



Independent Auditor's Review Report On consolidated unaudited quarterly and half year to date financial results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

TO THE BOARD OF DIRECTORS OF SPLENDID METAL PRODUCTS LIMITED

1. We have reviewed the accompanying Statement of Consolidated Unaudited Financial Results of Splendid Metal Products Limited ("the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), and its share of the net (loss) after tax for the quarter ended 30-09-2020 and for the period from 01-04-2020 to 30-09-2020 ("the Statement"), being submitted by the Parent pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended. Attention is drawn to the fact that the consolidated figures for the corresponding quarter ended 30-09-2019 and the corresponding period from 01-04-2019 to 30-09-2019, as reported in these financial results have been approved by the Parent's Board of Directors, but have not been subjected to review.

2. This Statement, which is the responsibility of the Parent's Management and approved by Mr. Sathisan, Resolution Professional, appointed by NCLT, Hyderabad Bench, Hyderabad vide order dated 04/04/2019 and Parent's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.

4. The Statement includes the results of the following entities: Direct Subsidiaries: Alpha ventures Limited, Glade Steels Limited and Asian Tide Enterprises Limited and Indirect Subsidiaries; Optimix Enterprises Limited





5. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review reports of the branch auditors and other auditors referred to in paragraph 7 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.

6. Attention is also invited to the following:

- a) The Company has defaulted in repayment of dues to Banks/Financial Institutions and all loans outstanding were classified as NPA's and were recalled by all the Banks. Note 5 forming part of the Statement regarding Interest on Working Capital Loans and Term Loans not provided for in the accounts. The accumulated loss as on 30th September 2020 would have been increased from Rs.1,97,055.14 lakhs to Rs.2,92,532.50 lakhs had the company provided for the same.
- b) The dues to Banks/FIs as on 30.09.2020 as per company is Rs. 2,43,192.27 lakhs (includes funding from banks in current year with a tune of Rs. 383.65 lakhs), whereas the actual claims made by Banks/FIs and admitted by Resolution Professional is Rs.3,63,207.57 lakhs.
- c) The Company's Trade Receivables aggregating to Rs. 1,337.27 Crores is more than two years old. The company has not provided any bad debts in the books of account during the quarter. We are unable to form an opinion on the extent to which the debts may be recoverable.
- d) The Company's Loans and Advances aggregating to Rs. 168.35 Crores are more than two years old and in respect of which the company has not provided for bad debts for the period 01-04-2020 to 30-09-2020. We are unable to form an opinion on the extent to which the debts may be recoverable.
- e) The Company has an advance of Rs.5.52 Crores are more than 365 days old and hence shall be treated as Deposits received under the Companies Act 2013 and the same has to be returned within one year as per the provisions of the Act.
- f) The Company is not regular in payment of undisputed statutory dues towards ESI, TDS and Goods & Service Tax during the period ended 30th September 2020.
- g) With regard to investments in unquoted equities of subsidiary's for a value of Rs. 5,046.93 lakhs are valued at cost of investment however the present realizable value of these are not ascertained by the management hence the same is subject to current valuation.





- h) The Company's Net Worth has been eroded on account of losses incurred continuously during the previous years, which is negative. The Current Liabilities of the Company exceeded the Current Assets as at 30th September 2020 by Rs. 2,050.15 Crores and the Company's ability to continue a going concern is in doubt.
- i) A winding up petition filed by Standard Bank (Mauritius) Ltd., in the High Court of Telangana & Andhra Pradesh against the company for giving corporate guarantee for loan extended by the said bank to the step down subsidiary Optimix Enterprises Limited for Rs. 4,087.50 lakhs. The petition for winding up was closed due to insolvency resolution proposals have been initiated before NCLT, Hyderabad and the High Court of TS advised the petitioner to move before NCLT, Hyderabad.
- j) Bank Statements were not available with the Company for all the Banks except that of Vizag Branch. Interest calculations are on the basis of the last interest rates on the outstanding balances.
- k) The GST Returns are yet to be reconciled for all the Branches and that of the Telangana State were not made available. We are unable to form an opinion on the veracity of the sales figures of the Company

Our conclusion is not modified in respect of this matter.

7. We did not review the financial results of three subsidiaries included in the consolidated unaudited financial results, whose financial results reflect total assets of Rs.6661.15 lakhs as at 30.09.20 and total revenues of Rs.1.10 lakhs and total net loss after tax of Rs.11.84 lakhs.and total comprehensive income / loss of Rs.11.84 lakhs and total revenue of Rs.1.10 akhs and net loss after tax of Rs. 26.74, for the quarter ended 30-09-2020 and for the period from 01-04-2020 to 30-09-2020, respectively, and cash flows (net) of Rs. Nil for the period from 01-04-2020 to 30-09-2020, as considered in the consolidated unaudited financial results. These interim financial statements / financial information / financial results have been reviewed by other auditors whose reports have been furnished to us by the Management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors and the procedures performed by us as stated in paragraph 3 above.

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

8. The consolidated unaudited financial results includes the interim financial statements/ financial information/ financial results of 03 subsidiaries which have not been reviewed/audited by their auditors, whose interim financial statements/ financial information/ financial results reflect total assets of Rs. 6661.15 lakhs as at 30.09.20 and total revenue of Rs.1.10lakhs and Rs.1.10lakhs, total net loss after tax of Rs. 14.90lakhs and Rs. 11.84lakhs and total comprehensive loss of Rs. 14.90 lakhs and Rs. 11.84 lakhs for the quarter ended June'20 and Sept'20 respectively, and cash flows (net) of Rs. Nil for the period from 01.04.20 to 30.09.20, as considered in the consolidated unaudited financial results. The consolidated unaudited financial results also includes the Group's share of net profit/(loss)



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after tax of Rs. Nil and Rs.Nil and total comprehensive income / loss of Rs. and Rs. Nil for the quarter ended Sept'20 and June'20, respectively, as considered in the consolidated unaudited financial results, in respect of Nil associates and Nil joint ventures, based on their interim financial statements/ financial information/ financial results which have not been reviewed/audited by their auditors. According to the information and explanations given to us by the Management, these interim financial statements / financial information / financial results are not material to the Group. Our conclusion on the Statement is not modified in respect of the above matter.

Place: Hyderabad

Date: 13th November 2020

UDIN20023806AAAABY7634

For T.Raghavendra & Associates

Chartered Accountants

FRN : 003329S



T. Raghavendra

Mem No. 023806



Review report to **SPENDID METAL PRODUCTS LIMITED**

We have reviewed the accompanying statement of unaudited financial results of Splendid Metal Products Limited for the period ended 30-09-2020. This Statement, which is the responsibility of the Company's Management and approved by Mr. Sathisan, Resolution Professional, appointed by NCLT, Hyderabad Bench, Hyderabad vide order dated 04/04/2019 and Managing Director of the Company. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable accounting standards and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.

Emphasis of Matter

Attention is also invited to the following:

- a) The Company has defaulted in repayment of dues to Banks/Financial Institutions and all loans outstanding were classified as NPA's and were recalled by all the Banks. Note 5 forming part of the Statement regarding Interest on Working Capital Loans and Term Loans not provided for. The accumulated loss as on 30th September 2020 would have been increased from Rs.1,82,473.92 lakhs to Rs.2,77,951.28 lakhs had the company provided the interest which are at last known rates. The dues to Banks/FIs as on 30.09.2020 as per company is Rs. 2,43,192.27 lakhs (including funding from banks in current financial year 2020-21 to the tune of Rs. 383.65 lakhs), whereas the actual claims made by Banks/FIs and admitted by Resolution Professional is Rs.3,63,207.57 lakhs as on 31-03-2019 excludes funding for the financial year 2019-20 and 2020-21.
- b) The Company's Trade Receivables aggregating to Rs. 1,288.80 Crores are more than two years old. The company has not provided any bad debts in the books of account during the quarter. We are unable to form an opinion on the extent to which the debts may be recoverable.
- c) The Company's Loans and Advances aggregating to Rs. 161.20 Crores are more than two years old and in respect of which the company has not provided for bad debts. We are unable to form an opinion on the extent to which the debts may be recoverable.



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Tilak Road, Abids, Hyderabad - 500 001.**Phones : 2475 2031, 2475 2032*

- d) The Company is not regular in payment of undisputed statutory dues towards ESI, TDS, Service Tax and Income Tax during the year ended 30th September 2020.
- e) The Company has an advance of Rs.5.52 Crores are more than 365 days old and hence shall be treated as Deposits received under the Companies Act 2013 and the same has to be returned within one year as per the provisions of the Act.
- f) The Company's Net Worth has been eroded on account of losses incurred continuously during the previous years, which is negative. The Current Liabilities of the Company exceeded the Current Assets as at 30th September 2020 by Rs.2,012.78 Crores and the Company's ability to continue a going concern is in doubt.
- g) With regard to investments in unquoted equities of subsidiary's for a value of Rs.5,046.93 lakhs are valued at cost of investment however the present realizable value of these are not ascertained by the management hence the same is subject to current valuation.
- h) A winding up petition filed by Standard Bank (Mauritius) Ltd., in the High Court of Telangana & Andhra Pradesh against the company for giving corporate guarantee for loan extended by the said bank to the step down subsidiary Optimix Enterprises Limited for Rs. 4,087.50 lakhs. The petition for winding up was closed due to insolvency resolution proposals have been initiated before NCLT, Hyderabad and the High Court of TS advised the petitioner to move before NCLT, Hyderabad.
- i) The Company is not regular in payment of undisputed statutory dues towards ESI, Provident Fund and TDS during the period ended 30th September 2020.
- j) Bank Statements were not available with the Company for all the Banks except that of Vizag Branch.
- k) The GST Returns are yet to be reconciled for all the Branches. We are unable to form an opinion on the veracity of the sales figures of the Company

Our conclusion is not modified in respect of this matter.

Place: Hyderabad
Date: 13th November 2020
UDIN20023806AAAABX6332

For T.Raghavendra & Associates
Chartered Accountants

FRN : 003329S



T. Raghavendra
Mem No. 023806