

# SPLENDID METAL PRODUCTS LIMITED

(Formerly Known as Sujana Metal Products Ltd)

Date: 02.07.2019

To

The Department of Corporate Services – CRD, BSE Limited, P.J.Towers, Dalal Street, MUMBAI – 400 001. <b>Scrip Code: 513414</b>	National Stock Exchange of India Ltd, 5 <sup>th</sup> Floor, Exchange Plaza, Bandra (E), MUMBAI – 400 051 <b>Scrip Symbol: SMPL</b>
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Dear Sir/Madam,

**Sub: Submission of Statement on impact of Audit Qualifications (in respect of modified opinion on standalone and consolidated Audited Financial Results) for the year ended March 31, 2019- Reg**

In furtherance to our letter dated June 15, 2019, please find enclosed the Statement on impact of Audit Qualifications (in respect of modified opinion on standalone and consolidated Audited Results) for the year ended March 31, 2019.

Please take the same on the record.

Kindly acknowledge the same.

Thanking You,

Yours faithfully,

**For Splendid Metal Products Limited**



**Shaik Ibraheem**

**Company Secretary**

**(A Company under Corporate Insolvency Resolution Process by NCLT order No. CP(IB)No. 666/7/HDB/2018)**

## ANNEXURE I

### Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results - (Standalone and Consolidated separately)

<b>Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2019</b>				
<b>[See Regulation 33/52 of the SEBI (LODR) (Amendment) Regulations, 2016]</b>				
I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1.	Turnover / Total income	45871.10	45871.10
	2.	Total Expenditure	(134757.76)	(161481.02)
	3.	Net Profit/(Loss)	(88886.66)	(115609.92)
	4.	Earnings Per Share	(22.91)	(41.21)
	5.	Total Assets	137338.30	137338.30
	6.	Total Liabilities	250825.30	305904.06
	7.	Net Worth	(113487.00)	(168565.76)
	8.	Any other financial item(s) (as felt appropriate by the	--	-

### II. Audit Qualification: ( Each Audit Qualification Separately:

#### a. Details of Audit Qualification:

The Company has defaulted in repayment of dues to Banks/Financial Institutions and all loans outstanding were classified as NPA's by the banks. Provision for interest (excluding penal interest) amounting to Rs. 104.31 Crores. and Rs.267.23 Crores for the quarter ended 31st March 2019 and Year ended on that date respectively on its Working Capital Loan and Term Loan has not been made in the books by the Company, as those Loan Accounts were classified as NPA by the Lending Banks and Financial Institutions. The loss of the Company has been understated by Rs.104.31 Crores for the quarter ended 31st March 2019 and Rs. 267.23 Crores for the year ended on such date in view of non-provision of Interest amount.

#### b. Type of Audit Qualification

Qualified Opinion / Disclaimer of Opinion / Adverse Opinion

#### c. Frequency of qualification: Whether appeared first time / repetitive / since how long continuing : Since 2017-18

#### d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:

The Banks/ Financial Institutions have classified our loan accounts as NPA. The Company is putting in efforts for settlement of dues by way of Resolution process



through NCLT, Hyderabad which admitted the application on 4<sup>th</sup> April, 2019 and posted on 16<sup>th</sup> April, 2019. Hence the Company has not provided unpaid interest amounting to Rs.276.23 crores, for the current financial year 2018-19 in the books of account.

**2. a. Details of Audit Qualification:**

The Trade receivables could not be verified as the confirmation of balances have not been received and made available to us. The Company has made a provision of Rs.707.65 crores towards bad and doubtful receivables and Rs.70.92 crores towards bad and doubtful advances during the Year ended 31st March 2019. The company has Rs.428.08 crores as Trade Receivables and Rs.52.81 crores as advances which are long overdue and not provided for. We are unable to form an opinion on the uncertainty regarding the collection of these long outstanding and other receivables.

**b. Type of Audit Qualification**

Qualified Opinion / ~~Disclaimer of Opinion~~ / Adverse Opinion

c. **Frequency of qualification:** ~~Whether appeared first time~~ / repetitive / since how long continuing : Since 2015-16

**d. For Audit Qualification(s) where the impact is quantified by the auditor,**

**Management's Views:**

We have sent letters to the debtors requesting for confirmation of balance as on 31.03.2019. The Company is following up with the Debtors for the confirmations. However, the company has made provision for bad and doubtful debts to the extent of Rs.1226.11 crores only.

The company has made provision for bad and doubtful advances to the extent of Rs.123.72 crore and is confident of realizing the balance amount of Rs.57.59 crore.

**3. a. Details of Audit Qualification:**

The Company is not regular in payment undisputed statutory dues towards ESI, TDS, Service Tax and Income Tax during the year ended 31st March 2019.

**b. Type of Audit Qualification**

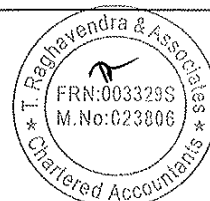
Qualified Opinion / ~~Disclaimer of Opinion~~ / Adverse Opinion

e. **Frequency of qualification:** ~~Whether appeared first time~~ / repetitive / since how long continuing : Since 2016-17

**f. For Audit Qualification(s) where the impact is quantified by the auditor,**

**Management's Views:**

The company has been facing severe cash crunch due to delays in realizations of receivables and hence could not meet the undisputed statutory liability on time. The management has been making efforts to regularize the same.



**4. a. Details of Audit Qualification:**

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 31<sup>st</sup> March 2019 by Rs.1994.50 crores and the Company's ability to continue as a going concern is in doubt.

**b. Type of Audit Qualification**

Qualified Opinion / ~~Disclaimer of Opinion / Adverse Opinion~~

g. **Frequency of qualification:** ~~Whether appeared first time / repetitive / since how long continuing from 2017-18:~~

**h. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:**

Application by Punjab National Bank filed before NCLT, Hyderabad, Has been admitted and the Corporate Insolvency Resolution Process Commenced from 04.04.2019(posted in website on 16.04.2019).

**5. a. Details of Audit Qualification:**

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.4087.50lakhs. We are unable to form an opinion on the uncertainty regarding the outcome of Andhra Pradesh High Court decision.

**b. Type of Audit Qualification**

Qualified Opinion / ~~Disclaimer of Opinion / Adverse Opinion~~

i. **Frequency of qualification:** ~~Whether appeared first time / repetitive / since how long continuing from 2014-15:~~

**j. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:**

Self Explanatory



**6. a. Details of Audit Qualification:**

The Company has adjusted certain Trade Payables amount with Trade Receivables to the tune Rs.157.01 crores during the year with the consent of both the parties. However the tripartite agreement if any was not made available for our verification.

**b. Type of Audit Qualification**

Qualified Opinion / Disclaimer of Opinion / Adverse Opinion

k. **Frequency of qualification:** Whether appeared first time /-repetitive / since how long continuing:-

l. **For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:**

We are already submitted tripartite conformation letters to Auditors. *subsequently*

**7. a. Details of Audit Qualification:**

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.

**b. Type of Audit Qualification**

Qualified Opinion / Disclaimer of Opinion / Adverse Opinion

m. **Frequency of qualification:** Whether appeared first time /-repetitive / since how long continuing:-

n. **For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:**

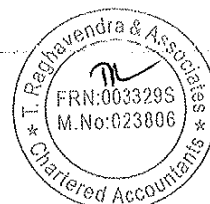
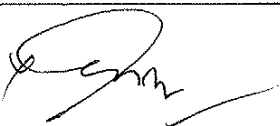
We have only one operating Bank account. i.e Bank of India of Kukatpally Branch, Hyderabad. Other Bank accounts are either non operating accounts or freed by banks. Hence, we could not get these bank statements.

**8. a. Details of Audit Qualification:**

a) 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.

**b. Type of Audit Qualification**





Qualified Opinion / Disclaimer of Opinion / Adverse Opinion



o. **Frequency of qualification:** Whether appeared first time /-repetitive / since how long continuing:-

p. **For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:**

GST Returns of Feb, March 19 are not yet filed for Telangana and Mar'19 for Tamilnadu

III.  1.	Signatories :  T.Sathisan Resolution Professional IP Registration No.IBBI/IPA-001/IP- P00105/2017-2018/10212	 
2.	Statutory Auditor For T.Raghavendra & Associates Chartered Accountants FRN 003329S T Raghavendra Mem No 023806	 
<b>Place: Hyderabad</b> <b>Date: 15.06.2019</b>		