



# Scooters India Limited

(A Government of India Enterprise)

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

CIN: L25111UP1972GOI003599

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E-mail: [Companysecretary@scootersindia.com](mailto:Companysecretary@scootersindia.com); Website: [www.scootersindia.com](http://www.scootersindia.com)

Date: 28.06.2021

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 June 28, 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 273<sup>rd</sup> meeting held on Monday, June 28, 2021 (commenced at 12:00 Noon & closed at 4:00 pm) has adopted Audited Standalone Financial Results of the Company for the quarter and year ended at March 31, 2021 along with Independent Auditors report. The Board also approved the Audited financial statements for the year ended at March 31, 2021.

Further, we are enclosing herewith the following:

1. Audited Standalone Financial Results of the Company for the quarter & year ended at March 31, 2021 as 'Annexure — 1'.
2. Independent Auditors Report on Audited Financial Results of the Company for the quarter & Year ended at March 31, 2021 as 'Annexure — 2'.
3. Statement on Impact of Audit Qualifications as Annexure -3.

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

Thanking You,  
For Scooters India Limited,

  
(Rupesh Telang)  
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 THE YEAR ENDED ON 31.03.2021**

(₹ in lakhs)

Sr. No	PARTICULARS	Quarter Ended				Year ended	
		31.03.2021	31.12.2020	30.09.2020	30.06.2020	31.03.2021	31.03.2020
		Audited	Audited	Audited	Audited	Audited	Audited
I	Revenue from Operations	153.56	126.90	176.10	43.75	500.31	7,200.65
II	Other Income	296.89	54.58	48.93	37.59	437.99	207.42
III	<b>Total Income (I+II)</b>	<b>450.45</b>	<b>181.48</b>	<b>225.03</b>	<b>81.34</b>	<b>938.30</b>	<b>7,408.07</b>
IV	<b>Expenses</b>						
	Cost of materials consumed	2.56	6.45	9.70	4.88	23.59	3,611.94
	Purchases of Stock-in-Trade	-	-	-	-	-	-
	Changes in Inventories of Finished Goods, W.I.P and Stock in trade	148.17	(25.82)	256.67	127.73	506.75	1,975.52
	Employee benefits expense	1,702.51	336.59	368.65	389.24	2,796.99	2,053.07
	Finance costs	-	-	-	-	-	-
	Depreciation and amortization expense	56.89	51.05	54.46	54.23	216.63	206.97
	Other expenses	1,977.24	89.56	117.01	75.16	2,258.97	1,133.08
	<b>Total Expenses (IV)</b>	<b>3,887.37</b>	<b>457.83</b>	<b>806.49</b>	<b>651.24</b>	<b>5,802.93</b>	<b>8,980.58</b>
V	<b>Profit/(loss) before exceptional items and tax (I- IV)</b>	<b>(3,436.92)</b>	<b>(276.35)</b>	<b>(581.46)</b>	<b>(569.90)</b>	<b>(4,864.63)</b>	<b>(1,572.51)</b>
VI	Exceptional items	-	-	-	-	-	-
VII	<b>Profit/(loss) before tax (V- VI)</b>	<b>(3,436.92)</b>	<b>(276.35)</b>	<b>(581.46)</b>	<b>(569.90)</b>	<b>(4,864.63)</b>	<b>(1,572.51)</b>
VIII	Tax expense :						
	(1) Current tax	-	-	-	-	-	-
	(2) Deferred tax	-	-	-	-	-	-
IX	<b>Profit (Loss) for the period from continuing operations (VII-VIII)</b>	<b>(3,436.92)</b>	<b>(276.35)</b>	<b>(581.46)</b>	<b>(569.90)</b>	<b>(4,864.63)</b>	<b>(1,572.51)</b>
X	Profit/(loss) from discontinued operations	-	-	-	-	-	-
XI	Tax expense of discontinued operations	-	-	-	-	-	-
XII	<b>Profit/(Loss) from Discontinued operations (after tax) (X-XI)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
XIII	<b>Profit/(loss) for the period (IX+XII)</b>	<b>(3,436.92)</b>	<b>(276.35)</b>	<b>(581.46)</b>	<b>(569.90)</b>	<b>(4,864.63)</b>	<b>(1,572.51)</b>
XIV	<b>Other Comprehensive Income</b>						
	A (i) Items that will not be reclassified to profit or loss						
	- Gain / (Loss) of defined benefit Obligation	(87.41)	-	-	-	(87.41)	(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	<b>Total Comprehensive Income for the period (XIII+XIV)(Comprising Profit (Loss) and Other Comprehensive Income for the period)</b>	<b>(3,524.33)</b>	<b>(276.35)</b>	<b>(581.46)</b>	<b>(569.90)</b>	<b>(4,952.04)</b>	<b>(1,601.24)</b>
XVI	<b>Earnings per equity share (for continuing operation):</b>						
	(1) Basic	(4.04)	(0.32)	(0.67)	(0.65)	(5.67)	(1.83)
	(2) Diluted	(4.04)	(0.32)	(0.67)	(0.65)	(5.67)	(1.83)
XVII	<b>Earnings per equity share (for discontinued operation):</b>						
	(1) Basic	-	-	-	-	-	-
	(2) Diluted	-	-	-	-	-	-
XVIII	<b>Earnings per equity share (for Discontinued &amp; Continuing and operation) :</b>						
	(1) Basic	(4.04)	(0.32)	(0.67)	(0.65)	(5.67)	(1.83)
	(2) Diluted	(4.04)	(0.32)	(0.67)	(0.65)	(5.67)	(1.83)



**Notes:-**

**1. Statement of Assets & Liabilities is placed below:-**

Particulars	AS AT 31.03.2021 ₹ in Lakhs	AS AT 30.09.2020 ₹ in Lakhs	AS AT 31.03.2020 ₹ in Lakhs
<b>A. ASSETS</b>			
(I) Non-current assets			
(a) Property, Plant & Equipment	1,553.36	1,661.25	1,769.87
(b) Right of Use Assets	4.94	5.00	5.06
(c) Capital work-in progress	191.37	191.37	191.37
(d) Financial Assets			
(i) Non-Current Investments	-	-	-
(ii) Trade receivables	60.79	60.80	54.79
(iii) Loans	-	-	-
(iv) Others -Security Deposits	140.71	154.13	159.63
(e) Deferred tax assets (Net)	-	-	-
(f) Other non-current assets	-	-	-
<b>Total non-current assets (I)</b>	<b>1,951.17</b>	<b>2,072.55</b>	<b>2,180.72</b>
(II) Current assets			
(a) Inventories	638.74	2,616.54	2,990.51
(b) Financial Assets			
(i) Current Investments	-	-	-
(ii) Trade receivables	8.64	8.64	13.30
(iii) Cash and cash equivalent	4,124.12	241.33	98.50
(iv) Bank balance other than (iii) above	1,569.19	1,540.27	2,236.28
(v) Loans	-	-	-
(vi) Others (Loan & Advances)	1.52	1.52	1.52
(c) Current tax assets (Net)	-	-	-
(d) Other current assets	1,881.04	950.80	973.67
<b>Sub-total current assets</b>	<b>8,223.25</b>	<b>5,359.10</b>	<b>6,313.78</b>
Non-current assets held for sale	-	-	-
<b>Total current assets (II)</b>	<b>8,223.25</b>	<b>5,359.10</b>	<b>6,313.78</b>
<b>Total assets (I+II)</b>	<b>10,174.42</b>	<b>7,431.65</b>	<b>8,494.50</b>
<b>B. EQUITY AND LIABILITIES</b>			
(I) Equity			
(a) Equity share capital	8,727.39	8,727.39	8,727.39
(b) Other Equity			
(i) Equity component of other financial instruments	-	-	-
(ii) Retained Earnings	(8,682.05)	(4,881.36)	(3,730.00)
(iii) Reserves	4.90	4.90	4.90
(iv) Money received against share warrants	-	-	-
(v) Other	-	-	-
<b>Total equity (I)</b>	<b>50.24</b>	<b>3,850.93</b>	<b>5,002.29</b>
(II) Liabilities			
(1) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	5,300.00	1,200.00	1,200.00
(ii) Lease Liabilities	2.94	2.64	2.64
(iii) Trade payables	-	-	-
(iv) Other financial liabilities	-	-	-
(b) Non-Current Provisions	303.47	214.61	214.61
(c) Deferred tax liabilities (Net)	-	-	-
(d) Other non-current liabilities	288.82	290.82	290.82
<b>Total Non-current liabilities (1)</b>	<b>5,895.23</b>	<b>1,708.07</b>	<b>1,708.07</b>
(2) Current liabilities			
(a) Financial liabilities			
(i) Short Term Borrowings	-	-	-
(ii) Lease Liabilities	0.25	0.25	0.25
(iii) Trade & Other payables	1,373.72	633.77	628.59
(iv) Other financial liabilities	400.00	400.00	400.00
(b) Other current liabilities	2,403.44	777.84	695.39
(c) Current Provisions	51.54	60.79	59.91
(d) Current tax liabilities (Net)	-	-	-
<b>Total current liabilities (2)</b>	<b>4,228.95</b>	<b>1,872.65</b>	<b>1,784.14</b>
<b>Total liabilities (II)=[(1)+(2)]</b>	<b>10,124.18</b>	<b>3,580.72</b>	<b>3,492.21</b>
<b>Total equities and liabilities (I+II)</b>	<b>10,174.42</b>	<b>7,431.65</b>	<b>8,494.50</b>



2. The above financial results of Scooters India Limited (the Company) for the quarter ended 31st March, 2021 have been reviewed by Audit Committee and approved by the Board of Directors at their meeting held on 30th June, 2021 and have been subjected to the Limited Review by the Statutory Auditor of the Company.
3. 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.
4. 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.
5. 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.
6. Revenue from Operations for the Quarter ended 31st March, 2021 is net of Goods and Service Tax (GST) which is applicable from July 1 2017.
7. 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.
8. 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.
9. Expenditure capitalized & prior year items has been adjusted in other expenditure.
10. Previous period figures have been regrouped / reclassified wherever necessary to confirm to current period classification.

Place: Lucknow  
Date: 30th June, 2021

On behalf of Board of Directors  
For Scooters India Limited

Chairman & Managing Director  
DIN-



SCOOTERS INDIA LIMITED  
LUCKNOW  
CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31st March-2021  
PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT

Particulars	Year Ended 31.03.2021	Year Ended 30.09.2020	Year Ended 31.03.2020
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
<b>Cash flow from operating activities :</b>			
Net Profit/(Loss) before Tax	(4,864.63)	(1,151.36)	(1,572.51)
Adjustment for :			
- Depreciation			
(i) For Current Year	216.63	108.69	206.97
(ii) For Prior Period	-	-	-
-Prior Year items	-	-	-
-Loss Written off	-	-	-
-Provision for Loss in Value of Investment	-	-	-
-Provision / Written off for Doubtful Debts	9.31	9.31	13.48
-Provision for Inventory obsolescence	1,853.98	-	10.00
-Excess Provision Written Back	-	-	(9.33)
-Interest Income	(437.99)	(86.92)	(194.84)
-Interest Paid	-	-	-
-(Profit)/Loss in exchange rate change	-	-	-
-(Profit)/Loss on sale of fixed assets	-	-	-
	1,641.93	31.48	26.28
<b>Operating profit before working capital changes</b>	<b>(3,222.70)</b>	<b>(1,119.88)</b>	<b>(1,546.23)</b>
Adjustment for :			
-Trade receivables	(10.65)	(10.65)	38.18
-Inventories	497.79	373.97	2,306.89
-Other current assets	(907.37)	22.87	77.72
-Financial Assets - Others	18.92	5.50	2.44
-Other Non-Current Assets	-	-	18.71
-Other Non-Current Liabilities	(1.70)	-	(8.02)
-Trade payables	745.13	5.19	(526.12)
-Other Current Liabilities	1,708.04	82.43	(51.21)
-Financial Assets - Loans & Advances	-	-	0.16
-Capital Reserve	-	-	-
-Provisions	(6.92)	0.88	(76.91)
<b>Cash generated/(loss) from operations :</b>	<b>(1,179.46)</b>	<b>(639.69)</b>	<b>235.60</b>
Less Taxes Paid ;			
Provision for Income Tax	-	-	-
<b>Net cash from operating activities</b>	<b>(1,179.46)</b>	<b>(639.69)</b>	<b>235.60</b>
<b>Cash flow from Investing activities</b>			
-Increase in fixed assets / capital expenditure	(0.00)	(0.01)	30.36
-Sale/ Adjustments of fixed assets	-	-	-
- Interest Income	437.99	86.52	194.84
- Other Fixed deposit with banks realised/(made)	667.09	696.01	(643.88)
-(Loss)/Gain in exchange rate	-	-	-
<b>Net cash used in investing activities</b>	<b>1,105.08</b>	<b>782.52</b>	<b>(418.68)</b>
<b>Cash flow from financing activities</b>			
-Interest paid	-	-	-
-Increase in share capital	-	-	-
- Repayment of term loan to G.O.I	-	-	-
-Receipt of long term loan from-G.O.I.	4,100.00	-	-
-Settlement of GOI Loan	-	-	-
-Viability Gap Funding from MNRE	-	-	-
-(Decrease)/ Increase in cash credit limits	-	-	-
<b>Net cash used in financing activities</b>	<b>4,100.00</b>	<b>-</b>	<b>-</b>
Net increase / (decrease) in cash and cash equivalents	4025.62	142.83	(183.08)
Cash and cash equivalents (Opening balance)	98.50	98.50	281.58
Cash and cash equivalents (Closing balance)	4124.12	241.33	98.50





# Asija & Associates LLP

Chartered Accountants

LLPIN : AAH-3862

(An Entity Registered with Limited Liability)

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## Independent Auditor's Report on Annual Financial Result of the Company pursuant to the Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 (as amended)

To the Board of Directors of Scooters India Limited

### Opinion

1. We have audited the accompanying annual financial results of **Scooters India Limited** ("the company") for the quarter ended 31<sup>st</sup> March, 2021 and the year to date results for the period 01<sup>st</sup> April, 2020 to 31<sup>st</sup> March, 2021, attached herewith, being submitted by the company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended).
2. These statements have been prepared on the basis of the **annual audited financial statements**, which are the responsibility of the company's management. Our responsibility is to express an opinion on these financial results based on our audit of annual audited financial statements, which have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 (Ind AS 34) for Interim Financial Reporting, prescribed, under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder; or by the Institute of Chartered Accountants of India, as applicable and other accounting principles generally accepted in India.
3. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement(s). An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.
4. In our opinion and to the best of our information and according to the explanations given to us these quarterly financial results as well as the year to date results: -
  - i) are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
  - ii) Except for the matter described in Paragraph (A) & (B) of the **Basis of Qualified Opinion** paragraph, give a true and fair view in conformity with the applicable Indian Accounting Standard (Ind AS) prescribed under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder, and accounting principles generally accepted in India of the net loss and other comprehensive income and other financial information of the company for the year ended 31<sup>st</sup> March, 2021.



## Basis for Qualified Opinion

5. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

A. Attention has been invited to Note No. 51 of Significant Accounting Policies & Notes to Financial Statement, where we have come across the of Letter of Shutting down the operation (*term as "Closure Letter"*) of the company issued on *28<sup>th</sup> January 2021* through Letter No. 3(1)/ 2020-PE-VI by (*Department of Heavy Industry (PE-VI Section)*) Ministry of Heavy Industry & Public Enterprises.

The above letter includes the proper directions and assistance towards of closure of company. However, the said letter may be strictly adhered to guidelines of DPE on time bound closure of sick/ loss making CPSEs vide OM dated: 14-06-2018.

With effect from the above Closure Letter –

a) All the operation of the company has been suspended and permanently closed down w.e.f. 28-01-2021.

**Comment:** Going Concern Assumption ceased to exist with certainty w.e.f. the date 28-01-2021 in relation to the company.

As per Para 25 of Ind AS 1 Preparation of Financial Statement *"When preparing financial statements, management shall make an assessment of an entity's ability to continue as a going concern. 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 so. 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. When an entity does not prepare financial statements on a going concern basis, it shall disclose that fact, together with the basis on which it prepared the financial statements and the reason why the entity is not regarded as a going concern."*

We have observed that company has prepared the financial statement on going concern basis but **not properly disclosed the fact together with the basis** relating to assessment of entity's ability as a going concern.



- b) Loan of ₹65.12 crore (with interest) will be disbursed for closure of the company.

**Comment:** In pursuance to the same, Government of India has disbursed the amount of ₹41 crore out of sanctioned amount ₹65.12 crore (with interest) on Dated 29-03-2021.

We have observed that the sanctioned letter for this amount has not been produce before us for application of amount ₹41.00 crore in accordance with Department of Heavy Industries.

- c) Separation of regular employees through the implementation of VRS/ VSS schemes over a period of three months with the completion of assigned tasks to them and that they finish all the ground work required for closure operations, before leaving.

**Comment:** We have observed that company has planned to provide VRS/ VSS schemes in one go for all the existing employees and accounted for the provision amounting to ₹14,51,03,968.87 for the same.

While reviewing the details for the closure operations along with relevant minutes of Board Meeting (Dated 11/02/2021), the company has launched the VRS/ VSS Scheme even before completion of necessary operations require for smooth closure of company there are still many necessary ground works required to be done.

- d) Return of Land about 147.499 acres to UPSIDA at the mutually agreed rates.

**Comment:** The company (*lessee*) has outstanding Lease Liability amounting to ₹3,18,479.65, company shall made reassessment of Lease Liability.

As per Para 39 of Ind AS 116 Leases "After the commencement date, a lessee shall apply paragraphs 40–43 to remeasure the lease liability to reflect changes to the lease payments. A lessee shall recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, a lessee shall recognise any remaining amount of the remeasurement in profit or loss."

We have observed that company has not initiated the process for returning the leasehold land to UPSIDA. Further, the company should initiate the process in priority thereafter remeasurement of lease liability according to lease agreement with UPSIDA.

- e) Delisting of the company shares from listed BSE Stock Exchange

**Comment:** We reviewed the relevant minutes of Board Meeting relating to process of the delisting of shares of the company in accordance and consolation with Department of Heavy Industries.

During the audit, no information has been provided to us relating to initiation of process of delisting from the stock exchange.

- f) Monetization of Trademarks & Brands of SIL

**Comment:** According to Closure Notice on 28-01-2021 and as per the notice, the company should monetize the Trademark & Brand and utilise the proceeds for closure process, otherwise if company fails to monetize the brand/ trademark it will be vested to GoI.





In pursuance to the same we observed that company has floated the Expression of Interest for Brand Valuation of Vikram and Lambretta on 10-09-2020. Further, company has extended the dates through subsequent corrigendum up to 30-11-2020, thereafter no action has been taken in this regard. The company should assess the valuation of Intellectual Property in priority and thereafter takes in account in Books.

- g) Funds received from the sale proceeds, proceeds of return of land to UPSIDA and sale of Brands & Trademarks shall be utilized to pay back interest free loan of ₹ 16 crore from GOI and the loan with interest of ₹ 65.12 crores.

**Comment:** During the audit, along-with the discussion with management, company has not yet made any communication with UPSIDA relating return of land till the date of our audit.

We have observed that Government of India has disbursed the loan of ₹41 crore out sanctioned loan of ₹65.12 crore (with interest) which is payable from the sale proceeds, proceeds of return of land to UPSIDA along with Brand & Trademarks. We suggest that the company should initiate the process in priority to avoid the unnecessary interest burden on the loan amount i.e., ₹41 crore. Further, with the availability of the funds company may also be able to return the said loans to GoI.

- h) Disposal of Plant/ Machinery and movable assets through e-auction by MSTC Ltd. as per the terms of appointment.

**Comment:** Plant/ Machinery and movable assets should be valued at their Realisable Value. As per **Ind AS-16 Property Plant & Equipment**, the company should have to revalued these assets and charge depreciation on the revalued amount as on 31/03/2021. 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.

We have observed that assets had been shown at their cost in financial statement without revaluing the assets at their realisable value. Further, no communication relating to e-auction to MSTC Ltd. has been initiated by company. We suggest that in compliance of the above provisions, company should revalue their Stock, Fixed Assets to accurately describe the true value of the assets at the earliest.

- i) Closure in accordance with the Office Memorandum (OM) dated 14.06.2018 and the timeline as per guidelines of DPE.

**Comment:** During the audit and as per the discussion with management, the company has considered the deviation from timelines as mentioned in above letter due to additional delisting process. However, the company should specify exactly the proposed date for the completion of necessary activities for closure operation.

- B. Attention has been invited to **Note No. 8** of Significant Accounting Policies & Notes to Financial Statement where Inventory consist of Raw Material, Stores & Spares, Loose Tools and Spares, other stores, WIP & Finished Goods total amounting to ₹ 2654.80 lakhs.



This matter is considered to be Key Audit Matter because it has been observed by us that due to Closure Notice issued by Department of Heavy Industries on 28-01-2021 whereby all operation of the company has been permanently closed down.

Further, due to implementation of the Govt. Order "G.S.R. 881(E) 26th November 2019 BS VI" where Bharat Stage VI Norms had been applicable from 1st April, 2020, vehicles manufactured along-with WIP and Raw Material on Bharat Stage IV norms are no longer marketable with certainty.

With effect of the above two events, the company has held a meeting on 08-06-2021 at 11.30 A.M and made the provision in respect Unsold Inventories as follows: -

Inventories	Book Value (₹ in Lakhs)	Provision (₹ in Lakhs)
1. Raw Material @ 75% (approx.)	1130.45	847.84
2. Stores & Spares @ 75% (approx.)	241.24	180.93
3. Loose Tools & Consumables @ 75% (approx.)	450.47	337.85
4. Other Stores @ 75% (approx.)	20.00	15.00
5. Other Stores @ 100% (approx.)	.34	.34
6. Finished Goods @ 75%	394.03	295.52
7. Work in Progress @ 75%	415.25	311.43
<b>Total</b>	<b>2651.78</b>	<b>1988.93</b>

Company's assessment and measurement of valuation of the inventories due to events expected to adversely affect the entity in relation to estimation of provision in respect of Inventories.

#### **Audit Procedures to address the Key Audit Matter**

Based on our audit procedure we have reviewed the provisioning of Inventories consisting Raw Material, Stores & Spares, Loose Tools and Spares, other stores, WIP & Finished Goods for identifying and estimating the significance of risk relevant to financial reporting objectives.

**Comment:** Estimation of Net Realisable value without any reliable evidence.

As per **Para 30 of Ind AS 2 Inventories** "Estimates of net realisable value are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realise. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period."

Further, as per **Para 31 of Ind AS 2 Inventories** "Estimates of net realisable value also take into consideration the purpose for which the inventory is held."



We have observed that: -

- i) Consideration of Net Realisable Value (NRV) in respect of inventories has been made by the company without taking into account the best possible estimate and has not provided any reliable evidence on such estimate.
- ii) Company has not made any proper assessment relating to high value inventory consisting of Raw Material and Work in Progress, along-with effective communication with existing dealer whether the Raw Material component or WIP can be utilised in BS VI Vehicles or saleable at their current market price.
- iii) As per the Closure Notice, company is planning for disposal on movable assets through e-auction MSTC, relating to which has not made any communication to provide us the reliable estimates for provisioning.
- iv) Company has made provision without conducting proper Physical Verification of Inventory or valuation of Inventory for the quarter ending 31-03-2021. Finished Goods consist of vehicles manufactured on BS-IV norms, some of vehicles at Regional Offices (R.O) -South and D&D (Work Shop) relating to which no proper stock verification report has been produced before us whether actually the vehicles are existing before provisioning the same.

### **Emphasis of Matter**

The Emphasis of Matter included in the auditor's report that refers to a matter appropriately presented or disclosed in the financial statements that, in the auditor's judgment, is of such importance that it is fundamental to users' understanding of the financial statements. For detailed matter please refer **Attachment-1.**

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For detailed matters please refer **Attachment-2.**



## **Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements**

- a) The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, (changes in equity) and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
- b) In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
- c) Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

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

- a) Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
- b) As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
  - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
  - Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- c) We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- d) We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### Other Matter

- a) The Other Matter in the auditor's report that refers to a matter other than those presented or disclosed in the financial statements that, in the auditor's judgment, is relevant to users' understanding of the audit, the auditor's responsibilities or the auditor's report. For more details refer to **Attachment-3**.

For & Behalf of:  
**Asija & Associates LLP**  
 Chartered Accountants, Lucknow  
 FRN: 003155C/C400011



*[Handwritten Signature]*  
 CA Kamal Kumar Ferwani  
 (Sr. Partner)  
 (M.No.-402982)

Place: Lucknow  
 Date: 28/06/2021

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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 Affairs website due to share forfeiture amount of ₹15,637.50.

**2. Mismatch in the Directors/ Signatory details**

Attention has been invited to **Note No. 42** of Significant Accounting Policies & Notes to Financial Statement where it has been observed by us that there is a mismatch in the details of the Directors/ signatory of the company as per the MCA website and books of accounts. The detail of the same is given below:

As per MCA Website	Begin Date	As per Note No.42 of FY 2020-2021	Begin Date
Mr. Renati Sreenivasulu (CMD)	06/10/2016	Mr. Rupesh Telang (CMD)	25/04/2021
Mr. Sakthimani Seshmani (DF)	04/06/2018	Mr. Mukesh Kumar (DF)	28/08/2020
Mr. Sunil Kumar Singh	15/01/2018	Mr. Sunil Kumar Singh	15/01/2018
Mr. Mahendra Pratap Singh	28/01/2020	Mr. Mahendra Pratap Singh	28/01/2020
Mrs. Rakesh Sharma	28/01/2020	Mrs. Rakesh Sharma	28/01/2020
Mrs. Ritu Pande	13/11/2018	Mr. Rama Kant	12/11/2020
Mr. Raj Shekhar Tiwari	08/02/2018		

In context to the above, it has been observed by us that:

- a) **Rule 8:** For the purpose of section 152 for the Companies Act, 2013, the company should have intimated to the Ministry of Corporate Affairs changes in the management (Managing Director, Directors, Manager and Secretary) by filing e-Form DIR-12 along with the applicable Filing fee with the Registrar of Companies (ROC) within thirty (30) days from the date when such change takes place.
- b) For the above said non-compliance, Registrar of Companies (ROC) may impose penalty viz., additional fee for the delay in filing of e-Form DIR-12 (Information about Removal or Appointment of Director) based on number of days delayed as follows:

Period of Delay	Additional Fees
Up to 30 days	2 times of normal fees
More Than 30 days & up to 60 days	4 times of normal fees
More Than 60 days & up to 90 days	6 times of normal fees
More Than 90 days & up to 180 days	10 times of normal fees
More Than 180 days	12 times of normal fees



Thus, we are of the opinion that to avoid further penalty and to comply with the above relevant, company should file e-form DIR-12 for the change of Directors/ Signatory as soon as possible.

3. As per **Rule 12A** of the Companies (Appointment and Qualification of Directors) Rules 2014, "Every individual who holds a Director Identification Number (DIN) as on 31st March of a financial year as per these rules shall, submit e-form DIR-3-KYC for the said financial year to the Central Government on or before 30th September of immediate next financial year. If director fails to comply with the afore-mentioned provision, Penalty of ` 5,000/- shall be levied on the expiry of the due date.

While checking the director's details on the MCA Website, it was observed by us that in case of one Mrs. Rakesh Sharma (DIN: 08695154), currently DIN has been deactivated due to non-filing of DIR-3 KYC within the specified time.

4. While examining the particulars about the company on MCA website, it has been observed that the Date of last AGM and Balance Sheet Dated 27/09/2019 & 31/03/2019 respectively was updated on the website. Thus, it is reflecting on the website that the company has not filled the Annual Filing in **Form AOC-4** (Filing of Audited Financial Statements) and **Form MGT-7** (Filing of Annual Return) for the Financial Year 2019-20.

However, as per section 137(1) of Companies Act, 2013, every company is required to file with the Registrar a copy of its Financial Statements in e-Form AOC-4 along with the filing fee within thirty days of its annual general meeting and in case of any delay in filing the concerned form additional fee for amount of ₹ 100.00 per day is levied as a penalty on defaulting company.

Further, as per section 92 of Companies Act, 2013, every company is required to prepare the Annual Return in Form MGT-7 and file with the Registrar within sixty days from the date on which Annual General Meeting (AGM) is actually held or from the last day on which AGM should have been held and if a company fails to file its annual return under section 92, before the expiry of the period specified under section 403 with additional fee, the company shall be punishable with fine which shall not be less than fifty thousand rupees but which may extend to five lakh rupees and every officer of the company who is in default shall be punishable with imprisonment for a term which may extend to six months or with fine which shall not be less than fifty thousand rupees but which may extend to five lakh rupees, or with both.

5. Attention has been invited to **Note No. 1** of Significant Accounting Policies & Notes to Financial Statements where it has been observed by us that "Advance to LIC" in respect of Gratuity and Leave Encashment amounting to ₹ 3,97,49,669.00 as on 31/03/2020 has been carry forwarded as on 31/03/2021 without any change.



Since, the Actuarial Valuation has not been carried out by the company for the current year as specified in the IND AS-19 "Employees Benefits".

However, in the context of employee benefits Indian GAAP *mandates that a liability is recorded in the financial statements in respect of employee benefit schemes in accordance with AS 15 or Ind AS 19, as applicable. The accounting standards require that a company shall perform an actuarial valuation to estimate the liability and make other disclosures as required by the accounting standard. Further, Actuarial valuations shall be required at the end of every accounting period for the purpose of preparation of financial statements which depict accurate results and financial position*

6. Attention has been invited to **Note No. 21** of Significant Accounting Policies & Notes to Financial Statement whereby it has been observed that ₹ 1.50 Crores (Approx.) has been provided by the company into their books of account. All the payment accounted for comes under the purview of deduction of GST -TDS, however, company has neither deducted nor accounted for GST TDS into their books of accounts as a result not deposited the same before the specified due date i.e., 10/04/2021. For said default Company has to paid penal Interest along GST TDS amount.
7. Attention has been invited to **Note No. 12** of Significant Accounting Policies & Notes to Financial Statement where it has been observed by us that the Interest Receivable from UPPCL for the FY 2020-21 has not been taken in the books of accounts.

Further, Interest Receivable from UPPCL aggregate amount of ₹ 10,64,758.00 is pertaining to the 02 previous financial years, i.e., FY 2018-19 & FY 2019-20 and as per the past practice of company is to settle the amount of interest receivable after one year from the end of relevant financial year, against the bill of electricity incurred rather than paying the interest directly to the company whereby: -

- Interest Receivable for FY 2018-19 was amounting to ₹5,32,379.00 should have settled after one year from the end of relevant financial year i.e., FY 2020-21. However, we observed that the same has not been settled into their books of account.
  - Interest Receivable for F.Y 2019-20 amounting to ₹5,32,379.00 will be settled after one year from the end of relevant financial year i.e., in FY 2021-22.
8. Attention has been invited to **Note No. 18** of Significant Accounting Policies & Notes to Financial Statement where it has been observed that SIL Office had transferred 02 Nos. of 3-Wheelers (Electric Vehicle) to Cement Corporation of India on dated 27/01/2021 without receipt of any advance against the same. However, it is general practice of the company to first receive advance from the suppliers against the sale. Thus, it seems that policy of the company has not been followed.





Further, we observed that Cement Corporation of India has returned back the said items to SIL Office during the month of April 2021. However, SIL Office had booked the transfer of 02 Vehicles into their Income as sale by debiting the Sundry Debtors. However, the said transaction was not reversed while finalising their financials for the FY 2020-2021. As a result, sale along with sundry debtors into their books of account were excessively booked.

9. Attention has been invited to **Note No. 29** of Significant Accounting Policies & Notes to Financial Statement where it has been observed by us that salary register of employees has not been updated by the company from January, 2021 and only a salary sheet of employees has been provided to us for the verification. We suggest that Management ensure that salary register should be updated on timely manner. Further, signature of the Account Officer/ Concerned in charge on the Salary Register was missing.
10. Attention has been invited to the following mentioned Notes of Significant Accounting Policies & Notes to Account, we couldn't verify the existence of events were: -
- i) **Notes No. 5** of Significant Accounting Policies & Notes to Financial Statement, Deposit was made with others amounting to ₹10.74 Lakhs and Deposit with Landlord amounting to ₹2.43 Lakhs.
  - ii) **Notes No. 12** of Significant Accounting Policies & Notes to Financial Statement relating to Misc. Advance to Staff recoverable amounting to ₹1.59 Lakhs.
  - iii) **Notes No. 17** of Significant Accounting Policies & Notes to Financial Statements relating to Advance from Customer amounting to ₹1.89 Lakhs.
11. Attention has been invited to **Notes No. 31** of Significant Accounting Policies & Notes to Financial Statement relating to payment/ provision 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.
12. 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 ₹39.79 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.
13. Attention has been invited to **Note No. 31** of Significant Accounting Policies & Notes to Financial Statement where it has been observed by us that total expenditure incurred in respect of Research & Development amounting to ₹ 95,45,575.81 is mainly in relation to the Testing/ Dying of EV along with purchase of batteries to be used in production of Electronic Vehicles (EV), the same is not connected to any kind of research & development made by the company.



On further examining the same, it has been informed to us by the management that the competent appropriate authority has not approved the said Product along with appropriate head of expenditure has also not been approved for the booking of said expenditures pertaining to Electronic Vehicles (EV), as a result, the same has been booked under the head Research & Development.

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

- i) that the total debtors outstanding (including North, East, West & South Zones) as on 31.03.2021 amounting to ₹ 393.70 Lakhs against the provision amounting to ₹324.27 lakhs has been running from earlier years.
- ii) No external confirmation regarding any Sundry Debtors outstanding more than a year has been provided.
- iii) No Age wise analysis has been maintained by the company in respect of the debtors.
- iv) 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.

15. Attention has been invited to **Notes No. 21** of Significant Accounting Policies & Notes to Financial Statement relating Sundry Creditors were: -

- i) that the total creditors outstanding as on 31.03.2021 amounting to ₹ 1370.88 lakhs in respect of which no age wise analysis has been maintained by the company.
- ii) No external confirmation regarding Sundry Creditors outstanding more than a year has been provided.

16. The attention has been invited 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. *(For details, please Refer Attachment 1(a))*



**Report on Current Period Matters**

**A. EMPHASIS OF MATTER**

**1. CURRENT 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 31.03.2021.

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**

<b>A/C Code</b>	<b>Particulars</b>	<b>Amount (in ₹)</b>
<b>SECURITY DEPOSITS</b>		
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
<b>CAPITAL WORK IN PROGRESS</b>		
10909	Capital Work In Progress	₹ 17,30,317.00
10911	Assets Under Inspection	₹ 1,74,06,978.00
<b>OTHER LOANS AND ADVANCES</b>		
30350	Recoverable from Workmen (Wage Revision 2002)	₹ 77,89,051.55
30351	Deferred Interest on Employee Benefit	₹ 2,00,816.36
<b>TRADE RECEIVABLE</b>		
30305	S. Debtors Three Wheeler	₹ 37,02,706.47
30306	S. Debtors Two Wheeler	₹ 25,77,333.59
30320	S. Debtors South Zone	₹ 13,08,066.13
30322	S. Debtors Others	₹ 25,23,338.93
30801	S. Debtors North Zone	₹ 58,07,564.62
30802	S. Debtors East Zone	₹ 12,64,104.67
30803	S. Debtors West Zone	₹ 28,12,175.25
30340	S. Debtors (South Zone II)	₹ 1,39,40,856.38
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	₹ 1,41,882.61
30548	ITC on RO Inputs	₹ 5,49,757.50

**OTHER ADVANCES**

30302	Staff Advance	₹ 1,59,085.18
30701	UPIL General Advance	₹ 15,12,000.00
30402	Interest Recoverable On UPIL	₹ 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	₹ 10,06,507
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	₹ 25,92,000
30352	Extra Coin Recovery	₹ 1,106.72
30362	Professional Tax Recoverable	₹ 17,421.40
00519	S. Creditors (ANC) Debit Balance	₹ 2,34,364.42
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 ₹)
<b>ADVANCES RECEIVED FROM CUSTOMERS</b>		
00550	Advance from Customers (EV)	₹ 1,89,850.00
<b>DEPOSITS</b>		
00510	Deposits from Others	₹ 2,80,000.00
00522	From Dealers	₹ 2,79,28,606.64
00535	From Stockist	₹ 4,83,606.86
<b>TRADE PAYABLES</b>		
00501	CR. Bal. Sundry Creditors (Civil)	₹ 50,29,914.76
00514	CR. Bal. Sundry Creditors (Gen)	₹ 4,25,43,113.48
00559	CR. Bal. Sundry Creditors 3WH.	₹ 1,21,28,520.47



**OTHER CURRENT LIABILITIES**

00630	Own Your House	₹ 5,71,350.00
30302	Credit Balance Staff Ledger	₹ -1,59,085.18
-	Cr. Balance Sundry Debtors	₹ 10,85,050.18
00509	Earnest Money	₹ 22,66,720.00
00534	From Others	₹ 35,491.50
27624	Factory Workers Colony	₹ - 1,06,04,458.88

**OTHER PAYABLES**

00511	Salary Payable	₹ 2,00,20,292.74
00525	Wages Payable (Regular)	₹ 32,15,165.80
00503	Salary Payable (Contractual)	₹ 1,20,17,315.89
00561	Arrears on Wages Payable	₹ 39,79,197.75
00562	Recovery for Amortized Die (Cipet)	₹ 3,36,384.70
00507	Liability for Expenses	₹ 2,77,24,610.38
00640	Rec. for Canteen Coop Society	₹ 39,427.50
00560	Liability Towards Adhoc Payments	₹ 43,200.00
00506	Bonus Payable	₹ 32,98,680.04



**Description of Key Audit Matter**

**1. Non-Payment/ Deposition of PF and Pension Contribution**

Attention has been invited to **Note No. 29** of Significant Accounting Policies & Notes to Financial Statement where while examining the Provident Fund and Pension contribution details, it has been observed by us that the same has not been deposited by the company to the respective authorities since October, 2020. Details of the same is as under: -

<b>Sr. No.</b>	<b>Month</b>	<b>Employee's PF</b>	<b>Pension</b>
1.	October-2020	17,02,714.00	2,87,500.00
2.	November-2020	16,55,331.00	2,71,871.00
3.	December-2020	15,78,879.00	2,49,581.00
4.	January-2021	11,48,730.00	93,514.00
5.	February-2021	11,18,456.00	78,750.00
6.	March-2021	11,50,801.00	1,10,239.00
<b>Total</b>		<b>83,54,911.00</b>	<b>10,91,455.00</b>

**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 and we conclude that in case the contribution is not deposited by the due date as prescribed under the relevant Acts and is deposited late, the employer is not only liable to pay interest on delayed payment but also incur penalties.

Further, as per Section 7Q "An employer who fails to pay the contribution within the limit specified in the regulation shall be liable to pay simple interest at the rate of 12% p.a. in respect of each day of delay or default in payment of contribution.

Moreover, under Section 14B certain penalties need to be incurred in case of failure in payment of contribution viz,

- 5% interest p.a. for a delay up to 2 months
- 10% interest p.a. for a delay up to 2-4 months
- 15% interest p.a. for a delay up to 4-6 months and
- 25% interest p.a. for a delay of more than 6 months

**2. 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 ₹174.07 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.

#### **3. Material Uncertainty relating to Interest Tax & Penalty**

Attention has been invited to **Note No. 31** of Significant Accounting Policies & Notes to Financial Statement were Interest and penalties on taxes amounting to ₹ 116.72 Lakhs relating to material uncertainty 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.

#### **4. 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 overdue relating to outstanding long-term loan received from Government of India amounting to ₹53,00 lakhs (Plan Loan of Rs. ₹12,00 lakhs and loan for VRS/ VSS scheme amounting to ₹ 41,00 lakhs).



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

Attention has been invited to Note No. 35 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 57.29 Lakhs.

Refer Note No. 35 "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 note no. 35 respectively in the standalone financial statements.

**6. Recoverability from disputed and long pending cases from Consumer Forum**

Attention has been invited to Note No. 12 along with Note No. 35 of Significant Accounting Policies & Notes to Financial Statement where recoverability of deposit with Consumer Forum made regarding disputed cases pending at adjudication amounting to ₹8.94 Lakhs.

There is the risk over the company's estimation about the recoverability of withholding amount of deposit with authorities 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 the nature of the amount recoverable and the sustainability and the likelihood of recoverability upon final resolution accordingly we have been obtained/ 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 neither the letter has been shown before us which has been issued by company for the release of Security Deposit, nor the files relating to cases have been produced before us.





7. **Recoverability from disputed and long pending cases from Sales Tax Department**

Attention has been invited to Note No. 12 along with Note No. 35 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. For details of such accounts, please refer Attachment-2(a)



## Attachment 2 (a)

S No	Ledger Head	Ledger Name	Date Of Deposit	Amount as per Financials		Management Reply Regarding the Deposits
					Total	
1	30510	<b>DEPOSIT WITH SALES TAX</b>				
		Deposit with Assam Sales Tax 1997-98 Authority for Dibrugarh (17-04-1997) Warehouse Security	2010-11	50,000.00		The case is under Trial. Latest updation is awaited. However this is not pertaining to the FY 2020-21
		Deposit with Rajasthan as Security (NSC) for Reg. under Entry Tax	2005-06	2,015.00		The case is under Trial. Latest updation is awaited. However this is not pertaining to the FY 2020-21
		Deposit with J&K as Security	2010-11	45,000.00		The case is under Trial. Latest updation is awaited. However this is not pertaining to the FY 2020-21
					<b>97,015.00</b>	
2	30520	<b>DEPOSIT WITH OTHERS</b>				
		State Consumer Redressal Commission, Haryana	2005-06	25,000.00		The case is under Trial. Latest updation is awaited. However this is not pertaining to the FY 2020-21
		Secretary, SCBRC Balasor	2005-06	25,500.00		The case is under Trial. Latest updation is awaited. However this is not pertaining to the FY 2020-21
		District Consumer Forum, Osmanabad	2005-06	5,000.00		The case is under Trial. Latest updation is awaited. However this is not pertaining to the FY 2020-21
		Kalyani Steel Products	2003-04 & 2015-16	8,38,303.00		FD is deposited in court and case is not yet settled.
		Consumer Dispute Redressal Forum Ahmedabad	2005-06	25,000.00		The case is under Trial. Latest updation is awaited. However this is not pertaining to the FY 2020-21
		ADSL Internet, Alambagh	2005-06	1,700.00		No record available since this is pertaining to FY 2005-
		Voice Stream	2003-04	1,500.00		No record available since this is pertaining to FY 2003-
		Prabhagiya Vanadhikari (P-7145)	2009-10	49,000.00		Deposited as security money in Forest Department in FY 2009-10.
		BSNL	2010-11, 2011-12 & 2017-18	3,000.00		Deposited in BSNL as Security money.
		Hon'ble High Court (H-7091) W.P. No. 1835/M.S.	2015-16	1,00,000.00		Deposited in High Court. Date of Filing - 27.01.2016. Last Listed on - 20.05.2019
					<b>10,74,003.00</b>	



3	30525	DEPOSIT WITH EXCISE	2001-02	6,500.00	6,500.00	This appeal is pertaining to FY 2000-01 & No record is available in this regard.
4	30538	DEPOSIT WITH EXCISE AUTHORITIES				
		Deposit with Excise Authorities for filing appeal in Tribunal Allahabad	2015-16	11,000.00		Deposited in Jan-2016. Case is still pending as per latest update.
		Deposit with Excise Authorities for filing appeal in Tribunal Allahabad	2017-18	8,050.00		Deposited with Service Tax Authority in FY 2017-18. However case is still pending.
					19,050.00	
5	30530	DEPOSIT WITH CONSUMER FORUM				
		Deposit with State Consumer Dispute Commission Patna.	2006	25,000.00		Case decided in favour of SIL. Advocate was asked for withdrawing the said amount in favour of SIL. However the amount is still with the court.
		Deposit with Consumer Dispute Forum Bhopal.	2014	25,000.00		Appeal is still pending.
		Deposit with State Consumer Dispute Commission Patna.	2009	12,500.00		Revision is still pending before National Consumer Forum.
		Deposit with Bihar Consumer Dispute Commission Patna	2011	25,000.00		Appeal is still pending.
		Deposit with State Consumer Dispute Commission Muzaffarpur	2015	50,000.00		Revision is still pending.
		Deposit with Consumer	Untraced	12,736.00		Not Traceable
					1,50,236.00	



Disputed Statutory Dues					
S No	Name of the Statute	Nature of the Dues	Forum where disputes are pending	Period	Amount (in Lakhs)
1 a)	State Sales Tax Act	Entry Tax & Penalty Tax	Commissioner of Commercial taxes	97-98 to 06-07	113.77
b)	State Sales Tax Act	Entry Tax & Penalty Tax	Tribunal	03-04, 04-05 & 05-06	10.55
2 a)	Central Excise and Service Tax	Service Tax	Commissioner (Appeals)	October 2002-March 2017	3.22 & 6.49 Penalty & Indeterminate Interest
b)	Central Excise and Service Tax	Service Tax	Assistant Commissioner	2014-15	0.74 & 0.74 Penalty & Indeterminate Interest
c)	Central Excise and Service Tax	Central Excise	Assistant Commissioner	April 2010-September 2010	0.74 & 0.74 Penalty & Indeterminate Interest
d)	Central Excise and Service Tax	Central Excise	Assistant Commissioner	2005-06 to 2008-09	2.48 & 2.48 Penalty & Indeterminate Interest
e)	Central Excise and Service Tax	Central Excise	Tribunal Allahabad	August 2008-March 2013	1.10 & 1.10 Penalty & Indeterminate Interest
f)	Central Excise and Service Tax	Service Tax	Appeal Pending	2015-2016	8.87 & 0.88 Penalty & Interest
g)	Central Excise and Service Tax	Service Tax	Appeal Pending	2016-17	4.49 & 0.44 Penalty & Interest
3	Income Tax Act	Income Tax	Dy. Commissioner of Income Tax Range VI, Lucknow	FY 2001-02 to 2008-09, 2013-14 & 2015-16	1508.71
<b>Total</b>					<b>1667.54 Penalty &amp; Indeterminate Interest</b>



**Description of Other Matter**

**1) Detail of Charges (Assets) on MCA Website**

During the audit, based on our audit procedure it was observed by us that Charge creation on assets is showing on MCA Website. A snapshot details from MCA Website were as follows: -

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

According to information and explanation given us, company has cleared its mortgage debts as of now no such assets under charge exists over the company.

However, in the context to the same it has been observed by us that: -

**a) As per Sec. 82(1) of Companies Act, 2013**

A company shall give intimation to the Registrar in the prescribed form, of the payment or satisfaction in full of any charge registered within a period of thirty days from the date of such payment or satisfaction and the provisions of sub-section.

**b) Rule 8 (1)**

For the purposes of sub-section (1) of section 82, a company shall within thirty days from the date of the payment or satisfaction in full of any charge registered under Chapter VI, give intimation of the same to the Registrar in e-form CHG-4 along with the fee.

Thus, we are of opinion that company should file e-form CHG-4 for the satisfaction of Charge as soon as possible.

2) During the course of Audit, it was observed that SEBI has imposed a penalty for non-compliance of Regulation 6(1) of SEBI (LODR) Regulations 2015 amounting to ₹36,580.00 and company has not accounted for said penalty provision in their Books of Accounts. In contact to the same, officials inform us that company has made a request to SEBI for exemption of fees on the ground on closure notice issued.

**3) Income Tax/ Tax deducted at Source**

1. While checking the records relating to Advance Income Tax, we observed that SIL Office had deposited the fund of INR 3,11,000.00 in the form of Demand Draft with Income Tax Department against the matter of re-opening of seized bank account of SIL Office during the FY 2017-18 on Dated 12/02/2018. However, SIL Office accounted for the value of INR 3,11,000.00 under the head of Advance Income Tax. Further, we observed that the said deposit with Income Tax Department was not showing the Form 26AS of SIL Office and Income Tax Dept. will only accept the credit once the same should be reflected on the face of 26AS of SIL. While filing the representation it was mentioned that there was no requirement of such type of deposit, as a result, we fail to understand why the same fund has been deposited with Income Tax Department.

2. While reviewing the Income Tax proceedings, we observed that Income Tax Department has raised the huge value of demand in respect of several financial years and SIL Office Management has shown the said demand as their contingent liabilities in to the foot note of their financial statement. Details of year wise demand is as under:

Sl. No.	Financial Year	O/S Demand	Accrued Interest	Total
1	FY 2012-13 (AY 2013-14)	11,98,05,553.00	1,33,77,562	13,31,83,115.00
2	FY 2013-14 (AY 2014-15)	82,99,080.00	26,55,680.00	1,09,54,760.00
3	FY 2014-15 (AY 2015-16)	1,69,58,220.00	54,26,624.00	2,23,84,844.00
	<b>TOTAL</b>	<b>14,50,62,853.00</b>	<b>2,14,59,866.00</b>	<b>16,65,22,719.00</b>

3. While reviewing the Income Tax TDS proceedings, we observed that Income Tax Department has raised the good value of demand in respect of several financial years and SIL Office Management has shown the said demand as their contingent liabilities in to the foot note of their financial statement. Details of year wise TDS demand is as under: -

Financial Year	Manual demand	Processed demand
2009-10	0	₹ 1,54,020
2007-08	0	₹ 9,520
<b>Total</b>	<b>0</b>	<b>₹ 1,63,540</b>

Further, while examining the TDS proceedings certain defaults related to prior-period has also been observed by us. The detail of the same is given below:

Particulars (Defaults)	Amount
Short Payment	₹ 92,444.00
Short Deductions	₹ 11,404.35
Int. on payment default u/s 201	₹ 72,160
Int. on deduction defaults u/s 201	₹ 6,952
Late filing fee u/s 234E	₹ 28,400
<b>TOTAL</b>	<b>₹ 2,11,360.35</b>

