Date: September 30, 2022

To,
General Manager,
Listing Operation,
BSE Limited,
P.J. Towers, Dalal Street,
Mumbai – 400 001.
**Scrip Code: 532854**

To,
Listing Department
National Stock Exchange of India Limited
Exchange Plaza, Plot No. C/1, G Block
Bandra Kurla Complex, Bandra (E),
Mumbai - 400 051.
**Symbol: NITINFIRE**

**Subject: Submission of Statement on Impact of Audit Qualifications (for audit report with modified opinion) being part of Standalone Financial statements for the year ending on March 31, 2020 as per Regulation 30 and 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 of the Company currently under Corporate Insolvency Resolution Process and Liquidation as going concern**

Dear Sir/Madam,

Pursuant to Regulation 30 and 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") the Statement on Impact of Audit Qualifications (for audit report with modified opinion) being part of Standalone Financial statements for the year ending on March 31, 2020, be approved and signed for submission with Stock Exchanges. As per Regulations 15(2A)& 15(2B) of the SEBI Listing Regulations, the submission of this statement be made, without any Board Meeting and Audit Committee meeting, as required under the Regulation 29, but not applicable, due to the Company being under Corporate Insolvency Resolution Process (CIRP) and liquidation as going concern.

Kindly acknowledge the same.

Thanking you,
Yours' faithfully,
For Nitin Fire Protection Industries Limited

Nitin Fire Protection Industries Ltd. Liquidator

Uliyar Balakrishna Bhat
Liquidator

Encl.:
1. Statement on Impact of Audit Qualifications (for audit report with modified opinion) for the year ending on March 31, 2020

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

***Standalone***

(Rs. In Lakhs)

| Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2020 [Under Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016] | | | | |
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| I. | S . No. | Particulars | Audited Figures (as reported before adjusting for qualifications) | Adjusted Figures (audited figures after adjusting for qualifications) |
| | 1. | Turnover / Total income | 6,171.22 | NA |
| | 2. | Total Expenditure | 28,222.20 | NA |
| | 3. | Net Profit/(Loss) | (22,003.64) | NA |
| | 4. | Earnings Per Share | (7.53) | NA |
| | 5. | Total Assets | 3,039.83 | NA |
| | 6. | Total Liabilities | 91,687.59 | NA |
| | 7. | Net Worth | (88,647.76) | NA |
| | 8. | Any other financial item(s) (as felt appropriate by the management) | NA | NA |
| II. | | Audit Qualification (each audit qualification separately): | | |
| a. Details of Audit Qualification: | | Basis for Disclaimer of Opinion<br>(a) As explained in Note no. 41 to the Standalone Ind AS Financial Statements, the Company has an exposure in Worthington Nitin Cylinders Private Limited aggregating Rs. 4,195.04 lakhs as at March 31, 2020. The Company has made an estimated provision aggregating Rs. 3,590.87 lakhs towards impairment in the value of investments as at that date. In the absence of the fair value of the investment by an independent valuer as required under Ind AS 28 'Investment in Associates and Joint Ventures', we are unable to comment on the extent of provision required towards impairment, if any, in this regard and the resultant impact on loss, other equity and investment.<br>(b) As explained in Note no. 42 to the Standalone Ind AS Financial Statements, in relation to exposure in trade receivables aggregating Rs. 26,484.96 lakhs (net of adjustment of Rs. 5,500.74 lakhs carried out in earlier year refer point(f) of basis for Disclaimer of Opinion) which are outstanding for a long period of time, payments for which are | | |

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| | not forthcoming and are subject to independent confirmation and intimation to Reserve Bank of India on account of delayed recoveries in respect of balance receivable in foreign currencies. The Company has, in this regard, made provision of Rs. 26,315.69 lakhs as at March 31, 2020 by way of expected credit loss. In the absence of independent confirmations from the trade receivables and non-availability of other alternate audit evidence , we are unable to comment on the recoverability of the amount, adequacy or otherwise of provision made and consequential impact, if any in this regard and the resultant impact on loss, other equity and trade receivable. |
| | c) As explained in Note no. 43 to the Standalone Ind AS Financial Statements, the trade payables aggregating Rs. 5,313.55 lakhs (net of adjustment of Rs. 5,500.74 lakhs carried out in earlier year refer point(f) of basis for Disclaimer of Opinion) and advance to trade payable aggregating Rs. 67.56 lakhs are subject to independent confirmations. In the absence of independent confirmations and any other alternate audit evidences, we are unable to comment on the consequential impact, if any in this regard and the resultant impact on loss, other equity, trade payable and other current assets. |
| | d) As explained in Note no. 44 to the Standalone Ind AS Financial Statements, due to expiry and non-renewal of Loss Prevention Certification Board (LPCB) Licence by the Company during previous year, the traded goods consisting of firefighting equipment and other components, in the opinion of the management, would not fetch it's carrying value as at March 31, 2020. The Company has made an estimated provision towards non-moving inventories of Rs. 4,517.43 lakhs (apart from provision of Rs. 486.90 Lakhs based on an independent valuation reports) for which we have not been provided sufficient appropriate audit evidence. Further, We did not observe the counting of the physical inventories as at the year ended March 31, 2020 on account of Covid-19 Pandemic. The Company has carried out physical verification of inventories on February 8, 2022. The records maintained by the Company |

are under updation and hence, for us to perform rollback procedure to ascertain the existence of inventories was not possible. Since inventories enter into the determination of the results of operations and cash flows, we are unable to determine whether any adjustments is required in respect of the loss for the year reported in the Statement of Profit and Loss and the net cash flows from operating activities reported in the Cash Flow Statement. We are unable to comment on the existence of inventory and adequacy of such provision made by the Company and its consequential impact, if any and the resultant impact on loss, other equity and inventories.

(e) As explained in Note no. 45 to the Standalone Ind AS Financial Statements, the Company, during the previous year ended March 31, 2019, had adjusted balances under Trade Payable and Trade Receivable aggregating Rs. 5,500.74 lakhs. These adjustments are subject to confirmation from respective counter parties and approval from Reserve Bank of India in case of the balances receivable/ payable in foreign currency. Pending such confirmations and approval, we are unable to comment on the consequential impact, if any and the resultant impact on loss, other equity and investment.

(f) As explained in Note no. 46 to the Standalone Ind AS Financial Statements, loans to subsidiaries aggregating Rs. 22,469.05 lakhs (including arising out of devolvement of stand by letter of undertaking issued in favor of subsidiaries in earlier period), advance for purchase of materials to subsidiary company of Rs. 292.07 Lakhs and loans to other body corporates aggregating Rs. 1,335.78 lakhs, are outstanding for a long period of time. The Company has made provision for the entire amount of Rs. 24,096.90 lakhs, which includes provision amounting to Rs. 22,469.05 lakhs on loan to foreign subsidiaries, and for which we have not been provided sufficient appropriate audit evidence. The provision on loan to foreign subsidiary is subject to confirmation from counter party and intimation to Reserve Bank of India on account of delayed recoveries of balance receivable in foreign currency.
In the absence of independent confirmations from the subsidiaries, including foreign subsidiaries and other body corporates, any other alternate audit evidences and non-recovery of any amount during the year and till date, we are unable to comment on the recoverability of the

Nitin Fire Protection Industries Ltd.

amount, adequacy or otherwise of the provision made and consequential impact, if any and the resultant impact on loss, other equity and investment.

(g) As explained in Note no. 47 to the Standalone Ind AS Financial Statements, the Company has made provision for interest accrued in respect of its borrowings from banks and financial institutions aggregating Rs. 28,709.74 lakhs. In the absence of independent confirmations in this regards, we are unable to comment on the interest provision made by the Company and its consequential impact, if any and the resultant impact on loss, other equity and investment.

(h) We have been informed by the Official Liquidator/ Resolution professional that certain information and procedures as part of the Corporate Insolvency Resolution Process ("CIRP") are of confidential nature and could not be shared with anyone other than the committee of creditors and National Company Law Tribunal. Pending receipt of information, we are unable to comment on the consequential impact, if any and the resultant impact on loss, other equity and investment.

(i) As explained in Note no. 49.2 the Standalone Financial Statements, the long term borrowing from non-banking finance companies and financial institutions aggregating Rs. 3,933.80 lakhs and short term borrowing from a company aggregating Rs. 118.00 lakhs are subject to independent confirmations. In the absence of independent confirmations and any other alternate audit evidences, we are unable to comment on the consequential impact, if any in this regard and the resultant impact on loss, equity, current maturity of long term borrowing and short term borrowing.

(j) As the Company has not documented internal control framework which includes standard operating process for various areas of operations, risk control matrices, etc. and also due to the inability of the management to substantiate that there are adequate internal controls that exist and operate effectively, we are unable to comment on the presence and effectiveness of internal controls that are designed to prevent and detect any material misstatement, fraud,

Liquidator

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errors and omissions. Further CIRP process have been started form October 2018 and since then the internal audit has been discontinued. We have also issued a disclaimer of opinion in our report on the internal financial controls with reference to the financial statements under Section 143 (3) (i) of the Act of even date annexed to this report.

(k) We have not been provided with any documented framework to ascertain completeness and timely compliance with the provisions of various applicable statutes. Therefore, we are not able to comment on the completeness of compliances under applicable statutes. Further, during the course of audit, we have observed few instances of non-compliances with provisions of SEBI Listing Obligations and Disclosure Requirements and The Companies Act, 2013. Major non-compliances observed are -

i. The Company has not prepared and presented Consolidated Ind AS Financial Statements for the year ended March 31, 2020 as required under Section 129(3) of the Companies Act, 2013;
ii. The Company has not appointed internal Auditors as required by Section 138 of the Companies Act, 2013;
iii. As required by Section 203 of the Companies Act, 2013, the Company has not appointed full time Company Secretary;
iv. As required by Section 148 of the Companies Act, 2013 read with Companies (Cost Records and Audit) Rules, 2014, the cost audit is not applicable to the Company;
v. The Company has not prepared and presented quarterly unaudited financial results (standalone and Consolidated) basis as required under the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for all the quarter of financial year 2019-20;
vi. The Company did not have a Chief Financial Officer (CFO) since financial year 2018-19 as required under section 203 of the Act.

In the absence of ascertainment of impact arising on account of such non-compliance of laws and regulations on the Ind AS standalone Financial Statements of the company, we are unable to comment on the said consequential impact.

Nitin Fire Protection Industries Ltd. Liquidator

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| b. **Type of Audit Qualification :** Qualified Opinion / Disclaimer of Opinion / Adverse Opinion | Disclaimer of Opinion |
| c. **Frequency of qualification:** Whether appeared first time / repetitive / since how long continuing | Repetitive and continuing:<br>a. From 2014-15;<br>b. From 2016-17;<br>c. From 2017-18;<br>d. From 2018-19;<br>e. From 2018-19;<br>f. From 2018-19;<br>g. From 2018-19;<br>h. From 2018-19;<br>i. From 2019-20;<br>j. From 2019-20;<br>k. From 2019-20. |
| d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: | NA |
| e. For Audit Qualification(s) where the impact is not quantified by the auditor: | |
| (i) **Management's estimation on the impact of audit qualification:** | NA |
| (ii) **If management is unable to estimate the impact, reasons for the same:** | Corporate Insolvency & Resolution process (CIRP) and Liquidation on going concern |
| (iii) **Auditors' Comments on (i) or (ii) above:** | None further. |

| III. | **Signatories:** |
|---|---|
| **Liquidator/Resolution Professional/CEO/Managing Director** | For Nitin Fire Protection Industries Ltd.<br>U Balakrishna Bhat<br>Liquidator<br>Reg.No.IBBI/PA-001/IP-P00658/2017-18/11107<br>Email Id-ubhat@cadissonindia.in |
| **CFO / V.P. Finance** | |
| Audit Committee Chairman | |
| Statutory Auditors | For Haribhakti & Co. LLP<br>Chartered Accountants<br>Firm Registration No. 117366W/W100018<br>Snehal Shah<br>Partner<br>Membership NO. 048539 |

HARIBHAKTI AND CO. LLP * CHARTERED ACCOUNTANTS * MUMBAI

**Place:** Mumbai

**Date:** 28/09/2022