Customers (EV)	₹ 1,89,850.00
DEPOSITS		
00510	Deposits from Others	₹ 2,80,000.00
00522	From Dealers	₹ 2,79,28,606.64
00535	From Stockist	₹ 4,83,606.86
TRADE PAYABLES		
00501	CR. Bal. Sundry Creditors (Civil)	₹ 50,79,156.76



00514	CR. Bal. Sundry Creditors (Gen)	₹ 5,33,40,112.22
00519	CR. Bal. Sundry Creditors (Anc)	₹ 4,68,291.53
00559	CR. Bal. Sundry Creditors 3WH.	₹ 1,04,18,055.67
OTHER CURRENT LIABILITIES		
00630	Own Your House	₹ 1,24,700.00
30302	Credit Balance Staff Ledger	₹ -39,349.41
-	Cr. Balance Sundry Debtors	₹ 1,10,75,643.40
00509	Earnest Money	₹ 24,84,718.00
00534	From Others	₹ 35,491.50
27624	Factory Workers Colony	₹ 42,32,320.62
OTHER PAYABLES		
00511	Salary Payable	₹ 1,49,70,176.54
00525	Wages Payable (Regular)	₹ 26,52,933.80
00503	Salary Payable (Contractual)	₹ 1,30,54,331.89
00561	Arrears on Wages Payable	₹ 39,93,173.50
00562	Recovery for Amortized Die (Cipet)	₹ 3,36,384.70
00507	Liability for Expenses	₹ 2,51,51,401.23
00640	Rec. for Canteen Coop Society	₹ 39,022.50
00560	Liability Towards Adhoc Payments	₹ 43,200.00
00506	Bonus Payable	₹ 32,98,680.04

2. **LEAVE ENCASHMENT:** Attention has been invited to Note No. 17 and 24 of Significant Accounting Policies & Notes to Financial Statement, for the leave encashment amounting to ₹ 2,14,60,716.00/- as Non-Current Provisions and ₹ 46,56,032.00/- as Current Provision, employee's wise allocation and details is not being maintained by the organisation. Further, no details of employee retiring in the FY 2020-21 has been presented before us amount of leave encashment maintained as current provision.
3. **WARRANTIES:** Attention has been invited to Note No. 24 of Significant Accounting Policies & Notes to Financial Statement, the warranty is provided to the customers for the period of 6 (Six) months on the sale of vehicles. During the year it was observed that the provision of ₹ 3,50,000/- is created and ₹ 6,99,035.57/- has been paid. However, no details were presented before us for verifying that, claims belong to which sale and whether the claims were made within the 6 (Six) months or not.

B. DESCRIPTION OF KEY AUDIT MATTERS

4. **NON-APPLICABILITY OF GOING CONCERN:** Based on the information provided to us, vide letter dated **28th January, 2021** received from Government of India, Ministry of Heavy Industry & Public Enterprises Department of Heavy Industry (PE-VI Section)-Udyog Bhawan, New Delhi regarding the closure of Scooters India Limited. The following significant points has been brought to our notice:
 - a. The competent authority has approved the shutting down of the plant/ unit and the closure of the closure of the company.



- b. The VRS/ VSS of the staff will be completed over a period of three months with specific tasks assigned to them and for finishing the ground work required for closure, before leaving.

As per **Para 25 of Ind AS 1 Presentation of Financial Statement** An entity shall prepare financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do. In this case, the approval from Ministry (competent authority) has been received for closure of the company vide letter dated 28th January, 2021. Hence, the Going Concern Principal is not applicable on Scooters India Limited on the current date.

In addition, **Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations** is applicable for accounting of assets held for sale, and the presentation and disclosure of discontinued operations. As per Para 1 of Ind AS 105 assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell, and depreciation on such assets to cease; and assets that meet the criteria to be classified as held for sale to be presented separately in the balance sheet and the results of discontinued operations to be presented separately in the statement of profit and loss.

- As per **Para 6 of Ind AS 105** An entity shall classify a non-current asset (or disposal group) as held for sale if the carrying amount will be recovered principally through a sale transaction rather than through continuing use.
- As per **Para 15 Ind AS 105** An entity shall measure a non-current asset (or disposal group) classified as held for sale at the lower of the carrying amount and fair value less costs to sell.
- As per **Para 15A of Ind AS 105** An entity shall measure a non-current asset (or disposal group) classified as held for distribution to owners at the lower of its carrying amount and fair value less costs to distribute.

