

DHANADA CORPORATION LTD.

(CIN: L55101PN1986PLC133909)

Regd. / Corporate Office: FL – D2, Jaiprakash Apt., SN 54/6, Wadgaon Budruk,
Near Garve Hyundai, Near Tol Naka, Pune – 411041.

Email : ghanada@ghanadacorp.com Website : www.ghanadacorp.com



Date: 30th July 2020

To,
Bombay Stock Exchange Limited
Listing Compliance
P. J. Towers, Dalal Street,
Fort, Mumbai – 400001.

Sub: Submission of documents pursuant to Regulation 30 & 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Dear Sir,

The Board of Directors approved the financial results for the quarter ended 31st March 2020 and the audited financial statements / results for financial year ended on 31st March 2020.

We hereby inform you that, as per the letter received from the Statutory Auditors of the Company, due to certain technical reasons, it was not possible for them to complete the limited review of accounts for the quarter ended June 2020. Hence, the Unaudited Financial Results for the quarter ended on 30th June 2020 are not considered by the Board of Directors in the meeting held on today. The Board of Directors will convene the Board Meeting to consider the Unaudited Financial Results for the quarter ended on 30th June 2020 at a future possible date which would be communicated to you by a proper notice.

Enclosed please find the Outcome of the Board Meeting of the Company held on 30th July 2020 pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 along with the following documents as required pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

1. Standalone financial results for the quarter ended 31st March 2020 and the audited financial statements / results for the financial year ended 31st March 2020 along with Statement of Assets & Liabilities, Cash Flow Statements and Notes to Accounts.
2. Auditor's Reports issued by the Statutory Auditors in the prescribed formats.

We request you to take the aforesaid documents on your record.

Thanking you,

Yours faithfully

For Dhanada Corporation Limited

Smita Mishra
Company Secretary & Compliance Officer



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DHANADA

Date: 30th July 2020

To,
Bombay Stock Exchange Limited
Listing Compliance
P. J. Towers, Dalal Street,
Fort, Mumbai – 400001.

Sub: Outcome of the Board Meeting

Dear Sir / Madam,

The outcome of the meeting of the Board of Directors of Dhanada Corporation Limited held on Thursday, 30th July 2020 is as under:

1. The Board approved the financial results for the quarter ended 31st March 2020 and the audited financial statements / results for financial year ended on 31st March 2020.

Thanking you,

Yours faithfully

For Dhanada Corporation Limited

Smita Mishra
Company Secretary & Compliance Officer



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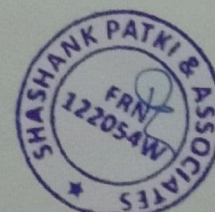


DHANADA

Statement of Standalone Audited Financial Results for the Quarter and Year Ended 31st March 2020

(Rs. In Lakhs)

Sr. No.	Particulars	Quarter ended			Year ended	
		31.03.2020 (Audited)	31.12.2019 (Unaudited)	31.03.2019 (Audited)	31.03.2020 (Audited)	31.03.2019 (Audited)
1	Income:					
	a. Revenue from Operations	213.97	301.00	284.95	927.56	1,121.66
	b. Other Income	4.40	1.20	11.86	8.55	15.55
	Total Income	218.37	302.20	296.81	936.11	1,137.21
2	Expenses:					
	a. Cost of Materials Consumed	30.14	36.14	33.06	123.33	139.52
	b. Employee benefits expenses	71.88	50.57	66.13	218.97	231.40
	c. Finance Costs	93.11	90.65	79.27	354.20	304.07
	d. Depreciation and amortisation expenses	18.24	18.79	20.02	75.80	97.93
	e. Other Expenses:					
	i. Power & Fuel	39.78	45.97	44.72	181.65	185.22
	ii. Other Expenditure	107.12	88.61	110.72	314.81	344.16
	Total Expenses:	360.27	330.73	353.92	1,268.76	1,302.30
3	Profit / (Loss) before Exceptional Items and Tax (1 - 2)	(141.90)	(28.53)	(57.11)	(332.65)	(165.09)
4	Exceptional Items	-	-	(0.25)	-	(0.25)
5	Profit / (Loss) before tax (3 + 4)	(141.90)	(28.53)	(57.36)	(332.65)	(165.34)
6	Tax Expenses					
	a. Current Tax	-	-	-	-	-
	b. Deferred Tax	-	-	-	-	-
	Total Tax Expenses	-	-	-	-	-
7	Net Profit / (Loss) after tax (5 - 6)	(141.90)	(28.53)	(57.36)	(332.65)	(165.34)
8	Other Comprehensive Income					
	i. Items that will not be reclassified to Profit or Loss	-	-	-	-	-
	ii. Items that will be reclassified to Profit or Loss (Net of Tax)	-	-	-	-	-
	Total Other Comprehensive Income	-	-	-	-	-
9	Total Comprehensive Income for the Period (7 + 8)	(141.90)	(28.53)	(57.36)	(332.65)	(165.34)
10	Paid up Equity Shares Capital	559.34	559.34	559.34	559.34	559.34
11	Earnings Per Equity Share (Face Value of Re. 1/- each)					
	(a) Basic	(0.25)	(0.05)	(0.10)	(0.59)	(0.30)
	(b) Diluted	(0.25)	(0.05)	(0.10)	(0.59)	(0.30)



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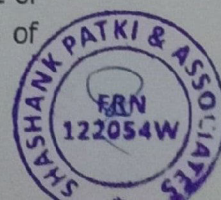
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Notes to Accounts:

- a. The above audited financial results were reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on 30th July 2020.
- b. The records and documents of the Company had been seized, partially released; also certain operations had been stopped since some of the bank accounts and the account with India Infoline Ltd. for derivative trading had been seized by the Maharashtra Police Department under Section 3 of MPID Act and various sections of IPC. Further, on 5th November, 2018, the Competent Authority Pune had taken possession of the registered office of the Company. Most of the records of the Company were stored in the said premises so taken possession of. In view of this, the financial results are compiled only to the extent of information gathered from the records and information available with the Company as on date.
- c. The company operates and accounts for the purpose of foreign exchange derivate trading same in SKRILL.com and another in OCTA FX trading. The account with skrill.com is suspended on 31st March 2020. The realized profit on derivative trading is accounted for in OCTA FX.
During the last year Session judge has permitted the company to operate one of the bank account in State bank of India which was earlier seized only for the purpose of credit transactions (income) no debits/ payments are allowed from the account.
- d. During the previous few years, the accounts had been compiled only on the basis of the records and documents then available with the Company due to seizure of records and documents by Police authorities, partially released and most of the records having been stored in the registered office of the Company, which were taken in possession of by the Competent Authority, Pune. The books of account (financial as well as disclosure) were subject to availability of these and various other documents. The Company has been carrying out the accounting, if necessary, whenever any record / document for earlier period are received.
- e. Hotel VITS is located at Aurangabad being currently the place of business of the Company. Subsequent to the Session court order by Additional Sessions Judge, Aurangabad dated 05.02.2019 the competent authority after attaching VITS Hotel has taken its possession and management of day to day affairs of the said hotel operations.
- f. Pending conveyance of land at Nande, pending payment of stamp duty applicable to Scheme of Arrangement & Amalgamation sanctioned by Hon'ble Bombay High Court vide their judgment dated 16th July 2009 and pending legal formalities of allotment of shares (the subject matter of the aforesaid scheme), accounting has been done of



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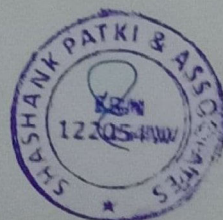
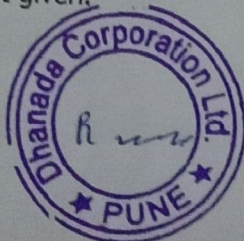
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Fixed Assets (Land) of Rs. 1,59,65,999.74, Issued, Subscribed and Paid up Share Capital of Rs. 17,96,254, Share Premium of Rs. 1,06,69,748.76 and Current Liabilities (Amount payable to Dr. Laxman V. Kulkarni) of Rs. 34,99,996.98. Pending completion of all the requisite legal formalities, the respective amounts as aforesaid are overstated to that extent.

- g. Details and supporting documents of the amount of Rs. 3,91,00,000/- paid as Advance to Dr. Laxman V. Kulkarni are not available with the Company.
- h. Term Loan from Phoenix ARC Pvt. Ltd. (ARC) is secured by Mortgage of Hotel Property and hypothecation of movable assets. ARC has taken symbolic possession of these assets under an assignment from Saraswat Co-op. Bank Ltd. The ARC had approached the Sessions Court, Aurangabad for vacating the possession, of the hotel premises, taken by the Competent Authority, wherein the Additional Sessions Judge, Aurangabad has passed an order directing the Competent Authority to settle claims of ARC from the proceeds of the proposed e-Auction of the hotel property.
- i. Term Loan from Bank of Maharashtra is secured by Mortgage of Land situated at Village Nande, Pune and has called back entire loan outstanding amount (including interest) for which Bank of Maharashtra has issued notice for sale of mortgaged property under Security Interest (Enforcement) Rules, 2002. As the Company is in default of payments of entire outstanding amount, the provisions of Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 regarding recovery procedure will be applicable.
- j. In the absence of the records, the nature of Capital Work in Progress (pending since long) could not be ascertained. As such the probable accounting thereof, capital or revenue, is pending. Further, the impairment of Assets (including Capital Work in Progress), if any, as per the requirements of Ind AS 36 has not been ascertained, and as such, the consequent impact on accounts is not ascertainable.
- k. Balances with banks include an amount of Rs. 1,79,75,000/- kept in a bank account in the individual name of a director. This amount has been kept in a No Lien account as a part of the negotiations with a lender bank for One Time Settlement. This balance is also subject to confirmation, reconciliation and consequential adjustments, if any, financial implication is not ascertainable.
- l. In the absence of the statements/interest of Fixed Deposit Account with ICICI Bank, interest income has been provided for at contractual rates.
- m. There is no substantial income from any other segment except 'Hospitality'. As such, disclosure of segment wise results is not given.



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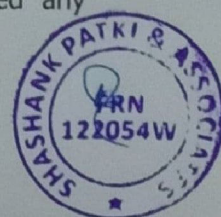
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- n. The Company had filed a petition to the Hon'ble High Court, Mumbai challenging the Notifications dated 7th May 2016 and 8th June 2017 issued by Maharashtra State under The Maharashtra Protection of Interest of Depositors (in Financial Establishments) Act, 1999 (MPID Act) for attachment of the assets / properties of the Company. However, in spite of the pending petition, the Tahsildar and Executive Magistrate Pune City had issued a notice for taking physical possession of the property. The Company had challenged the subject notice in High Court, Bombay and the Hon'ble Court had issued a Stay Order on 29th December 2017 restraining the Competent Authority or State from taking possession of the properties of the Company and sealing the same. Hon'ble Bombay High Court, vide its order dated 23rd October, 2018 has dismissed the Company's appeal. Meanwhile, the Competent Authority, Aurangabad had approached the District and Sessions Judge, Aurangabad for making absolute the aforesaid Notifications. The Court of District and Sessions Judge, Aurangabad had passed an Order dated 30th January 2018 directing the Competent Authority to sell the attached properties of the Company. The Company had filed an appeal against the said order in High Court, Aurangabad. The Hon'ble Aurangabad High Court, vide its order dated 25th September, 2018 has dismissed the Company's appeal confirming the applicability of MPID Act to the Company. The Company has approached the Supreme Court. The order Passed by District and Session Judge, Aurangabad has been confirmed by Hon'ble Supreme Court. Consequently, the Sub Divisional Officer and Competent Authority (MPID Act), Aurangabad has issued notice for e-Auction of property of the Company i.e. Hotel VITS CTS No. 18349/1+2+3, Vedant Nagar, Railway Station Road, Aurangabad. The e-Auction process had been conducted on 22nd February 2019 and 8th March 2019. On both these attempts, auction could not materialize. The Company is taking necessary action to protect the interest of all stake holders of the Company and as such, the accounts have been prepared on 'Going Concern' basis.
- o. The outstanding balances of sundry creditors, sundry debtors, and advances (taken or given), bank current accounts, bank deposit accounts, all loan/overdraft accounts are subject to confirmation, reconciliation and consequential adjustments if any.
- p. No provision has been made for interest on Sales Tax Deferment and interest / penalties for non-payment / late payment of statutory dues and for non-compliance of legal formalities, interest payable to MSME creditors etc., if any. The amount is not ascertainable.
- q. An amount of Rs. 63,89,509/- has been transferred to account of 'additional session judge Aurangabad' till 31st March 2020 pursuant to order from session judge under MPID dated 24.05.2019. The same is subject to confirmation. Vide order dated 24.10.2019, Spl. Judge (MPID), Aurangabad has ordered to make payments to the applicants of the case out of this amount. The Company has not received any



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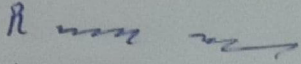
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intimation from the court authority till date about any payments made under MPID Act to the applicants.

- r. Previous period figures have been regrouped, rearranged and reclassified wherever necessary, for the purpose of comparison.

For Dhanada Corporation Limited



Ramesh R. Havele

Chairman and Managing Director

(DIN: 00007580)



Place: Pune

Date: 30th July 2020



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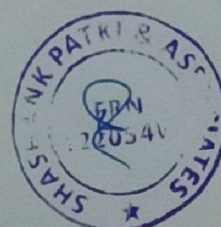
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s. Standalone Statement of Assets and Liabilities

(Rs. in Lakhs)

Particulars	As at 31st March 2020 Audited	As at 31st March 2019 Audited
ASSETS		
Non-current assets		
Property, Plant and Equipment	2,367.50	2,441.29
Capital Work in Progress	181.08	181.08
Intangible Assets	0.56	0.72
	2,549.13	2,623.09
Financial Assets:		
Investments	0.05	0.05
Other Financial Assets	-	-
Tax Assets (Net)	36.49	34.07
Other Non Current Assets	443.67	442.78
	480.21	476.90
Current Assets		
Inventories	10.04	10.78
Financial Assets:		
Trade Receivable	158.03	161.30
Cash and Cash Equivalents	227.32	260.48
Bank Balances other than Cash and Cash Equivalents	69.86	64.93
Other Financial Assets	1.28	1.13
Other Current Assets	382.17	236.06
	848.70	734.68
TOTAL ASSETS	3,878.05	3,834.67
EQUITY AND LIABILITIES		
Equity		
Equity Shares Capital	559.34	559.34
Other Equity	536.76	869.41
Total Equity	1,096.10	1,428.75
LIABILITIES		
Non-Current Liabilities		
Financial Liabilities:		
Borrowings	-	-
Other Financial Liabilities	35.00	35.00
Employee Benefit Obligations	47.74	37.23
	82.74	72.23
Current Liabilities		
Financial Liabilities:		
Borrowings	2,560.43	2,206.23
Trade Payables	47.21	31.47
Other Financial Liabilities	-	-
Other Current Liabilities	91.58	96.00
	2,699.21	2,333.70
TOTAL EQUITY AND LUABILITIES	3,878.05	3,834.67



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t. Standalone Cash Flow Statement

(Rs. in Lakhs)

PARTICULARS	March 31, 2020	March 31, 2019
	Audited	Audited
(A) CASH FLOW FROM OPERATING ACTIVITY		
Profit/(Loss) before Tax and Other Comprehensive Income	(332.65)	(165.34)
Adjustments for:		
Depreciation and Amortisation	75.80	97.93
Provision for Diminution in Value of Investment in Subsidiaries	-	0.25
Accounts Written off and Provision for Doubtful debts	23.48	8.75
Finance Cost	354.20	304.07
Interest Earned	(5.33)	(4.48)
Operating profit(Loss) before Working Capital changes	115.50	241.18
Changes in Operating Assets and Liabilities		
Trade Receivables	(15.23)	(82.97)
Inventories	0.74	1.19
Non-Current and Current Financial Assets	(5.09)	170.94
Other Non-current and current assets	(149.42)	(205.13)
Non-current and current financial liabilities	-	-
Other Current Liabilities	(9.40)	16.17
Employee benefit obligations	10.51	8.57
Trade payables	15.74	(23.48)
Cash generated from operations	(36.64)	126.48
Taxes Paid	-	-
Net Cash Flow from Operating Activity	(36.64)	126.48
(B) CASH FLOW FROM INVESTING ACTIVITY		
Purchase of Fixed Assets /addition to CWIP	(1.84)	(5.59)
Interest Received	5.33	4.48
Net Cash Flow from Investing Activity	3.49	(1.12)
(C) CASH FLOW FROM FINANCING ACTIVITY		
Short term loans raised / (repaid)	4.47	9.34
Interest and Finance charges paid	(4.47)	(3.79)
Net Cash Flow from Financing Activity	0.00	5.55
NET INCREASE IN CASH AND CASH EQUIVALENT (A + B + C)	(33.16)	130.91
Opening Balance of Cash and Cash equivalents	260.48	129.57
Cash and Cash equivalents as at end of the year	227.32	260.48
Net Increase I (decrease) in cash and cash equivalents	(33.16)	130.91

For Dhanada Corporation Ltd.

Place: Pune

Date : 30th July 2020

Ramesh R. Havele

Chairman and Managing Director

(DIN: 00007580)



**SHASHANK PATKI
AND ASSOCIATES**

CHARTERED ACCOUNTANTS

Independent Auditors' Report on Standalone Annual Audited Financial Results of Dhanada Corporation Ltd. pursuant to Regulation 33 and Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To the Board of Directors of Dhanada Corporation Limited

We have audited the accompanying statement of standalone annual financial results of Dhanada Corporation Limited ('the Company') for the year ended 31st March, 2020 attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 and Regulation 52 of the Securities and Exchange Board Of India ("SEBI") (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). Attention is drawn to the fact that the figures for the last quarter ended 31st March, 2020 and the corresponding quarter ended in the previous year as reported in these standalone annual financial results are the balancing figures between audited figures in respect of full financial year and the published year to date figures upto the end of third quarter of the current and previous financial year respectively. Also, the figures up to the end of third quarter for the current year and previous year had only been reviewed and not subjected to audit.

These standalone annual financial results have been prepared on the basis of the standalone annual financial statements and reviewed quarterly standalone financial results which are the responsibility of the Company's Management. Our responsibility is to express an opinion on these standalone annual financial results based on our audit of the standalone annual financial statements which have been prepared in accordance with the recognition and measurement principles laid down in the Companies (Indian Accounting Standards) Rules, 2015 as per Section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India and in compliance with Regulation 33 and Regulation 52 of the Listing Regulations.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the standalone annual financial results are free of material misstatement(s). An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by Management. We believe that our audit provides a reasonable basis for our opinion.

We draw your attention to following Notes in Financial results,

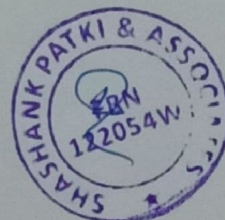
- a. As mentioned in Note No 'b' and 'n' of 'Notes to Account', the Company's appeals have been dismissed by the Hon'ble High Courts of Mumbai and Aurangabad confirming the applicability of MPID Act to the Company. As per the order by Additional Sessions Judge, Aurangabad dated 05.11.2018 the competent authority has taken possession of the Hotel premises and also started the process of e-auction of the Hotel premises (place of business) from 05.02.2019 onwards. The e-auction was carried out on 22.02.2019 and 08.03.2019, however the auction reportedly, did not get concluded. The Company's bank accounts have also been attached. In view of this, the Company

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has, prima facie, ceased to be a 'Going Concern'. However, the accounts have been prepared on 'Going Concern' basis. The impact on accounts is not ascertainable.

- b. As mentioned in Note No. 'd' of 'Notes to Account', the accounts have been compiled on the basis of the records and documents available with the Company due to seizure of records and documents by Police authorities, partially released and most of the records having been stored in the registered office of the Company, which has been taken possession of by the Competent Authority, Pune. Since, these documents have not been produced for our verification; the impact on accounts (financial as well as disclosure) due to such non-availability of the records is not ascertainable. As informed to us, there is no bank account opened and operated other than those recorded in the books of accounts. As further mentioned in the note, The Company has been carrying out the accounting, if necessary, whenever any record / document for earlier period is received. Financial implication of the same is not ascertainable.
- c. During the year, in the last week of March 2020 (23rd March 2020) there was lockdown announced due to Covid-19. Further vide the order of SDO dated 05.05.2020 the hotel has been declared as a Covid centre for the stay of doctors, as per the order of session judge. This created an impact on the operations of the concern; financial implication of the same is not ascertainable.
- d. As mentioned hereinabove, a lockdown was announced w.e.f. 23rd March 2020 throughout the state of Maharashtra. Due to the restriction on inter-district movements, we could not visit the Place of business at Aurangabad. Further, the bills, vouchers and documents pertaining to the business place at Aurangabad were not produced for our verification. As such, we have been constrained to keep reliance on the internal audit reports and stock verification reports submitted by an independent firm of Chartered Accountants appointed as Internal Auditors of the Company. Our audit and certification is subject to the non availability of these records also.
- e. As mentioned in Note No. 'e' of 'Notes to Account' and para a herein above and as mentioned in para 14 of the order dated 05.02.2019 by Additional Sessions Judge, a competent authority after attaching VITS Hotel has taken its possession and managing its (Hotel VITS, Aurangabad) day to day affairs. However as per the information given to us, the company is maintaining the books of account in respect of such transactions at the Hotel located at Aurangabad. Our audit is limited to these transactions as recorded by the company. The completeness, correctness, accuracy of transactions and also the internal control on these transactions cannot be commented upon.
- f. As mentioned in Note No. 'f' of 'Notes to Account', pending conveyance of land at Nande, pending payment of stamp duty applicable to scheme of arrangement & amalgamation sanctioned by Hon'ble Bombay High Court vide their judgement dated 16th July 2009 and pending legal formalities of allotment of shares (the subject matter of the aforesaid scheme), accounting has been done of Fixed Assets (Land) of Rs.1,59,65,999.74, Issued, Subscribed and Paid up Share Capital of Rs. 17,96,254, Share Premium of Rs. 1,06,69,748.76 and Current Liabilities (Amount payable to Dr. Laxman V. Kulkarni) of Rs. 34,99,996.98. Pending completion of all the requisite legal



formalities, the respective aforesaid accounts of Assets and Liabilities are overstated to that extent.

- g. As mentioned in Note No 'g' of 'Notes to Account', Details and supporting documents of the amount of Rs. 3,91,00,000/- paid as Advance to Dr. Laxman V. Kulkarni are not available with the Company. As such, we are unable to express our opinion on the genuineness of the payment, recoverability thereof and correctness of the accounting treatment.
- h. As mentioned in Note No. 'j' of 'Notes to Account', in the absence of the records, the nature of Capital Work in Progress (pending since long) could not be ascertained. As such the probable accounting thereof, capital or revenue, is pending. Further, the impairment of Assets (including Capital Work in Progress), if any, as per the requirements of Ind AS 36 has not been ascertained, and as such, the consequent impact on accounts is not ascertainable.
- i. As mentioned in Note No. 'k' of 'Notes to Account', Balances with Banks include as amount of Rs. 1,79,75,000/- kept in bank account in the individual name of director. As informed to us, this amount has been kept in No Lien Account as part of the negotiation with a lender bank for One Time Settlement. This account is also subject to confirmation, reconciliation and consequential adjustments, if any. Financial implication of the same is not ascertainable.
- j. As mentioned in Note No. 'p' of 'Notes to Account', No provision has been made for interest on Sales Tax Deferment and interest / penalties for non-payment / late payment of statutory dues including non-deduction of TDS and for non-compliance of legal formalities, interest payable to MSME creditors etc., if any. The amount is not ascertainable and as such, the consequent impact on accounts is not ascertainable.
- k. As mentioned in Note No. 'l' of 'Notes to Account', in the absence of the statements, the interest on borrowings and on bank deposits has been accounted for at contractual rates. Financial impact on accounts is not ascertainable.
- l. As mentioned in Note No 'q' of 'Notes to Account' the amount deposited and reflected in books of accounts under the account head 'Additional session judge Aurangabad' being subject to confirmation, we are unable to comment on the recoverability or otherwise of this amount. The financial implication the accounts is not ascertainable.
- m. As mentioned in Note No 'o' of 'Notes to Account' The outstanding balances of sundry creditors, sundry debtors, and advances (taken or given), bank current accounts, bank deposit accounts, all loan/overdraft accounts are subject to confirmation, reconciliation and consequential adjustments if any. Impact on accounts is not ascertainable.
- n. Other Current assets included an amount of Rs. 2,08,36,128/- as on 01st April 2019 due from a Director. The summarized position as on 31st March 2020 of the aforementioned advance due from a director was as under:

Opening balance of Advance due from a director (as on 01.04.2019)	2,08,36,128
Rs.	
Add: Paid by the company to the director during the year Rs.	1,18,09,000
Less: Received from the director in cash towards advance due during the year Rs.	25,01,000



Closing balance of Advance due from a Director (as on 30.03.2020) Rs.	301,44,128
Book entry on 31.03.2020 of transfer to Holding Company – M/s Dhanada Holdings Private Ltd. pursuant to an agreement mentioned herein below dated 31 st March 2020 Rs.	301,44,128
Closing balance of Advance due from a Director (as on 31.03.2020) Rs.	Nil

As seen from the above table, various amounts were paid during the year to a Director without any supporting/ transaction underlying the said payment. As mentioned herein above, supposedly some payments were received from the same director; the entries thereof were found to be made on various different dates in the books of account. In our opinion, the internal control on the cash payment and receipt system needs to be strengthened.

In our opinion, all the above transactions constitute a continuing offence under section 185 of the Companies Act, 2013.

On 31st March 2020 the company entered into a tri-partite agreement for takeover of financial liability on a stamp paper of Rs. 100/- dated 3rd April 2019. Vide this agreement M/s Dhanada Holdings Private Ltd.(the holding company) agreed to takeover the liability of the director to the company. According to the said agreement the loan to the director was converted as an unsecured interest free loan repayable by the holding company over a period of 5 years. The agreement has been executed by same director (who incidentally is the relative of the director to whom loan was given) on behalf of both the companies. On the basis of the said agreement the amount due from director of Rs. 3,01,44,128/- has been transferred in the name of M/s Dhanada Holdings Private Ltd by passing a mere book-entry.

The company has given effect to the transaction, reportedly on the basis of a legal opinion obtained from a Company Secretary. However, in our opinion, amongst various other provisions of Companies Act, 2013 the company has failed to comply more specifically with the following provisions of the Companies Act, 2013:

- i. Section 185(2)(a): Special resolution is not passed by the company in general meeting. As informed to us, the company is proposing to pass a special resolution in ensuing annual general meeting to ratify the transaction/agreement.
- ii. Section 185(2)(b): The loan to M/s Dhanada Holdings Private Ltd has been utilized by them to swap the loan to the director and not for the principle business activity of the borrowing company.
- iii. Section 186(5): Prior approval of public financial institution was not found obtained although there is a term loan subsisting in the books of account of the company.
- iv. Section 186(7): Loan is given to M/s Dhanada Holdings Private Ltd (holding company) without any interest where as the provision states that no loan shall be given at a rate of interest lower than the prevailing yield of one,three, five,ten year government security closest to the tenor of loan.
- v. Section 186(8) : The company and its directors are a party to the dispute raised under MPID and there is a case standing against the company / director under

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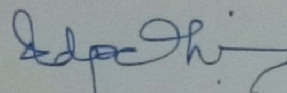
MPID. In such a case, it could not be ascertained whether and how the company can give such loan under this section.

In view of the foregoings, we are unable to ascertain the legality and validity of the agreement that has been given effect to. The financial liabilities on account of penalties, if any, have not been quantified and recognised in the accounts.

- o. As mentioned in para no. n hereinabove the transaction of takeover of financial liability is accounted for by merely a book entry. As such we are unable to ascertain the recoverability of this amount. This may have an impact on the profitability and financial position of the company.

Subject to foregoing, in our opinion and to the best of our information and according to the explanation given to us, the statement conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of audited financial results (read alongwith Notes thereto) prepared in accordance with the 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.

For Shashank Patki and Associates
Chartered Accountants
FRN 122054W



Shashank Patki
Partner
Membership No. 035151



UDIN: 20035151AAAABK8062

Place: Pune
Date: 30th July 2020