

## ANNEXURE - I

Statement on impact of Audit Qualifications ( for audit report with modified opinion) submitted along-with Annual Audited Financial Results- (Stand alone and Consolidated separately) 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)

S. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Audited figures (audited figures after adjusting for qualifications)
1	Turnover/ Total income	1,432.81	1,433.81
2	Total expenditure	3,999.10	12,564.44
3	Net profit /(loss)	-2,566.29	-11,130.63
4	Earnings per share	-3.77	-16.34
5	Total Assets	64,472.69	55,907.35
6	Total Liabilities	64,472.69	55,907.35
7	Net worth	-6,793.87	-15,359.21
8	Any other financial item (as felt appropriate by the management)		

### II. Audit Qualification (each audit qualification separately):

- a. Details of Audit Qualification

#### Disclaimer of Opinion

1. Letters seeking confirmation of balances were sent to various Debtors. However no confirmations were received.

#### Management response

It is in process. Hopeful that all debtors will send the confirmation.

2. The company has made provision for Bad & Doubtful debts aggregating to Rs.8565.34 Lakhs on an estimated basis on dues receivable from few debtors which have been part financed by the banks.

#### Management response

Since the debtors were outstanding for one and half years, it was decided to make provision for doubtful debts to the extent of Rs.8565.34 lakhs during the year.



3. The company has adjusted the certain debtors ledger balance for Rs.10607.65 lakhs with certain unsecured loan accounts and other parties after making inter party transfers.

**Management response**

The unsecured loans received in the earlier years from promoters and other bodies corporate were to be returned, and hence, and per the understandings reached with some of the debtors, Rs.10607.65 lakhs were adjusted in the books of the company.

4. No audited financial statement of the company's subsidiary Arvind Remedies Inc USA, Arvind Remedies LLC, USA and Arvind Wellness Ltd. have been received by us. Consequently we were unable to determine value of the investments on the Balance sheet date.

**Management response**

For the US subsidiary companies and Arvind Wellness Ltd. currently there is no activities and hence their balance sheets for the year ended 31.3.2016 are yet to be prepared.

5. Though the company follows accrual system of accounting, borrowing costs representing interest payable on term loan facilities and working capital limits have not been provided for

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since the bank accounts have been classified as Non performing Assets by the Bnks, in the previous year.

**Management response**

Since the Bank accounts of the company have become NPA in the previous year interest not provided on term loan & working capital limits.

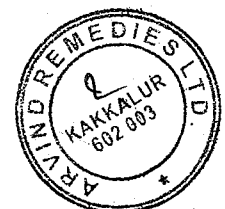
6. No tax liability has been provided for since the company has reported losses during the period under review. The company has not conformed with AS-22 accounting for taxes on income to provide for deferred tax asset/ liability.

**Management response**

No provision for taxes was made during the year in view of carry forward losses

**Other matters**

- i. The company has provided for leave encashment and gratuity payable on adhoc basis which is not in compliance with Accounting Standard 15 of the Institute of Chartered Accountants of India
- ii. The assets other than fixed assets which are depreciated and both current assets including bank balances and all non-current assets are reported as carried in the books of accounts and no provision has been made for any sum irrecoverable as may be necessary
- iii. No provision for any contingent liability including the consequential income tax liability as mentioned in para 5 of disclaimer of opinion, as may arise have been reported



- iv. The company has not disclosed the impact of pending litigations on its financial position in its financial statements
- v. There has been delay in transferring amount, required to be transferred to the investor education and protection fund by the company
- vi. Though the central govt has specified maintenance of cost records under sub-section (i) of Section 148 of companies act 2013 the same are not maintained by the company
- vii a) the company has not been regular in depositing undisputed statutory dues including provident fund, employees state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax cess and any other statutory due to the appropriate authorities and the extent of the arrears of

outstanding statutory dues as on the last day of the financial year concerned for a period of more than six months from the date they became payable, is indicated below:

	(Rs. In lakhs)
Provident fund & ESI	- 143.05
Service tax	- 1.90
Value added tax & Sales tax	- 1.99
Income tax (TDS)	- 1.36
Income tax	- 1576.98
Professional tax	- 4.35

b) the company has defaulted in repayment of loans or borrowing to banks and the entire amount of default is indicated below:

Bank	Total dues (as on 31.03.2016) Rs. In lakhs
Allahabad Bank	14777.96
Punjab National Bank	7749.16
Corporation Bank	7320.11
IDBI Bank Ltd.	5107.80
Indian Overseas Bank	1094.42
Karur Vysya Bank	5419.89
Punjab National Bank	6979.04
State Bank of India	3966.61
United Bank of India	11153.63

b. Type of Audit Qualification: Disclaimer of Opinion

c. Frequency of qualification: Whether appeared first time/ repetitive/ since how long continuing  
Repetitive

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

III Signatories

• CEO/Managing Director

• CFO

• Audit Committee Chairman

• Statutory Auditor



Place: Chennai  
Date: 30/05/2016

For ARVIND REMEDIES LTD.

  
Managing Director

