

PARABOLIC DRUGS LTD.

CIN No. : L24231CH1996PLC017755.

(Under Corporate Insolvency Resolution Process vide Order of Hon'ble NCLT dated 30.08.2018)

Date: 24.08.2020

National Stock Exchange of India Limited
Exchange Plaza, Plot No. C-1, G Block
Dadara- Kurla Complex, Bandra (E)
Mumbai-400051

The BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai-400001

Scrip Code-PARABDRUGS

Scrip Code: 533211

Sub: Outcome of Board Meeting

Respected Sir,

Pursuant to Intimation Letter dated 18.08.2020 and Regulation 33 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, we furnish herewith the updated Audited Financial Results of the Company for the Quarter and Year ended 31.03.2019.

The Meeting was commenced from 11:00 am and concluded at 12:15 pm

This is for your information and records.

Thanking you,

Yours faithfully

For Parabolic Drugs Limited

Rashmi Gupta
(Director & Authorised Representative
On behalf of Mr. Raj Kumar Ralhan
Resolution Professional of Parabolic Drugs Limited)
Reg. No. IBB/IIP-001/IP-P00981/2017-2018/11614





Sri Prakash & Co.
CHARTERED ACCOUNTANTS

Baddi Office : Near Laj Dharam Kanta,
SCO 9, 1st Floor, Gupta Complex,
Sai Road Baddi, Distt. Solan, (H.P.) 173205
Mob. : 8679000678, 9318536111, 8627855800,
Ph. : 01795-244678

E-mail : cadpindia@gmail.com, cadpindia@rediffmail.com

**Independent Auditor's Review Report on Standalone Quarterly Financial Results of the
Company pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure
Requirements) Regulations, 2015.**

Sri Prakash & Co. ("We", or "Statutory Auditor") have reviewed the accompanying statement of Audited standalone financial results ("Statement") of M/s Parabolic Drugs Limited ("the Company") having Registered Office at SCO 186-187, Second Floor, Sector-8C, Chandigarh for the Quarter ended March 31, 2019 being submitted by the company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The company is undergoing Corporate Insolvency Resolution Process ("CIRP") under the provisions of Insolvency and Bankruptcy Code, 2016, pursuant to order dated August 30, 2018 passed by Hon'ble National Company Law Tribunal (NCLT), Chandigarh Bench. In terms of Section 20 of Insolvency Code, the management and operations of the Company are being managed by RP on a Going Concern Basis and powers of the Board of Directors are suspended.

This statement is the responsibility of the Company's Management and has been signed by the Managing Director of the Company and taken on record by the Resolution Professional ("RP"). Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the entity, issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Based on our review conducted as above and subject to Annexure-'A' nothing has come to our attention that causes us to believe that the accompanying statement is not prepared in accordance with applicable Accounting Standards (AS) specified under Section 133 of the Companies Act, 2013 and SEBI Circulars CIR/CFD/CMD/15/2015 dated November 30, 2015 and CIR/CFD/FAC/62/2016 dated July 5, 2016, and other recognized accounting practices and policies has not disclosed the information required to be disclosed in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.

Place: Chandigarh

Date: 10.07.2019



H.O. : 21-22, Hari Om Nagar, Civil Lines, Gorakhpur (U.P.) - 273001

Branch Office : **Delhi** : 105, J Extension, Luxmi Nagar, Delhi 110112
Darbhanga : G.M. Complex, Near Lalbagh Paani Tanki, Darbhanga (Bihar) 846004
Lucknow : AA Complex 5 Park Road, Thapar House Hazratganj, Lucknow 226001
Rudrapur : A-337 Awas Vikas, Rudrapur 263153



Notes on the Audited financial results of M/s Parabolic Drugs Limited

For the Quarter ended March 31,2019

- a. The standalone financial statements indicates that the company has accumulated losses and its net worth is fully eroded. The company has incurred net loss during the current year as well as previous year & company's current liability exceeds its current assets as at the balance sheet date. However, the financial statement of the company has been prepared on a going concern basis in spite of negative net worth. During the year the Company has incurred a Net Loss of Rs. 414.02 million resulting into accumulated losses of Rs. 9756.24 million and erosion of its Net worth as at March 31, 2019. The Company has obligations towards fund based borrowings aggregating to Rs. 9846.96 million and operational creditors and statutory dues, subject to reconciliation/verification that have been demanded/recalled by the financial/operating creditors pursuant to ongoing Corporate Insolvency Resolution Process (CIRP). These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as going concern and therefore the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. The ultimate outcome of these matters is at present not ascertainable. Accordingly, we are unable to comment on the consequential impact, if any, on the accompanying standalone financial statements.
- b. The standalone financial statements, in connection with the existence of material uncertainties over the realisability of trade receivables, DEPB license, DEPB/FPS recoverable, Income Tax recoverable, Service Tax and withheld amount aggregating to Rs. 315.56 million included in financial and other assets which is subject to reconciliation. The management is yet to assess the change in risk of default and resultant expected credit loss allowance on such assets.
- c. The standalone financial statements, in respect of investment of Rs. 62.00 mn in subsidiaries is subject to confirmation and reconciliation.
- d. The standalone financials statements indicate that the company has not appointed Internal Auditor as required by section 138 of the Companies Act, 2013.
- e. The system of Internal Financial control over financial reporting with regard to the company were not made available to us to enable us to determine if the company has established adequate internal financial control over financial reporting and whether such internal financial control were operating effectively.
- f. In respect of the advance to supplier, pending Confirmation/Reconciliation from the supplier to whom advances were given and also uncertainty about subsequent realization of such amount.
- g. The standalone financial statements, in respect of loans and advances given to subsidiary Company of Rs. 44.61 million as on 31st March 2019 given to is subject to reconciliation.
- h. The standalone financial statements, in respect of various claims, submitted by the financial creditors (including claims towards fund based and non-fund based exposure) , operational creditors, workmen or employee and authorized representative of workmen and employees of the Company to Resolution Professional pursuant to the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulation 2016, that are currently under reconciliation with the books of accounts.



- i. The standalone financial statements, in respect of non-availability of confirmations of bank balances aggregating to 0.98 million (dr), bank borrowings aggregation to 1216.08(cr) million. In absence of alternative corroborative evidence, we unable to comment on the extent to which such balances are recoverable.
- j. The standalone financial statements indicate that the company has on the basis of their internal evaluation, valued inventories at Rs. 6.78 mn. In the view of current CIR process and in the absence of Valuation report, we are unable to comment upon the realisability of the inventories.
- k. The standalone financial statements indicate that the company has not physically verified its fixed assets as on 31.03.2019. In the absence of Fixed Asset Register, we are unable to comment upon the availability of the Fixed Assets.
- l. The standalone financial statements, in respect of balances available with statutory authorities and input credits aggregating to Rs. 160.01 million that are subject to reconciliation, filing of return and admission by the respective statutory authorities and, we are unable to comment on the recoverability of the said amount.
- m. The standalone financial statement, in respect of periods of default in repayment of borrowing and interest have not been provided to compliance the minimum presentation and disclosure requirement as per the schedule III of the Companies Act, 2013.
- n. The standalone financial statements the company has not made any provision for gratuity and leave encashment for the current financial year and no actuarial valuation report has been taken, the impact on loss for the year on account of such previous provision is not ascertainable and relevant disclosures have not been given. This is not in compliance with AS-15 Employee Benefits.
- o. Unpaid dividend of Rs.0.80 mn for the year 2011-12 not transferred to Investor Education and Protection Fund as per Rule 11 of the companies (Audit & Auditor's) Rules, 20014.
- p. The company has not deposited statutory liabilities with concerned Government authorities under various Acts before commencement of CIRP during the FY 2018-19. It has also not provided for interest /penalty/for such default.
- q. The standalone financial statement, the unit has made certain payments to vendors through Book adjustment in the period prior to October, 2018. Payments have been routed through Orbit life sciences Private Limited. Further these payments/balances are subject to confirmation/reconciliation.
- r. The company has not appointed full time company secretary required under section 203 (rule 8 and rule 8A of companies appointments & remuneration of managerial personnel rule 2014) of the companies act,2013.
- s. In view of significant losses incurred by the company during the previous years, the carrying value of certain fixed assets needs to be tested for impairment as envisaged under Accounting Standard-28 ('AS-28'), issued by the Institute of Chartered accountants of India. As at March 31, 2019 the net written down value of Rs. 2978.82 mn. The management has informed us that the recoverable amount of assets within the meaning of AS-28 is more than their carrying value and as such no amount needs to be recognized in the financial statements for impairment loss. The management has not provided us any of its estimate of future cash flows which are significantly higher than the projections provided to us in the past.



In the absence of adequate information provided to us to validate the reasonableness of these projections, we are unable to comment as to whether any provision towards impairment is required or not.

- t. The GST returns i.e. GSTR-1, GSTR-3B, GSTR-2A are subject to reconciliation with books of accounts.
- u. The financial statements where a sum of Rs.260 mn received by company as share application money from Promoters/ Promoters' Associates, to comply a critical condition to infuse an amount of Rs.260 mn in the form of Equity Share Capital of the Company, as stipulated under CDR package sanctioned to the Company pursuant to a scheme approved under the Corporate Debt Restructuring Framework of Reserve Bank of India. Now, the said amount of subscription money of Rs.260 mn has been received by the Company. The special resolution to this effect has been passed by the shareholders of the company by postal ballot on 31st January, 2014, however, the allotment of shares to the proposed allottees is pending awaiting the In-Principle approval of the Stock Exchanges required under the Listing Agreements. Approval from BSE has been received but the allotment is pending since NOC has not been received from the lenders.
- v. The financial statements where, The Authorized Share Capital of the Company was increased from Rs. 720 mn to Rs. 820 mn vide resolution passed in Annual General Meeting of the members of the company held on 29th September 2015, but the company has not notified the Registrar of companies by Filing form SH-7 prescribed under the Companies General Rules & Forms due to non-receiving of NOC from the lead bank for the allotment of shares to promoter and promoter group.
- w. The financial statements where, the company has accounted for Rs. 18.76 mn as indirect expenses in the books of account for the financial year 2018-19. However these expenses pertain to FY 2017-18. Therefore accounted as prior period expenses.
- x. The financial statements, where during the year the Company has sold the business of Panchkula Plant amounting to Rs. 5,05,00,000 to Odin Healthcare Pvt. Ltd. as on 21.05.2018. Only Sale certificate has been provided in relation to the sale of plant to us. Any GST Compliance has been complied or not cannot be ascertained.
- y. Advance against land of Rs. 65.17 Mn which has been shown under head CWIP.
- z. Depreciation has been provided for on pro-rata basis as per Companies Act, 2013.
- aa. Figures of the previous year/quarter have been rearranged/regrouped wherever considered necessary.

Place: Chandigarh

Date: 10.07.2019

For Sri Prakash & Co.

Chartered Accountants

FRN No. - 002058C

M.N. 622295





PARABOLIC DRUGS LTD.

CIN No. : L24231CH1996PLC017755.

(Under Corporate Insolvency Resolution Process vide Order of Hon'ble NCLT dated 30.08.2018)

Statement of Audited Financial Results for the Quarter ended March 31, 2019 (Rs. in crore)

Sr. No.	Particulars	Quarter ended			Year Ended	
		31.03.2019	31.12.2018	31.03.2018	31.03.2019	31.03.2018
		Audited	Unaudited	Audited	Audited	Audited
		stand-alone	stand-alone	stand-alone	stand-alone	stand-alone
I	Revenue from Operations					
	(a) Net Sales (Net of Excise duty)	-	0.22	16.23	17.98	71.79
	(b) Other Operating Income	-	0.05	0.00	0.10	0.81
	Total Revenue from Operations (Net of Excise Duty)	-	0.26	16.23	18.08	72.60
II	Other Income	-	0.01	0.02	0.80	4.11
III	Total Income (I + II)	-	0.27	16.25	18.88	76.71
IV	Expenses:	-				
	(a) Cost of materials consumed	-0.27	0.12	16.14	14.73	64.22
	(b) Purchases of Stock-in-Trade		0.00	0.00	0.00	0.00
	(c) Changes in inventories of finished goods work-in-progress and Stock-in-Trade	0.59	0.00	(2.02)	5.26	(0.73)
	(d) Employees benefits expense	1.34	1.14	1.90	5.34	9.30
	(e) Finance Cost	-0.54	0.05	2.09	3.46	8.35
	(f) Depreciation and amortization expense	5.97	5.14	8.59	22.52	34.54
	(g) Other expenses	0.29	1.01	3.76	7.50	16.27
	Total expenses (IV)	7.39	7.46	30.47	58.82	131.95
V	Profit / (Loss) before exceptional and extraordinary items and tax (III-IV)	-7.38	(7.19)	(14.22)	(39.93)	(55.24)
VI	Extraordinary items	-1.88	0.00	0.00	(1.88)	0.00
VII	Profit / (Loss) after extraordinary items (V - VI)	-9.26	(7.19)	(14.22)	(41.81)	(55.24)



PARABOLIC DRUGS LTD.

CIN No. : L24231CH1996PLC017755.

(Under Corporate Insolvency Resolution Process vide Order of Hon'ble NCLT dated 30.08.2018)

VIII	Tax expenses:					
	(a) Current tax		0.00	0.00	0.00	0.00
	(b) Deferred tax	0.18	(0.10)	0.47	(0.41)	1.76
IX	Net Profit / (Loss) after tax from Continuing Operations (VII-VIII)	-9.43	(7.09)	(14.69)	(41.40)	(57.00)
X	Other Comprehensive Income / (Expense) (Net of Tax)		0.00	(0.00)	0.00	(0.00)
XI	Total Comprehensive Income / (Expense) (Net of Tax)	-9.43	(7.09)	(14.69)	(41.40)	(57.00)
XII	Paid-up Equity share capital (Face value of Rs.10/- each)					
	- Issued and Subscribed Capital	61.89	61.89	61.89	61.89	61.89
XIII	Earning Per Share (EPS) (Equity shares of Rs. 10/- each fully paid up)					
	a) Basic in Rs.	(1.52)	(1.14)	(2.37)	(6.69)	(9.21)
	b) Diluted in Rs.	(1.40)	(1.14)	(2.37)	(6.69)	(9.21)

Notes:

- The company is undergoing Corporate Insolvency Resolution Process ("CIRP") under the provisions of Insolvency and Bankruptcy Code, 2016, pursuant to order dated August 30, 2018, passed by Hon'ble National Company Law Tribunal (NCLT), Chandigarh Bench. In terms of Section 20 of Insolvency Code, the management and operations of the Company are being managed by RP on a Going Concern Basis.
- As the powers of the Board of Directors have been suspended, the above results have not been adopted by the Board of Directors. However, the same have been signed by Shri Pranav Gupta, Managing Director of the Company on authorization of RP. These financial results have been taken on record by the RP on July 10, 2019 for filing with the stock exchanges. The same have also been audited by the Statutory Auditors.
- During the period under review the company has incurred loss owing to the interest burden and economic stress.
- The promoter's shareholding (22619927 Equity Shares) has been pledged pursuant to the terms of CDR package.



PARABOLIC DRUGS LTD.

CIN No. : L24231CH1998PLC017755.

(Under Corporate Insolvency Resolution Process vide Order of Hon'ble NCLT dated 30.08.2018)

5. There is not more than one reportable segment i.e. Pharmaceuticals business only hence information as per AS17 is not required to be disclosed.
6. The previous quarter's / year's figures have been regrouped / rearranged wherever necessary to make it comparable with the current quarter / year.
7. During the quarter ended March 31, 2019, most of the lenders have not charged interest due to NPA status of loan accounts. Hence, no provision for interest has been made. The Financial creditors/lenders have submitted their claims as on CIRP commencement date to the Resolution Professional.
8. During the Quarter ended 31st March, 2019, there is a shortfall in stocks of Rs. 1.43 crore. This shortfall was due to clerical error by inadvertently including job work stock of other parties in the company's stock. The same has been captured in the consumption of stock in the profit and loss statement and consequently has been reduced from the closing inventory in the balance sheet as on March 31, 2019.
9. No provision on Gratuity and Leave Encashment has been made.
10. The balances with Union Bank of India, SIDBI, CBI, Canara, BOB Bank in respect of various loans taken by the company is subject to confirmation as on 31st March, 2019. Lenders/Financial Creditors have submitted their claims as on the CIRP commencement date pursuant to invitation of claims by the Resolution Professional under IBC 2016. The balance with Canara Bank, Union Bank of India, ICICI Bank & State Bank of India in respect of Fixed Deposit Accounts and Balance with ICICI Bank Public Issue Refund account held by the company are pending reconciliation.
11. M/s J.M. Financial Asset Reconstruction Company Private Limited has acquired the Loans/Debts of SBOH, SBOP, ICICI, UCO, IDBI & SBI in the previous years before 2018. Pursuant to invitation of claims by the Resolution Professional under IBC 2016, the JMF ARC has submitted its claim as on the CIRP commencement date.
12. As informed to us that the company has sent balance confirmation letters to Sundry parties (Including Trade Receivables amounting to Rs. 278.23 mn Trade Payables (including M/s Sandoz, M/s Orbit Life sciences Pvt. Ltd and M/s PEC Limited) amounting to Rs. 725.49mn, Commercial Advance to Suppliers amounting to Rs. 37.44 mn and Advance from Customers amounting to Rs. 21.19 mn) as on 31st March, 2019. The balances have been taken as per records of the company is subject to confirmation and reconciliation.
13. The company has not paid any Director remuneration to Shri Pranav Gupta during the financial year 2018-2019.
14. The company has accounted for Rs. 18.76 mn as indirect expenses in the books of account for the financial year 2018-19. However these expenses pertain to FY 2017-18 and therefore accounted for as prior period expenses.
15. The company has various input credits and balances with various statutory authorities pertaining to service tax, VAT, sales tax etc aggregating to Rs. 160.01 Million. The recovery of these amounts is subject to reconciliation, filing of returns and admission by respective statutory authorities. No adjustments have been made in the books of accounts in respect of such amounts.



PARABOLIC DRUGS LTD.

CIN No. : L24231CH1998PLC017755.

(Under Corporate Insolvency Resolution Process vide Order of Hon'ble NCLT dated 30.08.2018)

16. Confirmation of balances could not be obtained as at March 31, 2019 for banks balances aggregating to Rs. 0.98 mn (dr), bank borrowings aggregating to Rs. 1216.08 mn (cr) from Banks/ Financial institutions.
17. The standalone financial statement, the company has made certain payments to vendors through Book adjustment in the period prior to October, 2018. These payments have been routed through Orbit life sciences Private Limited. Further these payments/balances are subject to confirmation/reconciliation.
18. Certain transaction pertaining to period prior to CIRP commencement date of parties namely Scott-edil Pharmacia Ltd., Shri Sai Balaji Pharmatech Pvt. Ltd., Tehran Chemie Pharmaceutical company has not been accounted for due to inadequate supportings. Hence their balances are subject to reconciliation.
19. The Company has outstanding loans and advances of Rs. 44.61 Million (Rs. 39.68 Million as at March 31, 2018) given to subsidiary companies that are outstanding for long period. However the value of abovementioned loans and advances are subject to confirmation & reconciliation.
20. Figures of last quarters are the balancing figures between audited figures in respect of the full financial year and published year-to-date figures upto the third quarter of current financial year.

Place: Chandigarh

Date: 10.07.2019



For Parabolic Drugs Ltd.

Pranav Gupta

Managing Director

DIN No.: 00914361

Taken on Record

Raj Kumar

Raj Kumar Ralhan

Resolution Professional of Parabolic Drugs Ltd.

IP Registration No.: IBBI/IPA-001/IP-P00981/2017-2018/11614



PARABOLIC DRUGS LTD.

CIN No. : L24231CH1996PLC017755.

(Under Corporate Insolvency Resolution Process vide Order of Hon'ble NCLT dated 30.08.2018)

Parabolic Drugs Limited Statement of Assets and Liabilities as at 31st March 2019

Sr.no.	Particulars	As at 31/03/2019	As at 31/03/2018
		Audited	Audited
		Standalone	
A	ASSETS		
1	Non-Current Assets		
	(a) Property, Plant and equipment	297.88	326.37
	(b) Capital Work in progress	6.52	6.52
	(c) Non-current Investments	6.34	6.34
	(d) Other non-current assets	0.63	2.18
	Total Non-Current Assets	311.37	341.41
2	Current Assets		
	(a) Inventories	0.68	15.88
	(b) Trade Receivables	27.82	28.82
	(c) Cash and cash equivalents	1.17	0.78
	(d) Short term loans and advances	26.65	28.31
	(e) Other Current assets	3.84	3.74
	Total Current Assets	60.16	77.53
	TOTAL ASSETS	371.53	418.94
B	EQUITY & LIABILITES		
1	Equity		
	(a) Equity Share Capital	61.89	61.89
	(b) Other Equity	(975.62)	(934.22)
	(c) Share application money pending for allotment	26.00	26.00
	Total Equity	(887.73.)	(846.33)
2	Non-current liabilities		
	(a) Financial Liabilities		
	- Borrowings	831.64	836.33
	(b) Provisions	0.73	1.04



PARABOLIC DRUGS LTD.

CIN No. : L24231CH1998PLC017755.

(Under Corporate Insolvency Resolution Process vide Order of Hon'ble NCLT dated 30.08.2018)

3	(c) Deferred Tax Liabilities (Net)	34.28	34.70
	Total Non-current liabilities	866.65	872.07
	Current Liabilities		
	(a) Financial Liabilities		
	- Borrowings	153.06	147.78
	- Trade Payables	72.54	80.87
	(b) Other Current Liabilities	167.00	164.55
	Total Current liabilities	392.61	393.20
	TOTAL EQUITY AND LIABILITIES	371.53	418.94

Place: Chandigarh

Date: 10.07.2019

For Parabolic Drugs Ltd.

Pranav Gupta
(Managing Director)
DIN No.: 00914361

Taken on Record

Raj Kumar

Raj Kumar Ralhan
Resolution Professional of Parabolic Drugs Ltd.
IP Registration No.: IBBI/PA-001/IP-P00981/2017-2018/11614



Date:25/06/2019

Ref. No.:

The National Stock Exchange of India Limited
"Exchange Plaza", Banda Kurla Complex
Bandra East, Mumbai
Maharashtra

Listing Compliance Cell
BSE Limited
PhirozeJeejeebhoy Towers
Dalal Street, Mumbai

Dear Sir,

Sub:- Declaration in respect of Audit Report with Qualified opinion for the financial year ended 31.03.2019.

Ref: Regulation 33(3) of SEBI (LODR) Regulation, 2015

With reference to the above, we hereby declare that we Sri Prakash & Co, Chartered Accountant (Reg. FRN002058C) Statutory Auditors of the Parabolic Drugs Ltd. has issued our audit report with Qualified opinion on Audited Financial results for the financial year ended 31.03.2019 as below:-

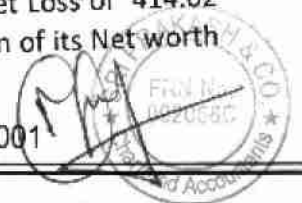
We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the standalone financial statements. We refer to the following notes to standalone financial statements:

- a. The standalone financial statements indicates that the company has accumulated losses and its net worth is fully eroded. The company has incurred net loss during the current year as well as previous year & company's current liability exceeds its current assets as at the balance sheet date. During the year the Company has incurred a Net Loss of '414.02 million resulting into accumulated losses of '9756.24 million and erosion of its Net worth

H.O. : 21-22, Hari Om Nagar, Civil Lines, Gorakhpur (U.P.) - 273001

Branch Office : **Delhi** : 105, J Extension, Luxmi Nagar, Delhi 110112
Darbhanga : G.M. Complex, Near Lalbagh Paani Tanki, Darbhanga (Bihar) 846004
Lucknow : AA Complex 5 Park Road, Thapar House Hazratganj, Lucknow 226001
Rudrapur : A-337 Awasth Vikas, Rudrapur 263153



as at March 31, 2019. The Company has defaulted in meeting its obligations towards fund based borrowings aggregating to 9846.96 million and operational creditors and statutory dues, subject to reconciliation/verification that have been demanded/recalled by the financial/operating creditors pursuant to ongoing Corporate Insolvency Resolution Process (CIRP) with effect from 30.08.2018. The manufacturing operations of the Company are shot down since October 2018. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as going concern and therefore the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. The ultimate outcome of these matters is at present not ascertainable. Accordingly, we are unable to comment on the consequential impact, if any, on the accompanying standalone financial statements.

- b. The standalone financial statements, in connection with the existence of material uncertainties over the realisability of trade receivables, DEPB license, DEPB/FPS recoverable, Income Tax recoverable, Service Tax and withheld amount aggregating to '315.56' million included in financial and other assets which is subject to reconciliation. The management is yet to assess the change in risk of default and resultant expected credit loss allowance on such assets.
- c. The standalone financial statements, in respect of investment of '62.00 million in subsidiaries is subject to confirmation and reconciliation.
- d. The company has not appointed Internal Auditor as required by section 138 of the Companies Act, 2013.
- e. The system of Internal Financial control over financial reporting with regard to the company were not made available to us to enable us to determine if the company has established adequate internal financial control over financial reporting and whether such internal financial control were operating effectively.
- f. In respect of the advance to supplier in view of pending Confirmation/Reconciliation from the supplier to whom advances was given and also uncertainty about subsequent realization of such amount .
- g. Note 34 to the standalone financial statements, in respect of loans and advances given to subsidiary Company of Rs. 44.61 million as on 31st March 2019 given to is subject to reconciliation.
- h. The standalone financial statements, in respect of various claims, submitted by the financial creditors (including claims towards fund based and non-fund based exposure and claims on behalf of subsidiary companies and other parties) , operational creditors, workmen or employee and authorized representative of workmen and employees of the



Company to Resolution Professional pursuant to the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulation 2016, that are currently under consideration/reconciliation.

- i. The standalone financial statements, in respect of non-availability of confirmations of bank balances aggregating to ` .98 million (dr), bank borrowings aggregation to `1216.08(cr) million. In absence of alternative corroborative evidence, we unable to comment on the extent to which such balances are recoverable.
- j. The standalone financial statements indicate that the company has on the basis of their internal evaluation, valued inventories at 6.7 mn. In the view of current CIR process and in the absence of Valuation report, we are unable to comment upon the realisability of the inventories.
- k. The standalone financial statements indicate that the company has not physically verified its fixed assets as on 31.03.2019. In the view of CIR Process and in the absence of Fixed Asset Register, we are unable to comment upon the realisability of the Fixed Assets.
- l. The standalone financial statements, in respect of balances available with statutory authorities and input credits aggregating to `160.01 million that are subject to reconciliation, filing of return and admission by the respective statutory authorities and, we are unable to comment on the recoverability of the said amount.
- m. The standalone financial statement, in respect of periods of default in repayment of borrowing and interest have not been provided to compliance the minimum presentation and disclosure requirement as per the schedule III of the Companies Act, 2013.
- n. The stand alone financial statements the company has not made any provision for gratuity and leave encashment for the current Financial year and no actuarial valuation report has been taken , the impact on loss for the year on account of such previous provision is not ascertainable and relevant disclosures have not been given. This is not in compliance with AS-15 Employee Benefits.
- o. Unpaid dividend of Rs .80 mn for the year 2011-12 not transferred to Investor Education and Protection Fund as per Rule 11 of the companies (Audit & Auditor's)Rules, 2014.
- p. The company has not deposited statutory liabilities with concerned Government authorities under various Acts before commencement of CIRP during the FY 2018-19. It has also not provided for interest /penalty/for such default.



- q. The standalone financial statement, the unit has made some payments to vendors through Book adjustment. Payments have been routed through Orbit life sciences Private Limited.. Further these payments/Balances are subject to confirmation/reconciliation.
- r. The company has not appointed full time company secretary required under section 203 (rule 8 and rule 8A of companies appointments & remuneration of managerial personnel rule 2014) of the companies act,2013.
- s. In view of significant losses incurred by the company during the previous years, the carrying value of certain fixed assets needs to be tested for impairment as envisaged under accounting standard-28 ('AS-28'), issued by the Institute of Chartered accountants of India. As at March 31, 2019 the net written down value of Rs2978.82mn. In the absence of any valuation report made available to us by the RP, we are unable to ascertain the impairment loss.

In the absence of adequate information provided to us to validate the reasonableness of these projections, we are unable to comment as to whether any provision towards impairment is required or not.

- t. The GST returns i.e. GSTR-1, GSTR-3B, GSTR-2A are subject to reconciliation with books of accounts.
- u. The financial statements where a sum of Rs.260 mn received by company as share application money from Promoters/ Promoters' Associates, to comply a critical condition to infuse an amount of Rs.260 mn in the form of Equity Share Capital of the Company, as stipulated under CDR package sanctioned to the Company pursuant to a scheme approved under the Corporate Debt Restructuring Framework of Reserve Bank of India. The said amount of subscription money of Rs.260 mn has been received by the Company during previous years. The special resolution to this effect has been passed by the shareholders of the company by postal ballot on 31st January, 2014, however, the allotment of shares to the proposed allottees is pending awaiting the In-Principle approval of the Stock Exchanges required under the Listing Agreements. Approval from BSE has been received but pending due to NOC not received from the Lead Bank for allotment of the same..
- v. Refer to Note 13 , of the financial statements where, The Authorized Share Capital of the Company was increased from Rs. 720 mn to Rs. 820 mn vide resolution passed in Annual General Meeting of the members of the company held on 29th September 2015, but the company has not notified the Registrar of companies by Filing form SH-7 prescribed under the Companies General Rules & Forms due to non-receiving of NOC from the lead bank for the allotment of shares to promoter and promoter group
- w. The financial statements where, The company has accounted for Rs 18.76 mn as indirect expenses in the books of account for the financial year 2018-19. However these expenses pertain to FY 2017-18. Therefore accounted as prior period expenses.
- x. The financial statements, where during the year M/s JM Financial Assets Reconstruction Company (JMF ARC) while enforcing their security interest under the SARFAESI Act, 2002 has taken physical possession of the assets situated at Panchkula being complete manufacturing unit at Panchkula and thereafter had sold the same for Rs. 5,05,00,000/- to



M/s Odin Healthcare Pvt. Ltd. as on 21.05.2018. Only Sale certificate has been provided in relation to the sale of plant to us. No sale agreement was produced to us and in the absence of which we are unable to comment on any discrepancy in compliance of GST arising out of such sale.

- a. Advance against land of Rs 65.17 Millions which has been shown under head Capital Work in Process (CWIP) from previous years.

We request you to take this declaration on record.

Thanking you

Date : 25.06.2019

Place : Chandigarh

For Sri Prakash & Co
Chartered Accountants

(CA. Punit Kumar)

Partner

M.N. 522295

FRN. 002058C

