

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2020 [See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]			
Rs in lacs			
Sl no	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
1	Turnover / Total income	37,187.88	37,187.88
2	Total Expenditure	51,169.27	51,169.27
3	Net Profit/(Loss)	(13,981.39)	(13,981.39)
4	Earnings Per Share	(3.51)	(3.51)
5	Total Assets	1,31,250.03	1,31,250.03
6	Total Liabilities	1,58,091.77	1,58,091.77
7	Net Worth	(26,841.74)	(26,841.74)
8	Any other financial item(s) (as felt appropriate by the management)	-	-

**II. Audit Qualification (each audit qualification separately):**

**a. Details of Audit Qualification:**

**1 Trade Receivables of overdue amounts**

Trade receivables include overdue amounts outstanding for a period of more than three years aggregating to Rs. 10,217.87 lakhs receivable from certain customers in respect of completed projects against which the Company carries a provision of Rs. 3243.63 lakhs. Further, in respect of a suspended project an overdue amount of Rs. 257.80 lakhs (net of provision of Rs. 10.74 lakhs) is outstanding for a period of more than one year. The Management for the reasons stated in Note No. 8(a) feels that no additional provisions would be required. In the absence of audit evidence to corroborate management's assessment of recoverability of these balances and having regard to the age of these balances, we are unable to comment on the shortfall, if any, on the amount that would be ultimately realizable from the said customers.

**2 Claims under Arbitration**

Trade receivables include a sum of Rs. 50218.01 lakhs against which the Company carries a provision of Rs. 572.11 lakhs are under arbitration, which according to the Management will be awarded fully in Company's favour on the basis of the contractual tenability, progress of arbitration and legal advice and hence no additional provision for impairment loss has been considered necessary by the management as disclosed in Note 8(b). However, considering the significant time involved in the arbitration process and delays in the realisation of amounts in the recent years in respect of the claims awarded in favour of the Company, we are unable to comment on the carrying value of the above referred claims and the shortfall, if any, on the amount that would be ultimately realized by the Company.

**3 Additional and Penal Interest**

As stated in Note 10 & Note 11 to the 'Statement' the Company has not computed and provided for additional and penal interest on defaults under borrowings as per the contractual terms of the underlying agreements. Further, we have neither received bank statements nor have been able to obtain confirmations for restructured term loans from banks and financial institutions amounting to Rs. 8,987.66 lakhs as at March 31, 2020. Loan balance in cash credit accounts amounting to Rs. 37,772.03 lakhs are also subject to confirmation. In the absence of sufficient appropriate audit evidence, we are unable to determine the possible impact thereof on the loss for

**Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2020**

**[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]**

**4 Bank statement and Confirmation of balance**

We have not received the bank statement and confirmation of balance for the balance lying in current account amounting to Rs. 6.13 lakhs and in Margin money accounts amounting to Rs. 516.31 lakhs and no confirmation of balance is available for balance lying in current account to the tune of Rs. 87.87 lakhs. In the absence of sufficient appropriate audit evidence, we are unable to determine any possible impact thereof on the loss for the year ended March 31, 2020 and on the carrying value of cash and cash equivalents / other bank balances and equity as on that date.

**b. Type of Audit Qualification : Qualified Opinion / Disclaimer of Opinion / Adverse Opinion**

**Qualified Opinion**

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

**First Time - Point nos: 1,3,4**

**Repetitive - Point no: 2 (since FY 2019)**

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

**NOT APPLICABLE**

**e. For Audit Qualification(s) where the impact is not quantified by the auditor:**

**(i) Management's estimation on the impact of audit qualification:**

**NIL**

**1. These receivables are periodically reviewed by the company and considering the commercial/contractual terms and on-going discussions with the clients, the management is confident of recovering the entire dues and that no further provision against these dues needs to be considered.**

**2. The management is confident that the actual recoverability will be higher than the carrying value considering the contractual tenability, progress of arbitration and legal advice.**

**3. The Company is in advanced stage of negotiation for the proposed compromise debt settlement plan with the lenders. In view of this, the possibilities of levying additional interest and penalty is highly unlikely and the liability recognised is adequate.**

**4. In the opinion of the management, the balances of current account and margin money accounts, would not be materially different from the amount at which they are stated in the Balance Sheet.**

**(ii) If management is unable to estimate the impact, reasons for the same:**

**NOT APPLICABLE**

**(iii) Auditors' Comments on (i) or (ii) above:**

**Refer point no II (a) of above**

**III. Signatories:**

• CEO/Managing Director

• CFO

• Audit Committee Chairman

• Statutory Auditor







**S. PRITHVIAK**  
**025504**



**ANNEXURE I**

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

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2020 [See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]			
Rs in lacs			
I	Sl no	Particulars	Audited Figures (as reported before adjusting for qualifications)
			Adjusted Figures (audited figures after adjusting for qualifications)
	1	Turnover / Total income	38,045.68
	2	Total Expenditure	53,742.32
	3	Net Profit/(Loss)	(15,696.64)
	4	Earnings Per Share	(3.94)
	5	Total Assets	1,38,965.52
	6	Total Liabilities	1,68,062.00
	7	Net Worth	(29,096.48)
	8	Any other financial item(s) (as felt appropriate by the management)	-
II.	Audit Qualification (each audit qualification separately):		
	a.	<u>Details of Audit Qualification:</u>	
		<b>1 Trade Receivables of overdue amounts</b>	
		Trade receivables include overdue amounts outstanding for a period of more than three years aggregating to Rs. 8,465.16 lakhs receivable from certain customers in respect of completed projects against which the Group carries a provision of Rs. 2,928.15 lakhs. Further, in respect of a suspended project an overdue amount of Rs. 257.80 lakhs (net of provision of Rs. 10.74 lakhs) is outstanding for a period of more than one year. The Management for the reasons stated in Note No. 8(a) feels that no additional provisions would be required. In the absence of audit evidence to corroborate management's assessment of recoverability of these balances and having regard to the age of these balances, we are unable to comment on the shortfall, if any, on the amount that would be ultimately realizable from the said customers.	
		<b>2 Claims under Arbitration</b>	
		Trade receivables include a sum of Rs. 50,218.01 lakhs against which the Company carries a provision of Rs. 572.11 lakhs are under arbitration, which according to the Management will be awarded fully in Company's favour on the basis of the contractual tenability, progress of arbitration and legal advice and hence no additional provision for impairment loss has been considered necessary by the management as disclosed in Note 8(b). However, considering the significant time involved in the arbitration process and delays in the realisation of amounts in the recent years in respect of the claims awarded in favour of the Company, we are unable to comment on the carrying value of the above referred claims and the shortfall, if any, on the amount that would be ultimately realized by the Company.	
		<b>3 Additional and Penal Interest</b>	
		As stated in Note 10 to the 'Statement' the Company has not computed and provided for additional and penal interest on defaults under borrowings as per the contractual terms of the underlying agreements. Further, we have neither got bank statements nor have been able to obtain confirmations for restructured term loans from banks and financial institutions amounting to Rs. 9,863.57 lakhs as at March 31, 2020. Loan Balance in cash credit accounts amounting to Rs. 37,772.03 lakhs are also subject to confirmation. In the absence of sufficient appropriate audit evidence, we are unable to determine any possible impact thereof on the loss for the year ended March 31, 2020 and on the carrying value of borrowings and equity as on that date.	

<b>Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2020</b> <b>[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]</b>	
<b>4 Bank statement and Confirmation of balance</b> 4. We have not received the bank statement and confirmation of balance for the balance lying in current account amounting to Rs. 6.13 lakhs and in Margin money accounts amounting to Rs. 519.24 lakhs and no confirmation of balance is available for balance lying in current account to the tune of Rs. 87.87 lakhs. In the absence of sufficient appropriate audit evidence, we are unable to determine any possible impact thereof on the loss for the year ended March 31, 2020 and on the carrying value of cash and cash equivalents / other bank balances and equity as on that date.	<b>b. Type of Audit Qualification : Qualified Opinion / Disclaimer of Opinion / Adverse Opinion</b> <b>Qualified Opinion</b> <b>c. Frequency of qualification: Whether appeared first time / repetitive / since how long continuing</b> <b>First Time - Point nos: 1,3,4</b> <b>Repetitive - Point no: 2 (since FY 2019)</b>
<b>d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:</b> <b>NOT APPLICABLE</b> <b>e. For Audit Qualification(s) where the impact is not quantified by the auditor:</b> <b>(i) Management's estimation on the impact of audit qualification:</b> <b>NIL</b> <b>1. These receivables are periodically reviewed by the company/group and considering the commercial/contractual terms and on-going discussions with the clients, the management of the respective companies are confident of recovering the entire dues and that no further provision against these dues needs to be considered.</b> <b>2. The management is confident that the actual recoverability will be higher than the carrying value considering the contractual tenability, progress of arbitration and legal advice.</b> <b>3. The Group is in advanced stage of negotiation for the proposed compromise debt settlement plan with the lenders. In view of this, the possibilities of levying additional interest and penalty is highly unlikely and the liability recognised is adequate.</b> <b>4. In the opinion of the management, the balances of current account and margin money accounts, would not be materially different from the amount at which they are stated in the Balance Sheet.</b> <b>(ii) If management is unable to estimate the impact, reasons for the same:</b> <b>NOT APPLICABLE</b> <b>(iii) Auditors' Comments on (i) or (ii) above:</b> <b>Refer point no II (a) of above</b>	
<b>III. Signatories:</b>	
• CEO/Managing Director	
• CFO	
• Audit Committee Chairman	
• Statutory Auditor	
Place: Chennai Date: July 30, 2020	