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CORRIGENDUM

With reference to the Annual Report 2015-16 sent to the Members of the Company on September 05, 2016, there was a small printing /omission mistake in Directors Report, regarding Management response to Auditors Qualification, which are required to be attached to the Board, kindly read it as page no. 63a to page no. 63b after page no. 63 of the said Annual Report.

This printing mistake happened inadvertently at the time of printing the final version. All other information in the Annual Report 2015-16 remains unchanged. Inconvenience caused is highly regretted.

SD/-
LALIT KUMAR JAIN
Chairman & Managing Director
Place: Rohtak
Date: September 10, 2016
Enclosure: page no. 63a to page no. 63b of the Annual Report for financial year 2015-16

ADDENDUM TO THE REPORT OF THE BOARD OF DIRECTORS

Clarification of the Management in respect of qualification of Auditor's Report

S. NO.	QUALIFICATION	MANAGEMENT REPLY
1.	We are unable to observe physical inventories of Finished Goods, Semi-Finished Goods, Stock in Trade (Traded goods) and Consumables Stores and Spares due to the size and nature of inventories and we are also unable to satisfy ourselves by alternative means concerning the inventories held at 31st March, 2016. The entity has not carried any physical verification in respect of Inventories comprising of Semi Finished Goods, Finished Goods, Stock- in- Trade (Traded goods)and Consumables Stores and Spares. The Company has obtained a physical verification certificate on an inadequate sample basis from an independent firm of Chartered Accountants. In our opinion the same does not commensurate with the size and nature of inventories.	The Company has initiated the process of physical verification of inventories of Finished Goods, Semi-Finished Goods, Stock in Trade (Traded goods) and Consumables Stores and Spares. Based on Physical verification, shortage/excess, if any will be adjusted in financial accounts for the Financial Year 2016-17. Subsequent to the date of Balance Sheet, stock audit has been conducted by M/s. Garg Suresh and Associates, Chartered Accountants on behalf of State Bank of India and as per their report dated 30th June, 2016, no major variances have been observed.
2.	The Company has capitalized inventory of dies and tools having a value of Rs. 60,64,97,351/- as on 1st January, 2016. However no physical verification has been conducted in respect of dies and tools so capitalized. Adjustments, if any are not ascertainable and will be provided after physical verification of dies and tools.	The Company is in the process of conducting physical verification of tools and dies. Provision for shortage/ excess will be made after completion of physical verification.
3.	Certain advances for materials, services and capital goods aggregating to Rs. 14,61,43,791/- were outstanding as on 31/03/2016. The confirmations from parties to whom these advances are given has not been made available. Out of such advances, provision for doubtful advances should be recognized in respect of advances, outstanding for a period of three years or more where no movement has taken place and no confirmations are available. Adjustments, if any, are not ascertainable and will be provided on identification of such parties.	The Company has started scrutiny of advances and necessary adjustment will be carried out based on related documents during financial year 2016-17. If necessary, due provision will be made in the accounts for irrecoverable advances during F.Y. 2016-17.
4.	Balances under Sundry Debtors and Sundry Creditors, loans and advances given by the Company and parties from whom unsecured loans have been taken are subject to confirmations and adjustments, if any, required upon such confirmations are not ascertainable and hence not provided for.	The Company has initiated the process of getting confirmations from sundry debtors/sundry creditors. The Company will make necessary provision, wherever any difference is identified after receipt of confirmations from debtors/creditors.

S. NO.	QUALIFICATION	MANAGEMENT REPLY
5.	In respect of loans and advances of Rs. 1,01,96,685/- given to Lakshmi Extrusions Limited, it is observed that the said party is not making any repayment and the said loan is outstanding for more than three years. In our opinion the same should be classified as doubtful advance and provision should be recognized in accounts. To that extent, the loss for the year is understated.	The Company is in the process of recovery of the loan extended to Lakshmi Extrusions Limited during the Financial Year 2016-17. The Company has started settlement procedures with the Company. M/s. Lakshmi Extrusions Limited have started the procedures of liquidation of land and building and other fixed assets. The Company is hopeful of recovering the entire loan amount by the end of the Financial Year 2016-17. Shortfall, if any, shall be provided in the books of accounts.
6.	The Company has capitalized Borrowing Costs amounting to Rs.3,54,10,046/- for the year ended 31st March, 2016 in respect of capital work in progress at IMT, Rohtak. However the same is not in compliance with Accounting Standard-16 "Accounting for Borrowing Costs". Since no substantial development activity has been carried out at IMT, Rohtak, borrowing costs of Rs. 3,54,10,046/- should be charged to the Statement of Profit and Loss and to that extent the loss for the year is understated.	The Company has taken loan from HSIDC for financing land, building and machinery. Currently, the project is under construction phase and due to this fact the Company has capitalized borrowing cost incurred during F.Y. 15-16. Accordingly, borrowing cost of Rs. 3,54,10,046/ has been capitalized.
7.	A fraud of Rs. 1,60,59,342/- was reported during the Financial Year 2005-06 incurred by an ex-employee of the Company which is under litigation and pending before the Hon'ble Delhi High Court. In our opinion, provision for doubtful debt should be recognized for the same and to that extent the loss for the year is understated.	The Company is in advance stage of settlement with an ex-employee and he has agreed to refund money to the Company. Subsequent to the date of Balance Sheet i.e. on 6th August, 2016, the Company has entered into a settlement agreement with the accused party, whereby the accused party has agreed to compensate a sum of Rs. 1,00,00,000/- to the Company to be paid within 45 days of execution of the agreement. Also the ex-employee has undertaken to pay to the Company an amount of Rs. 20,00,000/- deposited by him by way of a condition of bail.
8.	The Company is in violation of Section 73 of Companies Act, 2013 read together with Companies (Acceptance of Deposits) Rules, 2014, as it has taken advances from customers amounting to Rs. 2,11,52,638/- having balance outstanding for more than 365 days. In terms of Rule 2(1)(xii)(a) such advances are liable to be treated as deposits read together with section 73 of the Companies Act, 2013 and hence the Company is in violation of the same.	The Company has taken steps for repayment of advances from customers beyond 365 days. Accordingly, the Company will file application to CLB/NCLT for repayment of these advances seeking time for clearing these advances either through repayment or adjustment against supplies.
9.	The Company has taken unsecured loans from Companies amounting to Rs.7,29,00,000/- which are outstanding as at the end of the year and the same has been shown under short term borrowings in the Balance Sheet. However, loan agreements in respect of these loans have not been furnished and in absence of the same, the terms of repayment, chargeability of interest and other terms are not verifiable and have not been furnished.	The Company has taken unsecured loans, which are repayable on demand. The loan documents are being executed and shall be furnished after such execution.
10.	As per the accounting policy of the Company, the Company is valuing its inventories at lower of cost and net realizable value. As explained to us, since exact cost is not ascertainable, the same is arrived at list price less 57% in case of finished goods and at list price less 66% in case of semi-finished goods and special items have been valued at 31% less in case of semi-finished goods and 22% less in the case of finished goods of the selling price. Since proper cost records are not maintained, exact cost is not ascertainable, and therefore the impact if any, on account of valuation of inventories on basis of actual cost is not quantifiable and provided for.	Due to large number of items and sizes, it is not feasible to arrive at item wise cost. Hence, the cost is determined on per metric ton basis based on the cost data or material services and overheads, which is compared with the specified percentage of the list price of individual items. The value at specified percentage of list price being lower, the amount has been taken for valuation of inventory on closing date of the year.