

INDEPENDENT AUDITOR'S REPORT

**TO THE MEMBERS OF
KHATEMA FIBRES LIMITED**

1. Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of Khatema Fibres Limited ("The Company"), which comprise the Balance Sheet as at 31st March, 2023, Statement of Profit & Loss and Cash Flow Statement for the period April 1, 2022 to March 31, 2023 and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, Statement of Profit & Loss & Cash Flow for the year ended on that date.

2. 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. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities* for the Audit of the Financial Statements 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 Companies Act, 2013 and the Rules there under, 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 opinion.

3. Responsibility of Management for Financial Statement

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. 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 statements, management is 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.

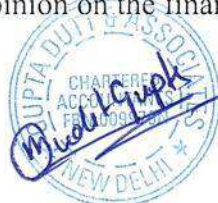
Those Board of Directors are also responsible for overseeing the company's financial reporting process.

4. Auditor's Responsibility for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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 statements.

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 statements, 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- With regard to appropriateness of management's use of the going concern basis of accounting, we have given our opinion on the same vide Note no 5 to as given below to this Auditor's Report which is based on the audit evidence obtained. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial statements of the Company to express an opinion on the 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.

5. Basis for Adverse Opinion

The Company has incurred a loss of Rs 73.00 Crore during FY 2022-23 and the accumulated Losses has increased to Rs 104.14 Crore. Considering the size of the balance sheet where total assets stand at Rs 109.50 Crore and the outstanding liabilities, and the fact that the Company has unable to conclude renegotiations or alternative arrangements with ACRE which has filed for bankruptcy on 15.06.2023 with NCLT Allahabad Bench after recalling full loan. Further NCLT, Allahabad Bench, Prayagraj vide its order dated 13.10.2023 has appointed Mr Satya Prakash Gupta as Interim Resolution Professional. Currently the affairs of the Company are being run by him as guided by Committee of Creditors(COC).

This situation indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern . The financial statements do not adequately disclose this fact.

6. Adverse Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) issued by ICAI. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial statements section of our report. We are independent of the entity in accordance requirements that are relevant to our audit of the financial statements in India, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

7. Report on Other Legal and Regulatory Requirements

(1) As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure -1 a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

(2) Further to our comments in Annexure -1, as required by Section 143(3) of the Act based on our audit, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.



- (c) The Balance Sheet, the Statement of Profit & Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of accounts.
- (d) In our opinion the aforesaid financial statements comply with accounting standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of written representations received from the directors as on 31 March 2023 taken on record by the Board of directors, none of the directors is disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of internal financial control over financial reporting of the company with reference to these financial statements and the operating effectiveness of such controls, refer to our separate report in "Annexure -2" to this report.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- (i) The Company does not have any pending litigations which would impact its financial position.
 - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

Place: New Delhi

Date : 20 JAN 2024

For GUPTA, DUTT & ASSOCIATES
CHARTERED ACCOUNTANTS

FRN No. 009979N



Membership number: 567758

UDIN -24567758BKFYFM1230

The Annexure -1 referred to in paragraph "Report on other legal and regulatory Requirements of our Report of even date to the members of KHATEMA FIBRES LIMITED for the year ended on 31 March 2023

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

1. (a)(i) The company has maintained proper records showing full particulars including quantitative details and situation of property, plant and equipment including right of use assets and investment property.
(a) (ii) The Company has maintained proper records showing full particulars of intangible assets
(b) The Company has a regular programme of physical verification of its property, plant and equipment including right of use assets and investment property by which assets are verified in a phased manner over a period of three years. In accordance with this programme, certain property, plant and equipment including right of use assets and investment property were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
(c) In our opinion and according to the information and explanation given to us, the title deeds of the immovable properties are held in the name of the Company.
(d) The Company has not revalued its Property, Plant and Equipment including Right of Use assets and intangible assets during the year.
(e) As per explanation and representations provided to us, no proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder. Accordingly, reporting under Clause 3(i)(e) of the Order is not applicable to the Company.
2. (a) The physical verification of inventory has been conducted at reasonable intervals by the Management during the year and, in our opinion, the coverage and procedures of such verification by Management is appropriate. In respect of inventories of stores and spares, the Management has a verification programme designed to cover the items over a period of three years. The discrepancies noticed on physical verification of inventory has been properly dealt with in the accounts.
(b) The Company has not been sanctioned working capital limits by banks or financial institutions on the basis of security of current assets during any point of time of the year. Accordingly, reporting under Clause 3(ii)(b) of the Order is not applicable to the Company.





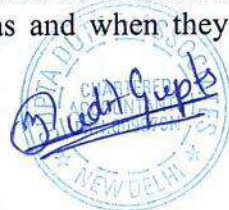
3. (a) The Company has not provided any loans, guarantees or investments as required by Clause 3(iii)(a) and hence the provisions of said Clause are not applicable to the Company.
- (b) As there are no loans etc. granted by the Company, the stipulation whether terms and conditions of the grant of such loans and guarantees provided are not, prima facie, prejudicial to the Company's interest is not applicable to the Company.
- (c) As there are no loans etc. granted by the Company, the requirement of stipulation of repayment of principal and payment of interest is not applicable.
- (d) As the Company has not granted any loans etc. there is no overdue amount in respect of loans granted to such companies or other parties and same is inapplicable.
- (e) The Company had not granted any loans etc. which have fallen due during the year and were repaid on or before the due date. Further, no fresh loans were granted to any party to settle the overdue loans.
- (f) The Company has not granted any loans etc. which is repayable on demand or without specifying any terms or period of repayment.
4. In our opinion, and according to the information and explanations given to us, there are no transactions covered with in the provisions of Sections 185 and 186 of the Act in respect of loans, investments, guarantees and security. Accordingly, reporting under Clause 3(iv) of the Order is not applicable to the Company.
5. The Company has not accepted any deposits or there is no amount which has been considered as deemed deposit within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, reporting under Clause 3(v) of the Order is not applicable to the Company.
6. It has been explained to us that cost records are under compilations and after the records are completed the cost statement shall be drawn as required under section 148(1) of the Companies Act, 2013. Therefore we have not made examination of the records.
7. (a) In our opinion, and according to the information and explanations given to us, the Company is irregular in depositing undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, cess and other material statutory dues, as applicable, with the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no statutory dues referred in sub-clause (a) which have not been deposited with the appropriate authorities on account of any dispute.
8. According to the information and explanations given to us, no transactions were surrendered or disclosed as income during the year in the tax assessments under the

Income Tax Act, 1961 (43 of 1961) which have not been recorded in the books of accounts.

9. (a) According to the information and explanations given to us, the Company has defaulted in its Term Loan to ACRE and as on 31-3-2023 the principal outstanding stood at Rs 55.21 Crore and outstanding Interest stood at Rs 17.76 Crore. (Refer Note No 6 to the Balance Sheet). Further the above said term loan whose terms of loan have not been met by the company and the same has been recalled by the company and company was asked to pay the full amount of loan. Further ACRE vide its application dated 15.06.2023 has gone to National Company Law Board (NCLT) for appointment of an Insolvency Resolution Professional (IRP) to take over the Company. Further NCLT, Allahabad Bench, Prayagraj vide its order dated 13.10.2023 has appointed Mr Satya Prakash Gupta as Interim Resolution Professional. Currently the affairs of the Company are being run by him as guided by Committee of Creditors (COC).
- (b) Bank of Baroda has declared Khatema Fibres Limited as a wilful defaulter vide its order dated 12-08-2016. Against the said order the company has gone in appeal with Uttarakhand High Court.
- (c) In our opinion, and according to the information and explanations given to us, the term loans have been applied, on an overall basis, for the purposes for which they were obtained
- (d) In our opinion and according to the information and explanations given to us, and on an overall examination of the financial statements of the Company, funds raised by the Company on short term basis have not been utilized for long term purposes.
- (e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries and associates.
- (f) According to the information and explanations given to us, the Company has not raised any loans during the year on the pledge of securities held in its subsidiaries or associate companies.
10. (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments), during the year. Accordingly, reporting under Clause 3(x)(a) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully, partially or optionally convertible debentures during the year. Accordingly, reporting under Clause 3(x)(b) of the Order is not applicable to the Company.
11. (a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the period covered by our audit.



- (b) No report under Section 143(12) of the Act has been filed with the Central Government for the period covered by our audit.
- (c) According to the information and explanations given to us including the representation made to us by the management of the Company, there are no whistleblower complaints received by the Company during the year
12. The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, reporting under Clause 3(xii) of the Order is not applicable to the Company.
13. In our opinion, and according to the information and explanations given to us, there are no transactions with the related parties covered within the provisions of Section 177 and 188 of companies act, 2013. Accordingly, reporting under Clause 3(xiii) of the Order is not applicable to the Company.
14. The Company does not have an Internal Audit System as is not required by rules under Section 138 the Companies Act.
15. According to the information and explanation given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with them and accordingly, provisions of Section 192 of the Act are not applicable to the Company.
16. (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting under Clause 3(xvi)a of the Order is not applicable to the Company. Further
- (b) The Company has not conducted any Non- Banking Financial or Housing Finance activities during the year without a valid Certificate of Registration (CoR) from the RBI as per the Reserve Bank of India Act, 1934.
- (c) According to the information and explanations given to us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the RBI. Accordingly, reporting under Clause 3(xvi)(c) and 3(xvi)(d) of the Order is not applicable to the Company.
17. The Company has incurred a cash loss of Rs 6919.17 Lac in the current year (Previous year – Rs 1542.53Lac)
18. There has been no resignation of the statutory auditors during the year. Accordingly, reporting under Clause 3(xviii) of the Order is not applicable to the Company
19. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the plans of the Board of Directors and management, we are of the opinion that the Company is having liquidity and solvency issues due to past losses and outstanding loan/interest installments to ACRE. The capacity of the company to meet its liabilities as and when they fall due within a



period of one year from the balance sheet date is dependent on settlements by company with ACRE / NCLT decisions thereon.

20. As the Company is not covered by provisions of section 135 relating to CSR reporting under Clause 3(xx) of the Order is not applicable to the Company

Place: New Delhi

Date : 20 JAN 2024

For GUPTA, DUTT & ASSOCIATES
CHARTERED ACCOUNTANTS

FRN No. - 009979N



Mudit Gupta
Partner

Membership number: 567758

UDIN - 24567958BKFYFM1230

ANNEXURE-2 TO THE AUDITOR'S REPORT
Referred to in Paragraph – 2 (e) of our Report of even date.)

Report on the internal financial controls under clause (i) of sub- section 3 of section 143 of the companies act 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of the Khatema Fibres Limited (‘THE COMPANY’) as of 31, March 2023 in conjunction with our audit of the financials statements of the company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor Responsibility

Our responsibility is to express an opinion on the company’s internal financial controls over financial reporting with reference to these financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of Internal Financials Controls and, both issued by Institute of Chartered Accountant of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial control over financial reporting with reference to these financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these standalone financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error or fraud.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting with reference to these financial statements.

Meaning of Internal Financial Controls over financial reporting

A company's internal financial control over financial reporting with reference to these financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements of external purpose in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these financial statements includes those policies and procedures that (1) pertain to maintenance of records that , in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles , and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company , and (3) provide reasonable assurance regarding presentations or timely detection of unauthorized acquisition ,use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent limitations of Internal Financial Controls over Financials Reporting

Because of the inherent limitations of inherent limitations of internal financial controls over financial reporting with reference to these financial statements, including the possibility of collusion or improper management override of controls , material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluations of the internal financial controls over financial reporting with reference to these financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the company has, In all material respects, an adequate internal financial controls system over financial reporting with reference to theses financial statements and such internal financial control over financial reporting with reference to these financial statements were operating effectively as at March 31,2023, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control.

Place: New Delhi

Date : 20 JAN 2024

**For GUPTA, DUTT & ASSOCIATES
CHARTERED ACCOUNTANTS**

FRN No. 009979N



Membership number: 567758

UDIN - 24567758BKFYFM1230

KHATEMA FIBRES LTD

BALANCE SHEET AS AT 31.03.2023

(Amount in Rs. Thousand)

CIN: U21011UR1985PLC007433

	Particulars	Note No	As at 31st March 2023	As at 31st March 2022
I.	EQUITY AND LIABILITIES			
(1)	SHAREHOLDER'S FUND			
	(a) Share Capital	4	2,82,438	2,82,438
	(b) Reserves & Surplus	5	-10,41,475	-3,09,734
(2)	Non-Current Liabilities			
	(a) Long-term borrowings	6	29,063	2,62,113
	(c) Long-term provisions	7	24,640	21,065
(3)	Current Liabilities			
	(a) Short-term borrowings	8	4,400	4,400
	(b) Trade payables	9	5,50,043	3,71,655
	(c) Other current liabilities	10	12,45,898	8,06,463
	TOTAL		10,95,007	14,38,399
II.	ASSETS			
(1)	Non-Current Assets			
	(a) Property Plant & Equipment			
	(i) Tangible assets	11	8,01,893	8,42,193
	(ii) Capital Work-in-Progress		9,285	9,285
	(c) Long term loans and advances	12	34,261	32,924
(2)	Current Assets			
	(a) Inventories	13	1,85,110	4,77,961
	(b) Trade Receivables	14	34,651	40,274
	(c) Cash and Cash Equivalents	15	529	12,300
	(d) Short term loans and advances	16	29,277	23,462
	(e) Other current assets	17	-	-
	TOTAL		10,95,007	14,38,399
			-	-

Significant Accounting Policies

1 & 2

The accompanying notes 1 to 39 are integral part of the financial statements.

As per our Report of even date attached
For GUPTA DUTT & ASSOCIATES
CHARTERED ACCOUNTANTS



MUDIT GUPTA (M.NO- 567758)
PARTNER

FRN- 009979N

UDIN:-24567758BKFYFML230

Place: Delhi

Date: 20 JAN 2024


Rakesh Chandra Rastogi
Chairman & Managing Director
DIN- 00100919


Jitendra Prakash Varshney
CFO

KHATEMA FIBRES LTD
STATEMENT OF PROFIT AND LOSS

CIN: U21011UR1985PLC007433

(Amount in Rs. Thousand)

	Particulars	Note No	For the year ended 31st March 2023	For the year ended 31st March 2022
I.	Revenue from Operations	22	19,76,193	17,17,199
	Revenue from Operations		19,76,193	17,17,199
II.	Other Income	23	9,951	8,163
III.	Total Revenue (I+II)		19,86,144	17,25,361
	EXPENSES			
	Cost of materials consumed	24	15,52,068	9,36,202
	Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	25	33,136	54,914
	Other Direct Manufacturing Expenses	26	7,85,230	4,93,967
	Employee benefit expenses	27	1,31,363	1,21,721
	Finance Cost	28	1,41,439	1,37,239
	Depriciation and amortization expenses	11	39,533	38,480
	Other expenses	29	33,451	24,869
	Prior Period Expenses	30	0	1,467
IV.	Total expenses		27,16,221	18,08,859
V	Profit before Tax & Exceptional Items (III-IV)		-7,30,077	-83,498
VI	Exceptional Items	31	0	1,07,911
VII.	Profit before tax (V+VI)		-7,30,077	-1,91,409
VIII.	Tax expense			
	(1) Current Tax		0	0
	(2) Deferred Tax		0	0
IX.	Profit (Loss) for the period (XI + XIV)		-7,30,077	-1,91,409
X.	Earnings per equity share:			
	(1) Basic	32	(25.85)	(6.78)
	(2) Diluted		(25.85)	(6.78)

Significant Accounting Policies

1 & 2

The accompanying notes 1 to 39 are integral part of the financial statements.


As per our Report of even date attached
For **GUPTA DUTT & ASSOCIATES**
CHARTERED ACCOUNTANTS


MUDIT GUPTA (M.NO- 567758)

PARTNER
FRN- 009979N
UDEN:-24567758BKFYPM1230

Place: Delhi

Date: 20 JAN 2024


Rakesh Chandra Rastogi
Chairman & Managing Director
DIN- 00100919


Jitendra Prakash Varshney
CFO

KHATEMA FIBRES LTD
Significant Accounting Policies and Notes forming part of the Financial Statements
Year Ending: 31st March 2023

1 **Company Overview**

Khatema Fibers Limited is a leading paper manufacturer in India manufacturing industrial and specialty papers. The product range includes Kraft Paper, Poster Paper, Tissue Paper, etc. The products of the company are import substitute and used mainly by packaging industry.

2 **Significant Accounting Policies**

a) **General**

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. These financial statements have been prepared to comply in all aspects with the accounting standards as notified.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of services provided, the Company has ascertained its operating cycle as 12 months for the purpose of current - non current classification of assets and liabilities.

The Company has incurred a net loss of Rs. 7,300.77 lakhs for current financial year (previous year loss Rs. 1,914.09 lakhs) and, as of that date, the Company's net worth is negative by Rs. 7,590.37 lakhs.

b) **Use of Estimates:-**

The preparation of the financial statements in conformity with the GAAP requires management to make estimates and assumptions that affect the reported balances of assets and liabilities as at the date of the financial statements and reported amount of income and expenses for the period. Examples of such estimates include provisions for doubtful debts, future obligations under employee retirement benefit plans, Income tax and the useful lives of fixed assets.

Management periodically assesses using external and internal sources whether there is an indication that an asset may be impaired. Impairment occurs when the carrying value exceeds the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. The impairment loss to be expensed is determined as the excess of the carrying amount over the higher of the assets net sale price or present as determined above. Contingencies are recorded when it is probable that the liability will be incurred, and the amount can be reasonably estimated. Actual results could differ from those estimates.

c) **Revenue Recognition**

i) Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

ii) Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer. The sales include sales of goods and adjusted for discounts and returns. Revenue is taken at net of applicable GST.

iii) Interest
Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

iv) Export Benefits
The Company recognizes income in respect of the Export Incentive(s) entitlement on Export Sales on accrual basis.

d) **Fixed Assets & Depreciation**

i) Fixed assets are stated at cost (or revalued amounts, as the case may be); less accumulated depreciation and impairment losses. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Financing costs relating to acquisition of fixed assets are also included to the extent they relate to the period till such assets are ready to be put to use in accordance with AS 16.

At the end of each year, the company determines whether a provision should be made for impairment of loss on its fixed assets by considering the indications that an impairment loss may have occurred in accordance with Accounting Standard (AS 28 "Impairment of Asset") issued by the Institute of Chartered Accountants of India where the recoverable amount of any fixed asset is lower than its carrying amount. There exists no indication for the management to conclude that any of its cash generating units are impaired and accordingly no provision for impairment has been made in the financial statements

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- ii) The Depreciation has been charged on SLM as per the period prescribed in Schedule II of the Companies Act, 2013. The Depreciation on addition during the year has been charged on Pro-rata basis
- iii) No amount has been written off in respect of premium of Lease Hold Land.
- iv) The Company had made revaluation of its Land and Factory Building in FY 2018-19 which till then was based on historical cost. The same has been valued on the valuation report submitted by RDCONS Pvt. Ltd. to Assets Care & Reconstruction Enterprises Ltd. (ACRE).

e) **Employee Retirement Benefits**

- i) Incremental liability in respect of Gratuity under the Payment of Gratuity Act to employees has been provided for on all employees who have put in one year of service. Liability of gratuity is recognized as per the actuarial valuer in accordance with the Accounting Standard 15.
- ii) Provident & other funds liability is determined on the basis of contributions as required under statutes.
- iii) Liability for employees leave encashment benefits in accordance with the rules is provided for at current basic salary rates for the cashable un-availed leaves

f) **Borrowing Cost**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

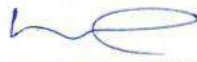
g) **Income Tax**


Income Tax expenses is accrued in accordance with AS 22 - "Accounting for taxes on income" which includes current taxes and deferred tax. Deferred Income Tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing difference of earlier years. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be taxable. Deferred tax and liabilities are measured using the tax rates and tax laws that have been enacted or subsequently enacted by the balance sheet date.

Due to the losses of the current year the company is allowed to create a deferred tax asset but in the absence of virtual certainty the same has not been created.

h) **Foreign currency translation**

- i) **Initial Recognition**
Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.
- ii) **Conversion**
Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.
- iii) **Exchange Differences**
Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise except those arising from investments in non-integral operations. Exchange differences arising on a monetary item that, in substance, form part of company's net investment in a non-integral foreign operation is accumulated in a foreign currency translation reserve in the financial statements until the disposal of the net investment, at which time they are recognized as income or as expenses.







Notes on Accounts:-

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

SHARE CAPITAL	31-Mar-23		(Amount in Rs. Thousand) 31-Mar-22	
	Numbers	Amount	Numbers	Amount
AUTHORIZED CAPITAL				
Equity Shares of Rs. 10/-each	3,00,00,000	3,00,000	3,00,00,000	3,00,000
	<u>3,00,00,000</u>	<u>3,00,000</u>	<u>3,00,00,000</u>	<u>3,00,000</u>
<u>Issued, Subscribed & Fully Paid Share Capital</u>				
Equity Shares of Rs 10/-each	2,82,43,800	2,82,438	2,82,43,800	2,82,438
TOTAL	<u>2,82,43,800</u>	<u>2,82,438</u>	<u>2,82,43,800</u>	<u>2,82,438</u>

Note:-

1. Reconciliation of Opening and closing outstanding No of shares

	31-Mar-23		(Amount in Rs. Thousand) 31-Mar-22	
	Numbers	Amount	Numbers	Amount
Equity Shares Subscribed				
Opening Balance	2,82,43,800	2,82,438	2,82,43,800	2,82,438
Fresh Issue	0	0	0	0
Closing Balance	<u>2,82,43,800</u>	<u>2,82,438</u>	<u>2,82,43,800</u>	<u>2,82,438</u>

2. Shares held by each shareholder holding more than 5% shares as on period end.

Name of Share holder	31-Mar-23		31-Mar-22	
	No's held	%	No's held	%
a) Rakesh Chandra Rastogi	2,15,11,630	76.16%	2,15,11,630	76.16%
b) Nipurn Rastogi	37,26,570	13.19%	37,26,570	13.19%
c) Manju Rastogi	29,14,600	10.32%	29,14,600	10.32%

3. Shareholding of Promoters

Promoter Name	Share held at March 31,2023		Percentage Change during the year ended March 31, 2023
	No. Of Shares	%	
a) Rakesh Chandra Rastogi	2,15,11,630	76.16%	0%
b) Nipurn Rastogi	37,26,570	13.19%	0%
c) Manju Rastogi	29,14,600	10.32%	0%

Promoter Name	Share held at March 31,2022		Percentage Change during the year ended March 31, 2022
	No. Of Shares	%	
a) Rakesh Chandra Rastogi	2,15,11,630	76.16%	0%
b) Nipurn Rastogi	37,26,570	13.19%	0%
c) Manju Rastogi	29,14,600	10.32%	0%

RESERVES & SURPLUS

	31-Mar-23		(Amount in Rs. Thousand) 31-Mar-22	
a) Capital Reserve				
Opening Balance	9,500		9,500	
Additions during the year (Share forfeiture)	0		0	
Less: Utilised\Transferred	0	9,500	0	9,500
b) Revaluation Reserve (Refer Note 2(d) (iv))				
Opening Balance	4,13,751		4,15,415	
Additions during the year (Revaluation)	0		0	
Less: Utilised\Transferred	1,664	4,12,088	1,664	4,13,751
c) Surplus\ (Deficit)				
Opening Balance	-7,32,986		-5,41,576	
Add: Profit after tax for the year	-7,30,077		-1,91,409	
Less: Dividend Distribution Tax	0	-14,63,063	0	-7,32,986
Total		<u>-10,41,475</u>		<u>-3,09,734</u>



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6	Long Term Borrowings	31-Mar-23		(Amount in Rs. Thousand) 31-Mar-22	
		Secured	Un-Secured	Secured	Un-Secured
	a) Term Loans				
	(i) from Banks	0	0	0	0
	(i) from Other Parties	0	14,063	2,47,113	0
		<u>0</u>	<u>14,063</u>	<u>2,47,113</u>	<u>0</u>
	b) Other Loans and Advances	0	15,000	0	15,000
		<u>0</u>	<u>29,063</u>	<u>2,47,113</u>	<u>15,000</u>

Details of long-term borrowings guaranteed by some of the directors or others

	31-Mar-23		(Amount in Rs. Thousand) 31-Mar-22	
Term Loan from Banks		0		0
Term Loan from Other Parties		0		2,47,113

Notes:-

The term loan from Assets Care & Reconstruction Enterprise Ltd. (ACRE) are secured against the hypothecation of Fixed Assets (movable and immovable except vehicles), stocks, book debts and other current assets having pari-pasu charge and personal guarantee of Directors/Others.

The Company has defaulted in repayment of loans and interest in respect of the following

Particulars	31-Mar-23		(Amount in Rs. Thousand) 31-Mar-22	
		Amount		Amount
Term Loan from ACRE				1,40,000
Principal		5,52,113		70,747
Interest		1,77,620		

7	Long Term Provisions	31-Mar-23		(Amount in Rs. Thousand) 31-Mar-22	
			Amount		Amount
a)	Provisions for Employee Benefits		24,640		21,065
b)	Others		0		0
			<u>24,640</u>		<u>21,065</u>

8	Short Term Borrowings	31-Mar-23		(Amount in Rs. Thousand) 31-Mar-22	
		Secured	Un-Secured	Secured	Un-Secured
	a) Loans Repayable on demand				
	(i) from Banks	0	0	0	0
	(i) from Other Parties	0	0	0	0
		0	0	0	0
	b) Deferred payment Liabilities	0	0	0	0
	c) Loans & Advances from Related Parties	0	4,400	0	4,400
		<u>0</u>	<u>4,400</u>	<u>0</u>	<u>4,400</u>

Details of Short-term borrowings guaranteed by some of the directors or others

	31-Mar-23		(Amount in Rs. Thousand) 31-Mar-22	
Loans Repayable on Demand from Banks		0		0

The Company has defaulted in repayment of loans and interest in respect of the following

Particulars	31-Mar-23		(Amount in Rs. Thousand) 31-Mar-22	
	Period of default	Amount	Period of default	Amount
Loans Repayable on demand from Banks				
Principal		0		0
Interest		0		0

Notes:-



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		31-Mar-23	(Amount in Rs. Thousand) 31-Mar-22
9	Trade Payables		
	Total Outstanding dues of Micro, Small and Medium Enterprises	0	43,602
a)	Medium Enterprises		
	Total Outstanding dues of Creditors Other than Micro, Small and Medium Enterprises	5,50,043	3,28,053
b)		<u>5,50,043</u>	<u>3,71,655</u>

Trade Payable Ageing Schedule

Micro, Small and Medium Enterprises

Outstanding for following periods from due date of payment

	31-Mar-23	(Amount in Rs. Thousand) 31-Mar-22
Unbilled	0	0
Not due	0	0
Less than 1 year	0	39,157
1 - 2 years	0	4,422
2 - 3 years	0	22
More than 3 years	0	0
Total	<u>0</u>	<u>43,602</u>

Others

Outstanding for following periods from due date of payment

Unbilled	0	0
Not due	0	0
Less than 1 year	3,71,214	2,80,590
1 - 2 years	1,28,251	31,380
2 - 3 years	33,351	13,735
More than 3 years	17,227	2,348
Total	<u>5,50,043</u>	<u>3,28,053</u>

		31-Mar-23	(Amount in Rs. Thousand) 31-Mar-22
10	Other Current Liabilities		
a)	Current maturities of Long term debt	5,52,113	3,05,000
b)	Interest accrued and due on borrowings	1,77,620	70,747
c)	Other payables	48,339	34,100
	Other Liabilities- Expenses & Taxes payable etc.	2,214	3,128
	Due to Directors	4,65,612	3,93,487
	Advance from Customers	<u>12,45,898</u>	<u>8,06,463</u>

11 **Tangible & Intangible Assets**

Refer to Annexure



		(Amount in Rs. Thousand)	
		31-Mar-23	31-Mar-22
12	Long term loans and advances	0	0
a)	Capital Advances;	34,261	32,924
b)	Security Deposits;		
		34,261	32,924
Of the above			
	Secured, Considered Good	0	0
	Un-Secured, Considered Good	34,261	32,924
	Doubtful	0	0
		34,261	32,924

		(Amount in Rs. Thousand)			
		31-Mar-23		31-Mar-22	
		In Hand	In- Transit	In Hand	In- Transit
13	Inventories				
a)	Raw materials	59,420	0	2,16,532	2,259
b)	Work-in-progress	12,296	0	65,840	0
c)	Finished goods	75,520	0	55,462	0
e)	Stores and spares	34,403	0	1,34,339	0
g)	Others				
	Scrap	2,500	0	2,150	0
	Fuel	971	0	1,378	0
		1,85,110	0	4,75,702	2,259

**Note:-
Items**

Raw Material
Work in Progress and Finished Goods
Scrap

Basis of Valuation

Lower of Cost or net realizable value
Lower of Cost or net realizable value
Realizable Value

Cost includes all charges in bringing the goods to the point of sale, including Octroi and other levies, transit insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable. Scrap has been valued at realizable value wherein realizable value refers to that value which is the estimated sale price in the ordinary course of business less estimated costs of completion and to make it saleable.

		(Amount in Rs. Thousand)	
		31-Mar-23	31-Mar-22
14	Trade Receivables		
	Undisputed - Considered good	34,651	40,274
	Disputed - Considered good	0	0
		34,651	40,274

Trade Receivable Ageing Schedule

31-Mar-23

(Amount in Rs. Thousand)
31-Mar-22

Undisputed - Considered good

Outstanding for following periods from due date of payment

Not due	0	0
Less then 6 months	32,831	31,997
6 months - 1 year	0	0
1 - 2 years	0	443
2 - 3 years	0	417
More then 3 years	1,820	7,417
Total	34,651	40,274

Disputed - Considered good

Outstanding for following periods from due date of payment

Not due	0	0
Less then 6 months	0	0



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6 months - 1 year	0	0
1 - 2 years	0	0
2 - 3 years	0	0
More then 3 years	0	0
Total	<u>0</u>	<u>0</u>

Note:-
In absence of balance confirmations from Sundry Debtors they are subject to reconciliation and the figures are as such per books of accounts only. Adjustments thereon having an impact of a revenue nature, if any, will be made in the year in which same are fully settled. The above classification as given in notes is based on the disclosures given by the directors to the board.

The responsibility of the detection of the related parties mentioned in Note 1,2 and 3 is that of the management. The above figures (if any) are based on such identification.

		(Amount in Rs. Thousand)	
		31-Mar-23	31-Mar-22
15	Cash & Cash Equivalents		
	1 Balance with Banks	457	11,416
	2 Cash in Hand	<u>72</u>	<u>884</u>
		529	12,300
	Other Bank Balances		
	Fixed Deposits (Margin against LC)	0	0
		<u>529</u>	<u>12,300</u>
	Note:- of the above Balances with bank held as margin money or security against borrowing, guarantees and other commitments.	0	0

		(Amount in Rs. Thousand)	
		31-Mar-23	31-Mar-22
16	Short term loans and advances		
	Advances recoverable in cash or in kind or for value to be received	29,277	23,462
		<u>29,277</u>	<u>23,462</u>
	Less:- Provision for Bad & Doubtful loans and advances	<u>0</u>	<u>0</u>
		29,277	23,462
	Of the above		
	Secured, Considered Good	0	0
	Un-Secured, Considered Good	29,277	23,462
	Doubtful	0	0
		<u>29,277</u>	<u>23,462</u>

		(Amount in Rs. Thousand)	
		31-Mar-23	31-Mar-22
17	Other Current Assets		
	Insurance Claims *	0	0
		<u>0</u>	<u>0</u>

		(Amount in Rs. Thousand)	
		31-Mar-23	31-Mar-22
18	Dues to Micro, Small and Medium Enterprises		
	The principal amount remaining unpaid to any supplier at the end of each accounting year;	0	43,602
	The interest due thereon remaining unpaid to any supplier at the end of each accounting year;	0	0



The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;

0 0

The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;

0 0

The amount of interest accrued and remaining unpaid at the end of each accounting year; and

0 0

The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006

0 0

(Amount in Rs. Thousand)

	31-Mar-23	31-Mar-22
19 a) Contingent Liabilities (to the extent not provided for)		
i) Claims against the company not acknowledged as debt;	0	0
20	In respect of an issue of securities made for a specific purpose, the whole or part of the amount which has not been used for the specific purpose at the Balance Sheet date, that shall be indicated by way of note how such unutilized amounts have been used or invested.	
21	In the opinion of the Board, all of the assets other than fixed assets and non-current investments have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the financial statements.	






KHATEMA FIBRES LIMITED

11. Property Plant & Equipment

(Amount in Rs. Thousand)

PARTICULARS	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	AS AT	ADDITIONS	ADDITIONS	SALES	AS AT	AS AT	DEP FOR	ADJUSTMENT	AS AT	AS AT	AS AT	
	01.04.2022	PRIOR TO	AFTER	ADJUST.	31.03.2023	01.04.2022	THE YEAR	for Dep.	for Sale	31.03.2023	31.03.2023	31.03.2022
	30.09.2022	30.09.2022										
Land (Leasehold)	3,75,376	0	0	0	3,75,376	0	0	0	0	0	3,75,376	3,75,376
Building	2,40,721	0	0	0	2,40,721	86,878	5,580	1,664	0	94,121	1,46,599	1,53,843
Plant & Equipment	11,53,914	0	0	0	11,53,914	8,42,142	33,736	0	0	8,75,878	2,78,036	3,11,772
Furniture & Fixtures	4,366	579	0	0	4,945	3,747	106	0	0	3,852	1,092	619
Office Equipment	16,016	215	0	0	16,231	15,508	58	0	0	15,566	665	508
Computer	536	102	0	0	638	461	53	0	0	514	124	76
TOTAL	17,90,929	896	0	0	17,91,824	9,48,735	39,533	1,664	0	9,89,932	8,01,893	8,42,193
Work in Progress	9,285	0	0	0	9,285	0	0	0	0	0	9,285	9,285
Grand Total	18,00,214	896	0	0	18,01,109	9,48,735	39,533	1,664	0	9,89,932	8,11,178	8,51,478
PREVIOUS YEARS FIGURES	17,54,423	80	45,711	0	18,00,214	9,08,591	38,480	1,664	0	9,48,735	8,51,478	8,45,832

Capital Work-in-Progress Ageing Schedule

(Amount in Rs. Thousand)

Partculers	Amount in CWIP for a Period of					Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years		
Projects in Progress						
As at March 31, 2023	0	0	0	0	9,285	9,285
As at March 31, 2022	0	0	0	0	9,285	9,285

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		(Amount in Rs. Thousand)	
		31-Mar-2023	31-Mar-2022
22	Revenue from Operations		
	Sale of Products	19,76,193	17,17,199
		<u>19,76,193</u>	<u>17,17,199</u>
		(Amount in Rs. Thousand)	
		31-Mar-2023	31-Mar-2022
23	Other Income		
	Interest Income	1,373	1,324
	Exchange gain/Loss	93	0
	Others	8,185	6,736
	Rental Income	300	102
		<u>9,951</u>	<u>8,163</u>
		(Amount in Rs. Thousand)	
		31-Mar-2023	31-Mar-2022
24	Cost of materials consumed		
	Opening Stock	2,16,532	1,22,313
	Add: Purchases (Including Inward Expenses)	13,94,956	10,30,422
		16,11,488	11,52,734
	Less:- Closing Stock	59,420	2,16,532
		<u>15,52,068</u>	<u>9,36,202</u>
		(Amount in Rs. Thousand)	
		31-Mar-2023	31-Mar-2022
25	Changes in inventories of finished goods, work-in-progress and stock-in-trade		
	Opening Stock		85,771
	Work-in-progress;	65,840	90,445
	Finished goods;	55,462	2,150
	Scrap	2,150	1,78,366
		<u>1,23,452</u>	<u>1,78,366</u>
	Closing Stock		65,840
	Work-in-progress;	12,296	55,462
	Finished goods;	75,520	2,150
	Scrap	2,500	1,23,452
		<u>90,316</u>	<u>1,23,452</u>
	Net (Increase)\Decrease	33,136	54,914
		(Amount in Rs. Thousand)	
		31-Mar-2023	31-Mar-2022
26	Direct Expenses		
	Loading and Unloading	7	27
	Inward Freight	3,496	3,680
	Stores & Packing Consumed	3,21,782	1,67,355
	Power and fuel	4,56,222	3,19,716
	Repairs to machinery	3,723	3,189
		<u>7,85,230</u>	<u>4,93,967</u>
		(Amount in Rs. Thousand)	
		31-Mar-2023	31-Mar-2022
27	Employee benefit expenses		
	Salaries & Wages	1,14,324	1,06,064
	Contribution to Provident and other funds	5,067	2,745
	Staff welfare expenses	992	1,932
	Managerial Remuneration	10,980	10,980
		<u>1,31,363</u>	<u>1,21,721</u>
		(Amount in Rs. Thousand)	
		31-Mar-2023	31-Mar-2022
28	Finance Cost		
	Interest Expenses	1,41,439	1,37,239
		<u>1,41,439</u>	<u>1,37,239</u>



		(Amount in Rs. Thousand)	
		31-Mar-2023	31-Mar-2022
29	Other Expenses		
	Advertisement & Publicity	30	32
	Audit Fee	225	225
	Amount Written Off	2,635	0
	Export Expenses	4,700	9,663
	Bank Charges	140	164
	Books & Periodicals	11	8
	Business Promotion	0	0
	Charity & Donation	0	105
	Commission	85	470
	Conveyance	164	260
	Courier	111	104
	Electric & Water Charges	397	465
	Freight Outward	1,299	1,161
	General Expenses	2,149	1,822
	Insurance	1,261	801
	Legal & Professional Expenses	6,697	4,518
	Lease Rent	0	10
	Printing & Stationary	428	325
	Provision for Doubtful Debts & Advances (P&L)	4,920	0
	Postage & Telegram	0	0
	Packing & Forwarding Exp.	35	105
	Rent	720	720
	Repair (Others)	2,622	1,444
	Rates & Taxes	3,385	465
	Repairs to Building	177	1,251
	Subscription & Membership Fees	11	65
	Telephone expenses	514	482
	Travelling Expenses	735	204
	TOTAL	<u>33,451</u>	<u>24,869</u>
			(Amount in Rs. Thousand)
		31-Mar-2023	31-Mar-2022
30	Prior Period Expenses		
	Prior Period Expenses	0	1,467
			(Amount in Rs. Thousand)
		31-Mar-2023	31-Mar-2022
31	Exceptional Items- Loss		
	Insurance Claim	0	1,07,911
		<u>0</u>	<u>1,07,911</u>
			(Amount in Rs. Thousand)
		31-Mar-2023	31-Mar-2022
32	Earning per equity shares		
	Earning available to equity shareholder (A)	-7,30,077	-1,91,409
	Weighted average no. of equity shares (B)	2,82,43,800	2,82,43,800
	Earning per equity share (A/B)	(25.85)	(6.78)
	Diluted earning available to equity shareholder (C)	-7,30,077	-1,91,409
	Diluted weighted average no. of equity shares (D)	2,82,43,800	2,82,43,800
	Diluted earning per share (C/D)	(25.85)	(6.78)
			(Amount in Rs. Thousand)
		31-Mar-2023	31-Mar-2022
33	Payment to Auditor		
	Payment should be classified as under:		
	As Auditor:	225	225
	Other capacity		






- 35 In absence of balance confirmations the balance in Trade Payables, Trade Receivables and Loans and Advances etc. are subject to reconciliation and such are as per books of accounts only. Adjustments thereon having an impact of a revenue nature, if any, will be made in the year in which same are fully settled.
- 36 The Micro, Small and Medium Enterprises Development Act, 2006, the company is required to identify the Micro, Small and Medium suppliers and pay them interest on over dues beyond the specified period, irrespective of the terms agreed with the suppliers. The company has initiated the process of identification of such suppliers at this point in time. In view of large number of suppliers and non-receipt of critical inputs and response from several such potential parties, the liability of interest cannot be reliably estimated, nor required disclosures can be made. Accounting in this regard will be carried out after process is complete and reliable estimates can be made in this regard.
- 37 In terms of the Accounting Standard issued by the Institute of Chartered Accountants of India on Segment Reporting (AS 17) the company has only one 'business segment' and 'geographical segment'
- 38(a) The Company has defaulted in its Term Loan to ACRE and as on 31-3-2023 the principal outstanding stood at Rs 55.21 Crore and outstanding Interest stood at Rs 17.76 Crore. Further the above said term loan whose terms of loan have not been met by the company and the same has been recalled by the company and company was asked to pay the full amount of loan. ACRE vide its application dated 15.06.2023 has gone to National Company Law Board (NCLT) for appointment of an Insolvency Resolution Professional (IRP) to take over the Company. Further NCLT, Allahabad Bench, Prayagraj vide its order dated 13.10.2023 has appointed Mr Satya Prakash Gupta as Interim Resolution Professional. Currently the affairs of the Company are being run by him as guided by Committee of Creditors(COC).
- 38(b) The Company is having liquidity and solvency issues due to losses during past years and outstanding loan/interest installments to ACRE. The capacity of the company to meet its liabilities as and when they fall due is dependent on settlements by company with ACRE/ IRP and NCLT decisions thereon as discussed above.
- 39 The Related parties are defined by the Accounting standard 18 "Related Party Disclosure" issued by the Institute of chartered Accountants of India in respect of which the disclosure has been made, have been identified on the basis of disclosures made by the key management person and taken on record by the Board. The related party disclosure are as under: -

A) List of related parties and nature of relationship where control exists:

Name of the Related Party

Rakesh Chandra Rastogi
Manju Rastogi
Mukesh Chandra Rastogi

Managing Director
Executive Director
Executive Director

Relationship

Key Managerial Personnel
Key Managerial Personnel
Key Managerial Personnel

B) Transactions during the year with Related Parties

Nature of Transactions

Key Managerial Personnel



Associates

(Amount in Rs. Thousand)
Relatives of Key Managerial Personnel

Total

a) Rakesh Chandra Rastogi/Manju Rastogi/Mukesh Chand Rastogi

Salary		10,980	0	0	10,980
	Pr Yr.	10,980	0	0	10,980
Balances as at 31.03.2023					
Borrowings		4,400	0	0	4,400
	Pr Yr.	6,500	0	0	6,500



KHATEMA FIBRES LTD
Cash Flow Statement of 2022-23

31-Mar-2023

(Amount in Rs. Thousand)
31-Mar-2022

A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit\Loss) before tax as per Profit & Loss Account	-7,30,077	-1,91,409
Adjusted for:-		
Add:- non cash Debits		
Depreciation \ Amortisation \ Impairment	39,533	38,480
Loss\Profit) on Sale of Assets	0	0
Interest Income	-1,373	-1,324
	38,160	37,156
Operating Profit before Working Capital Changes	-6,91,917	-1,54,253
Adjusted for:-		
Increase\Decrease) in Capital Reserve	0	0
(Increase)\Decrease) in Trade & other receivables	-1,529	1,05,771
(Increase)\Decrease) in Other Bank Balances	0	0
(Increase)\Decrease) in Inventories	2,92,851	-42,409
Increase\Decrease) in Trade Payable & other payable	6,21,399	4,55,469
	9,12,720	5,18,831
Cash Generated from Operations	2,20,803	3,64,578
Taxes (Paid) \ Refund	0	0
Net Cash from Operating Activities	2,20,803	3,64,578
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed Assets	-896	-45,791
Sale of Fixed Assets	0	0
Decrease / (Increase) in Capital Work in Progress	0	0
Interest Income	1,373	1,324
	477	-44,467
Net Cash from\used in) Investing Activities	477	-44,467
C. CASH FLOW FROM FINANCING ACTIVITIES		
Increase/Decrease) in Share Capital	0	0
Increase in Share Application Money Pending Allotment	0	0
Increase\Decrease) in Long Term Borrowings	-2,33,050	-3,05,000
Increase\Decrease) in Short Term Borrowings	0	-4,630
	-2,33,050	-3,09,630
Net Cash from\used in) Financing Activities	-2,33,050	-3,09,630
Net Increase / (Decrease) in Cash and Cash Equivalents	-11,771	10,481
Opening Balance of Cash & Cash Equivalents	12,300	1,819
	529	12,300
Closing Balance of Cash & Cash Equivalents	529	12,300

Note: -

0.00

0.00

- The above cash flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard-3 on cash flow statement
- Figures in bracket indicate cash outflow and without brackets indicate cash inflow.
- The provision of Interest to be paid to the lenders has not been considered in the cash flow either in operating or financing activities.


As per our Report of even date attached
For **GUPTA DUTT & ASSOCIATES**
CHARTERED ACCOUNTANTS

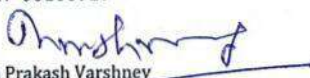

MUDIT GUPTA (M.NO- 567758)
PARTNER

FRN- 009979N
UDCN:-24567758BKFYFM1230

Place: Delhi

Date: 20 JAN 2024


Rakesh Chandra Rastogi
Chairman & Managing Director
DIN- 00100919


Jitendra Prakash Varshney
CFO