



ADVIK LABORATORIES LIMITED

Dated: 29th July, 2020

**To,
The Manager (Listing)
BSE Limited
1st Floor, P.J. Towers
Dalal Street, Mumbai – 400001**

Sub: Outcome of the Board Meeting and Submission of Audited Financial Results for the quarter and year ended 31st March, 2020 as required u/r 33 of the SEBI (LODR) Regulations, 2015.

Ref: BSE Scrip Code 531686; ASE Scrip Code- 01638 (ADVIK LABO)

Dear Sir,

This is to inform you that pursuant to Regulation 33 of SEBI (LODR) Regulations, 2015, the Board of Directors of the Company in its meeting held on Wednesday, 29th July, 2020 at the corporate office of the company at 703, Arunachal Building, 19, Barakhamba Road, Connaught Place, New Delhi – 110001 and concluded just now has, inter-alia, transacted the following businesses:

1. Considered and Approved the Standalone Audited Financial Results of the Company for the quarter and year ended 31st March, 2020.
2. Considered and Approved the Auditor's Report for the Audited Financial Results of the Company for the quarter and year ended 31st March, 2020.
3. Considered and taken on record Statement of Impact of Audit Qualification (for audit report with modified opinion) for the Financial Year ended March 31, 2020 in 'Annexure 1' of SEBI Circular dated May 27, 2016 bearing Circular reference No. CIR/CFD/CMD/56/2016.
4. Considered and appointed M/s Kundan Agrawal & Associates, Company Secretaries as the Secretarial Auditor of the Company for the F.Y. 2020-2021.
5. Considered and appointed M/s Sanghi & Co., Chartered Accountants as the Internal Auditor of the Company for the F.Y. 2020-2021.

Further pursuant to Regulation 33 of SEBI (LODR) Regulations, 2015, a copy of the aforesaid Financial Results for the quarter and year ended 31st March, 2020 alongwith Auditor's Report and the aforesaid statement of Impact of Audit Qualification for modified opinion in 'Annexure-1' are enclosed herewith for your kind perusal.

CIN No. : L74899HR1994PLC038300

Corporate Office : 703, Arunachal building 19, Barakhamba Road, Connaught Place, New Delhi 110001

Phones: 011-42424884, 43571040-45, **Fax:** 011-43571047

Regd. Office & Factory: 138. ROZ-KaMeo Industrial Area, Sohna - 122103 (Distt.Mewat), Haryana

Phones: 0124-2362471 **Email:** mail@advikindia.com **Website:** www.advikindia.com



ADVİK LABORATORIES LIMITED

Kindly take the aforesaid information in your records.

Thanking you.

Yours Truly,

For Advik Laboratories Limited


Pooja Chuni
Company Secretary



Encl: As above

CC:

The Manager (Listing)
Ahmedabad Stock Exchange Limited
1st Floor, Kamdhenu Complex
Opp. Sahajanand College,
Panjara Pole, Ambawadi, Ahmedabad - 380015

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ADVIK LABORATORIES LIMITED

Regd. Off. :138, Roz Ka Meo Industrial Area, Sohna, Distt. Mewat Haryana - 122103

**STATEMENT OF STANDALONE AUDITED FINANCIAL RESULTS FOR THE QUARTER & YEAR ENDED
MARCH 31, 2020**

CIN : L74899HR1994PLC038300

(Rs in Lacs except EPS)

Sr No	Particulars	Quarter Ended			Year Ended	
		31.03.2020	31.12.2019	31.03.2019	31.03.2020	31.03.2019
		(Audited)	(Unaudited)	(Audited)	Audited	
	Income from Operation					
1	(a) Net Sales/Revenue from Operations				-	82.44
	(b) Other Operating Income				0.44	0.37
	(c) Other Income	0.10	0.74	1.70	1.06	1.7
	Total Income	0.10	0.74	1.70	1.50	84.51
	Expenses					
2	a) Cost of Materials consumed	0.08	-	0.06	0.08	0.34
	b) Purchase of Stock-in-trade	-	-	-	-	82.16
	c) Changes in Inventory of Finished goods, Work-in-progress and Stock-in-trade	-	-	-	-	
	d) Employee Benefits Expenses	12.54	10.62	12.72	45.05	48.57
	e) Finance Costs	(0.08)	0.03	0.14	0.02	0.31
	f) Depreciation and Amortisation expense	13.33	14.64	14.69	57.26	58.79
	g) Other expenses	10.12	3.47	8.16	22.74	23.63
	Total Expenses	35.99	28.76	35.77	125.15	213.80
3	Profit/(Loss) before Exceptional items and tax (1-2)	(35.89)	(28.02)	(34.07)	(123.65)	(129.29)
4	Exceptional Items	-	-	-	-	-
5	Profit/(Loss) before tax (3 + 4)	(35.89)	(28.02)	(34.07)	(123.65)	(129.29)
6	Tax Expense					
	- Current tax	-	-	-	-	-
	- Deferred tax	(0.16)	(2.27)	(0.68)	(6.96)	(4.69)
	Total Tax Expenses	(0.16)	(2.27)	(0.68)	(6.96)	(4.69)
7	Profit/(Loss) for the period (5-6)	(35.73)	(25.75)	(33.39)	(116.69)	(124.60)
8	Other Comprehensive Income (net of tax)	(0.71)	0.33	0.03	0.28	1.32
9	Total Comprehensive Income for the period (7+9)	(36.44)	(25.42)	(33.36)	(116.41)	(123.28)
10	Paid-up equity share capital (face value of Rs 10/- per share)	1,911.14	1,911.14	1,911.14	1,911.14	1,911.14
11	Earning per share (EPS) of Rs 10/- each (not annualized)					
	(1) Basic	(0.19)	(0.13)	(0.17)	(0.61)	(0.65)
	(2) Diluted	(0.19)	(0.13)	(0.17)	(0.61)	(0.65)

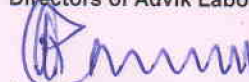
NOTES:-

1	The above Financial Results for the quarter & year ended March 31, 2020 has been reviewed by the Audit Committee and thereafter approved by the Board of Directors & taken on record at its meeting held on July 29, 2020. The Statutory Auditors have carried out the audit for the year ended 31st March, 2020.
2	The Company operates in a single segment viz pharmaceuticals formulations and the results pertain to a single segment in accordance with IND AS 108-Operating Segment.
3	The format for audited quarterly results as prescribed in SEBI's Circular CIR/CFD/CMD/15/2015 dated November 30, 2015 has been modified to comply with requirements of SEBI's circular dated July 5, 2016. IND AS and Schedule III (Division II) to the Companies Act, 2013 applicable to the companies that are required to comply with IND AS.
4	The amount of Rs. 8000/- shown in Cost of material consumed column in the quarter ended March 31, 2020 is due to expire the shelf life of some raw materials.
5	The Figures for the quarter ended March 31, 2020 and March 31, 2019 represents the balancing Figures between the audited figures for the full financial years and the published figures for the 9 months ended December 31, 2019 and December 31, 2018 respectively.
6	Auditor's Observation :- a) Due to default in payments of bank loans, the company's accounts have been classified as Non-Performing Assets (NPA) by the Indian Overseas bank (IOB). IOB has not charged any interest on Cash credit & Term Loan Limits. During the period under review no provision has been made for such interest in the books of account of the company and to that extent bank's loan liability and total loss is understated by Rs. 726.46 lacs plus penal charges that the bank may charge. The amount disclosed in the Financial Statements is subject to confirmation adjustments, if any.



6	<p>b) The company had recorded the cost of investment at the face value of the equity shares issued and had not determines the fair value as required by IND-AS. The shares were not made available for physical verification. Hence we are unable to comment.</p> <p>c) Trade Receivables, Trade Payables & Loan & Advances are subject to confirmation, reconciliation, adjustments & provisions, if any which may arise out of confirmation and reconciliation.</p> <p>d) The stock of raw material and work in progress has been valued at cost price. In the current year there has been no production, it may have impact on profitability to the exten of its cost less realizable amount if any.</p> <p>e) The Capital work in Progress has been stalled. The physical conditions of these assets under construction require technical evaluation to determine impairments or write offs, if any. However in view of the management the suspension is temporary in nature and assets under construction are not obsolete, and the company will be able to resume construction activities in near future and accordingly no provision is required.</p>
7	<p>Our explanation to Auditor's Observation:-</p> <p>a. The Company's accounts had become Non-Performing Assets (NPA) with Indian Overseas Bank (IOB) and due to this reason, IOB has stopped charging Interest from the company on its outstanding debts. In view of the above, the company has not charged to statement of Profit & Loss account Interest expenses of Rs. 45.61 Lacs and related penal interest & other charges, if any, for the reported period, in respect of delay of repayments of borrowings from the bank. Further liability for interest expenses of Rs. 680.85 lacs till 31/12/2019 has not been accounted for. The company has made necessary efforts to reach One Time Settlement with IOB & had sent the One Time Settlement proposal with IOB which has been approved by the Bank. As per the terms of the aforesaid One Time Settlement, the company was supposed to clear its outstanding debt by 30th September 2019. However, due to the paucity of funds, the company was unable to clear the debts of IOB. At present, the company is trying to arrange the necessary funds to settle its outstanding debts of IOB and further our company had made a further request to IOB to allow it some more time in order to enable it to settle its outstanding debts as per the terms of aforesaid OTS and the same was under consideration at the end of IOB. However, due to the impact of Corona Virus and the sudden lockdown imposed by both the Central and State Governments in the wake of COVID-19 pandemic, the Company had to suspend its operations, which has adversely impacted its business. Moreover, the labour available with the company also moved to its hometown and all the other employees were unable to attend the office due to the lockdown imposed by the Government. In the absence of any operations, there is a considerable decline in the revenues generated by the company and the profitability of the company for the quarter ended 31st March, 2020 and the profitability during 1st quarter (April to June) is also likely to be adversely impacted as no operations were being carried on by the Company due to the closure of operations and non availability of man power. Presently, the company is facing many problems such as manpower shortage, liquidity crunch etc. In the current uncertain situation, Company is facing liquidity crunch to meet its day to day business operation expenses.</p> <p>Further, because of the liquidity crunch being faced by the company due to present scenario, our company is now again in the process of making a fresh request to Indian Overseas Bank to allow it some more time to enable it to settle its outstanding debts of IOB as per the terms of aforesaid OTS.</p> <p>b. The Company is in the process of obtaining the necessary confirmations from its Sundry Debtors, Sundry Creditors & parties to whom advances has given, the Company shall provide the same to the Auditors as soon as it will be received by it.</p> <p>c. The company has misplaced/lost the share certificates of the Investment made by it in unquoted equity shares of other companies during the shifting of its records. Hence these share certificates are not physically held by the company. The Company has sent various request letters to the companies in which it has made investments for issue of duplicate share certificates. However, till date the company has not received any reply from these companies. In order to ensure the compliance of IND AS in true letter and spirits, the company is also trying to ascertain the fair market value of its investments.</p> <p>d. In the absence of any orders in the recent past, there is a decline in the operating activities of the company. Hence, the stock of raw material which remained unused is left with the company and is accordingly, reflected in its books of Accounts. The management of the Company is making necessary efforts to find the perspective buyers and to procure the new orders. The Company's management strongly believes that the new deals would be finalized soon. The unused stock of raw material would be utilized in manufacturing finished goods, once the new orders would be procured by the Company. Therefore, the company has valued its stock of raw material at cost price and not at its realizable amount because the Company intends to carry on its operations in near future and to use the stock of raw materials available with it in manufacturing activities as soon as the company will procure new orders.</p> <p>e. In order to expand its business operations, the Company had released some funds to contractors to construct an additional block in the factory. However, for the time being and due to some technical and other reasons, the management had to suspend the said construction activity. But, the management of the company believes that the suspension is temporary in nature and assets under construction are not obsolete, and the company will be able to resume construction activities in near future and accordingly no provision is required.</p>
8	<p>Previous year/period figures have been regrouped/arranged, wherever necessary to make them comparable with the current period figure.</p>

For and on behalf of Board of
Directors of Advik Laboratories Ltd.



(Peeyush Kumar Aggarwal)

Chairman

DIN : 00090423



Place: New Delhi

Date: 29.07.2020



Statement of Assets & Liabilities

(Rs. In lacs)

	Particulars	As at 31.03.20 (Unaudited)	As at 31.03.19 (Audited)
A.	ASSETS		
1	Non Current Assets		
	Property Plant & Equipment	525.86	588.27
	Capital Work in progress	502.19	542.67
	Other Intangible Assets	-	-
	Non Current Assets	1,028.05	1,130.94
	Non Current Financial Assets		
	Investments	92.30	92.30
	Other Non Current Assets	0.90	0.48
	Total-Non current assets	1,121.25	1,223.72
2	Current Assets		
	Inventories	57.03	57.11
	Current Financial Assets		
	Trade receivables	253.34	261.34
	Cash & cash equivalents	1.22	1.57
	Loans and advances	208.06	211.51
	Other current assets	0.27	0.46
	Total Current Assets	519.92	531.99
	TOTAL ASSETS	1,641.17	1,755.71
B.	EQUITY & LIABILITIES		
1	EQUITY		
	Equity Share Capital	1,911.14	1,911.14
	Other Equity	(1,074.82)	(958.42)
	Total Equity	836.32	952.72
2	LIABILITIES		
	Non-Current Liabilities		
	Non-Current Financial Liabilities	-	-
	Other Financial Liabilities	-	-
	Long Term Provisions	12.91	11.57
	Deferred tax liabilities	61.55	68.51
	Total-Non Current Liabilities	74.46	80.08
	Current Liabilities		
	Current Financial Liabilities		
	Borrowings	253.53	250.53
	Trade payables	14.73	16.30
	Other current financial liabilities	462.13	456.08
	Total Current Financial Liabilities	730.39	722.91
	TOTAL EQUITY & LIABILITIES	1,641.17	1,755.71

For and on behalf of Board of Directors of
Advik Laboratories Limited

(Peeyush Kumar Aggarwal)

Chairman
DIN :0090423



Place: New Delhi
Date 29.07.2020.



Cash Flow Statement for the year ended March 31, 2020

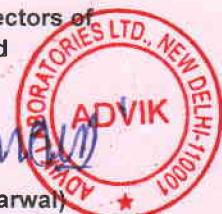
Particulars	As at 31.03.2020 (Rs.)	As at 31.03.2019 (Rs.)
A. Cash Flow from operating activities		
Net profit before tax and extraordinary items	(12,364,762)	(12,929,850)
Add: Adjustment for Depreciation	5,725,512	5,879,029
Provision for Gratuity	209,866	189,947
Provision for Leave Encashment	55,646	53,737
Interest & Other Costs	1,789	2,424
Interest Received	(75,902)	(98,201)
Loss on sale of assets	26,348	-
Operating profit before working capital changes	(6,421,503)	(6,902,914)
Adjustment for:		
Increase / (Decrease) in Trade Payables	(156,594)	257,583
Increase / (Decrease) in Current Liabilities	501,916	360,492
(Increase) / Decrease in Trade Receivables	800,311	12,433,521
(Increase) / Decrease in Loans & Advances	344,640	(151,144)
(Increase) / Decrease in Non Current Assets	(42,193)	(9,605)
(Increase) / Decrease in Other Current Assets	19,050	(14,360)
(Increase) / Decrease in Inventories	8,074	33,840
Cash Generated From Operations	1,475,204	12,910,327
Net Cash from operating activities	(4,946,299)	6,007,413
B. Cash flow from investing activities		
Proceeds from change in Capital Advances	4,048,000	(2,203,000)
Proceeds from sale of Property, Plant & Equipments	490,000	-
Interest Received	75,902	98,201
Net cash outflow from investing activities	4,613,902	(2,104,799)
C. Cash Flow from financing activities		
Proceeds (Repayment) of long term borrowings	299,611	(3,899,201)
Interest Paid	(1,789)	(2,424)
Net cash used in financial Activities	297,822	(3,901,625)
Net Increase/ (Decrease) in cash (A+B+C)	(34,575)	989
Cash & Cash Equivalents (Opening balance)	156,501	155,512
Cash & Cash Equivalents (Closing balance)	121,926	156,501

For and on behalf of Board of Directors of
Advik Laboratories Limited


(Peeyush Kumar Aggarwal)

Chairman

DIN : 0090423



Place: New Delhi
Date : 29.07.2020



RMA & ASSOCIATES LLP

Chartered Accountants
LLPIN: AAI-9419 (ISO 9001:2015)

Address : First Floor, 95, National Park,
Lajpat Nagar IV, New Delhi - 110024
Phone : 011-49097836
Email : carahulv@gmail.com
Website : www.rma-ca.com

Independent Auditor's Report on Audited Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

TO THE BOARD OF DIRECTORS OF
ADVIK LABORATORIES LIMITED

Opinion

We have audited the accompanying standalone Audited Financial results of Advik Laboratories Limited for the quarter and year ended 31st March, 2020 and the year to date results for the period from 1st April, 2019 to 31st March, 2020, attached herewith, being submitted by the company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us these standalone financial results:

- i. are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
- ii. give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable 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 31st March, 2020 as well as the year to date results for the period from 1st April, 2019 to 31st March, 2020 except for the effects of the matters described below.

Basis of Qualified Opinion

- a) Due to default in payments of bank loans, the company's accounts have been classified as Non-Performing Assets (NPA) by the bank. Indian Overseas Bank has not charged interest on Cash credit & Term Loan Limits. During the period under review no provision has been made for such interest in the books of account of the company and to that extent bank's loan liability and total loss is understated by Rs. 726.46 lacs plus penal charges that the bank may charge. The amount disclosed in the Financial Statements is subject to confirmation, reconciliation and adjustments, if any.
- b) The company had recorded the cost of the investment at the face value of the equity shares issued and had not determined the fair value as required by Ind AS. The shares were not made available for physical verification. Hence, we are unable to comment upon the physical existence and express an opinion on the value of investment recorded.
- c) Trade Receivable, Trade Payable, and Loans & Advances given & taken are subject to confirmation, reconciliation, adjustments & provisions, if any which may arise out of confirmation and reconciliation. Absence of recoveries from most of the parties since several years indicate the existence of uncertainty that may cast doubts on the recoverability of the debtors, loans and advances. However as per the management no provision is required as the balances are considered good and recoverable.
- d) The stock of raw material and work in progress has been valued at cost price. In the current year there has been no production, it may have impact on profitability to the extent of its cost less realizable amount if any.
- e) The Capital work in Progress has been stalled. The physical conditions of these assets under construction require technical evaluation to determine impairments or write offs, if any. However in view of the management the suspension is temporary in nature and assets under construction



are not obsolete, and the company will be able to resume construction activities in near future and accordingly no provision is required.

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

Management's Responsibilities for the Standalone Financial Results

These quarterly financial results as well as the year to date standalone financial results have been prepared on the basis of the interim financial statements. The Company's Board of Directors are responsible for the preparation of these financial results that give a true and fair view of the net profit/loss and other comprehensive income and other financial information in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, 'Interim Financial Reporting' prescribed under Section 133 of the Act read with relevant rules issued thereunder 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 of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial results, the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Results

Our objectives are to obtain reasonable assurance about whether the standalone financial results as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial results.



As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- i. Identify and assess the risks of material misstatement of the standalone financial results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ii. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- iv. Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- v. Evaluate the overall presentation, structure and content of the standalone financial results, including the disclosures, and whether the financial results represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.*

For RMA & Associates, LLP
Chartered Accountants
Firm Registration No. 000978N/N500062



Place: New Delhi
Date : 29.07.2020

UDIN : 20503109AAAAAR1932

ANNEXURE - I

Statement of Impact of Audit Qualifications (for audit report with modified opinion) submitted along with Annual Audited Financial Results - (Standalone and Consolidated separately)

**Statement of Impact of Audit Qualifications for the Financial year ended March 31, 2020
[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]**

Amount in Lakhs

I	Sl. No	Particulars	Audited Figures (as reported before adjusting for qualification)	Adjusted Figures (audited figures after adjusting for qualifications)
	1	Turnover / Total income	1.50	1.50
	2	Total Expenditure	125.15	298.92
	3	Net Profit / (Loss)(After Tax)	(116.69)	(290.46)
	4	Earnings Per Share	(0.61)	(1.52)
	5	Total Assets	1641.17	1641.17
	6	Total Liabilities	1641.17	1641.17
	7	Net Worth	836.32	109.86
	8	Any other financial item(s) felt appropriate by the management		
II	Audit Qualification (each audit qualification separately)			
	1	<p>Details of Audit Qualification:</p> <p>a) Due to default in payments of bank loans, the company's accounts have been classified as Non-Performing Assets (NPA) by the bank. Indian Overseas Bank has not charged interest on Cash credit & Term Loan Limits. During the period under review no provision has been made for such interest in the books of account of the company and to that extent bank's loan liability and total loss is understated by Rs. 726.46 lacs plus penal charges that the bank may charge. The amount disclosed in the Financial Statements is subject to confirmation, reconciliation and adjustments, if any.</p> <p>b) The company had recorded the cost of the investment at the face value of the equity shares issued and had not determined the fair value as required by Ind AS. The shares were not made available for physical verification. Hence, we are unable to comment upon the physical existence and express an opinion on the value of investment recorded.</p> <p>c) Trade Receivable, Trade Payable, and Loans & Advances given & taken are subject to confirmation, reconciliation, adjustments & provisions, if any which may arise out of confirmation and reconciliation. Absences of recoveries from most of the parties since several years indicate the existence of uncertainty that may cast doubts on the recoverability of the debtors, loans and advances. However as per the management no provision is required as the balances are considered good and recoverable.</p> <p>d) The stock of raw material and work in progress has been valued at cost price. In the current year there has been no production, it may have impact on profitability to the extent of its cost less realizable amount if any.</p> <p>e) The Capital work in Progress has been stalled. The physical conditions of these assets under construction require technical evaluation to determine impairments or write offs, if any. However in view of the management the suspension is temporary in nature and assets under construction are not obsolete, and the company will be able to resume construction activities in near future and accordingly no provision is required.</p>		
	2	<p>Type of Audit Qualification : Qualified / Disclaimer of Opinion / Adverse Opinion:</p> <p>Qualified</p>		
	3	<p>Frequency of Qualification(s) : Whether appeared for first time / repetitive / since how long continuing</p> <p>Repetitive / since 2017-2018</p>		



For Audit Qualification(s) where the impact is quantified by the Auditor, Management's Views:

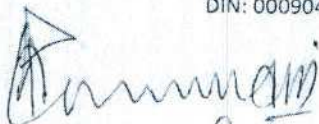

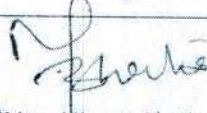

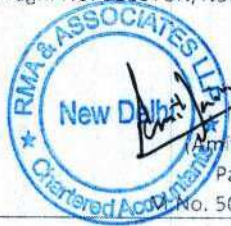

- a) The Company's accounts had become Non-Performing Assets (NPA) with Indian Overseas Bank (IOB) and due to this reason, IOB has stopped charging interest from the company on its outstanding debts. In view of the above, the company has not charged to statement of Profit & Loss account interest expenses of Rs. 45.61 Lacs and related penal interest & other charges, if any, for the reported period, in respect of delay of repayments of borrowings from the bank. Further liability for interest expenses of Rs. 680.85 lacs till 31/12/2019 has not been accounted for. The company has made necessary efforts to reach One Time Settlement with IOB & had sent the One Time Settlement proposal with IOB which has been approved by the Bank. As per the terms of the aforesaid One Time Settlement, the company was supposed to clear its outstanding debt by 30th September 2019. However, due to the paucity of funds, the company was unable to clear the debts of IOB. At present, the company is trying to arrange the necessary funds to settle its outstanding debts of IOB and further our company had made a further request to IOB to allow it some more time in order to enable it to settle its outstanding debts as per the terms of aforesaid OTS and the same was under consideration at the end of IOB.

However, due to the impact of Corona Virus and the sudden lockdown imposed by both the Central and State Governments in the wake of COVID-19 pandemic, the Company had to suspend its operations, which has adversely impacted its business. Moreover, the labour available with the company also moved to its hometown and all the other employees were unable to attend the office due to the lockdown imposed by the Government. In the absence of any operations, there is a considerable decline in the revenues generated by the company and the profitability of the company for the quarter ended 31st March, 2020 and the profitability during 1st quarter (April to June) is also likely to be adversely impacted as no operations were being carried on by the Company due to the closure of operations and non-availability of man power. Presently, the company is facing many problems such as manpower shortage, liquidity crunch etc. In the current uncertain situation, Company is facing liquidity crunch to meet its day to day business operation expenses.

Further, because of the liquidity crunch being faced by the company due to present scenario, our company is now again in the process of making a fresh request to Indian Overseas Bank to allow it some more time to enable it to settle its outstanding debts of IOB as per the terms of aforesaid OTS.

- b) The company has misplaced/lost the share certificates of the Investment made by it in unquoted equity shares of other companies during the shifting of its records. Hence these share certificates are not physically held by the company. The Company has sent various request letters to the companies in which it has made investments for issue of duplicate share certificates. However, till date the company has not received any reply from the companies in order to ensure the compliance of IND AS in true letter and spirits to ascertain the fair market value of its investments.
- c) The Company is in the process of obtaining the necessary confirmations from its Sundry Debtors, Sundry Creditors & parties to whom advances has given, the Company shall provide the same to the Auditors as soon as it will be received by it.
- d) In the absence of any orders in the recent past, there is a decline in the operating activities of the company. Hence, the stock of raw material which remained unused is left with the company and is accordingly, reflected in its books of Accounts. The management of the Company is making necessary efforts to find the perspective buyers and to procure the new orders. The Company's management strongly believes that the new deals would be finalized soon. The unused stock of raw material would be utilized in manufacturing finished goods, once the new orders would be procured by the Company. Therefore, the company has valued its stock of raw material at cost price and not at its realizable amount because the Company intends to carry on its operations in near future and to use the stock of raw materials available with it in manufacturing activities as soon as the company will procure new orders.



		e) In order to expand its business operations, the Company had released some funds to a contractor to construct an additional block in the factory. However, for the time being and due to some technical and other reasons, the management had to suspend the said construction activity. But, the management of the company believes that the suspension is temporary in nature and assets under construction are not obsolete, and the company will be able to resume construction activities in near future and accordingly no provision is required.
5	For Audit Qualification(s) where the impact is not quantified by the auditor:	N.A.
	(i) Management's estimation on the impact of audit qualification:	
	(ii) If Management is unable to estimate the impact, reasons for the same:	
	(iii) Auditor's comments on (i) or (ii) above	
III Signatories		
	Managing Director	Peeyush Kumar Aggarwal DIN: 00090423 
	Chief Financial Officer	 Manoj Kumar Bhatia PAN: AAZPB5897R 
	Audit Committee Chairman	Manoj Kumar Jain DIN : 02573858 
	Statutory Auditor	For M/s. RMA & Associates, LLP Chartered Accountants Firm Regn. No. 000978N/N500062  Amit Jain Partner No. 503109 
Place:	New Delhi	
Date:	29.07.2020	