



INDIA GLYCOLS LIMITED

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22nd July, 2016

BSE Limited

1st Floor, New Trading Ring,
Rotunda Building, P.J. Towers,
Dalal Street, Fort
Mumbai- 400 001

National Stock Exchange of India Limited

Exchange Plaza, 5th Floor,
Bandra Kurla Complex,
Bandra (East)
Mumbai - 400051

Code No.500201

Code :INDIAGLYCO

Sub: Disclosure of the Impact of Audit Qualifications – Modified Opinon

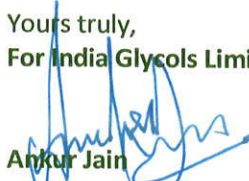
Pursuant to SEBI vide Notification No.SEBI/LAD-NRO/GN/2016-17/001 dated 25th May, 2016 and Circular NO.CIR/CFD/CMD/56/2016 dated 27th May, 2016 read with Regulation 33 of SEBI (LODR), (Amendment), Regulations, 2016, please find attached herewith the Statement on Impact of Audit Qualifications (for Audit Report with modified opinion) as per the prescribed format for the financial year ended 31st March, 2016.

We request you to kindly take the above on record.

Thanking you,

Yours truly,

For India Glycols Limited


Ankur Jain

General Manager(Legal) & Company Secretary

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Works & Registered Office : A-1, Industrial Area, Bazpur Road, Kashipur – 244713, Distt. Udham Singh Nagar (Uttarakhand)
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CIN : L24111UR1983PLC009097

India Glycols Ltd
Statement on Impact of Audit Qualifications of Standalone Financials for the Financial
Year ended March 2016.

(Rs. In Lacs, except for earnings per share)

I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Audited Figures (audited figures after adjusting for qualifications)
	1	Turnover/ Other Income	232,899.01	232,899.01
	2	Total Expenditure	236,315.02	236,315.02
	3	Net Profit/ (Loss)	(3,416.01)	(3,416.01)
	4	Earnings Per Share (Rs.)	(11.03)	(11.03)
	5	Total Assets	300,357.08	300,357.08
	6	Total Liabilities	257,627.60	257,627.60
	7	Net Worth	42,729.48	42,729.48
	8	Any Other financial item (s) (as felt appropriate by the management)	Refer Emphasis of Matter paragraph in the Auditor's Report on quarterly and year to date Standalone Financial Results.	

II.	Audit Qualification (each audit qualification separately)
(i)	<p>Qualification 1</p> <p>a. Detail of Audit Qualification :</p> <p>(a) Note No. 3 (a) of the accompanying Statement regarding Non - provision against diminution in the value of investment and inter corporate deposit (including accrued interest Rs. 950.65 Lacs and total amount as stated in said note) made in a subsidiary M/S Shakumbari Sugar and Allied Industries Limited (SSAIL) and net worth of SSAIL had been fully eroded, where in the opinion of management no provision for diminution in value is necessary considering the long term nature and the intrinsic value of the assets of subsidiary company and direction issued by the Hon'ble Board for Industrial and Financial Reconstruction for preparation of revival scheme by the operating agency as stated in the said note.</p> <p>Also attention is drawn for Non-provision against advance to SSAIL of amounting to Rs. 8,453.81 Lacs and against corporate guarantee extended of amounting to Rs. 10,845.38 Lacs (P.Y. 12,045.43 Lacs) (note no. 33(A) of the financial statements) on behalf of SSAIL for loan facility availed by SSAIL (excluding penal interest, penalty etc.) from Financial Institutions and Banks (as stated in Note 3(a)).</p> <p>b. Type of Audit Qualification: Qualified Opinion</p>



	<p>c. Frequency of Audit Qualification :</p> <p>This qualification w.r.t. investment in SSAIL is appearing since 2008-09.</p> <p>This qualification w.r.t. inter corporate deposit in SSAIL is appearing since 2010-11.</p> <p>This qualification w.r.t. advances in SSAIL is appearing since 2013-14.</p> <p>This qualification w.r.t. Corporate Guarantee given on behalf of SSAIL against outstanding amount of Financial Institution and Banks in above stated subsidiary company is appearing since 2011-12.</p>
	<p>d. For audit qualification where the impact is quantified by the auditor, Management view: Not quantified.</p>
	<p>e. For audit qualification where the impact is not quantified by the auditor :</p>
	<p>(i). Management's estimation on the impact of audit qualification: Presently not ascertainable in view of facts stated in note no. 33(A)(i), A(ii) & A(iii) below</p>
	<p>(ii). If management is unable to estimate the impact, reason for the same :</p> <p>As also explained in Notes to the Accounts as detailed below</p> <p>NOTE No. 33 (A)(i) Company has investment of Rs. 5427.50 Lacs (Previous Year Rs. 5,427.50 Lacs) in equity share capital and 10% cumulative redeemable preference share capital in a subsidiary company Shakumbari Sugar and Allied Industries Limited (SSAIL) whose net worth has been fully eroded and SSAIL has also been declared sick industrial undertaking as per the provision of Sick Industrial Companies Act, 1985.</p> <p>Considering the intrinsic value of the investee assets, long term nature of investment and filing of TEV (Technical Evaluation Study) report, and revival scheme by the operating agency (OA-IDBI) so appointed as directed by the Hon'ble Board for Industrial and Financial Reconstruction (BIFR), no provision at this stage is considered necessary by the management against investments made in above stated subsidiary namely SSAIL.</p> <p>(ii) Loans and advances includes Inter corporate deposit with SSAIL amounting to Rs. 1,915.13 Lacs (Previous Year Rs. 1,915.13 Lacs) (including interest thereon) and advances of Rs. 8,453.81 Lacs (Previous Year Rs. 8,453.81 Lacs), where management is confident about recoverability/ realisability of the same. Accordingly, considering the facts as stated in Para (i) above and read with comment in Para (iii) below, amount is considered good and fully recoverable and no provision there against and also against corporate guarantee extended read with note no 28 A (iii) of Rs. 10,845.38 Lacs (Previous year Rs. 12,045.43 Lacs) (excluding penal interest, penalty etc) is considered necessary by the management.</p> <p>(iii) Central Bank of India (CBI) vide its letter dated 28.05.2014 had issued a notice under Section 13(2) of SARFAESI Act 2002 to SSAIL and IGL. The said notice was replied by SSAIL and IGL has challenged the legality of issuance of such notices. CBI, thereafter, on 11.09.2014</p>



	had issued another notice under Section 13(4) of SARFAESI on SSAIL and IGL, which has been challenged at DRT, Lucknow. As per the legal opinion, the notice issued by the CBI is not valid since SSAIL is registered with BIFR as sick industrial Company. Meanwhile BIFR vide its order dated 24.09.2015 has rejected the appeal of CBI for seeking recovery certificate, against the order of BIFR, CBI has filed an appeal before Appellate Authority for Industrial and Financial Reconstruction (AAIFR) which is pending.
	(iii) Auditor's comments on (i)./(ii). above : Refer para (i)a. above and read with management estimation [e.(i).] and reasons [e.(ii).].
(ii)	<p>Qualification 2</p> <p>a. Detail of Audit Qualification:</p> <p>(b) <i>Note No. 3 (b) of the accompanying Statement regarding Non-provision against total exposure of amounting to Rs. 14,774.64 Lacs (including Investment of Rs. 125 Lacs) in a subsidiary, IGL Finance Limited (IGLFL), where the management is confident about its recoverability for the reasons as stated in the said note, and our inability to comment thereon (note no. 33 (B) of financial statements.). Our Audit Report on the financial statements for the year ended March 31, 2015 and our limited review report on result for the quarter ended Dec 31, 2015 was also qualified in respect of the above matter.</i></p> <p>b. Type of Audit Qualification : Qualified Opinion</p> <p>c. Frequency of Audit Qualification : This qualification w.r.t. inter corporate deposit and investment in IGL Finance Limited is appearing since 2013-14.</p> <p>d. For audit qualification where the impact is quantified by the auditor, Management view: Not quantified.</p> <p>e. For audit qualification where the impact is not quantified by the auditor :</p> <p>(i). Management's estimation on the impact of audit qualification : Presently not ascertainable in view of status as mentioned in note no. 33(B)(i) and 33(B)(ii) below.</p> <p>(ii). If management is unable to estimate the impact, reason for the same : As also explained in Notes to the Accounts as detailed below NOTE No. 33(B)(i) Short term loans and advances to related party includes Inter Corporate Deposit (ICD) amounting to Rs. 14,649.64 Lacs (Previous Year Rs. 14,649.64 Lacs) given to IGL Finance Ltd. (IGLFL), a 100% subsidiary of the company. IGLFL in earlier year had invested funds for short term in commodity financing contracts offered by National Spot Exchange Ltd. (NSEL). NSEL had defaulted in settling the contracts on due dates, for which IGLFL has initiated legal and other action and in turn IGLFL did not pay due amount to the company. Accordingly considering the prudence no interest on above ICD has been accrued for the period from 01-09-2013 onwards. Further considering the arrangement of merger of NSEL with Financial Technologies (India) Limited (FTIL) and other measure which have so far been taken for and pending before the Govt. and other authorities, the management and IGLFL is confident for recovery of dues from NSEL over a period of time.</p> <p>(ii) Considering above no provision has been considered necessary at this stage against total</p>



	exposure in IGLFL of Rs. 14,774.64 Lacs (Previous Year Rs. 14,774.64 Lacs) (including Investment in capital of Rs. 125.00 Lacs), and the same is considered good and fully recoverable, by the management.	
	(iii) Auditor's comments on (i). / (ii). above : Refer para (ii)a. above and read with management estimation [e.(i).] and reasons [e.(ii).].	
	For Qualification 1 & 2, Further attention is drawn a. Detail of Audit Qualification: Further Attention is drawn to: <i>Regarding matters stated under para (a) & (b) above, read with note no. 3(c) of the accompanying statement regarding reinstatement/suitably rectify the financial statements, attention is drawn.</i>	
	b. Type of Audit Qualification : Qualified Opinion	
	c. Frequency of Audit Qualification: This qualification w.r.t. reinstatement/suitably rectify the financial statements is appearing first time in 2015-16.	
	d. For audit qualification where the impact is quantified by the auditor, Management view: Not quantifiable	
	e. For audit qualification where the impact is not quantified by the auditor :	
	(i). Management's estimation on the impact of audit qualification : Presently not ascertainable in view of facts stated in note no. 33 (C) below.	
	(ii). If management is unable to estimate the impact, reason for the same : As also explained in Notes to the Accounts as detailed below NOTE No. 33(C) Company has received letters dated 30th Oct 2014 and 05th May 2015 from National Stock Exchange of India (NSE), wherein the Company has been advised to reinstate its financial statement w.r.t. qualification raised for the years FY 2012-13 by the statutory auditor on investments and loans to SSAIL (Note no. 33 (A) (i) & (ii)) and suitably rectified the qualification raised for the year FY 2013-14 by the statutory auditor w.r.t. investment and loan to IGLFL (Note no. 33 (B)) respectively. For the above matters, the Company has submitted reply based on legal advice.	
	(iii) Auditor's comments on (i). / (ii). above: Refer para a. above and read with management estimation [e.(i).] and reasons [e.(ii).].	
III.	To be signed by: Chairman and Managing Director Chief Financial Officer	 _____ (Uma Shankar Bhartia)  _____ (Anand Singhal)



	<p>Chairman (Audit Committee)</p>	<p><i>Pradip Kumar Khaitan</i> (Pradip Kumar Khaitan)</p>
	<p>Auditor of the Company</p>	<p>Refer our audit report dated 26th May, 2016 on the Standalone Financial Statements of the Company</p> <p>For Lodha & Co.</p> <p>Chartered Accountants</p> <p>(Firm Registration No.301051E)</p> <p><i>(N.K. Lodha)</i> (N.K. Lodha) Partner (Membership No. 85155) 18th July, 2016 Noida, Uttar Pradesh</p> 



India Glycols Ltd

Statement on Impact of Audit Qualifications of Consolidated Financials Statement for the Financial Year ended March 2016.

(Rs in Lacs, except for earnings per share)

I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Audited Figures (audited figures after adjusting for qualifications)
	1	Turnover/ Other Income	233,253.81	233,253.81
	2	Total Expenditure	238,166.30	240,245.94
	3	Net Profit/ (Loss)	(4,912.49)	(6,992.13)
	4	Earnings Per Share (Rs.)	(15.87)	(22.58)
	5	Total Assets	299,653.75	299,653.75
	6	Total Liabilities	274,212.71	276,292.35
	7	Net Worth	25,441.04	23,361.40
	8	Any Other financial item (s) (as felt appropriate by the management)	Refer Emphasis of Matter paragraph in the Auditor's Report on year to date Consolidated Financial Results.	
II.	Audit Qualification (each audit qualification separately)			
(i)	Qualification 1			
	a. Detail of Audit Qualification:			
	i. Note no. 3(b)(and read with note no. 32 of consolidated financial statements) of the accompanying statement regarding non provision against total exposure of amounting Rs. 14,444.43 Lacs (Previous Year 14,444.43 Lacs) in NSEL made by a subsidiary, where the management is confident about its recoverability for the reason as stated in said note, and our inability to comment thereon.			
	b. Type of Audit Qualification: Qualified Opinion			
	c. Frequency of Audit Qualification :			
	This qualification w.r.t. inter corporate deposit in IGL Finance Limited is appearing since 2013-14.			
	d. For audit qualification where the impact is quantified by the auditor, Management view: Not quantified.			
	e. For audit qualification where the impact is not quantified by the auditor :			
	(i). Management's estimation on the impact of audit qualification: Presently not ascertainable in view of status as mentioned in note no. 32 below.			



	<p>(ii). If management is unable to estimate the impact, reason for the same : As also explained in Notes to the Accounts as detailed below NOTE NO. 32. The subsidiary company, IGL Finance Limited, had invested funds for short term in commodity financing contracts offered by National Spot Exchange Limited (NSEL). NSEL has defaulted in settling the contracts on due dates. However, considering the proposal of the arrangement of merger of NSEL with Financial Technologies (India) Limited (FITL) as announced by the Central Government; and other measure which have so far been taken for and pending before the Govt. and other authorities, legal actions taken by the subsidiary company, the management is confident of recovery of the dues from NSEL over the period of time. Accordingly, against total exposure of Rs. 14,444.43 Lacs (Previous Year Rs. 14,444.43 Lacs), no provision has been considered necessary at this stage by the subsidiary company and hence treated as good and fully recoverable.</p>
	<p>(iii) Auditor's comments on (i)./(ii). above: Refer para (i)a. above and read with management estimation [e.(i).] and reasons [e.(ii).].</p>
(ii)	<p>Qualification 2</p> <p>a. Detail of Audit Qualification:</p> <p><i>ii. (a) Note no. 6(a) of the accompanying statement related with a subsidiary Company SSAIL regarding non-provisioning of interest amounting to Rs. 2,079.64 Lacs (P.Y. - Rs. 977.52 lacs) (excluding penal interest, charges etc. - amount unascertained) and pending confirmation of secured loans, as stated in the said note. In respect of loan facility availed by the SSAIL (a sick company), the Company has given corporate guarantee to the Banks and Financial Institutions [read with note no. 47(b)(iii) & note no. 34], and</i> <i>(b) preparation of Financial Statements of SSAIL on going concern basis as stated in note no. 3(a) for the reason stated in the said note and our inability to comment thereon. (read with note no. 47(a) of audited Consolidated Financial Statements).</i></p>
	<p>b. Type of Audit Qualification : Qualified Opinion</p>
	<p>c. Frequency of Audit Qualification :</p> <p>(a) This qualification w.r.t. non provision of interest, penal interest, charges etc for SSAIL is appearing since 2014-15. (b) This qualification w.r.t. preparation of accounts on going concern basis – first time.</p>
	<p>d. For audit qualification where the impact is quantified by the auditor, Management view: As also explained in Notes to the Accounts as detailed below NOTE NO. 47(b)(iii) Interest on borrowings (which has been categorised as NPA) from Bank Rs. 2,079.64 Lacs (including previous year Rs. 977.52 Lacs) has not been provided as rehabilitation scheme with OA are in process and balance of loan are subject to confirmation.</p>
	<p>e. For audit qualification where the impact is not quantified by the auditor :</p>
	<p>(i). Management's estimation on the impact of audit qualification: (A)Presently not ascertainable in case of corporate guarantee [ii. (a) above] in view of facts stated in note no. 34, (B) In view of facts/status stated in note no. 47(a) of consolidated financial statements, the impact of the same is presently not ascertainable in respect to ii.(b) above.</p>
	<p>(ii). If management is unable to estimate the impact, reason for the same :</p>



	<p>As also explained in Notes to the Accounts as detailed below</p> <p>NOTE NO. 34 Central Bank of India (CBI) vide its letter dated 28.05.2014 had issued a notice under Section 13(2) of SARFAESI Act 2002 to SSAIL and IGL. The said notice was replied by SSAIL and IGL has challenged the legality of issuance of such notices. CBI, thereafter, on 11.09.2014 had issued another notice under Section 13(4) of SARFAESI on SSAIL and IGL, which has been challenged in DRT, Lucknow. As per the legal opinion, the notice is not valid since SSAIL has already been registered with BIFR as sick Company. Meanwhile BIFR vide its order dated 24.09.2015 has rejected the appeal of CBI for seeking recovery certificate, against the order of BIFR, CBI has filed an appeal before Appellate Authority for Industrial and Financial Reconstruction (AAIFR) which is pending.</p> <p>NOTE NO. 47(a) The Company had been incurring cash losses due to which its net worth has been completely eroded and its current liabilities are far in excess of its current assets. Accordingly, in the Year 2012-13 Company had filed application with the Board for Industrial and Financial Reconstruction (BIFR). The BIFR vide its order dated 4th April 2013 has declared M/s. Shakumbhari Sugar & Allied Industries Ltd. as a sick industrial company in terms of Sec 3(1)(o) of Sick Industrial Companies (Special Provisions) Act, 1985. Further, BIFR has appointed IDBI as the Operating Agency (OA) with directions to prepare a revival scheme for the company and also company had filed Draft Rehabilitation Scheme with BIFR in the year 2013-14. Further company is looking and evaluating other business opportunities, considering this and continuous support from the Holding company, the management considers it appropriate to prepare these Financial Statements on Going Concern basis despite the negative net worth on the balance sheet date.</p>
	<p>(iii) Auditor's comments on (i). / (ii). above: Refer para (ii).a. above and read with management estimation [e.(i)] and reasons [e.(ii)] and note no. 34 & 47 (a) of notes to accounts.</p>
(iii)	<p>Qualification 3</p> <p>a. Detail of Audit Qualification :</p> <p>iii. <i>Note no 6 (b) of the accompanying statement related with a subsidiary SSAIL regarding non provision against impairment loss on its fixed assets for the reason stated in the said note, as its expected recoverable value is more than its carrying value and our inability to comment thereon.</i></p>
	<p>b. Type of Audit Qualification: Qualified Opinion</p>
	<p>c. Frequency of Audit Qualification :</p> <p>This qualification w.r.t. non provision against impairment loss on fixed assets for SSAIL is appearing since 2014-15</p>
	<p>d. For audit qualification where the impact is quantified by the auditor, Management view: Not quantified.</p>
	<p>e. For audit qualification where the impact is not quantified by the auditor :</p>
	<p>(i). Management's estimation on the impact of audit qualification: Presently not ascertainable read with note no. 44. of notes to accounts.</p>
	<p>(ii). If management is unable to estimate the impact, reason for the same : As also explained in Notes to the accounts as detailed below NOTE NO. 44. In accordance with the Accounting Standard (AS-28) on "Impairment of Assets" issued by the Institute of Chartered Accountants of India, in view of the management with respect to SSAIL, no impairment loss on its Fixed Assets [including</p>



	Capital Work in Progress of Rs. 1,368.38 Lacs (Previous Year Rs. 1,368.38 Lacs) and Capital Advance of Rs. 708.27 Lacs (Previous Year Rs. 708.27 Lacs)] is considered necessary at this stage, as its expected recoverable value is more than its carrying value.	
	(iii) Auditor's comments on (i)./(ii). above: Refer para (iii)a. above and read with management estimation [e.(i).] and reasons [e.(ii).].	
III.	<p>To be signed by:</p> <p>Chairman and Managing Director</p> <p>Chief Financial Officer</p>	<p></p> <hr/> <p>(Uma Shankar Bhartia)</p> <p></p> <hr/> <p>(Anand Singhal)</p>
	<p>Chairman</p> <p>(Audit Committee)</p> <p>Auditor of the Company</p>	<p></p> <hr/> <p>(Pradip Kumar Khaitan)</p> <p>Refer our audit report dated 26th May, 2016 on the Consolidated Financial Statements of the Company</p> <p>For Lodha & Co.</p> <p>Chartered Accountants.</p> <p>(Firm Registration No.301051E)</p> <p></p> <p>(N.K. Lodha)</p> <p>Partner</p> <p>(Membership No.85155)</p> <p>18th July, 2016</p> <p>Noida, Uttar Pradesh</p> <p></p>

