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CIN L65990MH1984PLCO33519

04/SE/SOI/SEPT/2016-17

September 20, 2016

To
The Manager (CRD)
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort, Mumbai – 400 001

To
The Manager
National Stock Exchange Of India Limited
Exchange Plaza, Bandra Kurla Complex,
Bandra (E), Mumbai – 400 051

Scrip Code : 509079

Symbol : GUFICBIO

Dear Sirs,

Sub.: Submission of Statement of Impact of Audit Qualification for the financial year ended March 31, 2016

Pursuant to SEBI Circular No. SEBI/CFD/CMD/56/2016 dated May 27, 2016, NSE circular no. NSE/CML/2016/09 dated June 01, 2016 and BSE circular no. DCS/COMP/04/2016-17 dated June 01, 2016, we enclose herewith the Statement of Impact of Audit Qualifications on the Standalone Audited Financial Statements of the Company for the year ended March 31, 2016.

Kindly take the same on your record.

Thanking You,

Yours Faithfully,

For **Gufic Biosciences Limited**



Ami Shah

Ami Shah
Company Secretary

Encl : a/a

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.	Turnover / Total income	20,286.01	20,286.01
	2.	Total Expenditure	19,166.58	19,290.95
	3.	Net Profit/(Loss)	732.42	608.39
	4.	Earnings Per Share	0.95	0.79
	5.	Total Assets	15,219.91	15,095.88
	6.	Total Liabilities	15,219.91	15,095.88
	7.	Net Worth	3,395.87	3,271.84
	8.	Any other financial item(s) (as felt appropriate by the management)	-	-

II. Audit Qualification (each audit qualification separately):

a. Details of Audit Qualification :

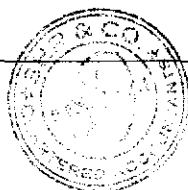
As per Audit Report :

1. We are unable to express our opinion on recoverability of debts of Rs. 185.45 lakhs (2014 – 2015: Rs. 151.48 lakhs) and advances of Rs. 68.46 lakhs shown under the head long term loans and advances as at Balance sheet date (2014 - 2015: Rs. 52.26 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.

2. Company has not made any provision for Rs. 124.04 lakhs (2014 – 2015: Rs. 123.80 lakhs) on account of misappropriation done by the marketing employee of the company in FY 2014 – 2015. In our opinion said amount is doubtful of recovery, as a result the profit is over stated by Rs. 124.04 lakhs (2014 – 2015: Rs. 123.80 lakhs) with consequential impact on Shareholders Fund and other non-current assets which are over stated by the said amount. The management has initiated necessary steps for the recovery of the said amount and is confident of recovery, as a result, the said amount has been shown as recoverable under the head other non-current assets.

**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 (a) (1) above is appearing for last several years and Note (a)(2) appearing
for last 2 years.**



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

The Company has unearthed the fraud committed by one of its marketing employee who has misappropriated amount of ` 124.04 lacs 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)(1) above

Advances and Debts recoverability is a common feature of any running business. The amount mentioned in II(a)(1) 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 2015 – 16, it has made necessary provision or transferred amount to bad debts in respect of debtors which are not recoverable in nature amounting to Rs. 28,37,409.30.

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 2014-15, the trade receivables for more than six months were 2.13 % to the sales revenue whereas, in 2015-16, the ratio decreased to 1.31%. 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 our comment in para (a) point 2 above. We make no further observations with respect to management estimation to the above point.

(ii) In respect of Point (ii) above:
Refer to our comment in para (a) point 1 above. The above said amounts are subject to confirmation and reconciliation.

Signatories :

- Mr. Jayesh P. Choksi - Managing Director
- Hemal Desai -CFO
- Mr. Sharat Gandhi -Audit Committee Chairman

FOR SHR & CO
Chartered Accountants

- Mr. Deep Shroff -Statutory Auditor
Partner
M. No. 122542
FRN : 120491W

Place: Mumbai

Date: September 9, 2016



[Signature]

[Signature]

S. S. Gandhi

[Signature]