ANNEXURE I

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

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2017 [See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]				
I.	**Sl. No.**	**Particulars**	**Audited Figures (as reported before adjusting for qualifications) (In lakhs)**	**Adjusted Figures (audited figures after adjusting for qualifications) (In lakhs)**
	1.	Turnover / Total income	25,023.32	25,023.32
	2.	Total Expenditure	23,221.58	23,345.62
	3.	Net Profit/(Loss) After Tax	1,141.35	1,017.31
	4.	Earnings Per Share	1.48	1.31
	5.	Total Assets	17,781.79	17,657.75
	6.	Total Liabilities	17,781.79	17,657.75
	7.	Net Worth	4,490.68	4,366.64
	8.	Any other financial item(s) (as felt appropriate by the management)	-	-

II. Audit Qualification (each audit qualification separately):

a. **Details of Audit Qualification:**
As per Audit Report:

1. Amount of Rs. 124.04 lakhs (2015 – 2016: Rs. 124.04 lakhs) has been shown as recoverable under the head other non-current assets relating to misappropriation done by the marketing employee of the company in FY 2014 – 2015. However, no provision has been made against the said amount as the management has initiated steps for the recovery of the said amount and is confident of recovery. in our opinion the recovery of the amount is doubtful and consequently the profit is over stated by Rs. 124.04 lakhs (2015 – 2016: Rs. 124.04 lakhs) with consequential impact on Shareholders Fund and other non-current assets which are over stated by the said amount.

2. We are unable to express our opinion on recoverability of debts of Rs. 222.96 lakhs (2015 – 2016 Rs. 185.45 lakhs) and advances of Rs. 68.37 lakhs shown under the head long term loans and advances as at Balance sheet date (2015 - 2016: Rs. 68.46 lakhs), which are outstanding for more than one year. In the absence of appropriate evidences, we are unable to ascertain its recoverability and its impact on the accounts of the company. However, in the opinion of the management no provision is required in respect of such debts since they are good and recoverable in nature.

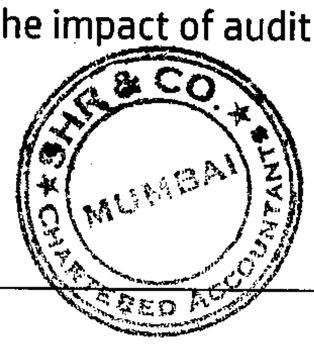
b. **Type of Audit Qualification**: Qualified Opinion / Disclaimer of Opinion / Adverse Opinion : Qualified Opinion

c. **Frequency of qualification:** Whether appeared first time / repetitive / since how long continuing: Note (II)(a)(1) above is appearing for 3 years and Note (II)(a)(2) appearing for last several years.

d. For Audit Qualification(s) where the impact is not quantified by the auditor:
(i) Management's estimation on the impact of audit qualification:

Management Response:

Point II(a)(1) above



The Company has unearthed the fraud committed by one of its marketing employee who has misappropriated amount of Rs. 124.04 lakhs in the financial year 2014-15. The said employee is under police custody. The case is still pending before the Court of law. Company is expecting to recover the amount from the employee and hence in view of the management no provision is required.

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

Management Response:

Point II(a)(2) above

Advances and Debts recoverability is a common feature of any running business. The amount mentioned in II(a)(2) keeps varying depending on the strategies adopted for the year for growth of company as a whole.

Company has already initiated process of identifying Trade Receivable and Advances which are non-recoverable in nature and will make necessary provision upon completion of process. However, during the Financial Year 2016 – 17, it has made necessary provision or transferred amount to bad debts in respect of debtors which are not recoverable in nature amounting to Rs. 46,51,377/-

Due to increase in the sale revenue, the recoverable amount from the debtors have also increased. The Management is expecting to recover the balance amounts by the debtors in the near future.

In 2015-16, the trade receivables for more than six months were 2.22 % to the sales revenue whereas, in 2016-17, the ratio decreased to 1.23%. The decrease reflects the efforts taken by the Management to reduce the debts.

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

(i) **In respect of Point (i) above:**
Refer to our comment in para II (a) (1) above and does not require any further comment.

(ii) **In respect of Point (ii) above:**
Refer to our comment in para II (a) (2) above. The amount of debts and advances stated in the said comment are subject to confirmations, reconciliation and necessary adjustments thereof and needs to strengthen the process.

Signatories :

- **CEO/Managing Director**
- **Hemal Desai –CFO**
- **Mr. Sharat Gandhi -Audit Committee Chairman**
- **Statutory Auditor**

Place: Mumbai
Date: July 12, 2017

For S H R & CO.
Chartered Accountants
FRN : 120491W

Deep N. Shroff
Partner
M. N.: 122592

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