



Date: 19.08.2020

To,

The Manager (Listing Department)
National Stock Exchange of India Limited (NSE)
Exchange Plaza, Bandra Kurla Complex
Bandra (East), Mumbai- 400051

Scrip Code: ALCHEM

SUB: Clarification regarding the statement of modified opinion or unmodified opinion.

Dear Sir/ Madam

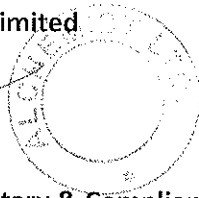
This is with reference to the quick results submitted to the exchange dated 31.07.2020 that the Company has not submitted the Statement of Modified Opinion or in case of unmodified opinion(s), a declaration to that effect to the Stock Exchange.

We would like to inform you that the Company accidentally forget to attach the statement on impact of Audit Qualification while scanning and we hereby enclosed the statement on impact of Audit Qualification (for Audit report with modified opinion).

Kindly take the same on your record.

Thanking you,
For Alchemist Limited

Divya Bajaj
Company Secretary & Compliance Officer



ALCHEMIST LTD.

CIN : L72200DL1988PLC192643

Regd. & Head Office : Alchemist House, Building No. 23, Nehru Place, New Delhi - 110019 Tel. : +91 - 40600800, Fax : +91-40600888
Chd. Office : Plot No. F5, Rajiv Gandhi IT Park, Chandigarh - 160 101 Tel. : +91-172-4266666, Fax: +91-172-4266602
E-mail : investors@alchemist.co.in Website : www.alchemist.co.in

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

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]				
I	Sr. No.	Particulars	Audited Figures(as reported before adjusting for qualifications) (₹ In Lakhs)	Audited Figures(Audited figures after adjusting for qualifications) (₹ In Lakhs)
	1	Turnover	1441.17	1441.17
	2	Total Expenditure	7268.70	7268.70
	3	Net Profit/(Loss)	-1493.91	-4672.78
	4	Earnings Per Share	-11.02	-34.46
	5	Total Assets	77588.66	73258.91
	6	Total Liabilities	94025.44	92874.56
	7	Net Worth	-16436.78	-19615.65
	8	Any other financial item(s) (as felt appropriate by the management)	Nil	Nil
II	Audit Qualification (each audit qualification separately):		i) Export Receivable; ii) Non-provisioning of interest; iii) Capital Advances iv) Balances in FDRs, current account and cash credit limit; v) Impact of COVID-19	
	a. Details of Audit Qualification:			
	i) Attention is invited to note no. 4 to the accompanying financial results which states that "In respect of Alchemist Limited, the Company extends credit from time to time as per market practices. In respect of export receivables amounting to ₹ 46,442.79 Lakhs, credit was extended for export sales in the normal course of the business, however it apparently got stuck. Though the Company is regularly following up on the same, has initiated legal recourse and is hopeful of recovering such amount, still considering the principal of conservatism, the Company had made a provision for expected credit loss @ 10% of the outstanding export receivables amounting to ₹ 4,644.28 Lakhs and has not recognized unrealised foreign exchange gain/loss on such export receivable and related trade payable during the financial year 2019-20. Hence forth, the Company shall not be accounting for the unrealised foreign exchange loss on such export receivable and related trade payables and the same will only be accounted for on actual realisation/payment". Cumulatively, the provision for expected credit loss on such export receivables stands at ₹ 9,288.56 Lakhs.			

Such export receivables are outstanding for more than three years as at the year-end date, provision @ 20% is made against such doubtful trade receivables. Since the actual realisation of such doubtful export receivable cannot be ascertained, we are unable to comment on the adequacy of the provision of excepted credit loss made by the Company.

The loss to that extent is under stated, the effect however could not be quantified.

Though, the Company admits that the export receivable is doubtful of recovery and has made partial provision on such export receivable, still such export receivable and related trade payable stand in the books, hence require recognition of unrealised foreign exchange gain/loss as per the provisions of Ind AS 21, The Effects of Changes in Foreign Exchange Rates. Accordingly, the loss is overstated by ₹ 3,178.87 Lakhs for the year ended 31st March, 2020 and accordingly the trade receivables and trade payable are understated by ₹ 4,329.75 Lakhs and ₹ 1150.88 Lakhs respectively, as at the year ended 31st March, 2020.

- ii) Attention is invited to note no. 5 to the standalone financial statements which states that "The working capital limits of ₹ 350.00 Lakhs availed from Bank of India for the working capital requirements of the pharmaceutical division has been classified as non-performing asset (herein referred to as 'NPA') on 30th November, 2018. The outstanding as on the date of classification by the bank as NPA was ₹ 363.88 Lakhs. The Company has not recognised interest liability on such loan from the day it has become NPA, in line with the practice followed by the respective bank".

The Company has not made provision of interest due on the borrowings from Bank of India, post the date the account was classified as non-performing assets by the bank.

In the absence of the information on record, the consequential impact, if any, on the standalone financial statements is not ascertainable.

- iii) The capital advances of ₹ 769.70 Lakhs are outstanding for more than three years as at the yearend date and seems doubtful of recovery or adjustment, however, no provision is made against such doubtful capital advances.

The entire capital advances of ₹ 769.70 Lakhs are outstanding for more than three years as at the yearend date and seems doubtful of recovery or adjustment, however, no provision is made against such doubtful capital advances.

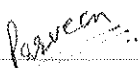
In the absence of the information on record, the consequential impact, if any, on the standalone financial statements is not ascertainable.

- iv) FDR's, current accounts and cash credit limit with a cumulative debit balance of ₹ 106.39 Lakhs and cumulative credit balance of ₹ 375.07 Lakhs could not be verified from statement or even balance confirmation.

In the absence of the information on record, the consequential impact, if any, on the

	standalone financial statements is not ascertainable.	
	v) The financial impact arising out of the COVID -19 outbreak are not accounted or reported or disclosed as per the prescribed Indian Accounting Standards, in the financial statements. In the absence of the information on record, the consequential impact, if any, on the standalone financial statements is not ascertainable.	
	b. Type of Audit Qualification:	i) Qualified Opinion / Disclaimer of Opinion / Adverse Opinion ii) Qualified Opinion / Disclaimer of Opinion / Adverse Opinion iii) Qualified Opinion / Disclaimer of Opinion / Adverse Opinion iv) Qualified Opinion / Disclaimer of Opinion / Adverse Opinion v) Qualified Opinion / Disclaimer of Opinion / Adverse Opinion
	c. Frequency of qualification:	i) Whether appeared first time/repetitive/Appearing since FY 2018-19. ii) Whether appeared first time/repetitive/Appearing since FY 2018-19. iii) Whether appeared first time/repetitive/Appearing since FY 2018-19. iv) Whether appeared first time/repetitive/since how long continuing. v) Whether appeared first time/repetitive/since how long continuing.
	d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:	With regard to Auditors Qualification No. (a) (ii): Regarding non-recognition of exchange gain/ loss in respect export receivable, still such export receivable and related trade payable in accordance with Ind AS 21, 'The Effects of Changes in Foreign Exchange Rates'.
	e. For Audit Qualification(s) where the impact is not quantified by the auditor:	
	(i) Management's estimation on the impact of audit qualification:	Not ascertainable
	(ii) If management is unable to estimate the impact, reasons for the same:	With regard to Auditors Qualification No. (a) (i), (b), (c), (d), and (e) a. Regarding export receivables are outstanding for more than three years as at the quarter and year end date, provision @ 20% is made against such doubtful trade receivables. Since the actual realisation of such doubtful export receivable cannot be ascertained, we are unable to comment on the adequacy of the provision of excepted credit loss made by the Company. In the absence of the information on record, the consequential impact, if any, on the standalone financial results is not ascertainable. b. The Company has not recognized interest liability on such loan from the day it has

	become NPA, in line with the practice followed by the respective bank and therefore in the absence of the information amount of interest is not ascertainable. c. The Company has initiated legal recourse against one party whose outstanding amount is ₹ 459.80 Lakhs. The Company does not consider such capital advances as doubtful of recovery and hence has not made any provision on the same. d. Necessary step have been taken to seek the balance confirmation of FDRs, current accounts and cash credit limit. e. The Company is in the process of assessing the impact arising out of the COVID -19 outbreak.
(iii) Auditors' Comments on (i) or (ii) above:	Refer details of audit qualification [para II(a) above]

iii	To be signed by-	
	• CEO/Managing Director/Whole Time Director	 Mr. Bikram Bhattacharya (Whole Time Director)
	• CFO	 Mr. Anup Singh Negi (Chief Financial Officer)
	• Auditor of the company	for Anu and Associates Chartered Accountants ICAI Firm Registration Number 019624N  Parveen Kumar Partner M. No.-531655
	• Audit Committee Chairperson	 Ms. Maria Fernandes Chairperson of Audit Committee

**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]				
I	Sr. No.	Particulars	Audited Figures(as reported before adjusting for qualifications) (₹ In Lakhs)	Audited Figures(Audited figures after adjusting for qualifications) (₹ In Lakhs)
	1	Turnover	1441.17	1441.17
	2	Total Expenditure	7268.70	7268.88
	3	Net Profit/(Loss)	-1493.91	-4672.96
	4	Earnings Per Share	-11.02	-34.46
	5	Total Assets	77588.66	73254.80
	6	Total Liabilities	94025.44	92870.50
	7	Net Worth	-16436.78	-19615.70
	8	Any other financial item(s) (as felt appropriate by the management)	Nil	Nil
II.	Audit Qualification (each audit qualification separately):		i) Consolidation of Financial Statements of Associate Company (ROC Foods Limited), one subsidiary viz. Alchemist Hospitality Group Limited; ii) Export Receivable; iii) Non-provisioning of interest; iv) Capital Advances v) Balances in FDRs, current account and cash credit limit; vi) Impact of COVID-19	
	a. Details of Audit Qualification:			
	i) It has been explained to us that the financial statements of one associate, ROC Foods Limited is still under compilation and one subsidiary viz. Alchemist Hospitality Group Limited is under strike off. Accordingly, the same are not forming part of the consolidated financial results. ii) Attention is invited to note no. 4 to the accompanying consolidated financial results which states that "In respect of Alchemist Limited, "The Group extends credit from time to time as per market practices. In respect of export receivables amounting to ₹ 46,442.79 Lakhs, credit was extended for export sales in the normal course of the business, however it apparently got stuck. Though the Group is regularly following up on the same, has initiated legal			

recourse and is hopeful of recovering such amount, still considering the principal of conservatism, the Group has made a provision for expected credit loss allowance @ 10% of the outstanding export receivables amounting to ₹ 4,644.28 Lakhs and has not recognised unrealised foreign exchange gain/loss on such export receivable and related trade payable during the financial year 2019-20. Hence forth, the Group shall not be accounting for the unrealised foreign exchange loss on such export receivable and related trade payables and the same will only be accounted for on actual realisation/ payment. Cumulatively, the provision for expected credit loss on such export receivables stands at ₹ 9,288.56 Lakhs".

Such export receivables are outstanding for more than three years as at the yearend date; provision @ 20% is made against such doubtful trade receivables. Since the actual realisation of such doubtful export receivable cannot be ascertained, we are unable to comment on the adequacy of the provision of excepted credit loss made by the Group.

In the absence of the information on record, the consequential impact, if any, on the consolidated financial results is not ascertainable.

Though, the Group admits that the export receivable is doubtful of recovery and has made partial provision on such export receivable, still such export receivable and related trade payable stand in the books, hence require recognition of unrealised foreign exchange gain/loss as per the provisions of Ind AS 21, The Effects of Changes in Foreign Exchange Rates. Accordingly, the loss is overstated by ₹ 3,178.87 Lakhs for the year ended 31st March, 2020 and accordingly the trade receivables and trade payable are understated by ₹ 4,329.75 Lakhs and ₹ 1150.88 Lakhs respectively, as at the year ended 31st March, 2020.

- iii) Attention is invited to note no. 5 to the accompanying consolidated financial results which states that "The working capital limits of ₹ 350.00 Lakhs availed from Bank of India for the working capital requirements of the pharmaceutical division has been classified as non-performing asset (herein referred to as 'NPA') on 30th November, 2018. The outstanding as on the date of classification by the bank as NPA was ₹ 363.88 Lakhs. The Group has not recognised interest liability on such loan from the day it has become NPA, in line with the practice followed by the respective bank."

The Group has not made provision of interest due on the borrowings from Bank of India, post the date the account was classified as non-performing assets by the bank.

In the absence of the information on record, the consequential impact, if any, on the consolidated financial results is not ascertainable.

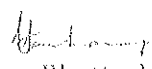
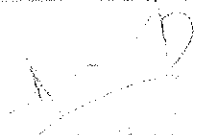
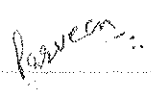
- iv) The entire capital advances, capital advances of ₹ 769.70 Lakhs are outstanding for more than three years as at the yearend date and seems doubtful of recovery or adjustment, however, no provision is made against such doubtful capital advances.

In the absence of the information on record, the consequential impact, if any, on the consolidated financial results is not ascertainable.

- v) FDR's, current accounts and cash credit limit with a cumulative debit balance of ₹

106.39 Lakhs and cumulative credit balance of ₹ 375.07 Lakhs could not be verified from statements or even balance confirmation. In the absence of the information on record, the consequential impact, if any, on the standalone financial results is not ascertainable. vi) The financial impact arising out of the COVID-19 outbreak are not accounted or reported or disclosed as per the prescribed Accounting Standards, in the consolidated financial results. In the absence of the information on record, the consequential impact, if any, on the consolidated financial results is not ascertainable.	
b. Type of Audit Qualification:	i) Qualified Opinion / ~~Disclaimer of Opinion~~ / Adverse Opinion ii) Qualified Opinion / ~~Disclaimer of Opinion~~ / Adverse Opinion iii) Qualified Opinion / ~~Disclaimer of Opinion~~ / Adverse Opinion iv) Qualified Opinion / ~~Disclaimer of Opinion~~ / Adverse Opinion v) Qualified Opinion / ~~Disclaimer of Opinion~~ / Adverse Opinion vi) Qualified Opinion / ~~Disclaimer of Opinion~~ / Adverse Opinion
c. Frequency of qualification:	i) Whether appeared first-time/repetitive/Appearing since FY 2018-19. ii) Whether appeared first-time/repetitive/Appearing since FY 2018-19. iii) Whether appeared first-time/repetitive/Appearing since FY 2018-19. iv) Whether appeared first-time/repetitive/Appearing since FY 2018-19. v) Whether appeared first time/repetitive/since how long continuing. vi) Whether appeared first time/repetitive/since how long continuing.
d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:	With regard to Auditors Qualification No. (a) (ii): Regarding non-recognition of exchange gain/ loss in respect export receivable, still such export receivable and related trade payable in accordance with Ind AS 21, 'The Effects of Changes in Foreign Exchange Rates'.
e. For Audit Qualification(s) where the impact is not quantified by the auditor:	
(iv) Management's estimation on the impact of audit qualification:	Not ascertainable
(v) If management is unable to estimate the impact, reasons for the same:	With regard to Auditors Qualification No. (a) (i), (b), (c), (d), and (e) a. The financial statements of one associate, ROC Foods Limited is still under compilation and one subsidiary viz. Alchemist Hospitality Group Limited are under strike off. Accordingly, the same are not forming part of the consolidated financial results. b. Regarding export receivables are

		outstanding for more than three years as at the quarter and year end date, provision @ 20% is made against such doubtful trade receivables. Since the actual realisation of such doubtful export receivable cannot be ascertained, we are unable to comment on the adequacy of the provision of excepted credit loss made by the Group. In the absence of the information on record, the consequential impact, if any, on the consolidated financial results is not ascertainable. c. The Group has not recognized interest liability on such loan from the day it has become NPA, in line with the practice followed by the respective bank and therefore in the absence of the information amount of interest is not ascertainable.
		d. The Group has initiated legal recourse against one party whose outstanding amount is ₹ 459.80 Lakhs. The Group does not consider such capital advances as doubtful of recovery and hence has not made any provision on the same. e. Necessary step have been taken to seek the balance confirmation of FDRs, current accounts and cash credit limit. f. The Company is in the process of assessing the impact arising out of the COVID -19 outbreak.
	(vi) Auditors' Comments on (i) or (ii) above:	Refer details of audit qualification [para II(a) above]

iii	To be signed by-	
	• CEO/Managing Director/Whole Time Director	 Mr. Bikram Bhattacharya (Whole Time Director)
	• CFO	 Mr. Anop Singh Negi (Chief Financial Officer)
	• Auditor of the company	for Anu and Associates Chartered Accountants ICAI Firm Registration Number 019624N 
		Parveen Kumar Partner M. No.-531655
	• Audit Committee Chairperson	 Ms. Maria Fernandes Chairperson of Audit Committee