JKVS & CO.
Chartered Accountants

Independent Auditor's Report on the Quarterly and Annual Audited Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

To the Board of Directors of Coventry Coil-O-Matic (Haryana) Ltd.

**Report on the Audit of the Financial Results**

**Qualified Opinion**

We have audited the accompanying statement of quarterly and annual audited financial results of Coventry Coil-O-Matic (Haryana) Limited ("the Company"), for the quarter and year ended March 31 2020 ("the Statement"), 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 (the "Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us, the Statement read with notes therein:

i. except the effects of the matter described in the basis of qualified opinion paragraph below, these quarterly results and annual audited results is presented in accordance with the requirements of the Listing Regulations 33 in this regard: and

ii. does not gives a true and fair view in conformity with the applicable accounting standards and other accounting principles generally accepted in India, of the net loss and other comprehensive income for the quarter ended March 31, 2020, net loss and other comprehensive income for the year ended March 31, 2020 and other financial information of the Company for the quarter and year ended March 31, 2020.

**Basis for Qualified Opinion**

Attention is drawn to the following notes of the accompanying financial results:

1. Going Concern Assumption may no longer be appropriate- As the Company has incurred significant operating losses, negative operating cash flow, negative working capital, adjudication of legal process against the company for loan liability, Notice of Recovery Officer-II of DRT-1, Delhi for settling sale proclamation for the sale of the factory property (Refer Note 2(m)) and negative net worth indicating that going concern assumption is no longer be appropriate. However, the management is continuing with the operations, therefore the accounts have been prepared on basis of going concern assumption. Consequently, adjustment for amount of assets and classification of liabilities required to be recorded has not been carried out.
2. 2.1 Note No. (2K) of the statement for demand pronounced by DRT-I on 18-01-2016 of Rs. 8449.39 Lakhs together with Simple interest of 13.5% P.A. from 14-05-2007 which amounts to Rs. 23,153.06 Lakhs as on 31st March'20 (Gross Value before adjusting repayment through Cash and Land) related to liability of IFCI debt. Other liability of IDBI and Kotak Mahindra Bank are yet to be ordered by Courts. Liability provided in the book against these are only of Rs. 393.59 lakhs, non-provision of Rs. 23,464.80 Lakhs.


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2.2. Had the provision been made, the loss up to the year after tax Rs. 211.89 lakhs would have resulted in loss of Rs. 23,676.68 lakhs, Reserve & Surplus Deficit (Balance of Statement of Profit & Loss) would have been Rs. 25128.88.35 lakhs instead of Rs. 1664.08 lakhs.

3. The company had to give physical possession of a part of land comprising of approx. 10 acres whose approx. cost appearing in books is Rs. 12.02 Lakhs, to Alchemist Asset Reconstruction Company Ltd., assignees of IDBI & IFCI (Financial Institution) on 8th March 2013 as per the direction of Honourable Supreme Court who re-affirmed the interim orders of Honourable Punjab & Haryana High Court, Chandigarh of 9th August 2011. The land is sold by Alchemist Asset Reconstruction Company Ltd. at Rs. 1350 lakhs. The company is not accounted for these as sale till the settlement of court case, therefore necessary accounting entries and profit on transfer of land & capital gain tax could not be determined and accounted for in books of accounts.

4. Company have not worked out and provided for the Interest and penalty which will arise due to long outstanding of statutory dues and non-filing of statutory returns in time.

*Impact with respect to 1, 3 and 4 above are presently not ascertainable and as such cannot be commented upon by us.*

We conducted our audit in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Companies Act, 2013, as amended ("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 together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act 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 audit opinion on the annual financial results.

**Management's and Board of Director's Responsibilities for the Financial Results**

The Statement has been prepared on the basis of the annual financial statements. The management and the Board of Directors of the Company are responsible for the preparation and presentation of the Statement that gives a true and fair view of the net loss and other comprehensive income and other financial information of the Company in accordance with the applicable accounting standards 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 the 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 Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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In preparing the Statement, management and the Board of Director 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The company's management and 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 Statement 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 Statement.

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 Statement, 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 Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system 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 management.
- Going Concern Assumption may no longer be appropriate- As the Company has incurred significant operating losses, negative operating cash flow, negative working capital, adjudication of legal process against the company for loan liability, Notice of Recovery Officer-II of DRT-1, Delhi for settling sale proclamation for the sale of the factory property (Refer Note 2(m)) and negative net worth indicating that going concern assumption is no longer be appropriate. However, the management is continuing with the operations, therefore the accounts have been prepared on basis of going concern assumption. Consequently, adjustment for amount of assets and classification of liabilities required to be recorded has not been carried out.
- Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Statement that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Statement may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Statement.



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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 Matter**

The Statement includes the results for the quarter ended March 31, 2020 being the balancing figure between the audited figures in respect of the full financial year ended March 31, 2020 and the published unaudited year-to-date figures up to the third quarter of the current financial year, which were subjected to a limited review by us, as required under the Listing Regulations.

For JKVS & Co.
Chartered Accountants
Firm Reg. No. 318086E

JKVS & CO. New Delhi Chartered Accountants

Sajal Goyal
Partner
Membership No. 523903
UDIN : 20523903AAAABE5172

Date: June,30, 2020
Place: New Delhi

**COVENTRY COIL-O-MATIC (HARYANA) LIMITED**

Regd office : Vill. Salawas, P.O. Sangwari, Distt Rewari - 123401
Email : info@coilomatic.com Ph. 9896033299
CIN. No. L74999HR1988PLC030370

**Statement of audited Financial Results**

**For the Quarter and Year Ended 31th March 2020**

(Rupees in Lakhs)

| S.No. | PARTICULARS | | Three Months Ended | | | Year Ended | |
|---|---|---|---|---|---|---|---|
| | No. of Months | | 3 | 3 | 3 | 12 | 12 |
| | Period Ending | | 31-Mar-2020 | 31-Dec-2019 | 31-Mar-2019 | 31-Mar-2020 | 31-Mar-2019 |
| | Type | | Refer Note-8 | Unaudited | Refer Note-8 | Audited | |
| 1 | Revenue form Operations | | 1,092.81 | 1,086.51 | 1,752.01 | 4,546.07 | 6,657.28 |
| 2 | Other Income | | 1.92 | 13.82 | 8.21 | 22.71 | 23.85 |
| 3 | Total income (1+2) | | 1,094.73 | 1,100.33 | 1,760.23 | 4,568.78 | 6,681.13 |
| 4 | Expenses | | | | | | |
| | a) | Cost of materials consumed | 568.17 | 787.55 | 1,246.96 | 2,811.83 | 4,506.87 |
| | b) | Changes in inventories of finished goods, work-in-progress and Stock-in-Trade | 68.41 | (58.43) | (20.56) | 24.60 | (34.74) |
| | c) | Employee benefits expenses | 168.24 | 143.07 | 201.48 | 665.09 | 753.92 |
| | d) | Power & Fuel Consumed | 76.99 | 75.78 | 103.81 | 327.99 | 410.84 |
| | e) | Finance costs | 6.17 | 4.63 | 3.79 | 19.27 | 12.42 |
| | f) | Depreciation and amortization expenses | 8.25 | 8.48 | 8.33 | 33.51 | 31.93 |
| | g) | Other Expenses | 234.64 | 194.74 | 278.66 | 898.37 | 1,164.41 |
| | Total Expenses | | 1,130.88 | 1,155.81 | 1,822.47 | 4,780.67 | 6,845.66 |
| 5 | Profit before Exceptional Items & Tax (3-4) | | (36.15) | (55.49) | (62.24) | (211.89) | (164.53) |
| | Expceptional Items | | | | - | - | - |
| 6 | Profit before Tax | | (36.15) | (55.49) | (62.24) | (211.89) | (164.53) |
| 7 | Tax Expense (Net) | | | | | | |
| | a) | Current Tax | - | - | - | - | - |
| | b) | Deffered Tax | - | - | - | - | - |
| 8 | Net Profit for the period (6-7) | | (36.15) | (55.49) | (62.24) | (211.89) | (164.53) |
| 9 | Other Comprehensive Income (OCI) | | | | | | |
| | a) | Items that will not be reclassified to Profit or loss (Net of Tax) | (13.05) | 1.00 | 14.37 | (7.86) | 16.77 |
| | b) | Items that will be reclassified to Profit or loss (Net of Tax) | | | - | - | |
| 10 | Total Comprehensive Income | | (49.20) | (54.49) | (47.87) | (219.74) | (147.76) |
| 11 | Paid up Equity Share Capital(Face Value of the share Rs. 10/- each) | | 450.80 | 450.80 | 450.80 | 450.80 | 450.80 |
| 12 | Earning Per Share of (before & after extraordinary items) | | | | | | |
| | Rs 10 each (not annualised) | | | | | | |
| | a) | Basic (Rs.) | (0.80) | (1.23) | (1.38) | (4.70) | (3.65) |
| | b) | Diluted (Rs.) | (0.80) | (1.23) | (1.38) | (4.70) | (3.65) |

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COVENTRY COIL-O-MATIC (HARYANA) LTD. SALAWAS REWARI (HR)

**COVENTRY COIL-O-MATIC (HARYANA) LIMITED**
**Regd office : Vill. Salawas, P.O. Sangwari, Distt Rewari - 123401**
**Email : info@coilomatic.com Ph. 9896033299**
**CIN. No. L74999HR1988PLC030370**

**Statement of Assets and Liabilities**

(Rs. in Lakhs)

| Sl. No. | Particulars | AS AT 31.03.2020 (Audited) | AS AT 31.03.2019 (Audited) |
|---|---|---|---|
| 1 | **ASSETS** | | |
| | **NON-CURRENT ASSETS** | | |
| | (a) Property, Plant & Equipment | 446.34 | 475.15 |
| | | 446.34 | 475.15 |
| | (b) Financial Assets | | |
| | (i) Other Financial Assets | 1.81 | 1.81 |
| | (c) Other Non-Current Assets | 36.40 | 36.40 |
| | | 38.21 | 38.21 |
| 2 | **CURRENT ASSETS** | | |
| | (a) Inventories | 174.83 | 180.65 |
| | (b) Financial Assets | | |
| | (i) Trade Receivables | 406.00 | 422.72 |
| | (ii) Cash and Cash Equivalents | 21.54 | 1.70 |
| | (iii) Bank balances other than (ii) above | 4.48 | 4.48 |
| | (iv) Other Financial Assets | 0.46 | 0.24 |
| | (c) Other Current Assets | 113.26 | 92.08 |
| | | 720.57 | 701.87 |
| | **TOTAL ASSETS** | 1,205.12 | 1,215.23 |
| | **EQUITY AND LIABILITIES** | | |
| | **Equity** | | |
| | (a) Equity Share Capital | 450.80 | 450.80 |
| | (b) Other Equity | (1,664.08) | (1,444.34) |
| | | (1,213.28) | (993.54) |
| | **LIABILITIES** | | |
| 1 | **NON-CURRENT LIABILITIES** | | |
| | (a) Financial Liabilities: | | |
| | (i) Borrowings | 22.01 | 35.38 |
| | (b) Provisions | 234.68 | 217.18 |
| | | 256.69 | 252.56 |
| 2 | **CURRENT LIABILITIES** | | |
| | (a) Financial Liabilities: | | |
| | (i) Borrowings | 155.00 | 93.00 |
| | (ii) Trade Payables | | |
| | Total outstanding dues of Micro & small enterprises | 48.10 | - |
| | Total outstanding dues of others | 1,086.70 | 949.14 |
| | (iii) Other Financial Liabilities | 518.00 | 516.39 |
| | (b) Other Current Liabilities | 347.12 | 390.40 |
| | (c) Provisions | 6.79 | 7.28 |
| | | 2,161.71 | 1,956.21 |
| | **TOTAL EQUITY & LIABILITIES** | 1,205.12 | 1,215.23 |

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COVENTRY COIL-O-MATIC (HARYANA) LTD. SALAWAS REWARI (HR.)

## STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31.03.2020

(Rs. In Lakhs)

| | Sl. No. | Particulars | Year Ended 31.03.2020 (Audited) | Year Ended 31.03.2019 (Audited) |
|---|---|---|---|---|
| A. | | **Cash flow from Operating Activities:** | | |
| | | **Net Profit before tax** | (219.74) | (164.53) |
| | I | Adjustments for: | | |
| | | Depreciation and Amortisation expenses | 33.51 | 31.03 |
| | | Interest Expense | 19.27 | 12.42 |
| | | Interest Income | (1.74) | (1.85) |
| | | Provision for doubtful debts / loans & Advances | 31.17 | - |
| | | (Profit)/Loss on sale of Property , Plant & Equipment | - | 2.62 |
| | | Exchange Fluctuations (Gain)/ Loss | - | (0.25) |
| | | **Operating profit before working capital changes** | (137.53) | (119.65) |
| | II. | **Adjustments for changes in working capital :** | | |
| | | (Increase)/ Decrease in Trade and other receivables | (35.22) | 99.50 |
| | | (Increase )/ Decrease in Inventories | 5.82 | (59.69) |
| | | Increase/ (Decrease) in Trade and other payables | 167.31 | 138.33 |
| | | **Cash generated from operations** | 0.38 | 58.48 |
| | | Income Tax Paid | (0.41) | - |
| B. | | **Net cash generated from/(used in) Operating Activities (A)** | (0.03) | 58.48 |
| | | **Cash flow from Investing Activities:** | | |
| | | Purchases of Property, Plant and Equipments | (4.70) | (60.29) |
| | | Proceeds from sales of Property, plant & Equipements | - | 2.52 |
| | | Interest Received | 1.52 | 1.85 |
| C. | | **Net cash (used in)/generated from Investing Activities (B)** | (3.18) | (55.91) |
| | | **Cash flow from financing activities:** | | |
| | | Net proceeds/(Repayment) of Long Term & Short Term Borrowings | 48.33 | 3.91 |
| | | Interest Paid | (25.28) | (12.42) |
| | | **Net cash generated from/(used in) Financing Activities (C)** | 23.05 | (8.51) |
| | | **Net Increase/ (Decrease) in Cash and Cash equivalents (A+B+C)** | 19.84 | (5.94) |
| | | **Cash and Cash equivalents at the beginning of the year** | 1.70 | 7.64 |
| | | **Cash and Cash equivalents at the end of the period** | 21.54 | 1.70 |
| | | | 19.84 | (5.94) |

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COVENTRY COIL-O-MATIC (HARYANA) LTD. SALAWAS REWARI (HR.)

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| f. | Notes :- |
| 1 | The above results were reviewed by the Audit Committee and approved by the Board of Directors in their respective meetings held on 30th June, 2020. The Limited Review for the Year ended 31st March, 2020, has been carried out by the Statutory Auditors, as required under Regulation 33 of SEBI (LODR) Regulation, 2015 as ammended |
| 2 | Notes to Financial Statements for the Year ended 31th March 2020 |
| | Secured loan: |
| a. | The Company is contesting in various Courts and Tribunals the exaggerated claims by the assignees of the various Term Loans availed between 1990 and 1992 from a consortium of 3 Financial Institutions (FIs) namely ICICI, IDBI and IFCI. |
| b. | The Company availed Term Loans of Rs. 525.67 lakhs between 1990 and 1992 from the consortium, with ICICI as the lead Institution. However the total amount so received was only Rs. 894.03 lakhs and the balance was adjusted against interest payable. Due to recession in the market and accumulated losses which were partly occasioned by high interest rates and partly by time over-run and cost over-run, and despite best efforts of the promoters and the management, the Company turned into a sick company and was referred to the Board for Industrial and Financial Reconstruction (BIFR) vide Reference Case No.197/97. |
| c. | A Rehabilitation Scheme/Package formulated and agreed upon by all the FIs was approved by the BIFR on 27-12-1999 wherein the dues were freshly determined and fixed as Rs. 1178 lakhs to be paid by 31-03-2002. |
| | The Net Worth of the Company turned positive and after considering the Balance Sheet for the year ended on 31st March 2000, the BIFR closed the reference case on 04-10-2001. |
| d. | As per the package, one of the sources of finance to repay the FIs was Working Capital facilities. Since the Company was under RBI's defaulters list, no banks were willing to extend the required working capital limits. This was duly brought to the notice of the BIFR. However, despite the best efforts, the Company could not arrange the working capital limits thereby leading to delayed repayments to the Financial Institutions. |
| e. | In all, however, over the years, the Company made a total repayment of Rs. 1286.77 lakhs out of which Rs. 1101.89 lakhs was made under/after the BIFR Scheme to the consortium members. The major portion of this was paid to the lead institution, ICICI, as part of approval for the BIFR Rehabilitation Scheme/Package. As the Company did not have the details of amounts adjusted by and amongst members of the Consortium out of the various repayments made by it and since, ICICI had filed a winding-up petition in the High Court of Punjab & Haryana at Chandigarh on 08-10-2004 for recovery of Rs. 329.93 lakhs, the Company, after October 2005, preferred not to make any further payments to the FIs since the matter was sub-judice. |
| f. | In 2005, the RBI released a Scheme / Guidelines for One-Time Settlement of loan accounts of Small and Medium Companies. Since the Company fulfilled the criteria for availing the benefits under the said Scheme, which is binding upon the Banks and FIs, the Company re-calculated the payments made under the said Scheme, and after adjusting the amounts already paid to the consortium members, the dues towards the consortium came out to be Rs. 2.62 lakhs only. |
| | The Company accordingly made an application under the OTS Scheme to the FIs before the deadline of end March 2006 and offered to pay the said amount of Rs. 2.62 lakhs. |
| g. | However, the Financial Institutions did not settle the Company's matter under RBI's OTS Guidelines and demanded unreasonably high amounts. |
| | In the meanwhile, ICICI assigned its debts to Kotak Mahindra Bank Ltd. (KMBL) on 25-04-2005, and both IFCI and IDBI assigned their debts to Dhir & Dhir Asset Reconstruction and Securitisation Company Ltd. (now known as Alchemist Assets Reconstruction Company Ltd. (AARCL)) on 05-03-2008 for Rs. 304 lakhs and 12-08-2008 for Rs. 411.50 lakhs respectively. |
| | Thereafter, the assignees filed various Applications under section 19 of The Recovery of Debts Due to Banks and Financial Institutions Act, 1993 for recovery of debts as follows: |
| | • In DRT-II, New Delhi by KMBL on 23-01-2007 for recovery of Rs. 472.07 lakhs |
| | • In DRT-I, New Delhi by AARCL on 11-12-2008 for recovery of Rs. 13370.26 lakhs for dues calculated on the IFCI debts. |
| | • In DRT-I, New Delhi by AARCL on 21-05-2012 for recovery of Rs. 9315.19 lakhs for dues calculated on the IDBI debts. |
| h. | The Company has also filed counter claims of more than Rs. 50000 lakhs on both KMBL and AARCL. |
| | The final adjudication of the debt liability is yet to be completed. |
| | AARCL (formerly D&DARSCL) also issued notice on 12-12-2008 under Section 13(2) of The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act (SARFAESI), 2002 demanding an amount of Rs. 14446.60 lakhs against dues calculated on both IFCI and IDBI debts. With an application filed on 29-07-2009 u/s 14 of the SARFAESI Act with Dy. Commissioner, Rewari, they made an attempt to take possession of the Company's Assets. However, with timely actions, the Company has obtained from the Hon'ble Punjab & Haryana High Court, Chandigarh Stay Order against any coercive action, if any, taken under SARFAESI Act for taking over the possession of the property in dispute. |
| i. | The Hon'ble Punjab & Haryana High Court, Chandigarh had through interim orders dated 21-01-2011 and 11-03-2011 directed the Company to deposit a sum of Rs. 500 lakhs in the High Court, which the Company complied with. |
| | As per further directions of the Hon'ble High Court vide order dated 09-08-2011 the sum of Rs. 500 lakhs was appropriated as follows: |
| | • Rs. 300 lakhs to Alchemist Assets Reconstruction Company Ltd., and |
| | • Rs. 200 lakhs to Kotak Mahindra Bank Ltd. |
| | Apart from the aforesaid payment of Rs. 500 lakhs the assignees were also given the liberty to recover further sum of Rs. 1350 lakhs from the sale of the surplus land appurtenant to the factory premises. This had further been re-affirmed by the Hon'ble Supreme Court with modifications vide Orders dated 07-05-2012, 30-07-2012 and 01-03-2013. As per the directions of the Hon'ble Supreme Court on 01-03-2013, the Company has given physical possession of a part of the property comprising of approx. 10 acres of land to Alchemist Assets Reconstruction Company Ltd. on 08-03-2013. The Appeals are pending adjudication before the Division Bench of Hon'ble Punjab & Haryana High Court. |

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COVENTRY COIL-O-MATIC (HARYANA) LTD. SALAWAS REWARI (HR.)

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| | j. | Since this was only an Interim Order and the amount is yet to be adjudicated, no provision for differential Interest has been made by the Company, nor has any effect been given in the Fixed Assets Schedule of the Accounts. |
| | | Also, in compliance to the directions given by Hon'ble Debts Recovery Appellate Tribunal, Delhi (DRAT), the Company deposited with the Debts Recovery Tribunal - I, Delhi (DRT-I) a sum of Rs. 51.81 lakhs, which was received from the District Revenue Officer-cum-Competent Authority, Rewari as land acquisition compensation for acquisition of approx. 0.69 acres of the Company's land for widening of the Delhi-Jaipur NH-8 Highway. |
| | k. | Final Arguments in Debts Recovery Tribunal-1, Delhi (DRT-I) for dues calculated on the IFCI debts is complete and pronouncement of the Order was made on 18-01-2016 for recovery of Rs. 8449.39 lakhs together with simple interest @ 13.5% p.a. The Company has filed on Appeal in the Appellate Court (DART) against this order, along with an Appeal for waiver of the pre-deposit. However, both the Appeals have been dismissed by the Appellate Court on 12th October 2017 (waiver Appeal) and 30th November 2017 (Appeal against DRT-1 Order of 18-01-2016). |
| | | The Company has filed a Writ Petition in the Hon'ble High Court, Delhi against the Dismissal Orders of the Appellate Court (DRAT) as the Company is of the view that the said Order is not in accordance with the law and after applying the Reserve Bank of India One-Time Settlement (RBI OTS) Guidelines and after adjusting amounts already paid, physical possession of part property given and amount deposited with the DRT, the Company is of the opinion that nothing will be due and payable by the Company to the Lenders/ Assignees. On the contrary amounts may become recoverable which claims have been filed by the Company. |
| | l. | In the meanwhile, the Appeal filed by the Company before the Commissioner, Gurgaon Div. has been allowed on 10-03-2016. Court has held that the Assignment Deed on the basis of which AARCL filed the case in DRT-I is understopel to the extent of about Rs. 500 lakhs Stamp Duty. |
| | | Against this Order, Alchemist Asset Reconstruction Company Ltd. (AARC) had filed Writ Petition in the Punjab & Haryana High Court, Chandigarh who granted an interim stay on the Commissioner's Order till further arguments are heard for final decision. |
| | m. | Pursuant to DRT-1 Judgement / Recovery Certificate dated 18-01-2016, the Recovery Officer-II of DRT-1, Delhi in February 2019 served a Notice for settling sale proclamation for the sale of the Factory Property. The Company's lawyer pointed out to the RO on 08.02.2019 that the description / area of land mentioned in the Notice is wrong and also that the Company had filed an application before the RO for keeping the proceedings in abeyance till the application filed by the Company challenging RO's orders of attachment and sale is decided by the Hon'ble Punjab & Haryana High Court. The matter before RO has been adjourned to 06-12-2019. |
| 3 | | The Company had given physical possession of Approx. 10 Acre land whose approx. cost appearing in books is Rs. 12.02 Lakhs, to Alchemist Asset Reconstruction Company Ltd., assignees of IDBI & IFCI (Financial Institutions) on 8th March 2013 as per the directions of the Hon'ble Supreme Court who re-affirmed the Interim Orders of Hon'ble Punjab & Haryana High Court, Chandigarh of 09-08-2011. The land is sold by Alchemist Asset Reconstruction Company Ltd. at Rs. 1350 lakhs. The company has not accounted for these as sale till the settlement of court case, therefore necessary accounting entries and profit on transfer of land & capital gain tax could not be determined and accounted for in books of accounts. |
| 4 | | Contingent liability not provided for claims under adjudication - |
| | | in DRT-II, New Delhi by KMBL for recovery of Rs. 472.07 lakhs and |
| | | in DRT-I, New Delhi by AARCL for recovery of the dues calculated on the IDBI Debts Rs. 9315.19 lakhs |
| | | (The Company has also filed counter claims of more than Rs. 50000 lakhs on both KMBL and AARCL.) |
| 5 | | The Company has incurred significant operating losses, negative operating cash flow, negative working capital, adjudication of legal process against the company for loan liability and negative net worth. However the management is continuing with the operations, therefore the accounts have been prepared on basis of going concern assumption. Consequently, adjustment for amount of assets and classification of liabilities required to be recorded has not been carried out. |
| 6 | | The Company's operations were affected during the quarter ended 31st March, 2020 due to lockdown announced on account of COVID-19 pandemic by State/Central Govt. w.e.f. 23rd March, 2020. Company has re-started its operations on 04th May 2020, after seeking necessary permission and approvals and following social distancing, hygiene and other safety measures. The Company estimates to recover the carrying amount of all its assets including inventories and receivables in the ordinary course of business based on information available on current economic conditions. These estimates are subject to uncertainty and may be affected by the severity and duration of pandemic. The Company is continuously monitoring any material changes in future economic conditions. |
| 7 | | There being virtual uncertainties of taxable income in subsequent years, hence deferred tax assets have not been created in these accounts. |
| 8 | | The figures for three months ended 31st March, 2020 and 31st March, 2019 are the balancing figure between audited figures in respect of the full financial year and published year to date figures up to the nine months of the current financial year. |
| 9 | | Figure of the previous periods have been regrouped /rearranged, wherever necessary. |
| 10 | | The business activity of the company falls within a single primary business segment viz Spring Manufacturing hence there is no other reportable segment as per IND AS 108 'Oprating Segment'. |

for and on behalf of the Board of Directors

JKVS & CO. New Delhi Chartered Accountants

COVENTRY COIL-O-MATIC (HARYANA) LTD. SALAWAS REWARI (HR.)

R N Bafna
DIN NO. 00159855

Place: Rewari (Haryana)
Date: 30-Jun-20

# Coventry Coil-o-Matic(Haryana)Ltd.

Regd.office: 87km NH-8, Vill. Salawas, P.O. Sangwari, Distt. Rewari–123 401 (Haryana)

**Annexure-1**

**Statement on Impact of Audit Qualifications (For audit Report with modified opinion) submitted along-with Annual Audited Financial Results as on 31st March 2020**

**Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2020**
**[See Regulation 33/52 of the SEBI (LODR) (Amendment) Regulations, 2016]**

| I. | Sl.No. | Particulars | Audited Figures (as reported before adjusting for qualifications) (Rs. in Lakhs) | Audited Figures (audited figures after adjusting for qualifications subject to qualification 1,3 and 4) (Rs. in Lakhs) |
|---|---|---|---|---|
| | 1 | Turnover/Total Income | 4,568.78 | 4,568.78 |
| | 2 | Total Expenditure | 4,780.67 | 28,245.47 |
| | 3 | Net Profit/(Loss) | (211.89) | (23,676.68) |
| | 4 | Earnings Per Share | (4.70) | (525.21) |
| | 5 | Total Assets | 1,205.12 | 1,205.12 |
| | 6 | Total Liabilities | 2,418.40 | 25,883.20 |
| | 7 | Net Worth | (1213.28) | (24678.08) |
| | 8 | Any Other Financial Item(s) (as felt appropriate by the management) | - | - |

II. **Audit qualification (each audit qualification separately):**

**Details of Audit Qualification:**

1. Note No. 5 of result regarding Going Concern Assumption may no longer be appropriate – As the Company has incurred significant operating losses, negative operating cash flows, negative working capital, adjudication of legal process against the company for loan liability, Notice of Recovery Officer-II of DRT-1, Delhi for settling sale proclamation for the sale of the factory property (Refer Note 2(m)) and negative net worth indicating that going concern assumption is no longer be appropriate. Consequently, adjustment for amount of assets and classification of liabilities required to be recorded has not been carried.

2. 2.1 Note No. 2k of notes to results describes that company has not made provision calculated on the IFCI debts confirmed by the order dated 18-01-2016 in DRT-I, New Delhi by AARCL for the recovery of Rs. 8449.38 lakhs together with simple interest @ 13.5% p.a. from 14-05-2007 which amounts to Rs. 23,153.06 Lakhs as on 31st March'20 (Gross Value before adjusting repayment through Cash and Land) related to liability of IFCI debt. Other liability of IDBI and Kotak Mahindra Bank are yet to be ordered by Courts. Liability provided in the book against these are only of Rs. 393.59 lakhs, non-provision of Rs. 23,464.80 Lakhs.

   2.2Had the provision been made, the loss up to the year after tax Rs. 211.89 lakhs would have resulted in loss of Rs. 23,676.68 lakhs, Reserve & Surplus Deficit (Balance of Statement of Profit & Loss) would have been Rs. 25128.88.35 lakhs instead of Rs. 1664.08 lakhs.

JKVS & CO. New Delhi Chartered Accountants

COVENTRY COIL-O-MATIC (HARYANA) LTD. SALAWAS REWARI (HR.)

3. The company had to give physical possession of a part of land comprising of approx. 10 acres whose approx. cost appearing in books is Rs. 12.02 Lakhs, to Alchemist Asset Reconstruction Company Ltd., assignees of IDBI & IFCI (Financial Institution) on 8th March 2013 as per the direction of Honourable Supreme Court who re-affirmed the interim orders of Honourable Punjab & Haryana High Court, Chandigarh of 9th August 2011. The land is sold by Alchemist Asset Reconstruction Company Ltd. at Rs. 1350 lakhs. The company is not accounted for these as sale till the settlement of court case, therefore necessary accounting entries and profit on transfer of land & capital gain tax could not be determined and accounted for in books of accounts.
4. Company have not worked out and provided for the Interest and penalty which will arise due to long outstanding of statutory dues and non-filing of statutory returns in time

**a. Type of Audit Qualification:**

i. Qualified opinion

**b. Frequency of Qualification:**

1. Fifth Time
2. Second Time
3. Eight Time
4. Second Time

**c. For Audit qualification(s) where the Impact is quantified by the auditor, Management's View:**

**2. Court Orders**

2.1. The Company had deposited Rs. 5 Crore in the Punjab & Haryana High Court, Chandigarh which was given to Alchemist Asset Reconstruction Company Limited (AARCL) (Rs. 3 Crores) andKotak Mahindra Bank Ltd (KMBL) (Rs. Rs. 2 Crores) and the affect was taken in the Books. The Company, in this regard, has already handed over 10 Acres of land (valued by AARCL at Rs. 18 Crores).

2.2. The Company has filed an Appeal against the Final Order of DRT 1. The final hearing had been completed on 21-02-2017 and the Chairman of the Appellate has reserved his Orders. Until the Orders are pronounced, the Company is unable to ascertain the impact of the DRT-1, New Delhi Order of 18-01-2016.

2.3. As explained in 2.2 above. – Loss: - Rs. 22,485.54 lakhsand Reserves and surplus Rs. 23,765.35 lakhs

**d. For Audit qualification(s) where the impact is not quantified by the auditor:**

**i. Management's estimation on the impact of audit qualification:**

**ii. If management is unable to estimate the impact, reasons for the same:**

**In respect of 1 above:** Management has evaluated the circumstances and events and is of the view that it is largely because of earlier slowdown in the Auto Industry from which the Company has not been able to recover. The Company has now taken certain measures, the effect of which shall be seen in the coming years. This is a temporary phase and shall not affect the Company's ability to meet its obligations.

**In respect of 3 above:**With regards to the Land of approx.10 acres which was handed over to Alchemist Asset Reconstruction Company Ltd., (AARCL) ,assignees of IDBI & IFCI (Financial Institutions) on 8th March 2013 as per the direction of the Hon'ble Supreme Court who re-affirmed the Interim Orders of Hon'ble Punjab & Haryana High Court, Chandigarh on

New Delhi Chartered Accountants

COVENTRY ... (HARYANA) LTD. SALAWAS REWARI (HR.)

09-08-2011, it has come to our notice during the proceedings of the Company's Appeal (as mentioned in para 2.2 above) that AARCL has sold the above 10 acre Land on 19-08-2016 for Rs.13.50 Crores. The same is disputed, and unless AARCL provides us with copies of the registry and other documents relating to the sale of the Land to third party, the Company is unable to make necessary accounting entries in the Books.

**In respect of 4 above:** Due to financial problem the dues are not payable in time and interest liability is paid on actual basis.

**iii Auditor's Comments on i and ii above:**

(i) Not Applicable

(ii) **In respect of 1 Above:** Because of huge legal expenses incurred & legal disputes the Viability seems to be doubtful.

**In respect of 3& 4 above:** Self Explanatory

**Signatories**

| | |
|---|---|
| **Managing Director** | COVENTRY COIL-O-MATIC (HARYANA) LTD. SALAWAS REWARI (HR.)<br>**R.M Bafna**<br>**(Managing Director)** |
| **Audit Committee Chairman** | **Atul Kumar Chaturvedi**<br>**(Chairman Audit Committee)** |
| **CFO** | **R. P. Verma**<br>**(Chief Financial Officer)** |
| **Statutory Auditor** | **For JKVS & Co.**<br>**Chartered Accountants**<br>**Firm Regt. No. 318086E**<br>JKVS & Co. New Delhi Chartered Accountants<br>**Sajal Goyal**<br>**(Partner)**<br>**(Membership No. 523903)** |

**Place: Rewari**
**Dated :30th June 2020**