



SATHAVAHANA ISPAT LIMITED

Reg. Off : 505, Block 1, Divyashakti Complex, Ameerpet, Hyderabad – 500 016.
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16th May, 2022

To BSE Limited, Corporate Relationship Department P.J Towers, Dalal Street, Mumbai - 400001	To National Stock Exchange of India Limited, Listing Department, Regd. Office: “Exchange Plaza”, BandraKurla Complex, Mumbai- 400051
SCRIP CODE:526093	SCRIP CODE:SATHAISPAT

Dear Sir,

Sub: Audited Financial Results for the fourth Quarter and Financial year ended on 31st March, 2022.

This is in continuation to our intimation dated May 11, 2022 regarding declaration of results on May 16, 2022. The Audited Financial Results of the Company for the fourth quarter and Financial year ended March 31, 2022 along with the Audit Report issued by Majeti & Co., the Statutory Auditors, pursuant to Regulation 33 of the Listing Regulations. The said results along with Audit Report thereon.

As you are aware that the company is under Corporate Insolvency Resolution Process (CIRP) in terms of the Order of Hon'ble NCLT Hyderabad Bench dated 8th September, 2021. The powers of Board of Directors are suspended and are vested in the Resolution Professional and Company's affairs, business and assets are being managed by the Resolution Professional. The results were signed by Mr. V.S.R.K Hanuman, Chief financial officer, Mr. A. Naresh Kumar, Managing Director and Mr. Bhuvan Madan, Resolution Professional at 06:15 P.M.

Thanking you,

Bhuvan Madan



Resolution Professional
SATHAVAHANA ISPAT LIMITED
Email: CIRP.BM.SIL@GMAIL.COM

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

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



SATHAVAHANA ISPAT LIMITED
CIN :L27109TG1989PLC010654

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

Statement of Audited Financial results for the Quarter and Year Ended March 31, 2022

(Rs. In Lakhs, except as stated)

S.No	Particulars	Quarter ended			Year Ended	
		31.03.2022	31.12.2021	31.03.2021	31.03.2022	31.03.2021
		(Refer Note-9)	(Unaudited)	(Refer Note-9)	(Audited)	(Audited)
1	INCOME					
	Revenue from operations	314.48	739.70	417.01	2819.41	2676.09
	Other income	(0.21)	63.82	1009.48	371.17	1063.88
	Provision no longer required written back	1163.77	-	-	1163.77	-
	Reversal of provisions made during earlier quarters of the current year (Refer Note -6)	13044.76	-	-	-	-
	Total income	14522.80	803.52	1426.49	4354.35	3739.97
2	EXPENSES:					
	a) Cost of raw materials consumed	91.81	117.08	60.51	302.51	804.46
	b) Changes in inventories of finished goods and work-in- progress	89.82	-	(21.44)	128.43	659.50
	c) Employee benefits expense	12.24	126.85	467.57	602.45	1105.49
	d) Finance costs	65.58	7944.37	12458.36	8928.09	28123.17
	e) Depreciation and amortisation expense	987.82	1014.14	1009.95	4048.97	4230.53
	f) Other expenses (Refer Note -7)	1624.76	271.35	574.10	2611.00	1417.19
	Total expenses	2872.03	9473.79	14549.05	16621.45	36340.34
3	Profit / (Loss) before Exceptional items and tax (1-2)	11650.77	(8670.27)	(13122.56)	(12267.10)	(32600.37)
4	Exceptional item	-	-	-	-	-
5	Loss before tax (3-4)	11650.77	(8670.27)	(13122.56)	(12267.10)	(32600.37)
6	Tax expense					
	Current tax	-	-	-	-	-
	Deferred tax	-	-	-	-	-
	Total tax expense	-	-	-	-	-
7	Profit/ (Loss) for the period from continuing operations (5-6)	11650.77	(8670.27)	(13122.56)	(12267.10)	(32600.37)
8	Profit/(loss) from discontinued operations	-	-	-	-	-
9	Tax expenses of discontinued operations	-	-	-	-	-
10	Profit/(Loss) from discontinued operations after tax (8±9)	-	-	-	-	-
11	Profit / (Loss) for the Period (7+10)	11,650.77	(8,670.27)	(13,122.56)	(12,267.10)	(32,600.37)
12	Other Comprehensive Income / (Expense)					
	A a) (i) Items that will not be reclassified to profit or loss	(98.81)	15.29	(120.80)	(52.96)	61.13
	(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-	-
	B b) (i) Items that will be reclassified to profit or loss	-	-	-	-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-
	Total other comprehensive income for the period	(98.81)	15.29	(120.80)	(52.96)	61.13
13	Total Comprehensive Income for the year (11+12) (Comprising Profit / (Loss) and other comprehensive Income for the year)	11551.96	(8654.98)	(13243.36)	(12320.06)	(32539.24)
14	Paid Up Equity Share Capital (Ordinary shares of Rs 10/- each)	5090.00	5090.00	5090.00	5090.00	5090.00
15	Other Equity Excluding Revaluation Reserve	-	-	-	(118316.26)	(105996.20)
16	Loss Per Equity Share(Not Annualised) in Rs. (from discontinued operations and Continuing Operations)					
	Basic	22.89	(17.03)	(25.78)	(24.10)	(64.05)
	Diluted	22.89	(17.03)	(25.78)	(24.10)	(64.05)

SEGMENT REVENUE, RESULTS, SEGMENT ASSETS AND SEGMENT LIABILITIES

S.No	Particulars	Quarter ended			Year Ended	
		31.03.2022	31.12.2021	31.03.2021	31.03.2022	31.03.2021
		(Refer Note-9)	(Unaudited)	(Refer Note-9)	(Audited)	(Audited)
1	Segment Revenue					
	Ferrous Products	291.92	39.46	-	517.20	-
	Metallurgical Coke with Co-generation Power	22.57	700.24	426.08	2311.43	2715.61
	Total	314.49	739.70	426.08	2828.63	2715.61
	Less: Inter/Intra Segment Revenue	0.01	-	9.07	9.22	39.52
	Sales/ Revenue from Operations	314.48	739.70	417.01	2819.41	2676.09
2	Segment Results					
	Ferrous Products	(751.80)	(658.69)	(208.24)	(2708.04)	(2778.18)
	Metallurgical Coke with Co-generation Power	(528.28)	(74.01)	(464.11)	(686.21)	(1766.44)
	Total	(1280.08)	(732.70)	(672.35)	(3394.25)	(4544.62)
	Less: Other un-allocable expenditure	(0.09)	(5.73)	0.01	(53.59)	(57.78)
	Total segment results before interest and tax	(1279.99)	(726.97)	(672.36)	(3340.66)	(4486.84)
	Finance Costs (Net of interest income)	(12930.76)	7943.30	12450.20	8926.44	28113.53
	Loss before exceptional item and tax	11650.77	(8670.27)	(13122.56)	(12267.10)	(32600.37)
	Exceptional item	-	-	-	-	-
	Loss before tax	11650.77	(8670.27)	(13122.56)	(12267.10)	(32600.37)
	Tax	-	-	-	-	-
	Loss after tax	11650.77	(8670.27)	(13122.56)	(12267.10)	(32600.37)
	Other Comprehensive Income (Net of Tax)	(98.81)	15.29	(120.80)	(52.96)	61.13
	Total Comprehensive Income	11551.96	(8654.98)	(13243.36)	(12320.06)	(32539.24)

S.No	Particulars	Quarter ended			Year Ended	
		31.03.2022	31.12.2021	31.03.2021	31.03.2022	31.03.2021
		(Refer Note-9)	(Unaudited)	(Refer Note-9)	(Audited)	(Audited)
3	Segment Assets					
	Ferrous Products	30887.36	31593.54	50195.90	30887.36	50195.90
	Metallurgical Coke with Co-generation Power	40762.58	42624.50	26460.54	40762.58	26460.54
	Total (A)	71649.94	74218.04	76656.44	71649.94	76656.44
	Segment Liabilities					
	Ferrous Products	140155.43	153154.43	129756.20	140155.43	129756.20
	Metallurgical Coke with Co-generation Power	45016.33	46135.48	48082.07	45016.33	48082.07
	Total (B)	185171.76	199289.91	177838.27	185171.76	177838.27
	Unallocated (Net) (C)	295.56	293.63	275.63	295.56	275.63
	Total (A-B+C)	(113226.26)	(124778.24)	(100906.20)	(113226.26)	(100906.20)

STATEMENT OF ASSETS & LIABILITIES

Particulars	As at	
	31.03.2022	31.03.2021
	(Audited)	(Audited)
ASSETS		
I Non-current assets		
(a) Property, plant and equipment	60012.01	64078.38
(b) Capital work-in-progress	3343.19	3343.19
(c) Right -of- use asset	331.43	331.43
(d) Intangible assets	-	-
(e) Financial assets		
(i) Investments	23.23	19.73
(ii) Other financial assets	210.31	210.21
(f) Other non-current assets	865.77	868.67
Total Non-current assets	64785.94	68851.61
II Current assets		
(a) Inventories	1555.82	2136.31
(b) Financial assets		
(i) Trade receivables	4010.91	3773.26
(ii) Cash and cash equivalents	117.44	33.84
(iii) Bank balances other than (ii) above	0.62	227.54
(c) Other current assets	1474.81	1909.51
Total Current assets	7159.60	8080.46
TOTAL ASSETS	71945.54	76932.07
EQUITY AND LIABILITIES		
III Equity		
a)Equity share capital	5090.00	5090.00
b)Other equity	(118316.26)	(105996.20)
Total Equity	(113226.26)	(100906.20)
IV Non-current liabilities		
(a) Provisions	129.90	172.28
Total Non- current liabilities	129.90	172.28
V Current liabilities		
(a) Financial liabilities		
(i) Borrowings	174714.10	166203.64
(ii) Trade payables		
- dues to micro and small enterprises	-	-
- dues to others	5949.44	6766.00
(iii) Other financial liabilities	2760.03	2940.44
(b) Other current liabilities	1567.80	1729.31
(c) Provisions	50.53	26.60
Total current liabilities	185041.90	177665.99
Total Liabilities	185171.80	177838.27
TOTAL EQUITY AND LIABILITIES	71945.54	76932.07

STATEMENT OF CASH FLOWS

Particulars	Year Ended	
	31.03.2022	31.03.2021
	(Audited)	(Audited)
Cash flow from operating activities:		
(Loss) before tax	(12,267.10)	(32,600.37)
Adjustments for:		
Depreciation and amortisation expense	4,048.97	4,230.53
Unrealised foreign exchange loss (net)	1.70	(5.71)
Interest income from financial assets at amortised cost	(1.65)	(9.64)
Dividend income classified as investing activities	(0.06)	-
Finance cost	8,928.09	28,123.17
Net (gain) arising on investments mandatorily measured at Fair value through profit and loss	(3.49)	(7.58)
Bad debts written off	1,163.77	-
Credit balances written back	-	(607.94)
Debit balance written off	44.91	1.80
Loss on sale of Asset	4.94	-
Provision no longer required written back	(1,163.77)	(306.45)
Operating Profit/ (Loss) before working capital changes	756.31	(1182.19)
Adjustments for:		
Trade receivables and other assets	171.38	907.18
Inventories	580.49	968.37
Trade payables, other liabilities and provisions	(1563.05)	(825.14)
Cash generated from operating activities	(54.87)	(131.78)
Income tax (paid)/ Refund	(16.44)	101.65
Net cash inflow / (outflow) from operating activities	(71.31)	(30.13)
Cash flows from investing activities:		
Purchase of property, plant and equipment, Intangibles and capital work-in-progress	(0.27)	(51.37)
Sale Proceeds from property, plant and equipment	12.73	-
Restricted Balances with Banks	226.92	(194.40)
Interest received	1.65	7.70
Dividend received	0.06	-
Net cash inflow from investing activities	241.09	(238.07)
Cash flows from financing activities:		
Proceeds/(repayment) of long-term borrowings (net)	(7.76)	(18.45)
Proceeds/(repayment) of short-term borrowings (net)	-	16671.11
Finance costs (Charged to short-term borrowings)	(78.41)	(16678.16)
Net cash (outflow) / inflow from financing activities	(86.17)	(25.50)
Net (decrease)/ increase in cash and cash equivalents	83.61	(293.70)
Opening Cash and Cash Equivalents	33.84	327.54
Closing Cash and Cash Equivalents	117.45	33.84


Notes :

- As of March 31, 2022, the Company, M/s Sathavahana Ispat Limited, is currently undergoing corporate insolvency resolution process ("CIRP") pursuant to the order dated July 28, 2021, passed by the Hon'ble National Company Law Tribunal, Hyderabad Bench ("NCLT"), in C.P. No.17/9/HDB/2020 filed by one M/s Thirumala Logistics, an operational creditor of the Company. Vide the same order, one Mr. Golla Ramakantha Rao, an Insolvency Professional, was appointed as the Interim Resolution Professional. Pursuant to order dated September 08, 2021, passed by the Hon'ble NCLT, Mr. Bhuvan Madan, an Insolvency Professional, was appointed as the Resolution Professional to conduct the CIRP and to manage the affairs of the Company. The copy of the said order was received by Mr. Bhuvan Madan, the Resolution Professional on September 15, 2021. As such, since September 15, 2021, has been under the control and management of Mr. Bhuvan Madan, the Resolution Professional. The CIRP of the Company is at advanced stage with the Resolution Plans being under consideration of the COC. Though, the Resolution Plans have been voted upon by the Committee of Creditors of the Company in their meeting held on March 17, 2021 which continued on March 20, 2022, however, pursuant to the order dated March 07, 2022, passed in I.A. No.791 of 2021 filed by one Operational Creditor, the outcome of the voting on the Resolution Plans has been put on hold. Accordingly, the Company continues to be under CIRP under the aegis of Mr. Bhuvan Madan, the Resolution Professional. Upon commencement of CIRP, the powers of Board of Directors of the company stands suspended and management of company/CD vests with IRP/RP. The IRP/RP is expected to ake every endeavaour to protect and preserve the value of property of the corporate debtor and manage the operations of the company as Going Concern. RP is expected to conduct CIRP, invite claims from various class of creditors, and invite prospective resolution applicants for submission of resolution plans. To conduct CIRP and to preserve the value of assets, RP has undertaken various measures to keep safeguard and restore and preserve value of property. Further RP has undertaken various measures to realise the old inventory and recovery from the debtors. Resolution Plans have been received and evaluated and pending for submission to Hon'ble NCLT for Plan approval. As Per Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'Regulation') the financial results of a company submitted to the stock exchange shall signed by the Chairperson or Managing Director or Whole Time Director or in absence of all of them, it shall be signed by any director of the company who is duly authorized by the Board of Directors. The Financial Results have been signed by A. Naresh Kumar, Managing Director of suspended board and VSRK. Hanuman, Chief Financial Officer of the company confirming truthfulness, fairness, accuracy and completeness of the financial results. Basis this confirmation, these financial statements have been taken on record by the Resolution Professional on May 16, 2022 for filing with the stock exchanges in accordance with the Regulations. The Statutory Auditors have given disclaimer opinion for the quarter and year ended March 31, 2022.
- The Statement has been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies to the extent applicable and in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
- The Company's business consists of two reportable segments viz., Ferrous Products and Metallurgical coke with co-generation of Power.
- Based on the letter dated June 23, 2021 by the Canara Bank (lead banker of Consortium), Three lender Banks (Out of Four (4) in consortium) of the Company namely, Canara Bank ('CB'), State Bank of India ('SBI') and Union Bank of India [(earlier Andhra Bank) ('UBI')] [collectively hereinafter referred as 'Banks'] and IFCI non banking financial company have assigned their debt provided to the Company to J C Flower Asset Reconstruction Company Limited ("JCFARC"), the anchor bidder in Swiss challenge process. Therefore, J C Flower ARC shall now have all the rights and privileges on the debt earlier owed by the Company to the Banks. The Company has obligations towards JCFARC aggregating to Rs.1,74,714.10 lakhs (Including Interest Accrued) as at March 31, 2022.

5 In response to Disclaimer opinion in Audit report:


- a) Since Corporate Insolvency Resolution Process (CIRP) is currently in progress, as per the Code, it is required that the Company be managed as going concern during CIRP and Resolution plan was considered by coc which was put on hold on account of reasons specified in above Note 1. Accordingly, the financial statements are continued to be prepared on going concern basis.
- b) The Company's current level of operations in Metallurgical Coke division at Nineteen percent capacity and no operations at Ferrous division, may not be an indication of the future performance of the Company. As the company has awarded Repair and Maintenance Contract to Jindal Saw Limited to upkeep the Property plant and Equipment. Accordingly, Impairment testing under Ind AS has not been performed while presenting these results.
- c) Trade receivables as at March 31, 2022 include Rs.3486.76 lakhs (March 31, 2021 Rs. Rs.3481.82 lakhs) due for a period of more than one year for which no provision has been made in the books of account, as the management considers these receivables as good and recoverable. The management assess the recoverability of trade receivables on regular basis and there was no uncertainty at present on recoverability of these receivables and legal cases were preferred where required to ensure recoverability. With regard to other long outstanding capital advances of Rs. 174.01 Lakhs (March 31, 2021 Rs. 174.01 Lakhs) , supplier advances of Rs.607.63 lakhs (March 31, 2021 Rs. 595.27 Lakhs) and other financial assets of Rs.156.42 Lakhs (March 31, 2021 Rs. 157.02 Lakhs), management is confident of recoverability and no provision at present is required to be made. (This was also subject matter of qualification in the audit report for the year ended March 31, 2021.)
- d) Claims have been received from various governments authorities admitted / partial admitted or rejected based upon the verification conducted by Resolution Professional and can be settled in accordance with Resolution plan approved by NCLT.
- e) Since shut down of the operations Haresamudram plant from 12th June 2017, no major movement have happened in Inventories amounting to Rs. 1458.67 Lakhs (As at 31st March 2021: Rs.1985.98 Lakhs) . Resolution Professional regularly monitored, maintained and ensured same in usable/ saleable condition and assessed the stated value was fully recoverable and no provision is required as on the date of balance sheet. This was also subject matter of qualification in the audit report for the year ended March 31, 2021.
- f) Resolution Professional has taken control over both plants and reviewed the position of inventory before handing over the same to Jindal Saw limited for Repair and Maintained work.
- g) Creditors for capital works as at March 31,2022 includes overdue payables of Rs.224.15 lakhs (March 31, 2021: Rs.222.45 lakhs) which is owed by the Company to a non-resident company for more than three years. The Company is required to obtain approvals from consent authorities to condone such delay in payment of foreign currencies, which is presently not obtained and the Company intends to take the necessary approvals in this regard, pending which any penalties that may be levied by consent authorities and impact in the aforesaid liabilities in the financial statements are not presently ascertainable. (This was also subject matter of qualification in the audit report for the year ended March 31, 2021).
- h) Resolution Professional has invited the Claims through the Public Announcement and Various Creditors such as financial, operational and other have submitted and reconciled the same with Books of accounts based on the documents provided by the claimant which has been verified. And the Final version of claims summary has been uploaded on the company website.
- i) As per the terms of the contract amount become due upon submission final invoice by the party and also subject to satisfactory performance of the Plant and Equipment as per the contract.
- j) Related Party transactions occurred during April 01, 2021 to July 28, 2021 were not obtained approval form Board due to post initiation of CIRP.
- 6 During the Q4 2021-22 ,Management revised the provisions made w.r.t interest on borrowing from August01, 2021 to December 31, 2021 amounting to Rs.12,995.76 Lakhs and Managerial Remuneration Rs. 49.00 Lakhs which were made in earlier quarters of this year.
- 7 Rs. 1163.77 lakhs written off as bad debts during Q4 2021-22, after due deliberations with customer and assessment of the recoverability
- 8 The management has assessed the impact of COVID-19 pandemic on the financial statements, business operations, liquidity position, cash flow and has concluded that based on the current estimates no material adjustments are required in the carrying amount of assets and liabilities as at March 31,2022. The impact of the pandemic may be different from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.
- 9 The figures of the quarter ended March 31, 2022 is the balancing figures between audited figures in respect of the financial year and the published year to date figures up to the third quarter of the current and previous financial year i.e., 2021-22 respectively.
- 10 The figures for the corresponding previous period have been reclassified / regrouped wherever necessary to conform to current period classification.

**By Order of the Resolution Professional
For Sathavahana Ispat Limited**


V.S.R.K Hanuman
Chief Financial Officer


A. Naresh Kumar
Managing Director of suspended
board




(BHUVAN MADAN)
Resolution Professional

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

**HYDERABAD
16-05-2022**



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

To
The Resolution Professional of
SATHAVAHANA ISPAT LIMITED

Report on the Audit of Financial Results
Disclaimer Opinion

We were engaged to audit the accompanying annual financial results ('the Statement') of **SATHAVAHANA ISPAT LIMITED** ('the Company') for the quarter and year ended 31 March 2022, attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) ('Listing Regulations'), including relevant circulars issued by the SEBI from time to time.

As of March 31, 2021, the Company, M/s Sathavahana Ispat Limited, is currently undergoing corporate insolvency resolution process ("CIRP") pursuant to the order dated July 28, 2021, passed by the Hon'ble National Company Law Tribunal, Hyderabad Bench ("NCLT") , in C.P. No.17/9/HDB/2020 filed by one M/s Thirumala Logistics, an operational creditor of the Company. Vide the same order, one Mr. Golla Ramakantha Rao, an Insolvency Professional, was appointed as the Interim Resolution Professional. Pursuant to order dated September 08, 2021, passed by the Hon'ble NCLT, Mr. Bhuvan Madan, an Insolvency Professional, was appointed as the Resolution Professional to conduct the CIRP and to manage the affairs of the Company. The copy of the said order was received by Mr. Bhuvan Madan, the Resolution Professional on September 15, 2021.

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

As Per Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'Regulation') the financial results of a company submitted to the stock exchange shall be signed by the Chairperson or Managing Director or Whole Time Director or in absence of all of them, it shall be signed by any director of the company who is duly authorized by the Board of Directors. In view of the ongoing Corporate Insolvency Resolution Process ("CIRP") as Board has been suspended and these powers are now vested with Mr. Bhuvan Madan in the capacity as the Resolution Professional as per the Provisions of the Insolvency and bankruptcy Code, 2016 ("the Code").

The company prepared the financial results as prescribed in the SEBI Regulation 2015 (as amended from time to time) We do not express an opinion on the accompanying financial Results of the Company. Because of the significance of the matters described in the '*Basis for Disclaimer of Opinion*' section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion as to whether this statement:



- i. is presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
- ii. gives a true and fair view in conformity with the recognition and measurement principles laid down in the applicable Indian Accounting Standards and other accounting principles generally accepted in India of the net profit/(loss) and other comprehensive income and other financial information for the quarter and year ended March 31, 2022.

Basis for Disclaimed Opinion

i. Related to Going Concern

As mentioned in Note No.1 to the Statement, the Company has been referred to National Company Law Tribunal under the Insolvency and Bankruptcy Code, 2016, ("Code") and the company's obligation towards current borrowings was Rs. 1,74,714.10 Lakhs significantly exceeded its available cash and cash equivalents and other financial assets as on the date of balance sheet. The company's financial results and funds availability were adversely affected due to continuing shut down of the ferrous plant since 12th June 2017, very limited operations in the coke oven plant and power plant resulted in a Net Loss of Rs.12,267.10 Lakhs for the year ended resulting into accumulated losses of Rs.1,18,316.26 Lakhs and erosion of its Net worth as at March 31, 2022. These conditions give rise to material uncertainty over the ability of the Company to continue as a going concern.

Since Corporate Insolvency Resolution Process (CIRP) is currently in progress, as per the Code, it is required that the Company be managed as going concern during CIRP. Accordingly, the financial statements are continued to be prepared on going concern basis (Refer Note no 5(a)). However, there exists a material uncertainty about the ability of the Company to continue as a "Going Concern". The same is dependent upon the resolution plan to be approved by NCLT. The appropriateness of the preparation of financial statements on going concern basis is critically dependent upon CIRP as specified in the Code. Necessary adjustments required on the carrying amount of assets and liabilities are not ascertainable at this stage.

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

ii. Minutes of committee of creditors

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



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

We draw your attention to Note no 5(b) to the statements, As per Indian Accounting Standard 36 on Impairment of Assets, the Company is required to determine impairment in respect of Property, Plant and equipment and capital work in progress as per the methodology prescribed under the said Standard on account of shut down of the ferrous plant and very limited operations in the coke oven plant since 12th June 2017. However, the Management of the Company has not done impairment testing for the reasons explained in the above note. However, In the absence of documents related to working for impairment of the Property, Plant and equipment and capital work in progress as per Ind AS 36, the impact of impairment, if any, on the Ind AS financial statements is not ascertainable.

This matter was also qualified in our report on the financial statements for the year ended March 31, 2021.

iv. Inventories

- a) Management has not performed the stock verification during the year end due to the reasons described in the said note 5(f), In the absence of physical verification of stock, we have not been able to obtain sufficient, appropriate audit evidence over the existence of inventory of Rs.1555.82 Lakhs as of March 31, 2022.
- b) We draw attention to Note 5(e) to the statement, regarding non-moving inventories Since shut down of the operations at factory located at Haresamudram amounting to Rs.1458.67 Lakhs (As at 31st March 2021: Rs.1985.98 lakhs). Management believes that no adjustments to the carrying value of the inventories is required as those are regularly monitored, maintained and in usable/ saleable condition. As per Indian Accounting Standard - 2 'Inventories' are to be Valued at the lower of cost and net realisable value. Pending corroborative evidence to assess the net realisable value, we are unable to comment on the realisable value of these Inventories together with consequential impact.

This matter was also qualified in our report on the financial statements for the year ended March 31, 2021.

v. Claims against the company

- a) We draw your attention to Note no 5(h) to the statement, pursuant to commencement of CIRP under the code, there are various claims submitted by the financial creditors, operational creditors, employees and other creditor to the RP. The books balances appears will be recasted upon successful implementation of resolution plan. Pending final outcome of the CIRP, no accounting impact in the books of accounts has been recognised in respect of excess or short claims or non-receipts of claims for above-mentioned creditors.
- b) We draw attention to note no V(a)(ii) to the statement of Assets and Liabilities where in dues to the micro and small enterprises was disclosed as Rs Nil. We are unable to verify the accuracy of the same due to the lack of related information with the company.



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

a) We draw attention to Note no5(c)to the statement, where in management has considered outstanding trade receivables of Rs. 3,486.76 Lakhs (March 31,2021 Rs. 3481.82 Lakhs) capital advances of Rs.174.01 Lakhs (March 31,2021 Rs. 174.01 Lakhs), supplier advances of Rs. 607.63 lakhs (March 31,2021 Rs. 595.27 Lakhs) and other financial assets of Rs. 156.42 lakhs (March 31,2021 Rs. 157.02Lakhs), respectively due for a period of more than one year as good and recoverable as at March 31, 2022, for which no provision has been made in the books of account. For reasons said in the aforesaid note, due to confirmations being not available and pending reconciliation adjustments we are unable to comment on the recoverability of these receivables and its consequential effect on these financial statements. This matter was also qualified in our report on the financial statements for the year ended March 31, 2021.

b) We draw attention to Note no 7to the statement, where in management written of Rs 1163.77 lakhs during the year as bad debts. We are unable to get sufficient explanation and appropriate evidence to comment about the amount written off as bad debts.

vii. Non-Payment of statutory dues

We draw attention to Note no 5(d)to the statement, Statutory dues related to Income tax, Employee's provident fund, Employee state insurance act and professional tax, amounting to Rs. 1460.92 Lakhs (March 31,2021 Rs. 1105.80 Lakhs) have become overdue and remain unpaid, interest, penalty if any in respect of the same has remained unascertained and unaccounted for.

This matter was also qualified in our report on the financial statements for the year ended March 31, 2021.

viii. Noncompliance with Foreign exchange management act, 1999

We draw your attention to Note 5(g) to the statement regarding overdue payables aggregating to Rs.224.15 lakhs as at March 31, 2022 (As at 31st March 2021:- Rs.222.45 lakhs), included in 'Creditor for capital works', which is outstanding to a non-resident company for more than three years, and for which the Company is yet to obtain approval from the Authorised Dealer or Reserve Bank of India (RBI) to remit the aforesaid amounts. Any penalties that may be levied by RBI in the aforesaid liabilities in the financial statements are presently not ascertainable.

This matter was also qualified in our report on the financial statements for the year ended March 31, 2021.



ix. Noncompliance with Companies act 2013

- a) The company has not taken approval for related party transactions related to Pre CIRP period which are required as per section 177 and 188 of the Companies Act ,2013 due to the reason specified in note no 5(j) to the statement.
- b) The company had paid donations to charitable trust amounting to Rs.11.02 Lakhs without obtaining prior permission in general meeting as required under section 181 of the Companies Act, 2013.
- c) During the year Internal audit was not carried out as per the requirement of section 138 of the Companies Act, 2013.
- d) As the company is in default in making payments to secured creditors, prior approval from secured creditors is required pursuant to Part II of Schedule V to section II(B) of the Companies Act 2013, which is not obtained by the company. Accordingly, the provision of section 197 read with Schedule V related to managerial remuneration amounting to Rs.59.02 Lakhs (March 31, 2021: Rs 146.81 Lakhs) has not been complied.
penalty if any in respect of above non-compliances has remained unascertained and unaccounted for.

x. Un accounted expenditure

As per the recognition principles mentioned in Indian Accounting Standard (Ind AS) 37, provision shall be recognised when company has a present obligation (legal or constructive) as a result of apast event, which is to be measured by the best estimate of theexpenditure required to settle the present obligation at the end of thereporting period. On 20 September 2021 the company entered into a contract for 'Repairs & Maintenance of Manufacturing Facilities' at a contract Price of Rs 26600lakhs and related work was commenced by the contractor. The company has not accounted any provision for expenses till date of Balance sheet due to the reasons described in note no.5(i) In the absence of any best estimate of the provision to be accounted, we are unable to comment about its consequential effect if any on these financial results.

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

xi. Non recognition of interest on borrowings

As Mentioned in note no 4to the statement,all borrowings were assigned by the Banks and Financial Institutions to J C Flower Asset Reconstruction Company Limited along with all rights and privileges. The company has notaccounted for accrued interest amounting to Rs.21091.17 lakhs from August 2021 to date of balance sheet, which is noncompliance of Indian Accounting Standard (Ind AS) 109 Financial Instruments.

In view of the matters stated above from para i to para xi, of 'Basis for Disclaimer of Opinion', we are unable to obtain sufficient appropriate audit evidence regarding the ability of the company as going concern for the foreseeable future after the balance sheet date and the extent of the loss allowance/impairment or potential liability to be recognised, if any, and the



consequential impact on the IND AS financial statements as at and for the year ended March 31, 2022. Accordingly, we form a basis of disclaimer of opinion.

Responsibilities of Management and Those charged with Governance for the Financial Results

These financial results have been prepared on the basis of the annual financial statements for the year ended March 31, 2022.

In view of ongoing Corporate Insolvency Resolution Process (CIRP), The Resolution Professional (RP) is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations.

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

In preparing the financial statements, management 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 management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Under section 20 of the Code, it is incumbent upon Resolution Professional to manage the operations of the Company as a going concern upon initiation of CIRP and the financial statements which have been prepared on going concern basis.

The Management is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Results

Our responsibility is to conduct an audit of the entity's financial statements in accordance with Standards on Auditing issued by ICAI and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the entity in accordance with the ethical requirements in accordance with the requirements of the Code of Ethics issued by ICAI and the ethical requirements as prescribed under the laws and regulations applicable to the entity.



Other Matters

The annual financial results include the results for the quarter ended 31 March 2022 being the balancing figure between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year which were subject to limited review by us.

The annual financial results dealt with by this report has been prepared for the express purpose of filing with stock exchanges on which the Company's shares are listed. These results are based on and should be read with the audited financial statements of the Company for the year ended March 31, 2022 on which we issued a modified audit opinion vide our report dated May 16, 2022.

Place: Hyderabad

Date: May 16, 2022



For MAJETI & CO

Chartered Accountants

Firm's Registration No: 015975S

M. Kiran Kumar
Kiran Kumar Majeti

Partner

Membership No: 220354

UDIN No: 22220354AJASNG1525

**Statement of impact of Audit Qualification (for audit report with modified opinion)
submitted along with Annual Audited Financial Results**

Statement on impact of Audit on Impact of Audit Qualification for the Financial
Year ended March 31, 2022

(Amount in Rs. Lakhs)

I	SNo	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted figures (audited for figures after adjusting for qualifications)
	1	Turnover/ Total Income	4,354.35	Not applicable
	2	Total Expenditure	16,621.45	Not applicable
	3	Net(Loss)	(12,267.10)	Not applicable
	4	(Loss) Per Share	(24.10)	Not applicable
	5	Total Assets	71,945.54	Not applicable
	6	Total Liabilities	1,85,171.80	Not applicable
	7	Net Worth (Total Equity)	(1,13,226.26)	Not applicable
	8	Any other financial item(s) (as felt appropriate by the management)	--	Not applicable
II	Audit Qualification (each audit qualification Separately)			
	<u>Details of Audit Qualification:</u>			
	<p>a. As mentioned in Note No.1 to the Statement, the Company has been referred to National Company Law Tribunal under the Insolvency and Bankruptcy Code, 2016, ("Code") and the company's obligation towards current borrowings was Rs. 1,74,714.10 Lakhs significantly exceeded its available cash and cash equivalents and other financial assets as on the date of balance sheet. The company's financial results and funds availability were adversely affected due to continuing shut down of the ferrous plant since 12th June 2017, very limited operations in the coke oven plant and power plant resulted in a Net Loss of Rs.12,267.10 Lakhs for the year ended resulting into accumulated losses of Rs.1,18,316.26 Lakhs and erosion of its Net worth as at March 31, 2022. These conditions give rise to material uncertainty over the ability of the Company to continue as a going concern.</p> <p>Since Corporate Insolvency Resolution Process (CIRP) is currently in progress, as per the Code, it is required that the Company be managed as going concern during CIRP. Accordingly, the financial statements are continued to be prepared on going concern basis (refer note 5(a)). However, there exists a material uncertainty about the ability of the Company to continue as a "Going Concern". The same is dependent upon the resolution plan to be approved by NCLT. The appropriateness of the preparation of financial statements on going concern basis is critically dependent upon CIRP as specified in the Code. Necessary adjustments required on the carrying amount of assets and liabilities are not ascertainable at this stage.</p> <p>The financial Results have been prepared on going concern basis based on the reason as described above. In the absence of forecast plans made available to us, presently not ascertainable about company's ability to repay its borrowings, trade payables, statutory liabilities, other payables and arrangement of funds to resume its operations. We are unable to obtain sufficient and appropriate audit evidence to conclude the company will remain in operation into the foreseeable future and whether the use of the going concern assumption to prepare the financial statements is appropriate</p>			
	b. Type of Audit Qualification	Qualified opinion	-	
		Disclaimer of opinion.	Yes	
		Adverse opinion	-	
	c. Frequency of Audit Qualification	Appeared first time	Yes	
		Repetition	-	
		since how long continuing	-	

	d. for Audit Qualification(s) where the impact is Not quantified by the auditor; Management view		
	e. For Audit Qualification(s) where the impact is not quantified by the auditor:		
	(i) Management's estimation on the impact of audit qualification:		
	<p>As of March 31, 2022, the Company, M/s Sathavahana Ispat Limited, is currently undergoing corporate insolvency resolution process ("CIRP") pursuant to the order dated July 28, 2021, passed by the Hon'ble National Company Law Tribunal, Hyderabad Bench ("NCLT") , in C.P. No.17/9/HDB/2020 filed by one M/s Thirumala Logistics, an operational creditor of the Company. Vide the same order, one Mr. Golla Ramakantha Rao, an Insolvency Professional, was appointed as the Interim Resolution Professional.</p> <p>Pursuant to order dated September 08, 2021, passed by the Hon'ble NCLT, Mr. Bhuvan Madan, an Insolvency Professional, was appointed as the Resolution Professional to conduct the CIRP and to manage the affairs of the Company. The copy of the said order was received by Mr. Bhuvan Madan, the Resolution Professional on September 15, 2021.</p> <p>As such, since September 15, 2021, has been under the control and management of Mr. Bhuvan Madan, the Resolution Professional.</p> <p>The CIRP of the Company is at advanced stage with the Resolution Plans being under consideration of the COC. Though, the Resolution Plans have been voted upon by the Committee of Creditors of the Company in their meeting held on March 17, 2021 which continued on March 20, 2022, however, pursuant to the order dated March 07, 2022, passed in I.A. No.791 of 2021 filed by one Operational Creditor, the outcome of the voting on the Resolution Plans has been put on hold.</p> <p>Accordingly, the Company continues to be under CIRP under the aegis of Mr. Bhuvan Madan, the Resolution Professional.</p> <p>Since Corporate Insolvency Resolution Process (CIRP) is currently in progress, as per the Code, it is required that the Company be managed as going concern during CIRP and Resolution plan was considered by COC which was put on hold on account of reasons specified in above. Accordingly, the financial statements are continued to be prepared on going concern basis.</p>		
	(ii) If management is unable to estimate the impact reasons for the same	Not applicable	
	(iii) Auditor's comments on (i) or (ii) above	Refer to our qualification above	
II	<p>Audit Qualification (each audit qualification Separately)</p> <p><u>Details of Audit Qualification:</u></p> <p>a. We draw your attention to Note no 5(b) to the statements, As per Indian Accounting Standard 36 on Impairment of Assets, the Company is required to determine impairment in respect of Property, Plant and equipment and capital work in progress as per the methodology prescribed under the said Standard on account of shut down of the ferrous plant and very limited operations in the coke oven plant since 12th June 2017. However, the Management of the Company has not done impairment testing for the reasons explained in the above note. However, In the absence of documents related to working for impairment of the Property, Plant and equipment and capital work in progress as per Ind AS 36, the impact of impairment, if any, on the Ind AS financial statements is not ascertainable.</p>		
	b. Type of Audit Qualification	Qualified opinion	-
		Disclaimer of opinion.	Yes
		Adverse opinion	-

C. Frequency of Qualification	Appeared first time	-
	Repetition	Yes
	since how long continuing	1 year
d. for Audit Qualification(s) where the impact is Not quantified by the auditor; Management view	Not quantified	
e. For Audit Qualification(s) where the impact is not quantified by the auditor:		
(i) Management's estimation on the impact of audit qualification:		
The Company's current level of operations in Metallurgical Coke division at Nineteen percent capacity and no operations at Ferrous division, may not be an indication of the future performance of the Company. As the company has awarded Repair and Maintenance Contract to Jindal Saw Limited to upkeep the Property plant and Equipment. Accordingly, Impairment testing under Ind AS has not been performed while presenting these results.		
(ii) If management is unable to estimate the impact reasons for the same	Not applicable	
(iii) Auditor's comments on (i) or (ii) above	Refer to our qualification above	
III	Audit Qualification (each audit qualification Separately)	
<u>Details of Audit Qualification:</u>		
a. We draw attention to Note no 5(c) to the statement, where in management has considered outstanding trade receivables of Rs. 3,486.76 Lakhs (March 31, 2021 Rs. 3481.82 Lakhs) capital advances of Rs. 174.01 Lakhs (March 31, 2021 Rs. 174.01 Lakhs), supplier advances of Rs. 607.63 lakhs (March 31, 2021 Rs. 595.27 Lakhs) and other financial assets of Rs. 156.42 lakhs (March 31, 2021 Rs. 157.02 Lakhs), respectively due for a period of more than one year as good and recoverable as at March 31, 2022, for which no provision has been made in the books of account. For reasons said in the aforesaid note, due to confirmations being not available and pending reconciliation adjustments we are unable to comment on the recoverability of these receivables and its consequential effect on these financial statements.		
b. Type of Audit Qualification	Qualified opinion	-
	Disclaimer of opinion.	Yes
	Adverse opinion	-
c. Frequency of Qualification	Appeared first time	-
	Repetition	Yes
	since how long continuing	4 year
d. For Audit Qualification(s) where the impact is not quantified by the auditor	Not Quantified	
e. Auditor's comments on (i) or (ii) above		
(i) Management's estimation on the impact of audit qualification		
The management assess the recoverability of trade receivables and other balances on regular basis and believes there was no uncertainty at present on recoverability these receivables and legal cases were preferred where required to ensure recoverability. Provision will be based on outcome of the legal cases until then the dues are considered good.		
(ii) If management is unable to estimate the impact reasons for the same	Not applicable	
(iii) Auditor's comments on (i) or (ii) above	Refer to our qualification above	

IV	Audit Qualification (each audit qualification Separately) <u>Details of Audit Qualification:</u> We draw attention to Note no 5(d) to the statement, Statutory dues related to Income tax, Employee's provident fund, Employee state insurance act and professional tax, amounting to Rs. 1460.92 Lakhs (March 31,2021 Rs. 1105.80 Lakhs) have become overdue and remain unpaid, interest, penalty if any in respect of the same has remained unascertained and unaccounted for		
	b. Type of Audit Qualification	Qualified opinion	-
		Disclaimer of opinion	Yes
		Adverse opinion	-
	c, Frequency of Qualification	Appeared first time	-
		Repetition	Yes
		Since how long continuing	3 year
	d. For Audit Qualification(s) where the impact is quantified by the auditor; Management view	Not quantified	
	e. Auditor`s comments on (i) or (ii) above		
	i) Management's estimation on the impact of audit qualification		
	Claims have been received from various governments authorities admitted / partial admitted or rejected based upon the verification conducted by Resolution Professional and can be settled in accordance with Resolution plan approved by NCLT.		
	(ii) If management is unable to estimate the impact reasons for the same	Not applicable	
	(iii) Auditor's comments on (i) or (ii) above	Refer to our qualification above	
V	Audit Qualification (each audit qualification Separately) <u>Details of Audit Qualification:</u> a. We draw attention to Note 5(e) to the statement, regarding non-moving inventories Since shut down of the operations at factory located at Haresamudram amounting to Rs.1458.67 Lakhs (As at 31st March 2021: Rs.1985.98 lakhs). Management believes that no adjustments to the carrying value of the inventories is required as those are regularly monitored, maintained and in usable/ saleable condition. As per Indian Accounting Standard - 2 'Inventories' are to be Valued at the lower of cost and net realisable value. Pending corroborative evidence to assess the net realisable value, we are unable to comment on the realisable value of these Inventories together with consequential impact		
	b. Type of Audit Qualification	Qualified opinion	-
		Disclaimer of opinion -	Yes
		Adverse opinion	-
	c. Frequency of Qualification	Appeared first time	-
		Repetition	Yes
		since how long continuing	2 year
	d. For Audit Qualification(s) where the quantified by the auditor;	Not quantified	
	e. For Audit Qualification(s) where the impact is not quantified by the auditor:		
	(i) Management's estimation on the impact of audit qualification		
	Management regularly monitored, maintained and ensured same in usable/ saleable condition and assessed the stated value was fully recoverable and no provision is required as on the date		

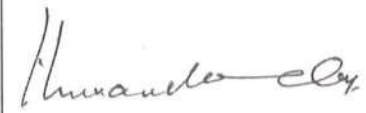
	of balance sheet.							
	(ii) if management is unable to estimate the Not applicable Impact reasons for the same	Not applicable						
	iii) Auditor's comments on (i) or (ii) above	Refer to our qualification above.						
VI	Audit Qualification (each audit qualification Separately) <u>Details of Audit Qualification:</u> a. We draw your attention to Note 5(g) to the statement regarding overdue payables aggregating to Rs.224.15 lakhs as at March 31, 2022 (As at 31st March 2021: Rs.222.45 lakhs), included in 'Creditor for capital works', which is outstanding to a non-resident company for more than three years, and for which the Company is yet to obtain approval from the Authorised Dealer or Reserve Bank of India (RBI) to remit the aforesaid amounts. Any penalties that may be levied by RBI in the aforesaid liabilities in the financial statements are presently not ascertainable							
	b. Type of Audit Qualification	<table border="1"> <tr> <td>Qualified opinion</td> <td>Yes</td> </tr> <tr> <td>Disclaimer of opinion</td> <td>-</td> </tr> <tr> <td>Adverse opinion</td> <td>-</td> </tr> </table>	Qualified opinion	Yes	Disclaimer of opinion	-	Adverse opinion	-
Qualified opinion	Yes							
Disclaimer of opinion	-							
Adverse opinion	-							
	c, Frequency of Qualification	<table border="1"> <tr> <td>Appeared first time</td> <td>-</td> </tr> <tr> <td>Repetition</td> <td>Yes</td> </tr> <tr> <td>Since how long continuing</td> <td>2 year</td> </tr> </table>	Appeared first time	-	Repetition	Yes	Since how long continuing	2 year
Appeared first time	-							
Repetition	Yes							
Since how long continuing	2 year							
	d. For Audit Qualification(s) where the impact is quantified by the auditor; Management view	Not quantified						
	e. For Audit Qualification(s) where the impact is not quantified by the auditor:							
	i) Management's estimation on the impact of audit qualification							
	The Company is required to obtain approvals from consent authorities to condone such delay in payment of foreign currencies, which is presently not obtained and the Company intends to take the necessary approvals in this regard, pending which any penalties that may be levied by consent authorities and impact in the aforesaid liabilities in the financial statements are not presently ascertainable							
	(ii) If management is unable to estimate the impact reasons for the same	Not applicable						
	(iii) Auditor's comments on (i) or (ii) above	Refer to our qualification above						
VII	Audit Qualification (each audit qualification Separately) <u>Details of Audit Qualification:</u> a. Management has not performed the stock verification during the year end due to the reasons described in the said note 5(f), In the absence of physical verification of stock, we have not been able to obtain sufficient, appropriate audit evidence over the existence of inventory of Rs.1555.82 Lakhs as of March 31, 2022							
	b. Type of Audit Qualification	<table border="1"> <tr> <td>Qualified opinion</td> <td>Yes</td> </tr> <tr> <td>Disclaimer of opinion</td> <td>-</td> </tr> <tr> <td>Adverse opinion</td> <td>-</td> </tr> </table>	Qualified opinion	Yes	Disclaimer of opinion	-	Adverse opinion	-
Qualified opinion	Yes							
Disclaimer of opinion	-							
Adverse opinion	-							
	c, Frequency of Qualification	<table border="1"> <tr> <td>Appeared first time</td> <td>Yes</td> </tr> <tr> <td>Repetition</td> <td>-</td> </tr> <tr> <td>Since how long continuing</td> <td>-</td> </tr> </table>	Appeared first time	Yes	Repetition	-	Since how long continuing	-
Appeared first time	Yes							
Repetition	-							
Since how long continuing	-							

	d. For Audit Qualification(s) where the impact is quantified by the auditor; Management view	Not quantified	
	e. For Audit Qualification(s) where the impact is not quantified by the auditor:		
	i) Management's estimation on the impact of audit qualification		
	Resolution Professional has taken control over both plants and reviewed the position of inventory before handing over the same to Jindal Saw limited for Repair and Maintained work.		
	(ii) If management is unable to estimate the impact reasons for the same	Not applicable	
	(iii) Auditor's comments on (i) or (ii) above	Refer to our qualification above	
VIII	Audit Qualification (each audit qualification Separately) <u>Details of Audit Qualification:</u> a. We draw your attention to Note no 5(h) to the statement, pursuant to commencement of CIRP under the code, there are various claims submitted by the financial creditors, operational creditors, employees and other creditor to the RP. The books balances appears will be recasted upon successful implementation of resolution plan. Pending final outcome of the CIRP, no accounting impact in the books of accounts has been recognised in respect of excess or short claims or non-receipts of claims for above- mentioned creditors.		
	b. Type of Audit Qualification	Qualified opinion	-
		Disclaimer of opinion	Yes
		Adverse opinion	-
	c, Frequency of Qualification	Appeared first time	Yes
		Repetition	-
		Since how long continuing	-
	d. For Audit Qualification(s) where the impact is quantified by the auditor; Management view	Not quantified	
	e. For Audit Qualification(s) where the impact is not quantified by the auditor:		
	i) Management's estimation on the impact of audit qualification		
	Resolution Professional has invited the Claims through the Public Announcement and Various Creditors such as financial, operational and other have submitted and reconciled the same with Books of accounts based on the documents provided by the claimant which has been verified. And the Final version of claims summary has been uploaded on the company website.		
	(ii) If management is unable to estimate the impact reasons for the same	Not applicable	
	(iii) Auditor's comments on (i) or (ii) above	Refer to our qualification above	
IX	Audit Qualification (each audit qualification Separately) <u>Details of Audit Qualification:</u> a.i. The company has not taken approval for related party transactions related to Pre CIRP period which are required as per section 177 and 188 of the Companies Act ,2013 due to the reason specified in note no 5(j) to the statement. ii.The company had paid donations to charitable trust amounting to Rs.11.02 Lakhs without		

	<p>obtaining prior permission in general meeting as required under section 181 of the Companies Act, 2013.</p> <p>iii. During the year Internal audit was not carried out as per the requirement of section 138 of the Companies Act, 2013.</p> <p>iv. As the company is in default in making payments to secured creditors, prior approval from secured creditors is required pursuant to Part II of Schedule V to section II(B) of the Companies Act 2013, which is not obtained by the company. Accordingly, the provision of section 197 read with Schedule V related to managerial remuneration amounting to Rs.59.02 Lakhs (March 31, 2021: Rs 146.81 Lakhs) has not been complied.</p> <p>penalty if any in respect of above non-compliances has remained unascertained and unaccounted for.</p>		
	b. Type of Audit Qualification	Qualified opinion	-
		Disclaimer of opinion	Yes
		Adverse opinion	-
	c, Frequency of Qualification	Appeared first time	Yes
		Repetition	-
		Since how long continuing	-
	d. For Audit Qualification(s) where the impact is quantified by the auditor; Management view	Not quantified	
	e. For Audit Qualification(s) where the impact is not quantified by the auditor:		
	i) Management's estimation on the impact of audit qualification		
	<p>i. Related Party transactions occurred during April 01, 2021 to July 28, 2021 were not obtained approval form Board due to post initiation of CIRP.</p> <p>ii to iv – Statement of Fact</p>		
	(ii) If management is unable to estimate the impact reasons for the same	Not applicable	
	(iii) Auditor's comments on (i) or (ii) above	Refer to our qualification above	
X	<p>Audit Qualification (each audit qualification Separately)</p> <p><u>Details of Audit Qualification:</u></p> <p>a. We draw attention to Note no 7 to the statement, where in management written of Rs 1163.77 lakhs during the year as bad debts. We are unable to get sufficient explanation and appropriate evidence to comment about the amount written off as bad debts.</p>		
	b. Type of Audit Qualification	Qualified opinion	-
		Disclaimer of opinion	Yes
		Adverse opinion	-
	c, Frequency of Qualification	Appeared first time	Yes
		Repetition	-
		Since how long continuing	-
	d. For Audit Qualification(s) where the impact is quantified by the auditor; Management view	Not quantified	
	e. For Audit Qualification(s) where the impact is not quantified by the auditor:		
	i) Management's estimation on the impact of audit		

	qualification		
	Rs. 1163.77 lakhs written off as bad debts during Q4 2021-22, after due deliberations with customer and assessment of the recoverability		
	(ii) If management is unable to estimate the impact reasons for the same	Not applicable	
	(iii) Auditor's comments on (i) or (ii) above	Refer to our qualification above	
XI	Audit Qualification (each audit qualification Separately) <u>Details of Audit Qualification:</u> a. We have been informed by the Resolution Professional that certain information including the Minutes of meetings of the Committee of Creditors and the outcome of certain procedures carried out as per the CIRP are confidential in nature and could not be shared with anyone other than the Committee of Creditors and NCLT. Accordingly, we are unable to comment on the possible financial impact, presentation and disclosure, if any, that may arise if we have been provided access to those information		
	b. Type of Audit Qualification	Qualified opinion	-
		Disclaimer of opinion	Yes
		Adverse opinion	-
	c, Frequency of Qualification	Appeared first time	Yes
		Repetition	-
		Since how long continuing	-
	d. For Audit Qualification(s) where the impact is quantified by the auditor; Management view	Not quantified	
	e. For Audit Qualification(s) where the impact is not quantified by the auditor:		
	i) Management's estimation on the impact of audit qualification		
	That certain information relating to CIRP including the minutes of meetings of the Committee of Creditors and the outcome of certain procedures carried out as a part of the CIRP are confidential in nature and could not be shared with anyone other than the Committee of Creditors (CoC) and NCLT. However, the stock exchange continues to remain informed about key outcomes of the meetings of the CoC		
	(ii) If management is unable to estimate the impact reasons for the same	Not applicable	
	(iii) Auditor's comments on (i) or (ii) above	Refer to our qualification above	
XII	Audit Qualification (each audit qualification Separately) <u>Details of Audit Qualification:</u> a. We draw attention to note no V(a)(ii) to the statement of Assets and Liabilities where in dues to the micro and small enterprises was disclosed as Rs Nil. We are unable to verify the accuracy of the same due to the lack of related information with the company.		
	b. Type of Audit Qualification	Qualified opinion	-
		Disclaimer of opinion	Yes
		Adverse opinion	-
	c, Frequency of Qualification	Appeared first time	Yes
		Repetition	-
		Since how long continuing	-

	d. For Audit Qualification(s) where the impact is quantified by the auditor; Management view	Not quantified	
	e. For Audit Qualification(s) where the impact is not quantified by the auditor:		
	i) Management's estimation on the impact of audit qualification		
	Statement of Fact		
	(ii) If management is unable to estimate the impact reasons for the same	Not applicable	
	(iii) Auditor's comments on (i) or (ii) above	Refer to our qualification above	
XIII	Audit Qualification (each audit qualification Separately) <u>Details of Audit Qualification:</u> <p>a. As per the recognition principles mentioned in Indian Accounting Standard (Ind AS) 37, provision shall be recognised when company has a present obligation (legal or constructive) as a result of a past event, which is to be measured by the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. On 20 September 2021 the company entered into a contract for 'Repairs & Maintenance of Manufacturing Facilities' at a contract Price of Rs 26600 lakhs and related work was commenced by the contractor. The company has not accounted any provision for expenses till date of Balance sheet due to the reasons described in note no.5(i) In the absence of any best estimate of the provision to be accounted, we are unable to comment about its consequential effect if any on these financial results.</p> <p>The same is not in compliance with requirement of Ind AS 37 appropriate recognition, measurement and disclosure of provisions.</p>		
	b. Type of Audit Qualification	Qualified opinion	-
		Disclaimer of opinion	Yes
		Adverse opinion	-
	c, Frequency of Qualification	Appeared first time	Yes
		Repetition	-
		Since how long continuing	-
	d. For Audit Qualification(s) where the impact is quantified by the auditor; Management view	Not quantified	
	e. For Audit Qualification(s) where the impact is not quantified by the auditor:		
	i) Management's estimation on the impact of audit qualification		
	As per the terms of the contract amount become due upon submission final invoice by the party and also subject to satisfactory performance of the Plant and Equipment as per the contract.		
	(ii) If management is unable to estimate the impact reasons for the same	Not applicable	
	(iii) Auditor's comments on (i) or (ii) above	Refer to our qualification above	
XIV	Audit Qualification (each audit qualification Separately) <u>Details of Audit Qualification:</u> <p>a. As Mentioned in note no 4 to the statement, all borrowings were assigned by the Banks and Financial Institutions to J C Flower Asset Reconstruction Company Limited along with all rights and privileges. The company has not accounted for accrued interest amounting to Rs.21091.17</p>		

	lakhs from August 2021 to date of balance sheet, which is noncompliance of Indian Accounting Standard (Ind AS) 109 Financial Instruments		
b. Type of Audit Qualification	Qualified opinion	-	
	Disclaimer of opinion	Yes	
	Adverse opinion	-	
c, Frequency of Qualification	Appeared first time	Yes	
	Repetition	-	
	Since how long continuing	-	
d. For Audit Qualification(s) where the impact is quantified by the auditor; Management view	Not quantified		
e. For Audit Qualification(s) where the impact is not quantified by the auditor:			
i) Management's estimation on the impact of audit qualification			
Pursuant to the public announcement the financial creditor have filed their claim of Rs.174714.00lakhs as on insolvency commencement date which has been duly verified and reconciled for the purpose of admission of claims on account of provision of IBC. Hence no provision for interest was created.			
(ii) If management is unable to estimate the impact reasons for the same	Not applicable		
(iii) Auditor's comments on (i) or (ii) above	Refer to our qualification above		
XV	Signatories:		
	<ul style="list-style-type: none"> Managing Director of suspended board 		
	<ul style="list-style-type: none"> CFO 		
	<ul style="list-style-type: none"> Resolution Professional 		
	<ul style="list-style-type: none"> Statutory Auditor 		
Place: Hyderabad			
Date: 16.05.2022			