



RAJ GUPTA & CO.

Chartered Accountants

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INDEPENDENT AUDITORS' REPORT

To

The Resolution Professional of
CASTEX TECHNOLOGIES LIMITED

- a) We, the Statutory Auditors, of the Company have audited and reviewed the accompanying statement of Consolidated audited financial results of M/s CASTEX TECHNOLOGIES LIMITED ('the holding company or company'), its overseas subsidiary (held for sale), its associates and joint venture, which comprises the consolidated balance sheet as at March 31, 2019 and the consolidated statement of profit & loss (including other comprehensive income) for the year ended March 31, 2019 ('the statement') being submitted by the company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.

A corporate insolvency resolution process ("CIRP") has been initiated against the company vide an order of Chandigarh bench of the National Company Law Tribunal (NCLT) dated December 20, 2017 under the provisions of the insolvency and bankruptcy code 2016 (Code). Pursuant to the order, the power of the Board of directors stands suspended and are exercisable by Mr Dinkar T. Venkatasubramanian, who was appointed as interim resolution professional (IRP) by the NCLT vide order dated December 22, 2017 and was consequently confirmed as Resolution Professional (RP) by the Committee of Creditors (COC) in its meeting held on January 12, 2018. Hon'ble National Company Law Tribunal "Chandigarh Bench" vide their order No. CP (IB) No.116/Chd/Hry/2017 dated 13th June 2018, approved the extension of CIRP period by 90 days (i.e. from 180 days to 270 days).

Further, the Committee of Creditors of CTL had approved the resolution plan submitted by Liberty House Group Pte Ltd (LHG) through e-voting process on August 30, 2018. The resolution plan, as approved by the Committee of Creditors of CTL, had also been subsequently submitted to Hon'ble National Company Law Tribunal "Chandigarh Bench" for consideration and approval as per the provision of the Code.

However, in view of the failure by LHG to comply with steps envisaged in the process memorandum post CoC approved its Resolution Plan as well as continuing default by Liberty in implementing NCLT approved Resolution plans in other CIRPs, the CoC filed an application on 6th





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of December 2018 to withdraw Liberty's Resolution Plan and sought directions for exclusion of time spent with LHG for negotiating and finalising Resolution Plan and allow a fresh process to identify new resolution applicants for CTL.

Adjudicating Authority vide its Order dated March 15, 2019 has permitted the application for approval of the resolution plan to be withdrawn. Adjudicating Authority has also directed that the period from the date of acceptance of LHG as the preferred bidder i.e. May 18, 2018 till the receipt of the certified copy of the Order dated March 15, 2019 shall be excluded for counting the 270 days, permitted for completion of the insolvency resolution process. The Order has also allowed CoC to proceed with inviting fresh expression of interest from prospective investors. Accordingly, in terms of the said direction, the RP has invited a fresh expression of interest as on March 29, 2019 and has received six expression of interests in response till date. The Company is presently undergoing CIRP and the Resolution process is underway in line with the provisions of the IBC Code".

As the powers of the Board of Directors have been suspended, the above consolidated financial result has not been adopted by the Board of Directors. However, the same have been signed by Mr. Sanjiv Arora, Director of the Company, confirming, accuracy & completeness of the results and taken on record by Mr Dinkar T. Venkatasubramanian,(Resolution Professional).

This Statement, which is the responsibility of the company's management, has been compiled from the related standalone and consolidated financial statements which has been prepared in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act, 2013 ("the Act") read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express an opinion on the Statements based on our audit of such consolidated Ind AS financial statements made by the management.

We conducted our audit in accordance with the Standards on Auditing issued by the Institute of the Chartered Accountants of India, Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the statement that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates,





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as well as evaluating the overall presentation of the statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the statement.

Basis for qualified opinion

- a) As per **"Indian Accounting Standard 36"** which talks about impairment of asset, if the carrying amount of the asset is more than recoverable amount then asset need to be impaired and as per **"Indian Accounting Standard 109"** on financial instruments which also contains provisions of impairment of financial assets through expected credit loss method basis these provisions we were required to seek for any impairment obligations from management but since the corporate debtors is still under the process CIRP and resolution professional and committee of creditors are in the process of finalization successful resolution applicant and the management has not determined value in use thus impairment of Fixed Assets including Capital Work In Progress (Rs. 503712.58 Lacs), advances given to related parties (Rs. 55131.66 Lacs), accordingly we are unable to ascertain the effect of the same on the Financial statements.

As per **"Indian Accounting Standard 109"** company was required to get the Investment (Rs. 56429.41 Lacs) at fair value but the same has not been done by the company, accordingly we are unable to ascertain the effect of the same on the Financial statements.

- b) The financial statements and other financial information of the 1 overseas subsidiary, 7 associates & 1 joint venture included in the consolidated IND AS financial statements, as at and for the year ended March 31, 2019 are based on its unaudited financial statements. Consequently, we are unable to comment and determine about any adjustment that have been made to these consolidated Financial statements.





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- c) We have not been explained and provided with any information regarding assets/liabilities held for sale (Rs. 68016.57/12036.18 Lacs) which pertains to foreign subsidiary. However, as per "**IND AS 105 Non-Current Asset Held For Sale & Discontinued Operations**" the same was supposed to be sold out within a year but still appearing in the Consolidated financial statements, accordingly we are unable to ascertain the effect of the same on the Consolidated Financial Statements.

Qualified opinion

In our opinion and to best of our information and according to the explanations given to us, and based on the unaudited financial statements and the other financial information provided to us by the management of the overseas subsidiary, joint venture and associates referred to in Paragraph below, the statement:

- a) Includes the result of the following

Overseas Subsidiary:

1 Amtek Kuepper GmbH

Joint Venture:

2 Amtek Riken Casting Pvt. Ltd.

Associate:

3 Terrasoft Infosystems Pvt. Ltd.

4 Aaron Steel & Alloys Pvt. Ltd.

5 Asta Motorcycles and Scooter India Ltd.

6 Blaze Spare Parts Pvt. Ltd.

7 Domain Steel & Alloys Pvt. Ltd.

8 Gagandeep Steel & Alloys Pvt. Ltd.

9 NeelMani Engine Components Pvt. Ltd.

- b) is presented in accordance with the requirements of Regulation 33 of the SEBI (Listing





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Obligation and Disclosure Requirements) Regulation, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016: and

- c) gives a true and fair view except for the matters described in Basis for qualified opinion as given herein above, in conformity with the aforesaid Indian Accounting Standards and other principles generally accepted in India of the total comprehensive income and other information of the company for the year ended March 31, 2019.

The financial result of the overseas subsidiary, associates and joint venture are unaudited and has been considered on the basis of certification by the management of these entities.

Emphasis of Matter

- a) Note No. 1 regarding Corporate Insolvency Resolution Process(CIRP) initiated under Insolvency and Bankruptcy Code, 2016 ('the Code') and the outcome of the CIRP is subject to decision of APEX Court / NCLT.
- b) Considering the current operating levels of the Company, and the ongoing corporate insolvency resolution process company has not made any Impairment in the value of Tools and Dies, accordingly we are unable to comment upon the effect of the same on the Financial Statements.
- c) The Company has been continuously making losses, consequently its net worth is negative and the Company's total liabilities exceeded its total assets. This indicates the existence of material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. However, in view of the CIRP in respect of the Company, which is in progress, the accounts have been prepared on a going concern basis [Refer Note No. 2 of financial results];
- d) Considering the ongoing corporate insolvency resolution process (as mentioned n Note No 1 & 2) the certainty as to the realisation of unused tax losses and MAT credit available cannot be ascertained at this stage. Consequently, adjustment to deferred tax (net) and MAT credit available have not been given effect to. (Refer Note 4 to financial results)





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- e) As per the Code the RP has to receive, collate and all the claims submitted by the creditors of the company. The RP has verified and admitted the claims submitted by the creditors against the company as per the Code. Pending finalisation of resolution plan, the impact of such claims if any that also has not been considered in the preparation of the financial statements. Further, interest on the financial debt from the date of commencement of CIRP (i.e. from 20th December 2017 till 31st March 2019) has not been provided in the books of accounts and charged to the Profit and Loss account. [Refer Note 3 to financial results];
- f) The Exceptional items for the year ended March 31st, 2019 comprises provision for bad & doubtful debts as well as bad debts. It also includes Group companies, whose resolution plans have been approved under the Insolvency & Bankruptcy code with NCLT.
- g) We have relied upon the report of another auditor for valuation of the inventory taken in the books of account and we have not physically verified the same.
- h) Trade receivables are subject to confirmation.

PLACE: New Delhi
DATED: 28-05-2019

For Raj Gupta & Co.
CHARTERED ACCOUNTANTS



Abhishek Gupta
Partner
Membership No. 530433