



Scooters India Limited

(A Government of India Enterprise)

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

CIN: L25111UP1972GOI003599

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

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

Date: 14.08.2021

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 August 10, 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 275th meeting held on Saturday, August 14, 2021 (commenced at 2:00 PM & closed at 3.00 pm) has approved unaudited Standalone Financial Results of the Company for the quarter ended at June 30, 2021 along with Independent Auditors report.

Further, we are enclosing herewith the following:

1. Unaudited Standalone Financial Results of the Company for the quarter ended at June 30, 2021 as 'Annexure — 1'.
2. Independent Auditors Limited review Report on Unaudited Financial Results of the Company for the quarter ended at June 30, 2021 as 'Annexure — 2'.

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 UNAUDITED FINANCIAL RESULTS FOR QUARTER ENDED ON 30.06.2021

| Sr. No | PARTICULARS | Quarter Ended | | | Year to Date Figures for the period ended | |
|--------|---|-----------------|-------------------|-----------------|---|-----------------|
| | | 30.06.2021 | 31.03.2021 | 30.06.2020 | 30.06.2021 | 30.06.2020 |
| | | Unaudited | Audited | Unaudited | Unaudited | Unaudited |
| I | Revenue from Operations | - | 153.56 | 43.75 | - | 43.75 |
| II | Other Income | 21.62 | 296.89 | 37.59 | 21.62 | 37.59 |
| III | Total Income (I+II) | 21.62 | 450.45 | 81.34 | 21.62 | 81.34 |
| IV | Expenses | | | | | |
| | Cost of materials consumed | - | 2.56 | 4.88 | - | 4.88 |
| | Purchases of Stock-in-Trade | - | - | - | - | - |
| | Changes in Inventories | (3.96) | 148.17 | 127.73 | (3.96) | 127.73 |
| | Employee benefits expense | 172.10 | 1,702.51 | 389.24 | 172.10 | 389.24 |
| | Finance costs | 142.55 | - | - | 142.55 | - |
| | Depreciation and amortization expense | 32.51 | 56.89 | 54.23 | 32.51 | 54.23 |
| | Other expenses | 29.40 | 1,977.24 | 75.16 | 29.40 | 75.16 |
| | Total Expenses (IV) | 372.60 | 3,887.37 | 651.24 | 372.60 | 651.24 |
| V | Profit/(loss) before exceptional items and tax (I- IV) | (350.98) | (3,436.92) | (569.90) | (350.98) | (569.90) |
| VI | Exceptional items | - | - | - | - | - |
| VII | Profit/(loss) before tax (V- VI) | (350.98) | (3,436.92) | (569.90) | (350.98) | (569.90) |
| VIII | Tax expense : | - | - | - | - | - |
| | (1) Current tax | - | - | - | - | - |
| | (2) Deferred tax | - | - | - | - | - |
| IX | Profit (Loss) for the period from continuing operations (VII-VIII) | (350.98) | (3,436.92) | (569.90) | (350.98) | (569.90) |
| X | Profit/(loss) from discontinued operations | - | - | - | - | - |
| XI | Tax expense of discontinued operations | - | - | - | - | - |
| XII | Profit/(Loss) from Discontinued operations (after tax) (X-XI) | - | - | - | - | - |
| XIII | Profit/(loss) for the period (IX+XII) | (350.98) | (3,436.92) | (569.90) | (350.98) | (569.90) |
| XIV | Other Comprehensive Income | - | - | - | - | - |
| | A (i) Items that will not be reclassified to profit or loss | - | - | - | - | - |
| | - Gain / (Loss) of defined benefit Obligation | - | (87.41) | - | - | - |
| | (ii) Income tax relating to items that will not be reclassified to profit or loss | - | - | - | - | - |
| | B (i) Items that will be reclassified to profit or loss | - | - | - | - | - |
| | (ii) Income tax relating to items that will be reclassified to profit or loss | - | - | - | - | - |
| XV | Total Comprehensive Income for the period (XIII+XIV)(Comprising Profit (Loss) and Other Comprehensive Income for the period) | (350.98) | (3,524.33) | (569.90) | (350.98) | (569.90) |
| XVI | Earnings per equity share (for continuing operation): | - | - | - | - | - |
| | (1) Basic | (0.40) | (4.04) | (0.65) | (0.40) | (0.65) |
| | (2) Diluted | (0.40) | (4.04) | (0.65) | (0.40) | (0.65) |
| XVII | Earnings per equity share (for discontinued operation): | - | - | - | - | - |
| | (1) Basic | - | - | - | - | - |
| | (2) Diluted | - | - | - | - | - |
| XVII | Earnings per equity share (for Discontinued & Continuing and operation) : | - | - | - | - | - |
| | (1) Basic | (0.40) | (4.04) | (0.65) | (0.40) | (0.65) |
| | (2) Diluted | (0.40) | (4.04) | (0.65) | (0.40) | (0.65) |

1. The above financial results of Scooters India Limited (the Company) for the quarter ended 30th June, 2021 have been reviewed by Audit Committee and approved by the Board of Directors at their meeting held on 14th August, 2021 and have been subjected to the Limited Review by the Statutory Auditor of the Company.
2. The Company adopted Indian Accounting Standards (IND AS) from 1 April 2017 accordingly these financial results have been prepared in accordance with the recognition and measurement principles laid down in the Accounting Standards 34 : Interim Financial Reporting : ('IND AS 34') prescribed under section 133 of the Companies Act 2013, read with the relevant rule issued thereunder and other accounting principles generally accepted in India.
3. 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.
4. Revenue from Operations for the Quarter ended 30th June, 2021 is net of Goods and Service Tax (GST) which is applicable from July 1 2017.
5. 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.
6. The financial results for the Quarter ended 30th June, 2021 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 30th June, 2021 provide a true and fair view of the results of the Company in accordance with Ind AS.
7. Pursuant to letter No. F. No. 3(1)/2020-PE-VI, dated 28/01/2021 issued by the Govt. of India, Ministry of Heavy Industries & Public Enterprises, Department of Heavy Industry, New Delhi, communicating the decision regarding closure of the Company along with shutting down all the operations as per DPE Guideline on closure vide OM dated 14/06/2018, the Board of Directors in compliance of the same in their meeting held on 11/02/2021 has decided to proceed with closure of the Company. Accordingly, the Company has ceased to be a going concern and is in process of estimation of realisable value of assets to make necessary disclosures in accordance with applicable Indian Accounting Standards.
8. Previous period figures have been regrouped / reclassified wherever necessary to confirm to current period classification.

Place: Lucknow
Date: 14th August, 2021

On behalf of Board of Directors
For Scooters India Limited

Chairman & Managing Director
DIN-09218342



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

TO THE BOARD OF DIRECTORS

SCOOTERS INDIA LIMITED

1. We have reviewed the accompanying statement of unaudited financial results of **Scooters India Limited** ('the Company') for the quarter ended 30th June, 2021 attached herewith ("the statement"), being submitted by the company pursuant to the requirement of Regulation 33 of the SEBI (Listing obligation and Disclosure Requirement) Regulation 2015 as amended from time to time. This statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.
2. This Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, Review of Interim Financial Results Performed by the Independent Auditor of the Entity issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free from material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.

4. Basis for Qualified Conclusion

- Attention has been invited to **Note No. 7** of accompanying Unaudited Standalone Quarterly Results, where we have brought to notice, regarding the of Letter of Shutting down the operation (term as "Closure Letter") of the company issued on **28th 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: Company had prepared their financial results on the basis of Indian Accounting Standard (IndAS) applicable on going concern basis.

In compliance with the above direction, the company has suspended and permanently closed down all the operations from the specified date, i.e. 28-01-2021. However, during the quarter ended on 30th June, 2021, the company management has disclosed the fact that the Company has ceased to be a going concern entity and is in process of estimation of realizable value of assets to make necessary disclosures in accordance with applicable Indian Accounting Standards in **Note No. 7** of accompanying Unaudited Standalone Quarterly Results.

Further, the Company adopted Indian Accounting Standards (IndAS) 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 : ('IndAS 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. (Refer **Note No. 2** of accompanying Unaudited Standalone Quarterly Results)

In context to the same, we observed that the company has prepared their financial statements on the basis of provisions of Indian Accounting Standards applicable on going concern basis rather than provisions of Indian Accounting Standards applicable on Non-Going concern basis.

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

Comment: In pursuance to the same, Loan amount of ₹41 crore disbursed by Government of India on 29th March 2021 has been utilised for the purpose other than the purpose specified in Sanction Letter.

As per the sanctioned letter, issued on **26th March 2021** through Letter **No. 3(3)/ 2021-PE-VI** by (Department of Heavy Industry (PE-VI Section) Ministry of Heavy Industry & Public Enterprises, this amount of ₹41 crores shall be used for payment of salary and wages and statutory dues of employees and other Government/ Statutory Payments of the company.

While reviewing the records of the company, it has been observed by us that the company has utilise the partial amount for payment towards the settlement of creditors along with other payments. Such payments are not in accordance with the instructions as prescribed in the sanction letter.

- 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 made certain payment with reference to VRS/ VSS schemes during the quarter.

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 consultation with Department of Heavy Industries.

During the quarter we observed that company has not initiated the process of the delisting of shares of the company in accordance and consultation with Department of Heavy Industries.

- 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 quarter, along-with the discussion with management, company has not yet made any communication with UPSIDA relating return of land till the date of our review.

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.

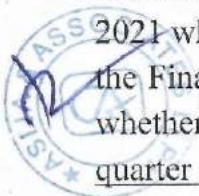
- i) Closure in accordance with the Office Memorandum (OM) dated 14.06.2018 and the timeline as per guidelines of DPE.

Comment: The company has considered the deviation from timelines as mentioned in above letter due to additional delisting process.

During the quarter and as per the discussion with management, we observed that the company has considered the deviation from timelines as mentioned in above letter due to additional delisting process. With reference to the same, company management hold the meeting dated 11-02-2021 and company has not specified exactly the proposed date for the completion of necessary activities for closure operation.

5. Emphasis of Matter

We have reviewed the financial results and other information for the quarter ended 30th June, 2021 which is solely based on the financial information compiled by the management and that the Financial Statements give a true and fair view and are free from material misstatement, whether due to fraud or error subject to current period matters and compliance on previous quarter report, enclosed with this report as **Attachment-1** and **Attachment 2** respectively.



6. Based on our review conducted as above, except for the matters described in Paragraph 4 and 5, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable accounting standards and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.
7. We have not reviewed the financial results and other information of the branches for the quarter ended 30th June, 2021 which is solely based on the financial information complied by the management.

For & Behalf of:

Asija & Associates LLP

Chartered Accountants

(FRN: 003155C/ C400011)


CA Kamal Kumar Ferwani

(Partner)

(M. No.-402982)

UDIN: 21402982AAAAFG2774



Place: Lucknow

Date: 14-08-2021

Report on Current Period Matters

A. EMPHASIS OF MATTER

1. While examining the records of the company, it has been observed by us that sale including Subsidy from Government amounting ₹ 5,13,750/- in the month of October, 2020 made to a party named 'Shiva Sales Corporation' was subsequently returned in the month of June 2021. The company had claimed a subsidy amounting to ₹ 1,08,000/- from the Government at the time of such sale to the dealer.

Attention has also been invited to the fact that reversal of such sale has been accounted for in the head **Miscellaneous Receipts (Code: 80103)**. However, the Company **has not reversed the subsidy so claimed earlier in the FY 2020-21.**

2. During the quarter, it was observed that as per the quarterly Fixed Deposit Interest Certificates provided by the Bank/ Corporate; Banks/ Corporate had credited Interest/ Rent to the Scooters India Limited along with Tax Deducted at Source (TDS) has been deducted on the same u/s 194A and 194I(b) of the Income Tax Act, 1961 for the quarter ended on 30th June, 2021.

Attention has also been invited to the fact that Company has credited Interest Income in the Books as certificate provided by the Bank/ Corporate but **TDS has not been accounted for while finalising their financial results.**

3. We observed that interest receivable from UP Power Corporation Limited valued at ₹10,64,758.00 standing in to the books of account of Scooter India Limited from last 2-3 years. As discussed with the management, the same shall not be received by company in future.

Attention has also been invited to the fact that the said receivable shall not be received by company in future. Thus, the same should be **booked as an expenditure rather than receivable from the UPPCL.**



Report on Non-Compliance to Previous Audit Report

A. Description of Emphasis of Matter

1. Mismatch in Paid-up-Share Capital

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

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

- 2. 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.

- 3. 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 till the date.**

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 (₹ 50,000/-) but which may extend to five lakh rupees (₹ 5,00,000/-) 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.

4. 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.
5. 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.
6. 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.
7. 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.
8. 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 30.06.2021 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.



9. Attention has been invited to **Notes No. 21** of Significant Accounting Policies & Notes to Financial Statement relating Sundry Creditors were: -
- that the total creditors outstanding as on 30.06.2021 amounting to ₹ 715.58 lakhs in respect of which no age wise analysis has been maintained by the company.
 - No external confirmation regarding Sundry Creditors outstanding more than a year has been provided.
10. 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))*

B. Description of Key Audit Matter

1. 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 where we have: -

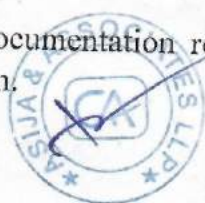
- Evaluated the design of internal control relating to assets under inspection.
- Carried out a combination of procedure involving enquiry and observation, reperformance and inspection of evidence in relation to these controls obtained that:
 - Assets purchased from HMT International Ltd. dated: 31/03/2017 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.

2. 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.

3. 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 Employee & Statutory dues payment amounting to ₹ 41,00 lakhs).

4. 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.

5. 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 Annexure-2(a) & 2(b).

C. Description of Other Matter

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

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

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



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 30.06.2021.

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

| A/C Code | Particulars | Amount (in ₹) |
|---------------------------------|--|------------------|
| SECURITY DEPOSITS | | |
| 30506 | Custom Duty Deposit | ₹ 8,256.00 |
| 30507 | Port Trust | ₹ 12,733.15 |
| 30508 | Octroi Deposit | ₹ 21,377.85 |
| 30511 | Deposit with St Authorities (Fan) | ₹ 2,86,608.00 |
| 30519 | Deposit with Export Inspection | ₹ 10,398.00 |
| CAPITAL WORK IN PROGRESS | | |
| 10909 | Capital Work In Progress | ₹ 17,30,317.00 |
| 10911 | Assets Under Inspection | ₹ 1,74,06,978.00 |
| OTHER LOANS AND ADVANCES | | |
| 30350 | Recoverable from Workmen (Wage Revision 2002) | ₹ 77,89,051.55 |
| 30351 | Deferred Interest on Employee Benefit | ₹ 2,00,816.36 |
| TRADE RECEIVABLE | | |
| -- | Sundry Debtors along with Royalty Receivable (After Provision) | ₹ 60,79,450.08 |
| OTHER CURRENT ASSETS | | |
| 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 |
| 30522 | Deposit with Landlord | ₹ 2,42,999.99 |
| 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 |



| | | |
|--------------------------------|---|------------------|
| 30315 | Recoverable Advance | ₹ 5,48,925.26 |
| 30312 | Claims Recoverable | ₹ 14,00,000.00 |
| 30363 | Recoverable from Sales Tax Authorities | ₹ 14,00,109.00 |
| 30362 | Professional Tax Recoverable | ₹ 17,421.40 |
| 30533 | Input Tax Recoverable Account | ₹ 11,53,483.00 |
| -- | S. Creditors (General/ Ancillary) Debit Balance | ₹ 7,50,52,256.02 |
| 30364 | Subsidy Receivable | ₹ 25,92,000.00 |
| 00519 | S. Creditors (ANC) Debit Balance | ₹ 2,34,364.42 |
| 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 | ₹ 1,36,579.01 |
| 30268 | PNB/TN/CAPEX/STDR | ₹ 2,19,53,347.00 |
| 30245 | Short Term Deposit IOB MAIN | ₹ 59,99,436.00 |
| 30269 | PNB/CK/CAPEX/STDR | ₹ 1,59,83,845.00 |
| 30530 | Deposit with Consumer Forum | ₹ 1,42,417.00 |

LIABILITIES

| A/C Code | Particulars | Amount (in ₹) |
|---|------------------------------------|--------------------|
| ADVANCES RECEIVED FROM CUSTOMERS | | |
| 00550 | Advance from Customers (EV) | ₹ 1,89,850.00 |
| DEPOSITS | | |
| 00510 | Deposits from Others | ₹ 2,80,000.00 |
| 00522 | From Dealers | ₹ 2,79,28,606.64 |
| 00535 | From Stockist | ₹ 4,83,606.86 |
| TRADE PAYABLES | | |
| 00501 | CR. Bal. Sundry Creditors (Civil) | ₹ 48,55,721.76 |
| 00514 | CR. Bal. Sundry Creditors (Gen) | ₹ 4,16,55,516.10 |
| 00559 | CR. Bal. Sundry Creditors 3WH. | ₹ 1,04,81,473.71 |
| OTHER CURRENT LIABILITIES | | |
| 00630 | Own Your House | ₹ 5,71,350.00 |
| 30302 | Credit Balance Staff Ledger | ₹ -1,59,085.18 |
| - | Cr. Balance Sundry Debtors | ₹ 6,361.09 |
| 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 | ₹ 12,85,109.88 |
| 00503 | Salary Payable (Contractual) | ₹ 14,22,519.75 |
| 00561 | Arrears on Wages Payable | ₹ 39,79,197.75 |
| 00562 | Recovery for Amortized Die (Cipet) | ₹ 3,36,384.70 |
| 00507 | Liability for Expenses | ₹ 2,08,99,001.17 |
| 00640 | Rec. for Canteen Coop Society | ₹ 39,427.50 |
| 00560 | Liability Towards Adhoc Payments | ₹ 43,200.00 |
| 00506 | Bonus Payable | ₹ 32,98,680.04 |



| S No | Ledger Head | Ledger Name | Date Of Deposit | Amount as per Financials | Management Reply Regarding the Deposits |
|------|-------------|---|----------------------------|--------------------------|---|
| 1 | 30510 | DEPOSIT WITH SALES TAX | | Total | |
| | | Deposit with Assam Sales Tax Authority for Dibrugarh Warehouse Security | 1997-98 (17-04-1997) | 50,000.00 | The case is under Trial. Latest updation is awaited. |
| | | Deposit with Rajasthan as Security (NSC) for Reg. under Entry Tax | 2005-06 | 2,015.00 | |
| | | Deposit with J&K as Security | 2010-11 | 45,000.00 | |
| | | | | 97,015.00 | |
| 2 | 30520 | DEPOSIT WITH OTHERS | | | |
| | | State Consumer Redressal Commission, Haryana | 2005-06 | 25,000.00 | The case is under Trial. Latest updation is awaited. |
| | | Secretary, SCBRC Balasor | 2005-06 | 25,500.00 | |
| | | District Consumer Forum, Osmanabad | 2005-06 | 5,000.00 | |
| | | 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. |
| | | ADSL Internet, Alambagh | 2005-06 | 1,700.00 | No record available since this is pertaining to FY 2005-06. |
| | | Voice Stream | 2003-04 | 1,500.00 | No record available since this is pertaining to FY 2005-06. |
| | | 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) | 2015-16 | 1,00,000.00 | Deposited in High Court. Date of Filing - 27.01.2016. Last Listed on - 20.05.2019 |
| | | W.P. No. 1835/M.S. | | 10,74,003.00 | |

| S No | Ledger Head | Ledger Name | Date Of Deposit | Amount as per Financials | | Management Reply Regarding the Deposits |
|------|-------------|---|-----------------|--------------------------|-------------|---|
| 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 (APPEAL) | | | | |
| | | 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 Redressal 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 District Consumer Dispute Redressal Forum Bhopal. | 2014 | 25,000.00 | | Appeal is still pending. |
| | | Deposit with State Consumer Dispute Redressal Commission Patna. | 2009 | 12,500.00 | | Revision is still pending before National Consumer Forum. |
| | | Deposit with Bihar Consumer Dispute Redressal Commission Patna | 2011 | 25,000.00 | | Appeal is still pending. |
| | | Deposit with State Consumer Dispute Redressal Commission Muzaaffarpur | 2015 | 50,000.00 | | Revision is still pending. |
| | | Deposit with Consumer Forum | Untraced | 12,736.00 | | Not Traceable |
| | | | | | 1,50,236.00 | |

Attachment 2(b)

| 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 |
| Total | | | | | 1667.54 Penalty & Indeterminate Interest |

