

August 31, 2020

To

**The Department of Corporate Services – Listing**

**BSE Limited**

Phiroze Jeejeebhoy Towers,

Dalal Street,

Mumbai – 400 001

**SCRIP CODE: 537254**

Dear Sir,

**Sub: Audited Financial Result (Standalone & Consolidated) for the Quarter and Year ended March 31, 2020**

Pursuant to the provision of Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform you that the Audited Financial Result (Standalone & Consolidated) for the Quarter and Year ended March 31, 2020 shall considered and disseminated on August 31, 2020. Consequent to same, we enclosed, interim of Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015, the followings:

1. The Audited Financial Result (Standalone and Consolidated) of the Company for the Quarter and year ended March 31, 2020 pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 together with Audit Report thereon.
2. Statement of Modified Opinion on the Audit Report of the Company for the Quarter and year ended March 31, 2020 pursuant to Regulation 33(3)(d) of the SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015 .

In terms of applicable provisions of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015, the results are also being published in the newspaper.

You are requested to take the above information on record.

Yours faithfully,

**FOR RCI INDUSTRIES & TECHNOLOGIES LIMITED**

**For RCI Industries & Technologies Ltd**

**JYOTI SHARMA**

**COMPANY SECRETARY**

**Encl: a/a**



**Works:**





**RCI INDUSTRIES & TECHNOLOGIES LTD.**

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**STATEMENT OF CONSOLIDATED FINANCIAL RESULTS  
FOR THE QUARTER AND YEAR ENDED MARCH 31, 2020**

(Amount in Rs. Lacs)

Sl. 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)	(Audited)
1	<b>Income</b>					
	a. Revenue from Operations	7,763.70	7,165.54	51,013.99	45,683.10	1,99,780.49
	b. Other Income	1,193.21	97.19	46.37	1,726.63	559.40
	<b>Total Income</b>	<b>8,956.91</b>	<b>7,262.73</b>	<b>51,060.36</b>	<b>47,409.73</b>	<b>2,00,339.89</b>
2	<b>Expenses</b>					
	a. Cost of Material Consumed	8,076.12	5,792.39	24,380.05	34,354.46	97,264.62
	b. Purchase of stock-in-trade	2,283.38	1,322.86	25,588.96	11,214.08	91,968.12
	c. Change in inventories of finished goods, work-in-progress an stock-in-trade	1,322.91	1,405.06	(1,582.83)	5,047.24	(771.14)
	d. Employee Benefits Expenses	218.97	233.61	433.02	1,017.38	1,279.68
	e. Finance Costs	48.51	537.29	742.79	1,590.38	2,404.83
	f. Depreciation and Amortisation Expenses	237.45	380.45	370.79	1,337.16	1,201.04
	g. Other Expenses	4,334.86	425.59	258.07	5,843.60	2,427.61
	<b>Total Expenses</b>	<b>16,522.21</b>	<b>10,097.26</b>	<b>50,190.85</b>	<b>60,404.90</b>	<b>1,95,774.76</b>
3	<b>Profit before tax, exceptional item and prior period items</b>	<b>(7,565.31)</b>	<b>(2,834.53)</b>	<b>869.51</b>	<b>(12,995.17)</b>	<b>4,565.13</b>
4	<b>Exceptional item</b>	<b>410.36</b>	-	-	<b>2,078.09</b>	-
5	<b>Prior period items (Refer Note 6 below)</b>	-	-	-	<b>1,636.32</b>	-
6	<b>Profit / (loss) before tax</b>	<b>(7,975.66)</b>	<b>(2,834.53)</b>	<b>869.51</b>	<b>(16,709.58)</b>	<b>4,565.13</b>
7	<b>Tax expense</b>					
	a. Current Tax	-	-	224.69	-	878.46
	b. Deferred Tax	(95.18)	(25.29)	48.87	(74.53)	20.10
8	<b>Total tax expense</b>	<b>(95.18)</b>	<b>(25.29)</b>	<b>273.56</b>	<b>(74.53)</b>	<b>898.56</b>
9	<b>Profit / (loss) after tax</b>	<b>(7,880.48)</b>	<b>(2,809.24)</b>	<b>595.95</b>	<b>(16,635.05)</b>	<b>3,666.57</b>
10	Other Comprehensive Income	550.68	58.74	31.78	791.88	409.88
11	<b>Total Comprehensive Income / (loss)</b>	<b>(7,329.80)</b>	<b>(2,750.50)</b>	<b>627.73</b>	<b>(15,843.17)</b>	<b>4,076.44</b>
12	<b>Paid-up Equity Share Capital (Face value of Rs.10 each)</b>	1,567.64	1,567.64	1,343.64	1,567.64	1,343.64
13	<b>Earnings Per Share (Face value of Rs. 10/- each)</b>					
	Basic (in Rs.) (not annualised)	(50.27)	(17.92)	4.44	(106.12)	27.29
	Diluted (in Rs.) (not annualised)	(50.27)	(17.92)	3.80	(106.12)	23.39

**Notes:-**

- The above financial results for the quarter and year ended March 31, 2020 have been reviewed by Audit committee and approved by the Board of Directors in their respective meetings held on August 31, 2020. The statutory auditor have expressed an qualified opinion on the aforesaid results. The detailed qualification and our comment on same has been annexed in a prescribed SEBI format along with these results.
- The Group activity during the year revolves around manufacturing and trading of all kind of metals and metal products. Considering the nature of Group's business and operations, as well as based on review of operating results by the chief operating decision maker to make decision about resource allocation and performance measurement, there is only one reportable segment in accordance with the requirement of Ind AS 108 - "Operating Segments"
- Holding Company has incurred heavy losses amounting to Rs. 158.43 crores during the year ended March 31, 2020 (Rs. 73.30 crores for quarter ended March 31, 2020). Further, the Company borrowings are being declared as Non performing asset (NPA) by the lenders due to non-payment of interest and borrowed amount on due dates. (Refer note 5 for details of NPA). Due to these factors there is a significant erosion in net worth of the Company. However, the current financial statements are being prepared on going concern basis as the net worth of the company is positive.

**For RCI Industries & Technologies Ltd.**

**Managing Director**



- 4 The financial result has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard (Ind AS ) prescribed under section 133 of the Companies Act 2013 read with the relevant rules issued there under and the other accounting principles generally accepted in India.
- 5 During the year ended March 31, 2020, All the lenders to Company has declared the account as non performing asset (NPA) due to non payment of interest due and borrowed amount.
- 6 The company's production process is such that there is an melting and processing loss which is recognized in raw material consumption. During the quarter ended September 30, 2019 Company has recognized melting losses amounting to RS. 24.41 crores. The amount includes losses for prior period amounting to Rs. 16.36 crores. The detailed note pertaining to this has been specified in the financial result for the quarter ended September 30, 2019.
- 7 Effective April 01, 2019, Company has adopted Ind AS 116 "Leases". The application of Ind AS 116 does not have any impact on the financial results of the Company.
- 8 Figures for the 3 months ended March 31, 2020 and March 31, 2019 are the balancing figure between audited figure for the year ended March 31, 2020, March 31, 2019 and the published figures for the 9 months ended December 31, 2019 and December 31, 2018 respectively which were subject to limited review.
- 9 Figures for the previous periods have been re-grouped/ rearranged/ restated wherever necessary to make them comparable with those of the current period.

**Place: New Delhi**  
**Date: August 31, 2020**

**For RCI INDUSTRIES & TECHNOLOGIES LTD.**

**For RCI Industries & Technologies Ltd.**

  
**Managing Director**

**Rajeev Gupta**  
**Managing Director**  
**DIN - 00503196**



## STATEMENT OF ASSETS AND LIABILITIES

		As at	
		31.03.2020 (Audited)	31.03.2019 (Audited)
<b>ASSETS</b>			
1	<b>Non-current assets</b>		
a	Property, plant and equipment	8,996.00	9,673.42
b	Intangible Assets	17.07	31.07
c	Capital work-in-progress	946.77	1,043.45
d	Intangible Assets under Development	-	-
e	Financial Assets		
i	Investments	1,186.16	-
ii	Loans	146.96	124.69
f	Other non-current assets	1,101.67	1,159.73
	<b>Total Non - Current Assets</b>	<b>12,394.63</b>	<b>12,032.35</b>
2	<b>Current assets</b>		
a	Inventories	4,940.88	11,839.87
b	Financial Assets		
i	Investments	-	261.91
ii	Trade receivables	24,072.75	26,713.90
iii	Cash and cash equivalents	180.05	204.58
iv	Other bank balances	73.92	1,132.55
v	Loans	199.03	476.30
vi	Other financial assets	92.48	149.04
c	Other current assets	2,241.51	6,529.10
	<b>Total Current Assets</b>	<b>31,800.61</b>	<b>47,307.24</b>
3	<b>Assets held for Sale</b>	-	-
	<b>Total Assets</b>	<b>44,195.24</b>	<b>59,339.59</b>
<b>EQUITY AND LIABILITIES</b>			
1	<b>Equity</b>		
a	Equity share capital	1,567.64	1,343.64
b	Instruments entirely equity innature (Compulsorily Convertible Debentures)	-	5,040.00
c	Other equity	9,294.39	20,487.41
	<b>Total equity</b>	<b>10,862.03</b>	<b>26,871.06</b>
<b>LIABILITIES</b>			
2	<b>Non-current liabilities</b>		
a	Financial Liabilities		
i	Borrowings	695.21	3,708.06
b	Provisions	96.16	86.67
c	Deferred tax liabilities (net)	77.41	151.93
d	Other non-current liabilities	-	-
	<b>Total Non - Current Liabilities</b>	<b>868.77</b>	<b>3,946.66</b>
3	<b>Current liabilities</b>		
a	Financial Liabilities		
i	Borrowings	23,112.40	11,094.27
ii	Trade payables	6,790.09	14,704.05
iii	Other financial liabilities	344.52	532.92
b	Other current liabilities	559.40	538.78
c	Provisions	1.48	2.93
d	Current Tax Liabilities (net)	1,656.54	1,648.94
	<b>Total Current Liabilities</b>	<b>32,464.44</b>	<b>28,521.88</b>
	<b>Total Equity and Liabilities</b>	<b>44,195.24</b>	<b>59,339.59</b>

For RCI Industries &amp; Technologies Ltd.

Managing Director



**STATEMENT OF CASH FLOWS**

	For the year ended	
	31.03.2020 (Audited)	31.03.2019 (Audited)
<b>A. Cash flow from Operating activities</b>		
<b>Profit/ (Loss) before tax</b>	(16,709.58)	4,565.13
Adjustments for:		
Depreciation	1,337.16	1,201.04
Finance Cost	1,590.38	2,404.83
Interest income	(365.66)	(103.18)
(Gain)/ Loss due to change in fair value of Investment	(1,077.46)	(17.22)
Actuarial Gain / (loss) on defined benefit plan	7.45	4.82
Other adjustment	(165.85)	(133.33)
Foreign currency translation differences	784.43	405.05
<b>Operating profit before working capital changes</b>	<b>(14,599.13)</b>	<b>8,327.14</b>
<b>Movements in working capital :</b>		
(Increase)/ Decrease in Inventories	6,790.28	(1,812.24)
(Increase)/Decrease in Trade Receivables	2,641.15	(1,193.27)
(Increase)/Decrease in Loans	255.00	395.72
(Increase)/Decrease in Other Financial asset	0.01	(76.07)
(Increase)/Decrease in Other asset	4,345.65	(3,357.79)
Increase/(Decrease) in Trade Payables	2,920.01	2,248.29
Increase/(Decrease) in Other Financial Liabilities	(188.40)	48.34
Increase/(Decrease) in Other current Liabilities	20.63	(18.00)
Increase/(Decrease) in Provisions	8.04	25.55
<b>Cash generated from operations</b>	<b>2,193.24</b>	<b>4,587.66</b>
Income tax Refund/ (paid) during the year	7.60	(64.77)
<b>Net cash from operating activities (A)</b>	<b>2,200.84</b>	<b>4,522.89</b>
<b>B. Cash flow from Investing activities</b>		
Purchase of Fixed assets	(549.06)	(5,129.46)
(Purchase)/Sale Of Current Investment	261.91	(200.00)
(Increase)/Decrease in investment in fixed deposit	1,058.63	310.86
Interest received	422.22	103.18
<b>Net cash from investing activities (B)</b>	<b>1,193.69</b>	<b>(4,915.42)</b>
<b>C. Cash flow from Financing activities</b>		
Increase / (Decrease) in borrowings	(1,828.69)	2,734.76
Finance cost paid	(1,590.38)	(2,404.83)
<b>Net cash from financing activities (C)</b>	<b>(3,419.07)</b>	<b>329.93</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>(24.53)</b>	<b>(62.59)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>204.58</b>	<b>267.17</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>180.05</b>	<b>204.58</b>

For RCI Industries & Technologies Ltd.

  
Managing Director



# K R A & C O .

## Chartered Accountants

☎ 011 - 47082855  
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H -1/208, Garg Tower, Netaji Subhash Place, Pitampura, New Delhi -110034

### INDEPENDENT AUDITOR'S REPORT ON AUDIT OF CONSOLIDATED ANNUAL FINANCIAL RESULTS

TO THE BOARD OF DIRECTORS OF RCI INDUSTRIES & TECHNOLOGIES LIMITED

#### Qualified Opinion

We have audited the accompanying consolidated quarterly and annual financial results of **RCI INDUSTRIES & TECHNOLOGIES LIMITED** ("the Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group") for the year ended March 31, 2020 ("Consolidated annual financial results") attached herewith, being submitted by the Holding 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, except for the effect of the matter described in the *Basis for Qualified Opinion* section of our report, the aforesaid consolidated quarterly and annual financial results

- a. Includes the annual financial results of the following entities;
  - i. RCI World Trade Link DMCC, Dubai
  - ii. RCI Skills & Development Private Limited
- b. are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
- c. 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 consolidated net loss and other financial information of the Group for the year ended March 31, 2020.

#### *Basis for Qualified Opinion*

- a) *Holding Company borrowings were declared as non performing asset (NPA) during the current year. Due to this, we have not been provided with any document confirming balances, as at March 31, 2020, for certain loans granted by financial institutions, BG Invocation liability towards banks, bill discounting liability towards banks, certain current accounts and fixed deposits held by the Holding Company. In the absence of such document we cannot comment on the accuracy and completeness of these balances. The amount of these borrowings, current account balances and fixed deposits as per financial statement as at March 31, 2020 is Rs. 47.51 crores, Rs. 3.51 Lacs and Rs. 73.64 Lacs respectively.*
- b) *The Holding Company has not recognized interest expenses in its financial statement on some of its outstanding borrowings. The total amount of such interest expenses is Rs. 10.46 crores approx. (This is an approximate amount without considering the penal interest provisions and the amount cannot be confirmed with bank levy of interest as many banks have stopped charging interest*



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in their statement and for certain borrowings confirmation of interest amount is not available). Accordingly, loss after tax and other comprehensive loss for current year ended March 31, 2020 is lower by Rs. 10.46 crores.

- c) As mentioned in Note no 6 of the financial results, Company has recognized melting losses amounting to Rs. 24.41 crores in the current year (recognized in the second quarter ended September 30, 2019). The amount includes losses for prior period amounting to Rs. 16.36 crores. This error arises because in earlier years the melting loss is booked based on approximate loss percentage due to continuous production process in plant. However, in the current year, Company has identified the actual melting loss pertaining to previous year and the same has been recognized as a prior period expense. As per Para 41 to 49 of Ind AS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", prior period errors needs to be recognized in the financial statements of prior years by restating the accounts. However, Company has not restated previous year financial statements and all the losses have been recognized in the current year. Accordingly, loss after tax and other comprehensive loss for current year ended March 31, 2020 is higher by Rs. 16.36 crores.
- d) As per Section 135 of the Companies Act 2013, Companies are required to spend a specified amount of its profit towards Corporate Social Responsibility (CSR). If the Companies are not able to spend such amount than the amount needs to be transferred to a specific fund/Bank Account created for this purposes. In relation to financial year 2019-20 Company was required to spend a total of Rs. 39.83 lacs towards CSR. However the amount was neither spent by the Company nor transferred to a specified fund/bank account. Accordingly, loss after tax and other comprehensive loss for current year ended March 31, 2020 is lower by Rs. 39.83 Lacs.

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 Consolidated Annual Financial Results section of our report. We are independent of the Group 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 obtained by us is sufficient and appropriate to provide a basis for our opinion.

#### **Emphasis of Matter**

1. As mentioned in Note no 3 of the financial result, Company has incurred heavy losses amounting to Rs. 158.43 crores during the year ended March 31, 2020 (Rs. 73.30 crores for quarter ended March 31, 2020). Further, the Company borrowings are being declared as Non performing asset (NPA) by the lenders due to non-payment of interest and borrowed amount on due dates. (Refer note 5 for details of NPA). Due to these factors there is significant erosion in net worth of the Holding Company. However, the current financial statements are being prepared on going concern basis as the net worth of the Holding Company as at March 31, 2020 is positive.
2. The Group inventory balance as at March 31, 2020, is Rs. 49.40 crores. The outbreak of COVID 19 pandemic in India led the Government of India impose a nationwide lockdown starting March 25, 2020. Due to closures of non essential offices and manufacturing units along with a severe restriction in movement of people, the physical verification of inventory balances was not carried out by us for March 31, 2020. The management of Holding Company were able to perform year end physical verification of inventories subsequent to the year-end only after the local movement restrictions were



lifted by the State Government. Consequently, we have performed alternate procedures to audit the existence of inventory as per the guidance issued by the Institute of Chartered Accountants of India.

Our opinion is not modified in respect of these matters

#### **Management's and Board of Directors' Responsibilities for the Consolidated Annual Financial Results**

These consolidated annual financial results have been prepared on the basis of the consolidated annual financial statements.

The Holding Company's Management and Board of Directors are responsible for the preparation of these consolidated annual financial results that give a true and fair view of the net loss and other financial information in accordance with the recognition and measurement principles laid down in Accounting Standard 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. The respective Management and Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of each 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 consolidated annual financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated annual financial results by the Management and the Directors of the Holding Company, as aforesaid.

In preparing the consolidated annual financial results, the Management and the respective Board of Directors of the Companies included in the Group are responsible for assessing the ability of each Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group is responsible for overseeing the financial reporting process of each company.

#### **Auditor's Responsibilities for the Audit of the Consolidated Annual Financial Results**

Our objectives are to obtain reasonable assurance about whether the consolidated annual 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 consolidated annual financial results.

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

- Identify and assess the risks of material misstatement of the consolidated annual 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, Under Section 143(3) (i) of the Companies Act 2013, we are also responsible for expressing our opinion through a separate report on the complete set of financial statements on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and 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.
- Evaluate the overall presentation, structure and content of the consolidated annual financial results, including the disclosures, and whether the financial results represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para (a) of the section titled 'Other Matters' in this audit report.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated annual financial results of which we are the independent auditors 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.



We also performed procedures in accordance with the circular no. CIR/CFD/CMD1/44/2019 issued by the SEBI under Regulation 33(8) of the Listing Regulations, as amended, to the extent applicable.

#### Other Matters

- a. The consolidated annual financial results include the unaudited financial results/financial information of one subsidiary, whose financial results/financial information reflects total assets (before consolidation adjustments) of Rs. 7751.18 Lacs as at March 31, 2020, total revenue (before consolidation adjustments) of Rs. 6817.14 Lacs, total net loss after tax (before consolidation adjustments) of Rs. (2386.54) Lacs and net cash outflow (before consolidation adjustments) of Rs. 25.70 Lacs for the year ended on that date, as considered in the consolidated annual financial results, which have not been audited by its auditor. The subsidiary financial statements have been consolidated based on its management certified accounts. According to the information and explanation given to us by the Management, the subsidiary have a accounting year-end which is different from March 31, 2020 and the accounts of the subsidiary were last audited for year ended December 31, 2019 and the transactions between December 31, 2019 and March 31, 2020 are not material to the group.

Our conclusion on the Statement is not modified in respect of the above matter

- b. The consolidated annual financial results includes the consolidated results for the quarter ended March 31, 2020 being the balancing figure between audited figures in respect of the full financial year and the published unaudited year to date figure up to nine months ended December 31, 2019, of the current financial year which was subject to limited review by us.

For KRA & Co.  
Chartered Accountants  
(Firm Registration No.020266N)



Rajat Goyal  
Partner  
Membership No.: 503150

Place: Delhi  
Date: August 31, 2020



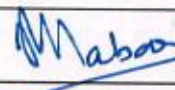
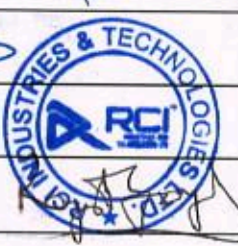




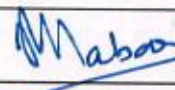
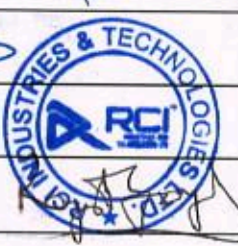



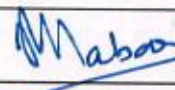
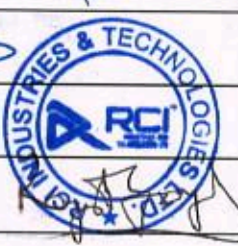



**Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with  
 Annual Audited Financial Results - Consolidated**

<b>Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2020</b>				
<b>[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]</b>				
<b>I.</b>	<b>Sl. No.</b>	<b>Particulars</b>	<b>Audited Figures (as reported before adjusting for qualifications) Rs. In Lakhs</b>	<b>Adjusted Figures (audited figures after adjusting for qualifications) Rs. In Lakhs</b>
	1.	Turnover / Total income	47,409.73	47,409.73
	2.	Total Expenditure	63,252.90	62,702.69
	3.	Total Comprehensive Income/(Loss)	(15,843.17)	(15,292.96)
	4.	Earnings Per Share	(106.12)	(97.55)
	5.	Total Assets	44,195.24	44,195.24
	6.	Total Liabilities	33,333.21	34,419.33
	7.	Net Worth	10,862.03	9,775.91
	8.	Any other financial item(s) (as felt appropriate by the management)		
<b>II.</b>	<b>Audit Qualification (each audit qualification separately):</b>			
1	a.	<b>Details of Audit Qualification:</b> Holding Company borrowings were declared as non performing asset (NPA) during the current year. Due to this, we have not been provided with any document confirming balances, as at March 31, 2020, for certain loans granted by financial institutions, BG Invocation liability towards banks, bill discounting liability towards banks, certain current accounts and fixed deposits held by the Company. In the absence of such document we cannot comment on the accuracy and completeness of these balances. The amount of these borrowings, current account balances and fixed deposits as per financial statement as at March 31, 2020 is Rs. 47.51 crores, Rs. 3.51 Lacs and Rs. 73.64 Lacs respectively.		
	b.	<b>Type of Audit Qualification :</b> Qualified Opinion / Disclaimer of Opinion / Adverse Opinion <i>Qualified Opinion</i>		
	c.	<b>Frequency of qualification:</b> Whether appeared first time / repetitive / since how long continuing <i>First Time</i>		
	d.	<b>For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:</b> <i>NA</i>		
	e.	<b>For Audit Qualification(s) where the impact is not quantified by the auditor:</b>		
	(i)	<b>Management's estimation on the impact of audit qualification:</b> The audit qualification is related to non availability of bank balance confirmation for certain loan, current account and Fixed deposit balances. As per management the amount as appearing in the financial statement is true and fair. Although Company has requested all lenders to provide the balance confirmation. However, due to account being declared as NPA, account balances cannot be confirmed by auditor for certain accounts and therefore they are unable to verify the accuracy and completeness for same. There is no financial impact on financial statement for the same.		

	(ii) If management is unable to estimate the impact, reasons for the same:
	(ii) Auditors' Comments on (i) or (ii) above: No further comments by auditor
2	<p>a. <b>Details of Audit Qualification:</b> The Holding Company has not recognized interest expenses in its financial statement on some of its outstanding borrowings. The total amount of such interest expenses is Rs. 10.46 crores approx. (This is an approximate amount without considering the penal interest provisions and the amount cannot be confirmed with bank levy of interest as many banks have stopped charging interest in their statement and for certain borrowings confirmation of interest amount is not available). Accordingly, loss after tax and other comprehensive loss for current year ended March 31, 2020 is lower by Rs. 10.46 crores.</p>
	b. <b>Type of Audit Qualification :</b> Qualified Opinion / Disclaimer of Opinion / Adverse Opinion <i>Qualified Opinion</i>
	c. <b>Frequency of qualification:</b> Whether appeared first time / repetitive / since how long continuing <i>First Time</i>
	d. <b>For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:</b> As the Company is in financial stress the Management is in communication with the respective lender for restructuring of its borrowings. Due to this reason interest has not been provided in books of accounts and the impact of relevant interest will be considered in books of accounts after the restructuring plan is approved by the lenders.
	e. <b>For Audit Qualification(s) where the impact is not quantified by the auditor:</b>
	(i) <b>Management's estimation on the impact of audit qualification:</b> NA
	(ii) <b>If management is unable to estimate the impact, reasons for the same:</b> NA
	(iii) <b>Auditors' Comments on (i) or (ii) above:</b> NA
3	<p>a. <b>Details of Audit Qualification:</b> As mentioned in Note no 6 of the financial results, Company has recognized melting losses amounting to Rs. 24.41 crores in the current year (recognized in the second quarter ended September 30, 2019). The amount includes losses for prior period amounting to Rs. 16.36 crores. This error arises because in earlier years the melting loss is booked based on approximate loss percentage due to continuous production process in plant. However, in the current year, Company has identified the actual melting loss pertaining to previous year and the same has been recognized as a prior period expense. As per Para 41 to 49 of Ind AS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", prior period errors needs to be recognized in the financial statements of prior years by restating the accounts. However, Company has not restated previous year financial statements and all the losses have been recognized in the current year. Accordingly, loss after tax and other comprehensive loss for current year ended March 31, 2020 is higher by Rs. 16.36 crores.</p>
	b. <b>Type of Audit Qualification :</b> Qualified Opinion / Disclaimer of Opinion / Adverse Opinion <i>Qualified Opinion</i>
	c. <b>Frequency of qualification:</b> Whether appeared first time / repetitive / since how long continuing <i>First Time</i>
	d. <b>For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:</b> There are procedural difficulties in revising previous year financial statement as per provision of Companies Act 2013. Due to ongoing financial stress on Company, the management wants to focus on reviving the Company and does not want to initiate additional time consuming compliance. Therefore the impacts of prior period items have been considered in the current year financial statement.
	e. <b>For Audit Qualification(s) where the impact is not quantified by the auditor:</b>
	(i) <b>Management's estimation on the impact of audit qualification:</b> NA
	(ii) <b>If management is unable to estimate the impact, reasons for the same:</b> NA
	(iii) <b>Auditors' Comments on (i) or (ii) above:</b> NA



4	<p><b>a. Details of Audit Qualification:</b> As per Section 135 of the Companies Act 2013, Companies are required to spend a specified amount of its profit towards Corporate Social Responsibility (CSR). If the Companies are not able to spend such amount than the amount needs to be transferred to a specific fund/Bank Account created for this purposes. In relation to financial year 2019-20 Company was required to spend a total of Rs. 39.83 lacs towards CSR. However the amount was neither spent by the Company nor transferred to a specified find/bank account. Accordingly, loss after tax and other comprehensive loss for current year ended March 31, 2020 is lower by Rs. 39.83 Laes.</p>									
	<p><b>b. Type of Audit Qualification :</b> Qualified Opinion / Disclaimer of Opinion / Adverse Opinion <i>Qualified Opinion</i></p>									
	<p><b>c. Frequency of qualification:</b> Whether appeared first time / repetitive / since how long continuing <i>First Time</i></p>									
	<p><b>d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:</b> Due to ongoing financial stress the Company is not in a position to transfer the resources for CSR activity. As a result the CSR expenditure has not been done for FY 2019-20. However, the Company has been compliant in the past for CSR expenditure and is endeavored to contribute towards CSR activities once the financial position of the Company is improved.</p>									
	<p><b>e. For Audit Qualification(s) where the impact is not quantified by the auditor:</b></p>									
	<p>(i) <b>Management's estimation on the impact of audit qualification:</b> NA</p>									
	<p>(ii) <b>If management is unable to estimate the impact, reasons for the same:</b> NA</p>									
	<p>(iii) <b>Auditors' Comments on (i) or (ii) above:</b> NA</p>									
III	<p><b>Signatories:</b></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;"><input type="checkbox"/> CEO/Managing Director</td> <td style="width: 30%; text-align: center;"></td> <td rowspan="4" style="width: 40%; text-align: center; vertical-align: middle;">  </td> </tr> <tr> <td><input type="checkbox"/> CFO</td> <td style="text-align: center;"></td> </tr> <tr> <td><input type="checkbox"/> Audit Committee Chairman</td> <td style="text-align: center;"></td> </tr> <tr> <td><input type="checkbox"/> Statutory Auditor</td> <td style="text-align: center;"></td> </tr> </table> <p style="text-align: right; margin-top: 10px;">  </p> <p>Place: New Delhi Date: August 31, 2020</p>	<input type="checkbox"/> CEO/Managing Director			<input type="checkbox"/> CFO		<input type="checkbox"/> Audit Committee Chairman		<input type="checkbox"/> Statutory Auditor	
<input type="checkbox"/> CEO/Managing Director										
<input type="checkbox"/> CFO										
<input type="checkbox"/> Audit Committee Chairman										
<input type="checkbox"/> Statutory Auditor										





**RCI INDUSTRIES & TECHNOLOGIES LTD.**

Office : B-97, All Heavens Building, Wazirpur Ring Road, Delhi - 110052

CIN: L74900DL1992PLC047055

Website: www.rciind.com Email: compliance@rciind.com Tel: 91-11-27372194 Fax: 91-11-27371334

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

(Amount in Rs. Lacs)

Sl. 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)	(Audited)
1	<b>Income</b>					
	a. Revenue from Operations	6,736.87	7,139.71	37,395.98	38,882.65	1,63,693.87
	b. Other Income	1,198.58	97.10	42.67	1,707.53	541.97
	<b>Total Income</b>	<b>7,935.45</b>	<b>7,236.82</b>	<b>37,438.65</b>	<b>40,590.18</b>	<b>1,64,235.84</b>
2	<b>Expenses</b>					
	a. Cost of Material Consumed	8,076.12	5,792.39	24,380.05	34,354.46	97,264.62
	b. Purchase of stock-in-trade	1,473.48	1,297.29	12,346.62	4,689.93	57,919.08
	c. Change in inventories of finished goods, work-in-progress an stock-in-trade	1,322.92	1,405.06	(1,582.83)	5,047.24	(771.14)
	d. Employee Benefits Expenses	194.79	224.51	421.09	983.86	1,253.57
	e. Finance Costs	48.09	536.99	740.39	1,587.05	2,400.36
	f. Depreciation and Amortisation Expenses	287.76	358.81	288.59	1,323.09	1,118.84
	g. Other Expenses	1,714.00	432.30	239.85	3,212.56	2,398.89
	<b>Total Expenses</b>	<b>13,117.15</b>	<b>10,047.35</b>	<b>36,833.77</b>	<b>51,198.18</b>	<b>1,61,584.22</b>
3	<b>Profit before tax, exceptional item and prior period items</b>	<b>(5,181.70)</b>	<b>(2,810.53)</b>	<b>604.88</b>	<b>(10,608.00)</b>	<b>2,651.62</b>
4	<b>Exceptional item</b>	<b>410.36</b>	-	-	<b>2,078.09</b>	-
5	<b>Prior period items (Refer Note 6 below)</b>	-	-	-	<b>1,636.32</b>	-
6	<b>Profit / (loss) before tax</b>	<b>(5,592.06)</b>	<b>(2,810.53)</b>	<b>604.88</b>	<b>(14,322.42)</b>	<b>2,651.62</b>
7	<b>Tax expense</b>					
	a. Current Tax	-	-	224.67	-	878.44
	b. Deferred Tax	(95.40)	(25.29)	48.87	(74.75)	20.11
8	<b>Total tax expense</b>	<b>(95.40)</b>	<b>(25.29)</b>	<b>273.54</b>	<b>(74.75)</b>	<b>898.55</b>
9	<b>Profit / (loss) after tax</b>	<b>(5,496.66)</b>	<b>(2,785.24)</b>	<b>331.34</b>	<b>(14,247.67)</b>	<b>1,753.07</b>
10	Other Comprehensive Income	3.83	1.21	1.79	7.45	4.82
11	<b>Total Comprehensive Income / (loss)</b>	<b>(5,492.83)</b>	<b>(2,784.04)</b>	<b>333.13</b>	<b>(14,240.22)</b>	<b>1,757.89</b>
12	<b>Paid-up Equity Share Capital (Face value of Rs.10 each)</b>	<b>1,567.64</b>	<b>1,567.64</b>	<b>1,343.64</b>	<b>1,567.64</b>	<b>1,343.64</b>
13	<b>Earnings Per Share (Face value of Rs. 10/-</b>					
	Basic (in Rs.) (not annualised)	(35.06)	(17.77)	2.47	(90.89)	13.05
	Diluted (in Rs.) (not annualised)	(35.06)	(17.77)	2.11	(90.89)	11.18

**Notes:-**

- The above financial results for the quarter and year ended March 31, 2020 have been reviewed by Audit committee and approved by the Board of Directors in their respective meetings held on August 31, 2020. The statutory auditor have expressed an qualified opinion on the aforesaid results. The detailed qualification and our comment on same has been annexed in a prescribed SEBI format along with these results.
- The Company activity during the year revolves around manufacturing and trading of all kind of metals and metal products. Considering the nature of Company's business and operations, as well as based on review of operating results by the chief operating decision maker to make decision about resource allocation and performance measurement, there is only one reportable segment in accordance with the requirement of Ind AS 108 - "Operating Segments"

**For RCI Industries & Technologies Ltd.**

**Managing Director**



- 3 Company has incurred heavy losses amounting to Rs. 142.40 crores during the year ended March 31, 2020 (Rs. 54.92 crores for quarter ended March 31, 2020). Further, the Company borrowings are being declared as Non performing asset (NPA) by the lenders due to non-payment of interest and borrowed amount on due dates. (Refer note 5 for details of NPA). Due to these factors there is a significant erosion in net worth of the Company. However, the current financial statements are being prepared on going concern basis as the net worth of the company is positive.
- 4 The financial result has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard (Ind AS ) prescribed under section 133 of the Companies Act 2013 read with the relevant rules issued there under and the other accounting principles generally accepted in India.
- 5 During the year ended March 31, 2020, All the lenders to Company has declared the account as non performing asset (NPA) due to non payment of interest due and borrowed amount.
- 6 The company's production process is such that there is an melting and processing loss which is recognized in raw material consumption. During the quarter ended September 30, 2019 Company has recognized melting losses amounting to RS. 24.41 crores. The amount includes losses for prior period amounting to Rs. 16.36 crores. The detailed note pertaining to this has been specified in the financial result for the quarter ended September 30, 2019.
- 7 Effective April 01, 2019, Company has adopted Ind AS 116 "Leases". The application of Ind AS 116 does not have any impact on the financial results of the Company.
- 8 Figures for the 3 months ended March 31, 2020 and March 31, 2019 are the balancing figure between audited figure for the year ended March 31, 2020, March 31, 2019 and the published figures for the 9 months ended December 31, 2019 and December 31, 2018 respectively which were subject to limited review.
- 9 Figures for the previous periods have been re-grouped/ rearranged/ restated wherever necessary to make them comparable with those of the current period.

Place: New Delhi  
Date: August 31, 2020

For RCI INDUSTRIES & TECHNOLOGIES LTD.

For RCI Industries & Technologies Ltd.



Managing Director

Rajeew Gupta  
Managing Director  
DIN - 00503196



## STATEMENT OF ASSETS AND LIABILITIES

		As at	
		31.03.2020 (Audited)	31.03.2019 (Audited)
<b>ASSETS</b>			
1	<b>Non-current assets</b>		
a	Property, plant and equipment	8,513.88	9,216.73
b	Intangible Assets	946.77	1,033.96
c	Capital work-in-progress	17.07	31.07
d	Intangible Assets under Development	-	-
e	Financial Assets		
i	Investments	1,652.38	467.22
ii	Loans	146.96	134.33
f	Other non-current assets	1,101.67	1,159.73
	<b>Total Non - Current Assets</b>	<b>12,378.74</b>	<b>12,043.03</b>
2	<b>Current assets</b>		
a	Inventories	4,940.88	11,839.87
b	Financial Assets		
i	Investments	-	261.91
ii	Trade receivables	16,870.66	21,032.91
iii	Cash and cash equivalents	137.85	132.23
iv	Other bank balances	73.92	1,132.55
v	Loans	174.77	236.15
vi	Other financial assets	92.48	149.01
c	Other current assets	2,240.98	3,939.96
	<b>Total Current Assets</b>	<b>24,531.54</b>	<b>38,724.62</b>
3	<b>Assets held for Sale</b>	-	-
	<b>Total Assets</b>	<b>36,910.28</b>	<b>50,767.66</b>
<b>EQUITY AND LIABILITIES</b>			
1	<b>Equity</b>		
a	Equity share capital	1,567.64	1,343.64
b	Instruments entirely equity innature (Compulsorily Convertible Debentures)	-	5,040.00
c	Other equity	2,511.56	11,935.79
	<b>Total equity</b>	<b>4,079.20</b>	<b>18,319.43</b>
<b>LIABILITIES</b>			
2	<b>Non-current liabilities</b>		
a	Financial Liabilities		
i	Borrowings	695.21	3,708.06
b	Provisions	96.16	86.67
c	Deferred tax liabilities (net)	77.41	152.15
d	Other non-current liabilities	-	-
	<b>Total Non - Current Liabilities</b>	<b>868.77</b>	<b>3,946.88</b>
3	<b>Current liabilities</b>		
a	Financial Liabilities		
i	Borrowings	23,112.40	11,094.27
ii	Trade payables	6,295.15	14,700.28
iii	Other financial liabilities	337.33	508.29
b	Other current liabilities	559.40	538.57
c	Provisions	1.48	2.93
d	Current Tax Liabilities (net)	1,656.54	1,657.02
	<b>Total Current Liabilities</b>	<b>31,962.30</b>	<b>28,501.35</b>
	<b>Total Equity and Liabilities</b>	<b>36,910.28</b>	<b>50,767.66</b>

For RCI Industries &amp; Technologies Ltd.

Managing Director



## STATEMENT OF CASH FLOWS

	For the year ended	
	31.03.2020	31.03.2019
	(Audited)	(Audited)
<b>A. Cash flow from Operating activities</b>		
<b>Profit/ (Loss) before tax</b>	(14,322.42)	2,651.62
Adjustments for:		
Depreciation	1,323.09	1,118.84
Finance Cost	1,587.05	2,400.36
Dividend income	-	(165.87)
Interest income	(365.26)	(103.18)
(Gain)/ Loss due to change in fair value of Investment	(1,077.46)	(17.22)
Actuarial Gain / (loss) on defined benefit plan	7.45	4.82
Other adjustment	-	-
<b>Operating profit before working capital changes</b>	<b>(12,847.56)</b>	<b>5,889.36</b>
<b>Movements in working capital :</b>		
(Increase)/ Decrease in Inventories	6,790.28	(1,812.24)
(Increase)/Decrease in Trade Receivables	4,162.25	(1,291.22)
(Increase)/Decrease in Loans	48.75	253.28
(Increase)/Decrease in Other Financial asset	0.01	(25.66)
(Increase)/Decrease in Other asset	1,757.04	(1,034.23)
Increase/(Decrease) in Trade Payables	2,428.84	2,249.54
Increase/(Decrease) in Other Financial Liabilities	(170.96)	50.87
Increase/(Decrease) in Other current Liabilities	20.83	108.63
Increase/(Decrease) in Provisions	8.04	25.55
Cash generated from operations	<b>2,197.53</b>	<b>4,413.87</b>
Income tax Refund/ (paid) during the year	(0.48)	(62.58)
<b>Net cash from operating activities (A)</b>	<b>2,197.05</b>	<b>4,351.29</b>
<b>B. Cash flow from Investing activities</b>		
Purchase of Fixed assets	(519.06)	(4,880.87)
(Purchase)/Sale Of Current Investment	262.91	(200.00)
(Increase)/Decrease in investment in fixed deposit	1,058.63	310.86
Interest received	421.82	52.77
Dividend Received	-	165.87
	-	-
<b>Net cash from investing activities (B)</b>	<b>1,224.30</b>	<b>(4,551.37)</b>
<b>C. Cash flow from Financing activities</b>		
Increase / (Decrease) in borrowings	(1,828.69)	2,734.76
Finance cost paid	(1,587.05)	(2,400.36)
Dividend Paid including corporate dividend tax	-	(133.33)
<b>Net cash from financing activities (C)</b>	<b>(3,415.74)</b>	<b>201.07</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>5.62</b>	<b>0.99</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>132.23</b>	<b>131.24</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>137.85</b>	<b>132.23</b>

For RCI Industries &amp; Technologies Ltd.


  
Managing Director





H -1/208, Garg Tower, Netaji Subhash Place, Pitampura, New Delhi -110034

INDEPENDENT AUDITOR'S REPORT ON AUDIT OF ANNUAL STANDALONE FINANCIAL RESULTS

TO THE BOARD OF DIRECTORS OF RCI INDUSTRIES & TECHNOLOGIES LIMITED

**Qualified Opinion**

We have audited the accompanying standalone quarterly and annual financial results of **RCI INDUSTRIES & TECHNOLOGIES LIMITED** ("the company") for the quarter and year ended March 31, 2020 ("Standalone annual financial results") 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, except for the effect of the matter described in the *Basis for Qualified Opinion* section of our report, the aforesaid standalone quarterly and annual financial results:

- a. are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
- b. give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable Indian Accounting Standards and other accounting principles generally accepted in India of the net loss and other comprehensive loss and other financial information for the quarter and year ended March 31, 2020.

***Basis for Qualified Opinion***

- a) *Company borrowings were declared as non performing asset (NPA) during the current year. Due to this, we have not been provided with any document confirming balances, as at March 31, 2020, for certain loans granted by financial institutions, BG Invocation liability towards banks, bill discounting liability towards banks, certain current accounts and fixed deposits held by the Company. In the absence of such document we cannot comment on the accuracy and completeness of these balances. The amount of these borrowings, current account balances and fixed deposits as per financial statement as at March 31, 2020 is Rs. 47.51 crores, Rs. 3.51 Lacs and Rs. 73.64 Lacs respectively.*
- b) *The Company has not recognized interest expenses in its financial statement on some of its outstanding borrowings. The total amount of such interest expenses is Rs. 10.46 crores approx. (This is an approximate amount without considering the penal interest provisions and the amount cannot be confirmed with bank levy of interest as many banks have stopped charging interest in their statement and for certain borrowings confirmation of interest amount is not available). Accordingly, loss after tax and other comprehensive loss for current year ended March 31, 2020 is lower by Rs. 10.46 crores.*





- c) *As mentioned in Note no 6 of the financial results, Company has recognized melting losses amounting to Rs. 24.41 crores in the current year (recognized in the second quarter ended September 30, 2019). The amount includes losses for prior period amounting to Rs. 16.36 crores. This error arises because in earlier years the melting loss is booked based on approximate loss percentage due to continuous production process in plant. However, in the current year, Company has identified the actual melting loss pertaining to previous year and the same has been recognized as a prior period expense. As per Para 41 to 49 of Ind AS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", prior period errors needs to be recognized in the financial statements of prior years by restating the accounts. However, Company has not restated previous year financial statements and all the losses have been recognized in the current year. Accordingly, loss after tax and other comprehensive loss for current year ended March 31, 2020 is higher by Rs. 16.36 crores.*
- d) *As per Section 135 of the Companies Act 2013, Companies are required to spend a specified amount of its profit towards Corporate Social Responsibility (CSR). If the Companies are not able to spend such amount than the amount needs to be transferred to a specific fund/Bank Account created for this purposes. In relation to financial year 2019-20 Company was required to spend a total of Rs. 39.83 lacs towards CSR. However the amount was neither spent by the Company nor transferred to a specified fund/bank account. Accordingly, loss after tax and other comprehensive loss for current year ended March 31, 2020 is lower by Rs. 39.83 Lacs.*

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 Annual 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 qualified opinion.

#### **Emphasis of Matter**

1. As mentioned in Note no 3 of the financial result, Company has incurred heavy losses amounting to Rs. 142.40 crores during the year ended March 31, 2020 (Rs. 54.92 crores for quarter ended March 31, 2020). Further, the Company borrowings are being declared as Non performing asset (NPA) by the lenders due to non-payment of interest and borrowed amount on due dates. (Refer note 5 for details of NPA). Due to these factors there is significant erosion in net worth of the Company. However, the current financial statements are being prepared on going concern basis as the net worth of the company as at March 31, 2020 is positive.
2. The Company inventory balance as at March 31, 2020, is Rs. 49.40 crores. The outbreak of COVID 19 pandemic in India led the Government of India impose a nationwide lockdown starting March 25, 2020. Due to closures of non essential offices and manufacturing units along with a severe restriction in movement of people, the physical verification of inventory balances was not carried out by us for March 31, 2020. The management was able to perform year end physical verification of inventories subsequent to the year-end only after the local movement restrictions were lifted by the State Government. Consequently, we have performed alternate procedures to audit the existence of inventory as per the guidance issued by the Institute of Chartered Accountants of India.

Our opinion is not modified in respect of these matters.



## **Management's and Board of Directors' Responsibilities for the Standalone Annual Financial Results**

These standalone annual financial results have been prepared on the basis of the standalone annual financial statements.

The Company's Management and Board of Directors are responsible for the preparation of these standalone annual financial results that give a true and fair view of the net loss and other comprehensive losses and other financial information in accordance with the recognition and measurement principles laid down in Accounting Standard 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 annual 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 annual financial results, the Management and 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 is also responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Standalone Annual Financial Results**

Our objectives are to obtain reasonable assurance about whether the standalone annual 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 annual financial results.

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

- Identify and assess the risks of material misstatement of the standalone annual 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, Under Section 143(3) (i) of the Companies Act 2013, we are also responsible for expressing our opinion through a separate report on the complete set of financial statements on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.





- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and 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.
- Evaluate the overall presentation, structure and content of the standalone annual 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.

#### **Other Matters**

The standalone annual financial results includes the results for the quarter ended March 31, 2020 being the balancing figure between audited figures in respect of the full financial year and the published unaudited year to date figure up to the nine months ended December 31, 2019, of the current financial year which was subject to limited review by us.

**For KRA & Co.**  
**Chartered Accountants**  
**(Firm Registration No.020266N)**



**Rajat Goyal**  
**Partner**  
**Membership No.: 503150**

**Place: Delhi**  
**Date: August 31, 2020.**


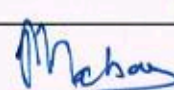
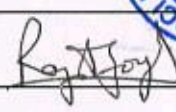
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**Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results - Standalone**

<b>Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2020</b>				
<b>[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]</b>				
I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications) Rs. In Lakhs	Adjusted Figures (audited figures after adjusting for qualifications) Rs. In Lakhs
	1.	Turnover / Total income	40,590.18	40,590.18
	2.	Total Expenditure	54,830.40	54,280.20
	3.	Total Comprehensive Income/(Loss)	(14,240.22)	(13,690.02)
	4.	Earnings Per Share	(90.89)	(87.33)
	5.	Total Assets	36,910.28	36,910.28
	6.	Total Liabilities	32,831.07	33,917.19
	7.	Net Worth	4,079.20	2,993.09
	8.	Any other financial item(s) (as felt appropriate by the management)	-	-
<b>II.</b>	<b>Audit Qualification (each audit qualification separately):</b>			
1	<b>a. Details of Audit Qualification:</b> Company borrowings were declared as non performing asset (NPA) during the current year. Due to this, we have not been provided with any document confirming balances, as at March 31, 2020, for certain loans granted by financial institutions, BG Invocation liability towards banks, bill discounting liability towards banks, certain current accounts and fixed deposits held by the Company. In the absence of such document we cannot comment on the accuracy and completeness of these balances. The amount of these borrowings, current account balances and fixed deposits as per financial statement as at March 31, 2020 is Rs. 47.51 crores, Rs. 3.51 Lacs and Rs. 73.64 Lacs respectively.			
	<b>b. Type of Audit Qualification :</b> Qualified Opinion / Disclaimer of Opinion / Adverse Opinion <i>Qualified Opinion</i>			
	<b>c. Frequency of qualification:</b> Whether appeared first time / repetitive / since how long continuing <i>First Time</i>			
	<b>d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:</b> N.A			
	<b>c. For Audit Qualification(s) where the impact is not quantified by the auditor:</b>			
	(i) <b>Management's estimation on the impact of audit qualification:</b> The audit qualification is related to non availability of bank balance confirmation for certain loan, current account and Fixed deposit balances. As per management the amount as appearing in the financial statement is true and fair. Although Company has requested all lenders to provide the balance confirmation. However, due to account being declared as NPA, account balances cannot be confirmed by auditor for certain accounts and therefore they are unable to verify the accuracy and completeness for same. There is no financial impact on financial statement for the same.			



	(ii) <b>If management is unable to estimate the impact, reasons for the same:</b>
	(ii) <b>Auditors' Comments on (i) or (ii) above:</b> No further comments by auditor
2	a. <b>Details of Audit Qualification:</b> The Company has not recognized interest expenses in its financial statement on some of its outstanding borrowings. The total amount of such interest expenses is Rs. 10.46 crores approx. (This is an approximate amount without considering the penal interest provisions and the amount cannot be confirmed with bank levy of interest as many banks have stopped charging interest in their statement and for certain borrowings confirmation of interest amount is not available). Accordingly, loss after tax and other comprehensive loss for current year ended March 31, 2020 is lower by Rs. 10.46 crores.
	b. <b>Type of Audit Qualification :</b> Qualified Opinion / Disclaimer of Opinion / Adverse Opinion <b>Qualified Opinion</b>
	c. <b>Frequency of qualification:</b> Whether appeared first time / repetitive / since how long continuing <b>First Time</b>
	d. <b>For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:</b> As the Company is in financial stress the Management is in communication with the respective lender for restructuring of its borrowings. Due to this reason interest has not been provided in books of accounts and the impact of relevant interest will be considered in books of accounts after the restructuring plan is approved by the lenders.
	e. <b>For Audit Qualification(s) where the impact is not quantified by the auditor:</b>
	(i) <b>Management's estimation on the impact of audit qualification:</b> NA
	(ii) <b>If management is unable to estimate the impact, reasons for the same:</b> NA
	(iii) <b>Auditors' Comments on (i) or (ii) above:</b> NA
3	a. <b>Details of Audit Qualification:</b> As mentioned in Note no 6 of the financial results, Company has recognized melting losses amounting to Rs. 24.41 crores in the current year (recognized in the second quarter ended September 30, 2019). The amount includes losses for prior period amounting to Rs. 16.36 crores. This error arises because in earlier years the melting loss is booked based on approximate loss percentage due to continuous production process in plant. However, in the current year, Company has identified the actual melting loss pertaining to previous year and the same has been recognized as a prior period expense. As per Para 41 to 49 of Ind AS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", prior period errors needs to be recognized in the financial statements of prior years by restating the accounts. However, Company has not restated previous year financial statements and all the losses have been recognized in the current year. Accordingly, loss after tax and other comprehensive loss for current year ended March 31, 2020 is higher by Rs. 16.36 crores.
	b. <b>Type of Audit Qualification :</b> Qualified Opinion / Disclaimer of Opinion / Adverse Opinion <b>Qualified Opinion</b>
	c. <b>Frequency of qualification:</b> Whether appeared first time / repetitive / since how long continuing <b>First Time</b>
	d. <b>For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:</b> There are procedural difficulties in revising previous year financial statement as per provision of Companies Act 2013. Due to ongoing financial stress on Company, the management wants to focus on reviving the Company and does not want to initiate additional time consuming compliance. Therefore the impacts of prior period items have been considered in the current year financial statement.
	e. <b>For Audit Qualification(s) where the impact is not quantified by the auditor:</b>
	(i) <b>Management's estimation on the impact of audit qualification:</b> NA
	(ii) <b>If management is unable to estimate the impact, reasons for the same:</b> NA
	(iii) <b>Auditors' Comments on (i) or (ii) above:</b> NA
4	a. <b>Details of Audit Qualification:</b>

	As per Section 135 of the Companies Act 2013, Companies are required to spend a specified amount of its profit towards Corporate Social Responsibility (CSR). If the Companies are not able to spend such amount than the amount needs to be transferred to a specific fund/Bank Account created for this purposes. In relation to financial year 2019-20 Company was required to spend a total of Rs. 39.83 lacs towards CSR. However the amount was neither spent by the Company nor transferred to a specified fund/bank account. Accordingly, loss after tax and other comprehensive loss for current year ended March 31, 2020 is lower by Rs. 39.83 Lacs.
	b. <b>Type of Audit Qualification</b> : Qualified Opinion / Disclaimer of Opinion / Adverse Opinion Qualified Opinion
	c. <b>Frequency of qualification</b> : Whether appeared first time / repetitive / since how long continuing First Time
	d. <b>For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views</b> : Due to ongoing financial stress the Company is not in a position to transfer the resources for CSR activity. As a result the CSR expenditure has not been done for FY 2019-20. However, the Company has been compliant in the past for CSR expenditure and is endeavored to contribute towards CSR activities once the financial position of the Company is improved.
	e. <b>For Audit Qualification(s) where the impact is not quantified by the auditor:</b>
	(i) <b>Management's estimation on the impact of audit qualification:</b> NA
	(ii) <b>If management is unable to estimate the impact, reasons for the same:</b> NA
	(iii) <b>Auditors' Comments on (i) or (ii) above:</b> NA
III	<p><b>Signatories:</b></p> <p>CEO/Managing Director </p> <p>CFO </p> <p>Audit Committee Chairman</p> <p>Statutory Auditor </p> <p>Place: New Delhi</p> <p>Date: August 31, 2020</p> 