

Annexure I

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

| Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2016 | | | | |
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| [See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016] | | | | |
| I. | Sl. No. | Particulars | Audited Figures (as reported before adjusting for qualifications) (Rs. in lacs) | Adjusted Figures (audited figures after adjusting for qualifications) (Rs. in lacs) |
| | 1. | Total income | 71,057.69 | 71,057.69 |
| | 2. | Total Expenditure | 69,835.68 | 70,779.48 |
| | 3. | Net Profit / (Loss) | 1,003.87 | 60.07 |
| | 4. | Earnings Per Share | 3.49 | 0.21 |
| | 5. | Total Assets | 74,644.04 | 73,200.74 |
| | 6. | Total Liabilities | 38,572.27 | 38,072.77 |
| | 7. | Net Worth | 36,071.77 | 35,127.97 |
| | 8. | Any other financial item(s) (as felt appropriate by the management) | - | - |
| II. Audit Qualification I: | | | | |
| | a. Details of Audit Qualification: Attention is invited to Note 4(a) of the Statement which states that as on March 31, 2016, Fixed Assets include Intangible Assets aggregating to Rs. 1,443.30 Lacs (March 31, 2015 – Rs. 2,164.95 Lacs) under the head "Knowhow and New Brand Development" representing intangibles internally generated by the Company through expenditure on advertisement and promotional expenses. Such recognition is not in accordance with Accounting Standard – 26 "Intangible Assets". Had the Company complied with requirements of AS-26, Fixed Assets as at March 31, 2016 would have been lower by Rs. 1,443.30 Lacs (March 31, 2015 – Rs. 2,164.95 Lacs), Depreciation and amortisation expense for the year would be lower by Rs. 721.65 Lacs, Net profit after taxes for the year and Reserves and Surplus would be lower by Rs. 943.80 Lacs. | | | |
| | b. Type of Audit Qualification: Qualified Opinion | | | |
| | c. Frequency of Qualification : 3 rd year of observation | | | |
| | d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Up to 31/03/2013, the expenses incurred on brand promotion were capitalised as intangibles under the head "Knowhow and New Brand Development". Effective year ended 31/03/2014, the Company adopted a policy of amortising these intangibles over a period of 5 years. During the year, Rs. 721.65 Lacs has been recognised as depreciation and amortisation expense. Had the asset been fully expensed off as on 31/03/2016, Fixed Assets would have been lower by Rs. 1,443.30 Lacs (March 31, 2015 – Rs. 2,164.95 Lacs), the depreciation and amortisation expense | | | |



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| | for the year would have been lower by Rs. 721.65 Lacs, Net Profit after tax for the year and Reserves and Surplus would have been lower by Rs. 943.80 Lacs. |
| | 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 applicable. |
| | (ii) If management is unable to estimate the impact, reasons for the same: Not applicable. |
| | (iii) Auditors' Comments on (i) or (ii) above: Not applicable. |
| | Audit Qualification 2: |
| | a. Details of Audit Qualification: Attention is invited to Note 4(b) of the Statement in respect of Plant & Machinery having Net book value of Rs. 3,278.63 Lacs (Gross Book Value – Rs.5,580.40 Lacs) that are currently unutilized for over 3 years as on the balance sheet date, for which the management is evaluating alternative use and is of the view that no impairment is considered necessary at this stage. In absence of impairment assessment, we are unable to comment on recoverability of carrying value of such assets and consequent adjustment that may be required upon such assessment. |
| | b. Type of Audit Qualification: Qualified Opinion |
| | c. Frequency of Qualification : 1 st year of observation |
| | 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: Not quantified. |
| | (ii) If management is unable to estimate the impact, reasons for the same: As on March 31, 2016, fixed assets include Plant and machinery valued at Rs. 3,278.63 lacs (Gross Book Value – Rs. 5,580.40 lacs) situated at Hissar, Haryana, which are currently unutilised since 3 years for which the Company is in the process of evaluating alternative use, and is confident that the value in use of these assets would be higher than the carrying value and therefore no impairment provision / realisable value assessment is required at this stage. |



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| | <p>(iii) Auditors' Comments on (i) or (ii) above:</p> <p>The management should have carried out impairment assessment and made consequent adjustments based upon such assessment.</p> |
| III. | <p><u>Signatories:</u></p> <p>Managing Director – Mr. Ajay Kumar Swarup</p> <p><i>Ajay Kumar Swarup</i></p> <p>CFO – Mr. Ajay Goyal</p> <p><i>Ajay Goyal</i></p> <p>Audit Committee Chairman – Mr. Joginder Singh Dhamija</p> <p><i>Joginder Singh Dhamija</i></p> <p>Statutory Auditor – For Deloitte Haskins & Sells Chartered Accountants (Firm's Registration No. 015125N)</p> <p><i>Vijay Agarwal</i> Vijay Agarwal Partner (Membership No. 094468)</p> <p>Place: Delhi</p> <p>Date: 26 July, 2016</p> |



Annexure I

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

| Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2016 (See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016) | | | | |
|---|-------------------------------|---|---|---|
| I. | Sl. No. | Particulars | Audited Figures (as reported before adjusting for qualifications) (Rs. in lacs) | Adjusted Figures (audited figures after adjusting for qualifications) (Rs. in lacs) |
| | 1. | Total income | 71,052.60 | 71,052.60 |
| | 2. | Total Expenditure | 69,580.79 | 70,524.59 |
| | 3. | Net Profit / (Loss) | 1,253.77 | 309.97 |
| | 4. | Earnings Per Share | 4.35 | 1.08 |
| | 5. | Total Assets | 74,929.42 | 73,486.12 |
| | 6. | Total Liabilities | 38,575.07 | 38,075.57 |
| | 7. | Net Worth | 36,354.35 | 35,410.55 |
| | 8. | Any other financial item(s) (as felt appropriate by the management) | - | - |
| II. | Audit Qualification I: | | | |
| | a. | Details of Audit Qualification: Attention is invited to Note 4(a) of the Statement which states that as on March 31, 2016, Fixed Assets include Intangible Assets aggregating to Rs. 1,443.30 Lacs (March 31, 2015 – Rs. 2,164.95 Lacs) under the head "Knowhow and New Brand Development" representing intangibles internally generated by the Company through expenditure on advertisement and promotional expenses. Such recognition is not in accordance with Accounting Standard – 26 "Intangible Assets". Had the Company complied with requirements of AS-26, Fixed Assets as at March 31, 2016 would have been lower by Rs. 1,443.30 Lacs (March 31, 2015 – Rs. 2,164.95 Lacs), Depreciation and amortisation expense for the year would be lower by Rs. 721.65 Lacs, Net profit after taxes for the year and Reserves and Surplus would be lower by Rs. 943.80 Lacs. | | |
| | b. | Type of Audit Qualification: Qualified Opinion | | |
| | c. | Frequency of Qualification : 3 rd year of observation | | |
| | d. | For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Up to 31/03/2013, the expenses incurred on brand promotion were capitalised as intangibles under the head "Knowhow and New Brand Development". Effective year ended 31/03/2014, the Company adopted a policy of amortising these intangibles over a period of 5 years. During the year, Rs. 721.65 Lacs has been recognised as depreciation and amortisation expense. Had the asset been fully expensed off as on 31/03/2016, Fixed Assets would have been lower by Rs. 1,443.30 Lacs (March 31, 2015 – Rs. 2,164.95 Lacs), the depreciation and amortisation expense | | |

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| | for the year would have been lower by Rs. 721.65 Lacs, Net Profit after tax for the year and Reserves and Surplus would have been lower by Rs. 943.80 Lacs. |
| | 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 applicable. |
| | (ii) If management is unable to estimate the impact, reasons for the same: Not applicable. |
| | (iii) Auditors' Comments on (i) or (ii) above: Not applicable. |
| | |
| | Audit Qualification 2: |
| | a. Details of Audit Qualification: Attention is invited to Note 4(b) of the Statement in respect of Plant & Machinery having Net book value of Rs. 3,278.63 Lacs (Gross Book Value – Rs.5,580.40 Lacs) that are currently unutilized for over 3 years as on the balance sheet date, for which the management is evaluating alternative use and is of the view that no impairment is considered necessary at this stage. In absence of impairment assessment, we are unable to comment on recoverability of carrying value of such assets and consequent adjustment that may be required upon such assessment. |
| | b. Type of Audit Qualification: Qualified Opinion |
| | c. Frequency of Qualification : 1 st year of observation |
| | 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: Not quantified. |
| | (ii) If management is unable to estimate the impact, reasons for the same: As on March 31, 2016, fixed assets include Plant and machinery valued at Rs. 3,278.63 lacs (Gross Book Value – Rs. 5,580.40 lacs) situated at Hissar, Haryana, which are currently unutilised since 3 years for which the Company is in the process of evaluating alternative use, and is confident that the value in use of these assets would be higher than the carrying value and therefore no impairment provision / realisable value assessment is required at this stage. |

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| | <p>(iii) Auditors' Comments on (i) or (ii) above:</p> <p>The management should have carried out impairment assessment and made consequent adjustments based upon such assessment.</p> |
| III. | <p>Signatories:</p> <p>Managing Director – Mr. Ajay Kumar Swarup</p> <p><i>[Signature]</i></p> <p>CFO – Mr. Ajay Goyal</p> <p><i>[Signature]</i></p> <p>Audit Committee Chairman – Mr. Joginder Singh Dhamija</p> <p><i>[Signature]</i></p> <p>Statutory Auditor – For Deloitte Haskins & Sells Chartered Accountants (Firm's Registration No. 015125N)</p> <p><i>[Signature]</i></p> <p>DP Vijay Agarwal Partner (Membership No. 094468)</p> |
| | Place: Delhi |
| | Date: 26 July, 2016 |

