

Corp. Office : 1st, to 4th Floor, SM House, 11 Sahakar Road, Vile Parle (East), Mumbai - 400 057.  
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CIN L65990MH1984PLC033519

82/SE/LG/2018/GBSL

12<sup>th</sup> June, 2018

|                                                                                                                                                              |                                                                                                                                                                                      |
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| To<br>The Manager (CRD)<br><b>BSE Limited</b><br>Phiroze Jeejeebhoy Towers,<br>Dalal Street, Fort, Mumbai – 400 001<br><br><b><u>Scrip Code : 509079</u></b> | To<br>The Manager<br><b>National Stock Exchange Of India Limited</b><br>Exchange Plaza, Bandra Kurla Complex,<br>Bandra (E), Mumbai – 400 051<br><br><b><u>Symbol : GUFICBIO</u></b> |
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Dear Sirs,

**Sub.: Reply to your letter dated May 30, 2018 vide reference no. NSE/LIST/FR/6746**

With reference to your letter dated May 30, 2018, seeking clarification on the Audited financial results for the Quarter and Year Ended March 31, 2018, kindly find below our clarification for the same:

- Financial results not submitted within 30 minutes from end of board meeting.

The Board Meeting of the Company inter alia for considering and approving Audited Financial Results of the Company for the quarter and year ended March 31, 2018 commenced on May 29, 2018 at 08.45 p.m and concluded on May 30, 2018 at 3.25 p.m. The financial results was uploaded within thirty minutes of the conclusion of the Board Meeting, however in the end time we mentioned as 00:00 hours as the NEAPS system was not accepting the end time as 15.25 hours.

- The company has not submitted the Statement of Modified Opinion or in case of unmodified opinion(s), a declaration to that effect to the Stock Exchange.

Enclosed is the statement on Impact of Audit Qualification for the Financial Year ending March 31, 2018.

You are requested to kindly take the same on record.

**For Gufic Biosciences Limited**



**Ami Shah**  
**Company Secretary**  
**Mem No. A39579**



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, 2018<br>[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                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 30,706.26                                                                    | 30,706.26                                                                        |
|                                                                                                                                                                      | 2.                                                         | Total Expenditure                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 27,910.92                                                                    | 28,034.96                                                                        |
|                                                                                                                                                                      | 3.                                                         | Net Profit/(Loss) After Tax                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 1,602.32                                                                     | 1,478.28                                                                         |
|                                                                                                                                                                      | 4.                                                         | Earnings Per Share                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 2.07                                                                         | 1.91                                                                             |
|                                                                                                                                                                      | 5.                                                         | Total Assets                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 23,607.47                                                                    | 23,483.43                                                                        |
|                                                                                                                                                                      | 6.                                                         | Total Liabilities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 23,607.47                                                                    | 23,483.43                                                                        |
|                                                                                                                                                                      | 7.                                                         | Net Worth                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 5,399.67                                                                     | 5,275.63                                                                         |
|                                                                                                                                                                      | 8.                                                         | Any other financial item(s) (as felt appropriate by the management)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | -                                                                            | -                                                                                |
| II.                                                                                                                                                                  | Audit Qualification (each audit qualification separately): |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                              |                                                                                  |
|                                                                                                                                                                      | a.                                                         | Details of Audit Qualification:<br>As per Audit Report:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                              |                                                                                  |
|                                                                                                                                                                      | (i)                                                        | During the year the company has switched over to new ERP system on account of GST Implementation, which has been implemented in stages and only certain modules are operational, accuracy of which are yet to be tested by management. The audited financial amounts for the year ended March 31, 2018 has been compiled from primary as well subsidiary or other records maintained by the management pending testing of accuracy of newly introduced ERP system. As a result, Debtors ledger control accounts and as per subsidiary records are under reconciliation. We are unable to ascertain the impact on the financial statements of the company pending such reconciliation. |                                                                              |                                                                                  |
|                                                                                                                                                                      | (ii)                                                       | We have not participated in physical verification inventories of raw material, packing material, finished goods, work in progress goods, stock in trade. We have relied on physical verification certificate issued by internal auditors of the company, a firm of chartered accountants as well as certificate of the valuation of finished goods, stock in transit and work in progress.                                                                                                                                                                                                                                                                                            |                                                                              |                                                                                  |
|                                                                                                                                                                      | (iii)                                                      | Amount of Rs. 124.04 lakhs has been shown as recoverable relating to the misappropriation done by the employee of the company in the earlier years. However, no provision has been made against the said amount as the management has initiated legal 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 (2016 – 2017: Rs.124.04 lakhs) with consequential impact on Shareholders Fund and other non-current assets which are over stated by the said amount.                                                                               |                                                                              |                                                                                  |
|                                                                                                                                                                      | (iv)                                                       | Balance of Trade Receivable, loans & advances, Employee Advance, Trade Payable and Security and Trade Deposits from Agents and Stockists, balances are subject to confirmations, verification and adjustments necessary upon reconciliation thereof. Adjustments required upon such confirmations, if any, are not ascertainable and hence not provided for.                                                                                                                                                                                                                                                                                                                          |                                                                              |                                                                                  |



(v) We have not been provided with reconciliation of purchase, sales, input credits shown in books of account with GST return filed. Hence, we are unable to comment on effect of the same on the financial statements of the company pending such reconciliation.

(vi) In the absence of information, we have relied upon the segment wise report prepared by the management based on the nature of product, risk and returns, organization structure. The figures have been regrouped and reclassified wherever necessary by the management.

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:

The qualification as stated in Note 3(i), (ii), (iv), (v) and (vi) has appeared for the first time and the qualification in Note 3(iii) is appearing for last four years.

d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's view :

**Point II.a (iii) above**

The Company has unearthed the fraud committed by one of its marketing employee along with his accomplice who has misappropriated amount of Rs. 124.04 lakhs in the financial year 2014-15. The Company has taken strict legal action against the employee as well as the accomplice. The case is still pending before the Court of law. The Company is expecting to recover the amount from the employee and his accomplice and hence in view of the management no provision is required.

e. For Audit Qualification(s) where the impact is not quantified by the auditor:

(i) Management's estimation on the impact of audit qualification: -

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

**Point II.a (i) above**

The Company have implemented Pharma Cloud, a new ERP system in line with the GST Act, which came in force from July 01, 2018. There is no major impact, due to any pending reconciliation.

**Point II.a (ii) above**

The company states that it has physical inventory of Rs. 10,091.51 lakhs as at March 31, 2018, of Raw Material, Packing Material, Work in Progress, Finished Goods and Stock in transit. The internal auditors of the Company M/s. Mittal Agarwal & Company, Chartered Accountants have physically verified inventories of raw materials, packing material, finished goods, work in progress goods and stock in trade and physical verification certificate of inventories as at March 31, 2018, has also been issued by them.

**Point II.a (iv) above**

The company is in the process of seeking confirmation and its reconciliation with the books of accounts of the balances in Trade Receivable, loans & advances, Employee Advance, Trade Payable and Security and Trade Deposits from Agents and Stockists. It is an ongoing exercise and as and when the reconciliation is done the necessary entries have been passed in the accounts.

**Point II.a (v) above**

As the GST return - 3B report generated by the ERP system is accurate, there is no major impact, due to pending reconciliation.



**Point II.a (vi) above**

The segment wise report prepared by the Management are reliable and accurate and the figures has been regrouped and reclassified wherever necessary by the Management.

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

(i) **In respect of Point (d) above:**

Refer to our comment in para II (a) (iii) above and does not require any further comment.

(ii) **In respect of Point (e) above:**

- a. As per our comment in para II a (i), the company has during the year, switched over to new ERP system on account of GST implementation. Accuracy of which are yet to be tested by management. The audited financial amounts for the year ended March 31, 2018 has been compiled from primary as well subsidiary or other records maintained by the management pending testing of accuracy of newly introduced ERP system. The Debtors (Trade Receivable) control accounts needs to be reconciled with the subsidiary records. Hence we are unable to ascertain its impact on the financial statement , due to our observations given in para II (a) (i) above.
- b. Refer to our comment in para II (a) (ii) above and does not require any further comment.
- c. Refer to our comment in para II (a) (iv) above. The amount of trade receivable, advances, trade payable, deposits from agents and Stockiest, stated in the said comment are subject to confirmations, reconciliation and necessary adjustments arising thereof. We are unable to ascertain the impact on financial statement pending such reconciliation.
- d. Refer to our comment in para II (a) (v) above. The company needs to reconcile its sales, purchases and input tax credit, shown in the books with the GST Returns filed. We are unable to ascertain the impact on financial statement pending such reconciliation.
- e. Refer to our comment in para II (a) (vi) above and does not require any further comment.

**Signatories :**

• Pranav J. Choksi, CEO & Director

• Hemal Desai -CFO & Director

• Mr. Sharat Gandhi -Audit Committee Chairman

• Statutory Auditor

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

Place: Mumbai

Date: 08/06/2018

Deep H. Shroff  
Partner  
M. N.: 122592

