

## CHARTERED ACCOUNTANTS

60, BENTINCK STREET, 4TH FLOOR

KOLKATA - 700 069

### INDEPENDENT AUDITOR'S REPORT

TO

THE BOARD OF DIRECTORS OF

ANKIT METAL AND POWER LIMITED

#### Report on the Audit of Financial Results

#### Qualified Opinion

1. We have audited the Annual Financial results of **M/s. Ankit Metal and Power Limited** (hereinafter referred to as the 'Company') for the year ended March 31, 2021 and the statement of assets and liabilities and the statement of cash flows as at and for the year ended on that date, attached herewith, being submitted by the Company pursuant to the requirement of Regulations 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ('Listing Regulations').
2. In our opinion and to the best of our information and according to the explanation given to us, *except for the possible effect of the matter described in the basis for qualified opinion section of our report* the aforesaid financial results:
  - (i) are presented in accordance with the requirements of Regulations 33 and 52 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 prescribed under Section 133 of the Companies Act, 2013 (the "Act") and other accounting principles generally accepted in India, of net loss and other comprehensive loss and other financial information of the Company for the year ended March 31, 2021 and the statement of assets and liabilities and the statement of cash flows as at and for the year ended on that date.



**Basis of Qualified Opinion**

*We draw your attention to Note No.3 of the accompanying Financial Statements regarding non provision of interest expense on the borrowings of the Company amounting to Rs.3,395.60 Lakhs for the quarter ended 31st March, 2021 and Rs. 12,809.67 Lakhs for the year ended 31st March, 2021 (cumulative non-provisioning of Rs. 65,818.98 Lakhs till 31st March, 2021) and penal interest and charges thereof (amount remaining unascertained) which is not in accordance with the requirements of Ind AS 23: Borrowing Costs read with Ind AS 109: Financial Instruments.*

*Had the aforesaid interest expense been recognized, the finance cost for the quarter ended 31st March, 2021 would have been Rs. 3,580.46 Lakhs instead of Rs. 184.86 Lakhs and the finance cost for the year ended 31st March, 2021 would have been Rs. 14,674.34 Lakhs instead of reported amount of Rs. 1,864.67 Lakhs. The total expenses for the quarter and year ended 31st March, 2021 would have been Rs. 25,618.00 Lakhs and Rs. 62,171.89 Lakhs instead of Rs.22,222.40 Lakhs and Rs. 49,362.22 Lakhs respectively. The Net Loss after tax for the quarter and year ended 31st March, 2021 would have been Rs. 4,718.97 Lakhs and Rs. 20,380.21 Lakhs instead of reported amount of Rs. 1,323.36 Lakhs and Rs. 7,570.54 Lakhs respectively. Total comprehensive Loss for the quarter and year ended 31st March, 2021 would have been Rs.4,714.52 Lakhs and Rs. 20,355.68 Lakhs instead of reported amount of Rs. 1,318.92 Lakhs and Rs. 7,546.01 Lakhs respectively. Other equity as on 31st March, 2021 would have been Rs. (1,53,348.91) Lakhs instead of reported amount of Rs. (87,529.93) Lakhs and Other Current Financial Liability as on 31st March, 2021 would have been Rs. 1,44,384.56 Lakhs instead of reported amount of Rs. 78,565.58 Lakhs.*

*The above reported interest has been calculated using Simple Interest rate.*

We conducted our audit of the Financial Results in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the 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 (ICAI) together with the independence requirements that are relevant to our audit of the Financial Results under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Financial Results.



**Material Uncertainty Related to Going Concern**

We draw your attention to **Note No. 4** of the financial results regarding preparation of the financial statements on going concern basis, for the reason mentioned therein. The company has accumulated losses during the quarter and year ended 31<sup>st</sup> March, 2021. As on date the company's current liabilities are substantially higher than its current assets and net worth has also been fully eroded. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the company's ability to continue as going concern. The appropriateness of assumption of going concern is critically dependent upon market scenario, the debt resolution of the company, the company's ability to raise requisite finance, generation of cash flows in future to meet its obligation and to earn profit in future. Our opinion is not modified in respect of this matter.

**Emphasis of Matter**

- i. We draw your attention to **Note No. 2** to the financial result which explains the uncertainties and the management's assessment of the financial impact due to the lock-downs and other restrictions and conditions related to the COVID-19 pandemic situation, for which a definitive assessment of the impact in the subsequent period is highly dependent upon circumstances as they evolve.
- ii. As referred in **Note No. 5** of the Financial Results, certain balances of "Trade Receivables", "Trade payables", "Borrowings", "Advances from Customer", "Advances Recoverable In Cash or Kind" and "Advance to Suppliers and Other Parties" etc includes balances remaining outstanding for a substantial period. The balances are subject to confirmation/reconciliation. The reported Financials might have consequential impact which remains unascertained.
- iii. Substantial amount of statutory dues amounting to **Rs. 648.13 Lakhs** has become overdue and remain unpaid. Interest, penalty if any in respect of the same has remained unascertained and unaccounted for

Our opinion is not modified in respect of this matter.





**Responsibility of the Management for the Financial Results**

These quarterly financial results as well as the year to date financial results have been prepared on the basis of the 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 loss and other comprehensive loss and other financial information in accordance with the accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error. In preparing the 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 Financial Results**

Our objectives are to obtain reasonable assurance about whether the 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 Financial Results.

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



- Identify and assess the risks of the material misstatement of the Financial Result, 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's 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 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.



Statement of Financial Results for the quarter and year ended 31st March, 2021

(₹ in Lacs except EPS)

Sl. No.	Particulars	Quarter Ended			Year Ended	
		31st March, 2021	31st December, 2020	31st March, 2020	31st March, 2021	31st March, 2020
		(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)
1	Income from Operations					
	(a) Revenue from Operations	14,286.40	6,122.73	15,078.06	34,481.53	53,465.11
	(b) Other Operating Revenue	6,612.62	476.09	101.60	2,304.89	1,362.59
	Total Revenue from Operations (a+b)	20,899.02	6,598.82	15,179.66	41,786.50	54,827.70
	(c) Other Income	0.02	1.72	1.72	3.18	6.11
	Total Revenue(a+b+c)	20,899.04	6,600.54	15,181.38	41,791.68	54,833.81
2	Expenses					
	(a) Cost of materials consumed	19,261.78	13,309.73	6,888.66	18,872.83	31,247.54
	(b) Purchase of Stock in Trade	1,098.50	626.07	1,259.50	3,253.01	1,784.35
	(c) Changes in inventories of finished goods and work-in-progress	(1,248.07)	(9,774.63)	3,343.90	(19,284.26)	2,472.70
	(d) Employee Benefits Expense	335.17	329.08	143.70	977.40	2,063.01
	(e) Finance Cost	181.86	345.04	4,174.86	1,864.67	4,423.16
	(f) Depreciation and Amortisation Expenses	1,900.01	903.20	1,290.53	4,131.03	5,113.38
	(g) Power	639.01	892.48	651.77	2,463.35	1,905.46
	(h) Other Expenses	2,148.14	1,992.80	340.69	6,784.64	5,338.71
	Total Expenses	22,222.40	8,623.77	18,793.61	49,362.22	62,338.27
3	Profit/(Loss) before exceptional items and Tax (1-2)	(1,323.36)	(2,023.23)	(3,612.23)	(7,570.54)	(7,504.46)
4	Exceptional items	-	-	-	-	-
5	Profit/(Loss) before Tax (3-4)	(1,323.36)	(2,023.23)	(3,612.23)	(7,570.54)	(7,504.46)
6	Tax Expenses	-	-	-	-	-
7	Profit/(Loss) for the period/year (5-6)	(1,323.36)	(2,023.23)	(3,612.23)	(7,570.54)	(7,504.46)
8	Other Comprehensive Income/(Loss) (net of tax)					
	(A) (i) Items that will not be reclassified to Profit or Loss	4.44	5.51	(72.72)	24.53	(76.27)
	(ii) Income tax relating to items that will not be reclassified to Profit or Loss	-	-	-	-	-
	(B) (i) Items that will be reclassified to Profit or Loss	-	-	-	-	-
	(ii) Income tax relating to items that will be reclassified to Profit or Loss	-	-	-	-	-
9	Total Comprehensive Income/(Loss) for the period/year (7+8)	(1,318.92)	(2,017.72)	(3,684.95)	(7,546.01)	(7,580.73)
10	Paid-up equity share capital (Face value of ₹ 10/- each)	14,111.05	14,111.05	14,111.05	14,111.05	14,111.05
11	Earnings Per Share (Face value of ₹ 10/- each)					
	(a) Basic (₹)	(0.94)	(1.43)	(2.56)	(5.36)	(5.32)
	(b) Diluted (₹)	(0.94)	(1.43)	(2.56)	(5.36)	(5.32)





## Statement of Financial Results for the quarter and year ended 31st March, 2021

### NOTES:

- 1) The above results for the quarter and year ended 31st March, 2021 have been prepared in accordance with Indian Accounting Standard (Ind AS) notified under section 133 of the Companies Act, 2013 read together with the Companies (Indian Accounting Standards) Rules, 2015 and have been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on 30th June, 2021.
- 2) The COVID-19 pandemic has adversely impacted the economy and business. Supply Chain disruptions in India as a result of the outbreak started with restrictions on movement of goods, closure of borders etc., in several states followed by a nationwide lockdown to curb the spread of COVID-19. Due to this, the manufacturing operations of the Company along with supply and distribution got temporarily disrupted. In light of these circumstances, the management has evaluated the impact on the carrying amounts and recoverability of its assets including financial assets, inventory, property plant and equipment, intangibles etc. as at the balance sheet date, and has concluded that there are no material adjustments required in the financial statements. Management believes that it has taken into account all the possible impact of known events arising from COVID-19 pandemic in the preparation of the financial statements upto the date of approval of accounts. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration. The Company will continue to monitor any material changes to future economic conditions.
- 3) The lenders have stopped charging interest on debts, since the dues from the Company have been categorized as Non-Performing Asset. The Company is in active discussion/negotiation with it lenders to restructure its debt at a sustainable level. In view of the above, pending finalization of the restructuring plan, the Company has not provided accrued interest in its books during the year and reversed interest provided in earlier period pertaining to the period the account was declared NPA by the respective lenders. The amount of interest has been recognized in the books of accounts to the extent amount charged/realized by the banks only. The amount of interest not so provided stands at ₹ 3,395.60 Lacs for the quarter and ₹ 12,809.67 Lacs for the year ended 31st March, 2021 and penal interest and charges thereof (amount remaining uncertain). The unprovided accumulated liability in respect of interest on long term and short term borrowings as on 31st March, 2021 amounted to ₹ 65,818.98 Lacs. The same have consequential impact on the reported figures.
- 4) The Company has incurred loss of ₹ 1,318.92 Lacs for quarter ended 31st March, 2021. The accumulated loss as on 31st March, 2021 is ₹ 3,18,050 Lacs which is in excess of the entire net worth of the Company. With the substantial improvement in raw material availability, improvement in market scenario with notification of Minimum Import Price on steel, it is expected that the overall financial health would improve considerably. Considering the above developments and favourable impact thereof on the Company's operations and financials, the Company has prepared the financial results on the basis of 'Going Concern' assumption.
- 5) In the opinion of the management, current and non-current assets have a value of realization in the ordinary course of business at least equal to the amount at which they are stated in the accounts. Certain balances of "Trade Receivables", "Trade payables", "Borrowings", "Advances from Customers", "Advances Recoverable in Cash or Kind" and "Advance to Suppliers and Other Parties" includes balances remaining outstanding for a substantial period. The balances are subject to confirmations and reconciliations. The balance with revenue authorities are subject to final assessment order and/or submission of returns. The reported financials might have consequential impact once the confirmations are received and reconciliation if any is made.
- 6) Various credit facilities availed from SB, Allahabad Bank, IOB, IDBI and UBI have been assigned by the respective banks in favour of Asset Reconstruction Companies under various assignment agreements between the respective banks and Asset Reconstruction Companies. In absence of information about the terms of assignments, the Company is carrying the various credit facilities as appearing in the books as per the previous terms with the respective banks. The Company already exited from the CUR mechanism, hence all the long term borrowings except borrowings assigned to Asset Reconstruction Companies have been treated as current maturities.
- 7) Other Operating Revenue includes Net of Liabilities no longer required amounting to ₹ 6,265.68 Lacs written back during the financial year 2020-21.
- 8) The Company operates in one reportable segment only viz Iron & Steel. However, the Company also generates power which is entirely used for captive consumption. Hence, Segment Reporting is not applicable.
- 9) Figures for the quarter ended 31st March, 2021 and 31st March, 2020 are balancing figures between the audited figures of the full financial year and the reviewed year to date figures upto the third quarter of the respective financial years.
- 10) Figures for the previous period/year have been regrouped and /or reclassified to conform to the classification of current period/year wherever necessary.



On behalf of the Board of Directors

*Subham Bhagat*

Subham Bhagat  
(Chairman cum Managing Director)

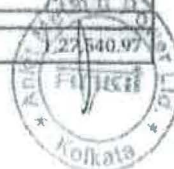
Place: Kolkata  
Date: 30th June, 2021

# ANKIT METAL & POWER LIMITED

Balance Sheet as at 31st March, 2021

(₹ in Lacs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, Plant & Equipment	50,388.90	54,819.95
<b>Financial Assets</b>		
(i) Investments	12.19	12.19
(ii) Other Non-Current Financial Assets	86.53	256.39
Other Non-Current Assets	7.45	7.45
<b>Total Non-Current Assets</b>	<b>50,495.07</b>	<b>55,095.98</b>
<b>Current Assets</b>		
Inventories	56,992.21	53,137.67
<b>Financial Assets</b>		
(i) Trade Receivables	5,133.39	11,165.64
(ii) Cash & Cash Equivalents	87.47	59.94
(iii) Other Bank Balances (other than (ii))	3.30	2.17
(iv) Other Current Financial Assets	569.88	569.88
Current Tax Assets (Net)	292.04	274.58
Other Current Assets	8,074.58	7,235.11
<b>Total Current Assets</b>	<b>71,152.87</b>	<b>72,444.99</b>
<b>Total Assets</b>	<b>1,21,647.94</b>	<b>1,27,540.97</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Equity Share Capital	14,111.05	14,111.05
Other Equity	(87,529.93)	(79,983.92)
<b>Total Equity</b>	<b>(73,418.88)</b>	<b>(65,872.87)</b>
<b>Liabilities</b>		
<b>Non-Current Liabilities</b>		
<b>Financial Liabilities</b>		
(i) Long-Term Borrowings	17,651.84	27,621.57
Deferred Tax Liabilities/(Assets)		
<b>Total Non-Current Liabilities</b>	<b>17,651.84</b>	<b>27,621.57</b>
<b>Current Liabilities</b>		
<b>Financial Liabilities</b>		
(i) Short-Term Borrowings	37,613.79	40,219.96
(ii) Trade Payables		
- Total Outstanding dues of micro enterprises and small enterprises	15.92	15.92
- Total Outstanding dues of creditors other than micro enterprises and small enterprises	46,998.29	49,519.70
(iii) Other Financial Liabilities	78,565.58	66,641.60
Other Current Liabilities	12,619.78	7,362.16
Provisions	1,601.62	2,032.93
<b>Total Current Liabilities</b>	<b>1,77,414.98</b>	<b>1,65,792.27</b>
<b>Total Liabilities</b>	<b>1,95,066.82</b>	<b>1,93,413.84</b>
<b>Total Equity and Liabilities</b>	<b>1,21,647.94</b>	<b>1,27,540.97</b>





# ANKIT METAL & POWER LIMITED

## Cash Flow Statement for the year ended 31st March, 2021

(₹ in Lacs)

Particulars	Year ended 31st March, 2021		Year ended 31st March, 2020	
<b>(A) Cash Flows from Operating Activities</b>				
Profit for the year		(2,570.54)		(7,501.46)
Adjustments for:				
Depreciation	4,431.05		5,113.38	
Interest Income	(5.18)		(6.11)	
Finance Cost	1,864.67		4,423.16	
Provision/(reversal) for supplement payments on retirement	24.53		(76.27)	
Exchange Fluctuation Loss/(Gain)	(76.89)	(6,298.18)	83.01	4,535.17
<b>Operating Profit before Working Capital Changes</b>		(1,272.36)		2,030.71
Adjustments for:				
(Increase)/Decrease in Trade Receivables	6,032.25		3,547.43	
(Increase)/Decrease in Inventories	(3,854.54)		(60.18)	
(Increase)/Decrease in Non-Current and Current Financial Assets	169.85		4,532.44	
(Increase)/Decrease in Other Non-Current and Current Assets	(856.93)		2,345.76	
Increase/(Decrease) in Trade Payables	(2,521.40)		(5,101.26)	
(Increase)/Decrease in Non-Current and Current Financial Liabilities	10,067.42		17,866.06	
(Increase)/Decrease in Other Current Liabilities and Provisions	4,826.31	13,862.96	(3,882.66)	19,237.59
<b>Cash Generated from Operations</b>		12,590.60		21,268.30
Income Taxes Paid				
Exchange Fluctuation (Loss)/Gain		16.89		(81.01)
<b>Net Cash from Operating Activities (A)</b>		12,607.49		21,187.29
<b>(B) Cash Flows from Investing Activities:</b>				
Sale/Purchase of Fixed Assets & Capital W.I.P.			0.44	
Interest Received	5.18		6.11	
Investment in Shares & Others				
Fixed Deposits	(1.13)		(0.09)	
<b>Net Cash from Investing Activities (B)</b>		4.05		6.46
<b>(C) Cash Flows from Financing Activities</b>				
Increase/(Decrease) in Long-Term Borrowings	(9,969.73)		(17,092.33)	
Increase/(Decrease) in Short-Term Borrowings	(2,606.18)		(2,942.71)	
Finance Cost	(8.11)		(1,161.12)	
<b>Net Cash (used in) Financing Activities (C)</b>		(12,584.02)		(21,196.16)
<b>Net Increase in Cash and Cash Equivalents (A) + (B) + (C)</b>		27.52		(2.41)
Cash and Cash Equivalents at the beginning of the year		39.95		62.36
<b>Cash and Cash Equivalents at the end of the year</b>		87.47		59.95

