

**Independent Auditor's Report**

To  
The Board of Directors of **Sudal Industries Limited**

**Report on the audit of the Financial Results**

**Opinion**

We have audited the accompanying financial results of **Sudal Industries Limited** ('the Company') for the quarter and year ended March 31, 2020, 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 ("Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us, these financial results:

- (i) are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in this regard; and
- (ii) give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable accounting standards and other accounting principles generally accepted in India, of the net loss other financial information for the quarter and year ended March 31, 2020.

**Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Companies Act, 2013 (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 (ICAI) together with the ethical requirements that are relevant to our audit of the financial results 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 audit opinion.

**Material Uncertainty Related to Going Concern:**

The Company has been continuously incurring losses over last several years and its net worth stands fully eroded. As explained by the management, due to a recessionary trend and slackness in demand by user industries, the Company was not able to utilize the capacity optimally along with price volatility; it was incurring the losses in past few years. In order to boost the economy, the government has declared several revival packages, resulting into spur in demand allowing the Company to step up its capacity utilization.

In accordance with the latest Amendment, 2020 to the insolvency law, the Company as per Note No 4 expects to convince the bank to approach the NCLT with pre accepted resolution plan including the settlement of dues reasonably. Accordingly, the management believes that it is appropriate to prepare the financial results on a going concern basis. Therefore, the financial results do not include any adjustments



relating to the recoverability and classification of recorded assets and to the amounts of liabilities that might be necessary should the Company be unable to continue its operations as a going concern.

#### **Emphasis of Matter:**

We draw your attention to note no 3 of the financial results with regard to Management's perception of impact of Covid 19 on the Company. The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial results.

Our Opinion is not modified in respect of this matter.

#### **Management's Responsibilities for the Financial Results**

These quarterly financial results as well as year to date financial results have been prepared on the basis of the financial statements. The Company's Board of Directors are responsible for the preparation of these financial results that give a true and fair view of the net loss and other comprehensive income and other financial information 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 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial results, the Board of Directors 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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 financial results 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 financial results.

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 financial results, 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 but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial results, including the disclosures, and whether the financial results represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that individually or in aggregate makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements 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 standalone financial statements.

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 Matters:**

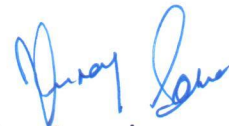
- (i) On account of the COVID-19 related lockdown restrictions, Management was not able to perform the year end physical verification of inventories aggregating to Rs. 849.44 Lakhs as on March 31, 2020. Consequently, we have performed alternative audit procedures to audit existence of inventory as per the guidance provided in SA 501 "Audit Evidence – Specific Consideration to Selected items" which includes cyclical counts performed by the management during the year, roll forward procedures and their supporting documents relating to purchases, productions and sales and have obtained sufficient audit evidence to issue our unmodified opinion on these financial results.



- (ii) The figures for the quarter ended 31st March 2020 and 31st March 2019 are the balancing figures between the audited ones in respect of the full financial year and published unaudited year to date figures upto the third quarter of the financial result which were subjected to limited review.

Our conclusion is not modified in respect of these matters.

For **Bagaria and Co. LLP**  
Chartered Accountants  
**Firm Regn.No: 113447W/W-100019**



**Vinay Somani**  
**Partner**

Membership No. 143503  
**UDIN : 20143503AAAAIM8212**



**Place:** Mumbai  
**Date:** July 30, 2020



**SUDAL INDUSTRIES LIMITED**  
**CIN:L21541MH1979PLC021541**

Registered office : A-5, MIDC, Ambad Industrial Area, Nashik - 422 010.  
Corporate office: 26A, Nariman Bhavan , 227 Nariman Point, Mumbai - 400 021.  
Statement of Audited Financial Results for the Quarter/ Year Ended 31.03.2020

(' in Lakhs)

Sr. No.	Particulars	Quarter Ended			Year Ended	
		31.03.2020	31.12.2019	31.03.2019	31.03.2020	31.03.2019
		Audited (Refer note 6)	Unaudited	Audited (Refer note 6)	Audited	Audited
1	Income:					
	a) Revenue from operations	2,023.82	2,289.30	2,966.31	9,201.17	12,413.31
	b) Other Income	0.00	-	48.19	0.00	241.62
	Total Income	2,023.83	2,289.30	3,014.50	9,201.18	12,654.93
2	Expenses :					
	a) Cost of materials consumed	2,240.40	1,675.16	2,361.12	7,813.91	10,095.41
	b) Change in Inventories of finished goods, work-in-progress and stock-in-trade	(167.01)	129.75	(103.55)	(48.75)	(41.35)
	c) Employee benefits expense	69.08	96.78	112.76	361.86	411.77
	d) Finance Costs	416.10	406.24	439.02	1,550.93	1,495.58
	e) Depreciation and amortization expense	75.27	75.89	77.16	302.67	306.32
	f) Other Expenses	381.52	525.33	362.99	1,569.60	1,431.07
	Total Expenses	3,015.35	2,909.15	3,249.50	11,550.21	13,698.80
3	Profit /(Loss) before exceptional items and tax (1-2)	(991.52)	(619.85)	(235.00)	(2,349.03)	(1,043.87)
4	Exceptional Items (Refer Note No 5)	-	-	-	341.55	-
5	Profit /(Loss) before tax (3-4)	(991.52)	(619.85)	(235.00)	(2,690.58)	(1,043.87)
6	Tax expense	167.88	-	71.51	167.88	71.51
7	Net Profit/(Loss) for the period (5-6)	(1,159.41)	(619.85)	(306.51)	(2,858.47)	(1,115.38)
8	Other Comprehensive Income (OCI)					
	a) Items that will not be reclassified to profit or loss	-	-	-	-	-
	b) Items that will be reclassified to profit or loss	1.21	-	4.87	1.21	4.87
	Other Comprehensive Income	1.21	-	4.87	1.21	4.87
9	Total comprehensive income for the period (7+8)	(1,158.20)	(619.85)	(301.64)	(2,857.26)	(1,110.51)
10	Paid-up Equity Share Capital (Face Value of 10 per share)	736.78	736.78	736.78	736.78	736.78
11	Other equity				(5,364.50)	(2,507.24)
12	Earnings per Share before exceptional items (Basic and Diluted ) (Rs.)	(15.74)	(8.41)	(4.16)	(34.16)	(15.14)
13	Earnings per Share after exceptional items (Basic and Diluted ) (Rs.)	(15.74)	(8.41)	(4.16)	(38.80)	(15.14)



## Statement of Assets and Liabilities as at 31st March 2020:

(' in Lakhs)

Particulars	As at 31.03.2020 (Audited)	As at 31.03.2019 (Audited)
<b>A. Assets</b>		
<b>(1) Non-current assets</b>		
(a) Property, plant and equipment	4,494.21	5,238.35
(b) Financial assets		
(i) Investments	0.08	0.08
(c) Deferred tax assets (net)	(0.00)	167.86
(d) Non-current tax assets (net)	95.38	92.80
(e) Other non-current assets	286.40	333.15
<b>Total- Non current assets</b>	<b>4,876.05</b>	<b>5,832.23</b>
<b>(2) Current assets</b>		
(a) Inventories	849.44	848.12
(b) Financial assets		
(i) Trade receivables	591.30	989.77
(ii) Cash and cash equivalents	141.16	227.64
(iii) Bank balances other than cash and cash equivalents	7.96	10.49
(iv) Other current financial assets	5.54	182.77
(c) Other current assets	3.88	10.18
<b>Total Current assets</b>	<b>1,599.27</b>	<b>2,268.97</b>
<b>TOTAL ASSETS</b>	<b>6,475.32</b>	<b>8,101.20</b>
<b>B. Equity and liabilities</b>		
<b>(1) Equity</b>		
(a) Equity share capital	736.78	736.78
(b) Other equity	(5,364.50)	(2,507.24)
<b>Total- Equity</b>	<b>(4,627.71)</b>	<b>(1,770.46)</b>
<b>(2) Liabilities</b>		
<b>Non-current liabilities</b>		
(a) Financial liabilities		
(i) Borrowings	-	230.53
(ii) Other financial liabilities	384.89	599.63
(b) Provisions	138.09	148.63
<b>Total-Non current liabilities</b>	<b>522.98</b>	<b>978.79</b>
<b>Current liabilities</b>		
(a) Financial liabilities		
(i) Borrowings	1,809.33	1,486.49
(ii) Trade payables		
(a) total outstanding dues of micro enterprises and small enterprises	-	-
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	972.82	785.46
(iii) Other financial liabilities	7,727.16	6,525.11
(b) Other current liabilities	20.52	39.05
(c) Provisions	50.22	56.77
<b>Total- current liabilities</b>	<b>10,580.05</b>	<b>8,892.87</b>
<b>Total Liabilities</b>	<b>11,103.03</b>	<b>9,871.66</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>6,475.32</b>	<b>8,101.20</b>





## SUDAL INDUSTRIES LIMITED

Statement of Cash Flow for the year ended 31st March, 2020

(Rs. in Lakhs)			
Particulars	For the year ended 31st March, 2020		For the year ended 31st March, 2019
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net Loss before taxation and exceptional item		(2,515.71)	(1,043.87)
Adjustments for:			
Depreciation and amortization expense	302.67		306.32
Defined benefit plans	(1.21)		4.87
Interest Expenditure	1,550.93		1,495.58
Loss on sale of Property, Plant & Equipment/ Discarded Property, Plant & Equipment	176.08	2,028.47	48.69
			1,855.46
<b>Operating profit/ (loss) before working capital changes</b>		(487.24)	811.59
Adjustments for:			
Trade and Other Receivables Increase/(Decrease)	398.48		(31.87)
Decrease in trade payables including Advance received from customers	(62.83)		(275.07)
Loans & Advances Increase/ (Decrease)	230.26		(155.05)
Increase in inventories	(1.32)	564.59	(27.69)
			(489.68)
<b>Cash generated from operations</b>		77.35	321.91
Direct Taxes Paid (Net)		-	(6.50)
			315.41
<b>NET CASH FROM OPERATING ACTIVITIES</b>		77.35	
<b>B. CASH FLOWS FROM INVESTMENT ACTIVITIES</b>			
Purchase of Property, Plant & Equipment including Pre-operative Expenses		(107.73)	(100.40)
Sale of Property, Plant & Equipment		31.57	-
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		(76.16)	(100.40)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>			
Borrowings Increase/ (Decrease) [Net]		(47.35)	115.46
Interest Paid		(40.32)	(118.20)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		(87.67)	(2.74)
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>		(86.48)	212.27
<b>CASH AND CASH EQUIVALENTS - AT THE BEGINNING OF THE YEAR</b>		227.64	15.37
<b>CASH AND CASH EQUIVALENTS - AT THE END OF THE YEAR</b>		141.16	227.64



Notes :

- 1 The above results were reviewed by the Audit Committee and approved by the Board of Directors in their meeting held on 30th July 2020.
  - 2 The Operations of the Company relate to only one segment viz. Manufacturing of Aluminium Extrusions and down stream/ value added products.
  - 3 In March, 2020 the WHO declared the COVID -19 out break as a pandemic which continues to spread across the Country. On 25th March, 2020, the Government of India has declared this pandemic a health emergency, ordered temporary close of all non essential businesses, imposed restrictions on movement of goods/materials travel etc. As the nature business performed by the company fell under non essential category, the company shut down its plant at Nasik from 23/03/2020 to 17/05/2020. The Company after receiving applicable permissions, commenced operations at reduced capacity level, as availability of Raw Material continues to be constrained. The Company plans to scale up the production gradually. The impact of global health pandemic may be different from that estimated as at the date of these financials. Considering the continuing uncertainties, the Company will continue to closely monitor any material changes to future economic conditions.
  - 4 The Financial Creditor has filed an application with the National Company Law Tribunal, Mumbai Bench, for recovery of dues from the Company and initiated Corporate Insolvency Resolution Process under the insolvency and bankruptcy Code.
  - 5 Exceptional item represents loss on surrender of industrial lease hold land at Dhule, earlier acquired for expansion and diversification.
  - 6 The figures for the quarter ended 31st March 2020 and 31st March 2019 are the balancing figures between the audited ones in respect of the full financial year and published unaudited year to date figures upto the third quarter of the financial result.
- Figures for the previous periods have been regrouped, wherever necessary to conform to the current period's classification.

Place : Mumbai  
Date : 30.07.2020



For and on behalf of the Board of Directors  
For Sudal Industries Limited

  
M.V. Ashar  
CFO & Director  
DIN: 06929024