

## **Board's Report**

**To the members,**  
**Veda Biofuel Limited**

Your Directors have pleasure in presenting their **9<sup>th</sup> Annual** Report and Audited Financial Statements of your Company for the year ended **31<sup>st</sup> March 2019:**

**(1) EXTRACT OF ANNUAL RETURN:**

As per the provisions of section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014 regarding extract of annual return in MGT 9 as a part of this Annual Report is not applicable.

**(2) NUMBER OF MEETINGS OF THE BOARD:**

Since the powers of the Board of Directors have been suspended w.e.f. 12.02.2019 pursuant to the orders dated 12.02.2019 of Hon'ble National Company Law Tribunal (NCLT), thereafter, no meetings were conducted by the Board of Directors.

**(3) DIRECTORS'S RESPONSIBILITY STATEMENT:**

The Directors' Responsibility Statement referred to in clause (c) of Sub- section (3) of Section 134 of the Companies Act, 2013 shall state that

- (a) in the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures:
- (b) The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- (d) the directors had prepared the annual accounts on a going concern basis; and
- (e) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**(4) DECLARATION OF INDEPENDENT DIRECTORS**

The provision of Section 149 pertaining to the appointment of Independent Directors, does not apply to our Company.

**(5) DISCLOSURE OF COMPOSITION OF AUDIT COMMITTEE AND PROVIDING VIGIL MECHANISM**

The provisions of Section 177(8) of the Companies Act, 2013 read with Rule 6 and 7 of the Companies (Meetings of the Board and its Powers) Rules, 2013 are not applicable to the Company.

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**(6) COMPANY'S POLICY RELATING TO DIRECTORS APPOINTMENT, PAYMENT OF  
REMUNERATION AND DISCHARGE OF THEIR DUTIES:**

The provisions of Section 178(1) relating to constitution of Nomination and Remuneration Committee, are not applicable to the Company and hence the Company has not devised any policy relating to appointment of Directors, payment of Managerial remuneration, Directors qualifications, positive attributes, independence of Directors and other related matters as provided under Section 178(3) of the Companies Act, 2013.

**(7) EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE AUDITORS AND THE PRACTICING COMPANY SECRETARY IN THEIR REPORTS**

- (i) The Auditors' Report contains qualification and in this regard director's comments as given below:-.

Sl.No.	(a) Auditors' qualifications, reservations or adverse remarks in the auditors' report	(b) Directors' comments on qualifications, reservations or adverse remarks of the auditors as per Board's report
1	<p><u>Basis of forming qualified Opinion:</u></p> <p>Balance confirmation from the Trade Payables of Rs.18,96,02,745/- (Rupees Eighteen Crores Ninety Six Lakhs Two Thousand and Forty-five only) were not available as of 31<sup>st</sup> March, 2019</p>	<p>In response to the public announcement made in form B on 30<sup>th</sup> May 2020, received claims from various operational creditors and they are under further validation / verification by the liquidator.</p>
2	<p><u>Emphasis of Matters:</u></p> <p>a) The Company is undergoing Corporate Insolvency Resolution Process (CIRP) under Insolvency and Bankruptcy Code, 2016</p> <p>b) Note 19 to the financial statements which describes the uncertainty related to the outcome of the lawsuit filed against the Company.</p> <p>c) Financial Statements which indicates that the Company has accumulated losses and its net worth has been fully/substantially eroded, the Company has incurred a net loss/net cash loss during the current and previous year(s) and, the Company's current liabilities exceeded its current assets as at the balance sheet date. These conditions indicate the existence of a material uncertainty that may cast significant doubt about</p>	<p>The Hon'ble NCLT , vide its order dated, 12th February 2019 was pleased to admit the Company Petition in C.P(IB)NO.423/9/HDB/2018 filed by Priya Trading Company, Operational Creditor against M/s. Veda Bio Fuel Limited, Corporate Debtor, under Section 9 of the Insolvency &amp; Bankruptcy Code,2016 and the Rules &amp; Regulations there at and appointed Mr. Gonugunta Murali as an Interim Resolution Professional vide its order dated 12th February 2019 in C.P(IB)423/9/HDB/2018.</p> <p>In the first meeting held on 14th March 2019, the Committee of Creditors passed the resolution for the continuation of the Interim Resolution Professional as a Resolution Professional. However, the Committee of Creditors had resolved to seek replacement of the then Resolution Professional Mr. Gonugunta Murali and hence had filed an .A.No.27/2019 under Section 27(3) of IBC, 2016.</p> <p>The Hon'ble Tribunal was pleased to allow the Application vide Order dated 27th September 2019 and appointed Mr. Sisir Kumar Appikatla as the new resolution professional in place of the earlier RP under Section 16 of the IBC Code 2016.</p> <p>Further to inform you that the Honorable</p>

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		<p>NCLT, vide orders dated 26th May 2020, rejected the IA no 64 of 2020 filed under section 31(2) of the IBC code 2016 for the approval of the resolution plan and ordered for the liquidation under section 33(1)(b) of the IBC code 2016.</p>
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	the Company's ability to continue as a going concern. However, the financial statements of the Company have been prepared on a going concern based on the resolution/recovery plans of the management.	
3	<p><u>Report on Other Legal and Regulatory Requirements:</u></p> <p>2(d): Non creation of liability for retirement benefits of staff in accordance with mandatory accounting standard AS-15 on accounting for retirement benefits and bonus in the financial statements of employers, amount not having been ascertained and</p> <p>The Company is parked trade payable in Non-Current Liabilities as these creditors were approached National Company Law Tribunal and Jurisdictional Court and their applications are still to be accepted at the respective authorities and resolution of these disputes will take more than twelve months hence not repayable in next financial year and the same were again classified as Trade Payables under Current Liability in the current financial year 2018-19 which departs compliance of Accounting Standard-1 Disclosure of accounting policies.</p>	<p>Since the company is under liquidation, the liability towards retirement benefits would be ascertained based on the claims of the employees and supporting documents.</p> <p>In response to the public announcement made in form B on 30th May 2020, received claims from various operational creditors and they are under further validation / verification by the liquidator.</p>

**Note:**

***The promoters of the company namely Mr. Vijay K Penmetsa & Mr. Sriram Nadimpalli have preferred claims of Rs.14,72,17,634/- (Principal of Rs.5,60,00,000/- and Interest of Rs.9,12,17,634/-) and Rs.5,07,71,115/- (Principal of Rs.2,07,60,000/- and Interest of Rs.3,00,11,115/-) respectively as unsecured loans extended to the company. The balance sheet is reflecting unsecured loan of Rs.5,60,00,000/- and Rs.2,07,60,620/- being carried forward from the earlier years when the erstwhile management was in control. Hence, admission of the claims by the liquidator is subject to the production of the appropriate supporting documents irrespective of the amounts shown in the Audited Balance sheet.***

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- (ii) The provisions relating to submission of Secretarial Audit Report is not applicable to the Company. NA

**(8) PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186**

The particulars of loans given, investments made or guarantees given or security provided and the purpose for which the loan or guarantee or security is proposed to be utilised as per the provisions of Section 186 of the Companies Act, 2013, are given in the Notes to the Financial Statements.

**(9) PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:**

All the related party transactions were entered into by the company in the ordinary course of business and were in arm's length basis. The company presents all related party transactions before the Board specifying the nature, value, and terms and conditions of the transactions. The details of all the transactions made with related parties are given in the Notes to the Financial Statements.

**(10) FINANCIAL RESULTS:**

The financial results of your Company for the year under review vis-à-vis previous year figure are submitted hereunder:

**(Amount in Rupees)**

<b>Particulars</b>	<b>2018- 2019</b>	<b>2017- 2018</b>
Total Revenue	26,88,85,761.00	90,49,89,244.00
Profit Before interest, Depreciation & Tax	(12,72,19,301.00)	94,97,509.00
Less: Finance Cost	10,61,32,314.00	12,24,83,702.00
Less: Depreciation & Amortization Expense	12,09,43,527.00	12,10,24,772.00
Profit before Tax	(35,42,95,142.00)	(23,40,10,965.00)
Less: Provision for Tax	0.00	0.00
Less Deferred Tax	0.00	0.00
Profit after Tax	(35,42,95,142.00)	(23,40,10,965.00)
Less : Proposed Dividend & Tax thereon	0	0.00
Balance carried to Balance Sheet	(35,42,95,142.00)	(23,40,10,965.00)

***Note: Previous year's figures are regrouped wherever necessary.***

**(11) PERFORMANCE AND FUTURE PROSPECTS:**

This is the 9<sup>th</sup> year of your Company. During the year under review, the Company has achieved a turnover of Rs. (23,40,10,965.00) & PAT of Rs. (35,42,95,142.00) in comparison to last year figure of Rs. 90,49,89,244.00 and Rs. (23,40,10,965.00). The Company is undergoing Corporate Insolvency Resolution Process(CIRP) under Insolvency and Bankruptcy Code, 2016

**(12) RESERVE AND SURPLUS:**

Out of the total profit of Rs (35,42,95,142.00) for the financial year, Rs (35,42,95,142.00) amount is proposed to be transferred to the General Reserve.

**(13) DIVIDEND:**

The Board of Directors has not recommended any Dividend to the equity shareholders of the Company during the year under review.

**(14) MATERIAL CHANGES AND COMMITMENT IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE ENDS OF THE FINANCIAL YEAR TO WHICH THESE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT**

No material changes and commitments affecting the financial position of the Company occurred between the ends of the financial year to which these financial statements relate on the date of this report

**(15) CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO:**

The details of conservation of energy, technology absorption, foreign exchange earning and outgo are as follows:

Disclosure of particulars with respect to details regarding Technology absorption, Conservations of Energy, Foreign Exchange Earnings and Outgo as required under Companies (Disclosure of particulars in the Report of Directors) Rules 1988 and forming part of the Report of the Board of Directors for the period ended 31<sup>st</sup> March, 2019 is given below:

**(A) Conservation of energy-**

(i) the steps taken or impact on conservation of energy; Steps have already been taken to save energy by using energy saver electrical equipments.

(ii) the steps taken by the company for utilising alternate sources of energy; Nothing to Report

(iii) the capital investment on energy conservation equipments; NIL during the year.

**(B) Technology absorption-**

(i) the efforts made towards technology absorption; Nothing to Report

(ii) the benefits derived like product improvement, cost reduction, product development or import substitution; Nothing to Report

(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-



- (a) the details of technology imported; Nothing to Report
- (b) the year of import; Nothing to Report
- (c) whether the technology been fully absorbed; Nothing to Report
- (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and Nothing to Report
- (iv) the expenditure incurred on Research and Development. Nothing to Report

**( C ) Foreign Exchange Earnings and Outgo-** :

(Rs. In lakhs)

<b>Year</b>	<b>2018-19</b>	<b>2017-2018</b>
Expenditure	NIL	NIL
Earning	NIL	NIL

**(16) RISK MANAGEMENT POLICY:**

The Company has developed and implemented a risk management policy which identifies major risks which may threaten the existence of the Company. The same has also been adopted by your Board and is also subject to its review from time to time. Risk mitigation process and measures have also been formulated and clearly spelled out in the said policy.

**(17) DETAILS OF POLICY DEVELOPED AND IMPLEMENTED BY THE COMPANY ON ITS CORPORATE SOCIAL RESPONSIBILITY INITIATIVES:**

The provisions of Corporate Social Responsibility are not applicable to the company.

**(18) DIRECTORS AND KEY MANAGERIAL PERSONNEL**

During the year under review, no changes were made in the composition of the Board of Directors. **However, Raghava Raju Datla Director resigned from the board on 20/12/2019**

**(19) SUBSIDIARY, JOINT VENTURE AND ASSOCIATE COMPANY:**

The Company has no Subsidiary, Joint venture or Associates Companies. As per Rule 6 of the Companies (Accounts) Rules, 2014 the Company is exempted from making Consolidated Financial Statements of its Joint venture for the financial year 2018-19.

**(20) TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND :**

Your Company did not have any funds lying unpaid or unclaimed dividend for a period of seven years. Therefore there were no funds which were required to be transferred to Investor Education and Protection Fund (IEPF)

**(21) STATUTORY AUDITORS:**

M/s K S P Raju & Associates., Chartered Accountants (Firm Registration Number- 008532S), the retiring Statutory Auditors, at the 4<sup>th</sup> Annual General Meeting held on 30.09.2014, were appointed for a period of 5 years until the conclusion of 9<sup>th</sup> Annual General Meeting to be held after that meeting, subject to ratification at every Annual General Meeting in terms of Section 139 of the Companies Act 2013. Now, their term of five years is going to be expired on ensuing AGM and the Board of Directors have recommended a new CA Firm i.e. **M/s. M K M & Co., ( FRN 016494S)** Chartered Accountant of Vishakhapatnam, Andhra Pradesh to be appointed as Statutory Auditors of the Company for a period of five years i.e. for the **Financial Year 2019-20 to 2023-24** to hold office from the conclusion of 9<sup>th</sup> Annual General Meeting until the conclusion of the 14<sup>th</sup> Annual General Meeting of the Company, subject to ratification of the appointment by the Members of the Company at every Annual General Meeting as per the provisions of the Companies Act, 2013, at such remuneration plus service tax, out-of-pocket, travelling and living expenses, etc., as may be mutually agreed between the Board of Directors of the Company and the Auditors have confirmed their eligibility and willingness and the same has been placed for the approval of Shareholders.

**(22) CHANGES IN SHARES CAPITAL:**

The Company has not issued any Equity Shares during the year under review

**(23) SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS:**

The Hon'ble NCLT, vide its order dated, 12th February 2019 was pleased to admit the Company Petition in C.P(IB)NO.423/9/HDB/2018 filed by Priya Trading Company, Operational Creditor against M/s. Veda Bio Fuel Limited, Corporate Debtor, under Section 9 of the Insolvency & Bankruptcy Code, 2016 and the Rules & Regulations there at and appointed Mr. Gonugunta Murali as an Interim Resolution Professional vide its order dated 12th February 2019 in C.P(IB)423/9/HDB/2018. In the first meeting held on 14th March 2019, the Committee of Creditors passed the resolution for the continuation of the Interim Resolution Professional as a Resolution Professional.

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**(24) FIXED DEPOSITS:**

The company has not accepted any deposits from public so far.

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**(25) DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE**  
**(PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:**

The company has in place a policy for prevention of sexual harassment in accordance with the requirements of the Sexual Harassment of women at workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. The Company did not receive any complain during the year 2018-19.

**ACKNOWLEDGEMENTS:**

The Liquidator wish to express appreciation of the support and co-operation of the Committee of Creditors, various departments of Central and the State Governments, Bankers, Financial Institutions, Suppliers, Employees, Associates and Subcontractors.

**FOR AND ON BEHALF OF THE BOARD**

**M/s VEDA BIOFUEL LIMITED**

**Sisir Kumar Appikatla**  
**IBBI/IPA-001/IP-P00751/2017-2018/11283**  
**Liquidator**

**Place: 20.07.2020**  
**Date: Visakhapatnam**

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