

(Under Corporate Insolvency Resolution Process)

June 03, 2019

**National Stock Exchange of India Ltd
Listing Department
Exchange Plaza, 5th Floor, Plot No: C/1
G - Block, Bandra - Kurla Complex
Bandra (East)
Mumbai – 400 051**

**BSE Limited
Corporate Relationship Department
1st floor, New Trading Ring
Rotunda Building, P J Towers
Dalal Street, Fort, Mumbai - 400 001**

Sub: Outcome of Meeting - Approval of Audited Financial Results (Standalone and Consolidated) for the Quarter and year ended March 31, 2019

Ref: Security Symbol – ORCHIDPHAR

Dear Sir/Madam

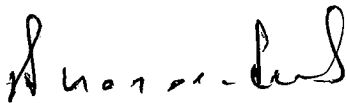
In accordance with Regulation 33 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015, we would like to inform that the Resolution Professional at a meeting held on June 03,2019 has considered and approved the Audited Financial Results (both Standalone and Consolidated) of the Company for the Quarter (Q4 of FY 2018-2019) and Year ended March 31, 2019.

A copy of the Audited Financial Results and Auditors Report along with Statement on Impact of Audit qualifications on the Standalone and Consolidated financial statements of the Company for the year ended 31stMarch, 2019 is enclosed for your reference and records.

Kindly take the above information on your records.

Thanking you,

Yours faithfully,



L Chandrasekar
Executive VP – Finance & Secretary

Encl.: a/a

Orchid Pharma Limited

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 CIN : L24222TN1992PLC022994

Statement of Audited Consolidated and Standalone Financial Results for the quarter and year ended March 31, 2019 under Ind AS

S.No	Particulars	Standalone financial results					Consolidated financial results	
		For the quarter ended			For the year ended		For the year ended	
		March 31, 2019 (Audited)	December 31, 2018 (Unaudited)	March 31, 2018 (Audited)	March 31, 2019 (Audited)	March 31, 2018 (Audited)	March 31, 2018 (Audited)	March 31, 2018 (Audited)
		(Rs in lakhs)						
	Income from Operations							
1	Net Sales / Income from operations	16,206.62	14,845.34	15,578.51	59,364.62	64,900.18	59,998.05	68,781.58
2	Other Income (Net)	448.41	189.60	141.57	1,692.84	1,986.72	-	2,030.36
3	Total Income (1+2)	16,655.03	15,034.94	15,720.08	60,057.46	66,886.90	61,690.89	70,811.94
4	Expenses							
	Cost of materials consumed	6,997.42	7,062.77	7,306.26	25,743.48	32,710.36	26,283.92	34,142.93
	Purchase of stock-in-trade - Traded goods	-	8.12	35.71	29.84	119.74	29.84	119.74
	Changes in inventories of raw material, work-in-progress, stock-in-trade and finished goods	1,018.15	0.31	(445.80)	2,042.71	256.64	2,656.07	756.97
	Employee benefit expenses	2,145.32	1,878.87	2,121.00	7,914.45	8,239.47	8,227.83	8,622.37
	Finance costs	0.00	3.48	7,913.52	29.96	30,164.80	29.96	30,164.80
	Depreciation and amortization expense	3,134.35	3,283.54	3,256.84	12,992.48	13,329.29	12,994.34	13,331.29
	Excise Duty on Sales	-	-	-	-	483.25	-	483.25
	Other expenses (Refer Note 5)	6,815.93	4,645.18	5,784.57	23,903.22	21,730.38	24,620.95	23,086.89
	Total Expenses	20,111.17	16,882.27	25,972.10	72,656.14	1,07,033.94	74,842.91	1,10,708.24
5	Profit/ (loss) before exceptional items and tax (3-4)	(3,456.14)	(1,847.33)	(10,252.02)	(12,598.68)	(40,147.04)	(13,152.02)	(39,896.30)
6	Exceptional items (Refer Note 4)	2,111.63	-	-	2,493.55	-	20,092.81	-
7	Profit/ (loss) before tax (5+6)	(1,344.51)	(1,847.33)	(10,252.02)	(10,105.13)	(40,147.04)	6,940.79	(39,896.30)
8	Tax expense							
	Current tax	-	-	-	-	-	-	-
	Deferred tax	-	-	(1,014.74)	-	(4,619.44)	-	(4,619.44)
	Total Tax Expenses	-	-	(1,014.74)	-	(4,619.44)	-	(4,619.44)
9	Profit/ (loss) for the period from continuing operations (7-8)	(1,344.51)	(1,847.33)	(9,237.28)	(10,105.13)	(35,527.60)	6,940.79	(35,276.66)



S.No	Particulars	Stand alone financial results					Consolidated financial results	
		For the quarter ended			For the year ended		For the year ended	
		March 31, 2019 (Audited)	December 31, 2018 (Unaudited)	March 31, 2018 (Audited)	March 31, 2019 (Audited)	March 31, 2018 (Audited)	March 31, 2019 (Audited)	March 31, 2018 (Audited)
9	Profit/ (loss) for the period from continuing operations (7-8)	(1,344.51)	(1,847.33)	(9,237.28)	(10,105.13)	(35,527.60)	6,940.79	(35,276.86)
10	Profit/ (Loss) from discontinued operations	-	-	-	-	-	-	-
11	Tax expense of discontinued operations	-	-	-	-	-	-	-
12	Profit/ (Loss) from discontinued operations (after tax) (10-11)	-	-	-	-	-	-	-
13	Profit/ (loss) for the period (9+12)	(1,344.51)	(1,847.33)	(9,237.28)	(10,105.13)	(35,527.60)	6,940.79	(35,276.86)
14	Other comprehensive income, net of income tax							
	a) (i) items that will not be reclassified to profit or loss	29.73	20.22	192.64	90.39	74.22	90.39	74.22
	(ii) income tax relating to items that will not be reclassified to profit or loss	-	-	-	-	-	-	-
	b) (i) items that will be reclassified to profit or loss	-	-	-	-	-	-	-
	(ii) income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-	-	-
	Total other comprehensive income, net of income tax	29.73	20.22	192.64	90.39	74.22	90.39	74.22
15	Total comprehensive income/ (loss) for the period (13+14)	(1,314.78)	(1,827.11)	(9,044.64)	(10,014.74)	(35,453.38)	7,031.18	(35,202.64)
16	Paid-up equity share capital	8,896.43	8,896.43	8,896.43	8,896.43	8,896.43	8,896.43	8,896.43
	Face value per share (Rs)	10.00	10.00	10.00	10.00	10.00	10.00	10.00
17	Earning per share (Rs) (not annualised)							
	- Basic	(1.51)	(2.08)	(10.38)	(11.36)	(39.93)	7.80	(39.65)
	- Diluted	(1.51)	(2.08)	(10.38)	(11.36)	(39.93)	7.80	(39.65)

Notes:

1 The Hon'ble National Company Law Tribunal ("NCLT"), Chennai Bench, admitted the Corporate Insolvency Resolution Process ("CIRP") application filed by an operational creditor of Orchid Pharma Limited ("the Company") and appointed an Interim Resolution Professional ("IRP"), in terms of the Insolvency and Bankruptcy Code, 2016 ("the Code") to manage the affairs of the Company vide CP.No. CPJ 540/ (IB) CB/ 2017 dated August 17, 2017. Subsequently, Mr. Ramkumar Sripatham Venkatasubramanian (IP Registration no. IBB/PA-001/MP-P00015/2016-17/10039) has been appointed as the Resolution Professional ("RP") of the Company, by an order of NCLT with effect from October 27, 2017.

The Resolution Plan filed by the RP has been approved by NCLT vide its order dated September 17, 2018. However, the successful Resolution Applicant has not commenced implementation of the approved Resolution Plan. Consequently, the NCLT vide its order dated October 10, 2018 has approved the RP to discharge the functions of the Corporate Debtor as per the instructions of the Interim Monitoring Committee (IMC) until further orders. Subsequently, vide order dated February 28, 2019, the NCLT annulled the existing resolution plan and given additional CIRP period of 105 days. The NCLT also ordered that the RP and CoC will discharge their function as before during this extended CIRP period.



These audited financial results for the quarter and year ended March 31, 2019 have been prepared by the management of the Company and certified by Mr. K Raghavendra Rao, MD and Mr. L Chandrasekar, CFO in accordance with Regulation 33(2) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, confirming that the financial statements do not contain any misleading or false statements. The audited financial results were placed before the RP, the MD and CFO cum Company Secretary on June 3, 2019 for their consideration. Accordingly the audited financial results were considered and recommended in the meeting. In view thereof, the RP, in reliance of such examination by and the representations, clarifications and explanations provided by MD and CFO in relation to these audited financial results, has approved the same. The RP has approved these audited financial results only to the limited extent of discharging the powers of the Board of Directors of the company which has been conferred upon him in terms of provisions of Section 17 of the Code. It is clarified however that the RP has not conducted an independent verification of these audited financial results and has not certified on the truthfulness, fairness, accuracy or completeness of these results, in so far as it pertains to the period prior to commencement of the CIRP (i.e. August 17, 2017) and his appointment.

In view of pendency of the CIRP, the further developments stated above and in view of suspension of the powers of board of directors, the powers of adoption of the audited financial results for the quarter and year ended March 31, 2019 vest with the RP under the Insolvency & Bankruptcy Code, 2016 (IBC).

- 2 Further to the aforesaid CIRP (more fully described in note 1 above), the Company is in the process of obtaining confirmation for receivables, loans and advances given, payables, employee claims and bank loans as at March 31, 2019. The Company's ability to meet the financial/ contractual obligations including repayment of various loans, unpaid interest and ability to fund various obligations pertaining to operations for ensuring/ commencing normal operations and further investments required towards ongoing research and development projects under progress is dependant on the resolution of the aforesaid matters as part of the CIRP.

Per the implementation of the Resolution Plan, the Company had reversed the interest provided after the CIRP period in the earlier years and also stopped accruing further interest in the current and previous quarters. As explained earlier, vide order dated February 28, 2019, the NCLT annulled the existing resolution plan and given additional CIRP period of 105 days. The NCLT also ordered that the RP and CoC will discharge their function as before during this extended CIRP period. The RP and CoC are taking necessary steps to identify alternative resolution plans.

Pending this and measures to be adopted as part of the resolution process, the above financial results have been continued to be prepared on a going concern basis.

This is a matter of qualification by the auditors.

- 3 The RP has received the claims from the creditors of the Company under the provisions of the Insolvency and Bankruptcy Code, 2016 and the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 (as amended). The status of these claims may be found at the following link:
<http://www.orchidpharma.com/downloads-cirp.aspx>

- 4 Exceptional items presented in the Standalone financial statements for year ended March 31, 2019 amounting to Rs. 2,493.55 Lakhs represents net of:-
a) reversal of interest accrued and provided for the financial creditors post commencement of the Corporate Insolvency Process date, reversal of exchange rate fluctuation on capital advances and advances to suppliers and cash credit interest included in Outstanding liabilities, reduction in foreign currency loan liability on conversion to rupee loan by the banks and
b) provisions considered for investments in subsidiaries and loans given to subsidiaries.

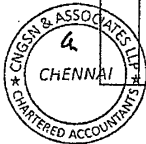
Exceptional items presented in the consolidated financial statements for year ended March 31, 2019 amounting to Rs. 20,092.81 Lakhs represents net of: reversal of interest accrued and provided for the financial creditors post commencement of the Corporate Insolvency Process date, reversal of exchange rate fluctuation on capital advances and advances to suppliers and cash credit interest included in Outstanding liabilities, reduction in foreign currency loan liability on conversion to rupee loan by the banks.

- 5 The Other expenses includes loss of INR 6742.06 Lakhs on account of forex loss for twelve months ended March 31, 2019 (twelve months ended March 31, 2018 - INR 1,950.46 Lakhs). This includes loss of INR 6068.80 Lakhs (twelve months ended March 31, 2018 - INR 2638.62 Lakhs) on account of ECB loan and Loss of INR 681.28 Lakhs (twelve months ended March 31, 2018 Gain of - INR 688.16 Lakhs) on account of operations.



- 6 The statement has been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) prescribed under section 133 of the companies Act, 2013 and other recognised accounting practices and policies to the extent applicable.
- 7 The value of claims lodged by the Financial Creditors includes Foreign Currency Term Loan availed by the Company from consortium of Banks led by Axis Bank, admitted under CIRP commencement date amounting to INR is Rs.51,672.27 Lakhs and the same is carried in the Balance sheet at a value of Rs.58,044.14 Lakhs, arrived at by restating the Foreign currency value of the loan to the extent admitted with the closing exchange rate as on March 31, 2019. If this loan is stated at the INR value as admitted under CIRP there will be a net gain of Rs.3133.73 Lakhs after setting off the Foreign Currency Monetary Item Translation Difference carried under "other equity" in respect of this loan.
- 8 With the introduction of GST, no excise duty is payable by the Company from July 1, 2017. Accordingly, the income from operations are presented on a gross basis only for the twelve months ended March 31, 2018 and the excise duty expenses for the same period was presented as a separate line item in the expenditure side, as required by Schedule III applicable to Ind AS Companies. Accordingly, the gross income from operations for the twelve months ended March 31, 2019 is not comparable with that of the previous period presented in the above results.
- 9 The format for audited quarterly results as prescribed in SEBI's Circular CIR/CFD/CMD/15/2015 dated November 30, 2015 has been modified to comply with the requirements of SEBI's circular dated July 5 2016, Ind AS and Schedule III (Part II) to the Companies Act, 2013, which are applicable to companies that are required to comply with Ind AS.
- 10 The operations of the Company falls under a single primary segment i.e., "Pharmaceuticals" in accordance with Ind AS 108 "Operating Segments" and hence no segment reporting is applicable.
- 10 Statement of assets and liabilities

Particulars	Standalone		Consolidated	
	As at	As at	As at	As at
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
(Rs in lakhs)				
Assets				
Non-current assets				
Property, plant and equipment	1,14,050.79	1,26,821.65	1,14,059.67	1,26,831.80
Intangible assets	2,084.18	2,306.10	11,566.51	11,788.46
Capital work in progress	26,384.64	25,721.90	26,384.64	25,721.90
Intangible assets under development	1,431.00	1,431.00	1,431.00	1,431.00
Financial Assets				
Investments	47.21	12,476.97	47.21	107.07
Other financial assets	1,694.32	7,197.07	1,694.32	1,973.14
Other non-current assets	82,267.35	76,042.18	82,754.49	76,789.11
	2,27,559.49	2,51,996.87	2,37,937.84	2,44,642.48
Current assets				
Inventories	16,711.14	18,494.39	16,977.21	19,373.82
Financial Assets				
Trade receivables	14,072.78	14,505.50	11,989.09	11,951.29
Cash and cash equivalents	9,086.54	3,060.20	9,231.09	3,511.30
Bank balances other than above	23,320.79	27,043.95	23,320.79	27,043.95
Loans				
Other financial assets	311.15	233.42	311.15	233.42
Other current assets	7,853.44	5,741.14	7,936.33	5,780.68
	71,365.84	69,079.60	69,765.66	67,894.46
Total - Assets	2,99,325.33	3,21,076.47	3,07,703.50	3,12,536.94



Particulars	(Rs in lakhs)			
	Stand alone		Consolidated	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Equity and Liabilities				
Equity				
Equity share capital	8,896.43	8,896.43	8,896.43	8,896.43
Other Equity	(84,395.49)	(76,309.89)	(79,300.18)	(88,072.42)
	(75,499.06)	(67,413.45)	(70,403.75)	(79,175.99)
Non current liabilities				
Financial Liabilities				
Borrowings	1,42,460.71	1,89,390.71	1,42,460.71	1,89,390.71
Provisions	989.39	748.35	989.39	748.35
Deferred tax liabilities (Net)	322.62	322.62	322.62	322.62
	1,43,772.72	1,90,461.68	1,43,772.72	1,90,461.68
Current liabilities				
Financial Liabilities				
Borrowings	69,549.00	69,429.48	69,549.00	69,429.48
Trade payables	26,592.83	32,685.45	30,244.69	35,879.34
Other current liabilities	1,34,356.35	95,810.41	1,34,397.35	95,839.52
Provisions	143.49	102.91	143.49	102.91
	2,31,051.67	1,98,028.25	2,34,334.53	2,01,251.25
Total - Equity and Liabilities	2,99,325.33	3,21,076.47	3,07,703.50	3,12,536.94

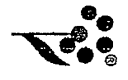
L. Chandrasekar
L. Chandrasekar
Chief Financial Officer & Company Secretary

K Raghavendra Rao
K Raghavendra Rao
Managing Director
DIN : 00010096

Taken on record
Ramkumar Sripatham Venkatasubramanian
Ramkumar Sripatham Venkatasubramanian
Resolution Professional
IP Registration no. IBBVIPA-001/P-P00015/2016-17/10039

Place: Chennai
Date : June 3, 2019

Initiated for identification purpose





CNGSN & ASSOCIATES LLP

CHARTERED ACCOUNTANTS

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B.Com., FCA

NYAPATHY SRILATHA
M.Com., FCA, PGDFM

E.K. SRIVATSAN
B.Com., FCA

Independent Auditors' Report
on quarter and year to date standalone financial results for the quarter and year ended March 31, 2019 of
M/s Orchid Pharma Limited Pursuant to the Regulation 33 of the SEBI (Listing Obligations and
Disclosure Requirements) Regulations, 2015

To

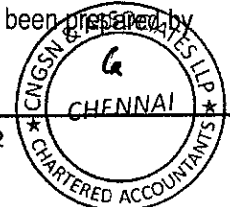
The Resolution Professional
Orchid Pharma Limited
"Orchid Towers"
313 Valluvar Kottam High Road
Nungambakkam, Chennai 600 034

1. The Hon'ble National Company Law Tribunal ("NCLT"), Chennai Bench, admitted the Corporate Insolvency Resolution Process ("CIRP") application filed by an operational creditor of Orchid Pharma Limited ("the Company") and appointed an Interim Resolution Professional ("IRP"), in terms of the Insolvency and Bankruptcy Code, 2016 ("the Code") to manage the affairs of the Company vide CP.No. CP/ 540/ (IB)/ CB/ 2017, dated August 17, 2017. Subsequently, Mr. Ramkumar Sripatham Venkatasubramanian (IP Registration No. IBBI/ IPA-001/ IP-P00015/ 2016-17/ 10039) has been appointed as the Resolution Professional ("RP") of the Company, by an order of Hon'ble NCLT with effect from October 27, 2017.

The Resolution Plan filed by the RP has been approved by Hon'ble NCLT vide its order dated September 17, 2018. However, since the successful Resolution Applicant has not commenced implementation of the approved Resolution Plan and also not complied with the conditional order of the Hon'ble NCLT dated November 2, 2018, the Hon'ble NCLT vide its order dated February 28, 2019, annulled the existing resolution plan and given additional CIRP period of 105 days. The Hon'ble NCLT also ordered that the RP and Committee of Creditors ("CoC") will discharge their function as before during this additional CIRP period.

In view of pendency of the CIRP, the further developments stated above and in view of suspension of the powers of board of directors, it was explained to us that the powers of adoption of the audited financial results for the quarter and year ended March 31, 2019 vest with the RP.

2. We have audited the standalone quarterly financial results of Orchid Pharma Limited (the "Company") for the quarter and year ended March 31, 2019 which are included in the accompanying 'Statement of Audited Consolidated and Standalone Financial Results for the quarter and year ended March 31, 2019' together with the notes thereon (the "Statement" or "Interim Financial Information"). The Statement has been prepared by



the Company's Management pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations, 2015") and SEBI Circular dated July 5, 2016, which has been initialled by us for identification purposes. The Statement is the responsibility of the Company's management and has been approved by RP based on representations, clarifications and explanations provided by the Managing Director, Chief Financial Officer and Key Management Personnel of the Company (Refer Note 1 and 2 to the aforesaid Statement).

The Statement has been prepared by the management in accordance with the recognition and measurement principles laid down in Ind AS 34 "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 ("the Act") and other accounting principles generally accepted in India. Further, the management is also responsible to ensure that the accounting policies used in preparation of the Statement are consistent with those used in the preparation of the annual financial statements prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies.

Our responsibility is to express an opinion on the financial results based on our audit of the aforesaid Statement/ interim financial information.

3. We conducted our audit of the Statement/ interim financial information in accordance with the Standards on Auditing specified under Section 143 (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Statement/ interim financial information is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Statement/ interim financial information. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Statement/ interim financial information, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Statement/ interim financial information that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's directors, as well as evaluating the overall presentation of the Statement/ interim financial information.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our qualified audit opinion on the Statement/ interim financial information.

4. Basis of qualified opinion

We draw attention to the following matters:

- (a) Note 1 and 2 to the Statement regarding application by an operational creditor, initiating the insolvency provisions under the Insolvency and Bankruptcy Code, 2016 ('the Code') and the consequential appointment of the RP under the Code, and adequacy of disclosures concerning the Company's ability to meet its financial and contractual obligations including management's technical estimates in regard to realisation of value of inventories, overdue receivables (net of provisions) amounting to Rs. 2,338.09 Lakhs, loans and advances given to various parties (net of provisions) amounting to Rs.75,264.21 Lakhs (which includes capital advances of Rs.52,206.06 and other advances of Rs.23,058.15 Lakhs), provision for impairment, if any, required for property, plant and equipment (PPE), PPE under development, internally generated intangible assets comprising of DBF/ ANDA, other non-monetary assets, investments, unamortised finance charges, claims made by/ advances given to employees, financial

obligations including repayment of various loans, unpaid interest and the ability to fund various obligations pertaining to operations including unpaid/ overdue creditors, for ensuring/ commencing normal operations and further investments required towards ongoing research and development projects under progress (carrying amount of Rs.1,431 Lakhs).

The possible impact, if any, arising out of the above matters is not presently ascertainable.

The above matters, other than CIRP related, have been outstanding for more than 3 years and have been qualified by the predecessor auditors in their audit report for earlier years. These matters have also been qualified in our earlier years' audit reports.

- (b) Confirmation of balances are not available for majority of the trade receivables, loans and advances given, trade payables, claims received from the employees, bank balances and bank loans as at March 31, 2019. Pursuant to the CIRP, the Company stopped providing interest on bank borrowings for the current year, after the CIRP commencement date and reversed the interest already accounted in the earlier years over and above the amount approved by the RP. In the absence of the confirmation of balances, the possible adjustments, if any, required in the Statement are not presently determinable.

The above matters, other than CIRP related, have been outstanding for more than 3 years and have been qualified by the predecessor auditors in their audit report for earlier years. These matters have also been qualified in our earlier years' audit reports.

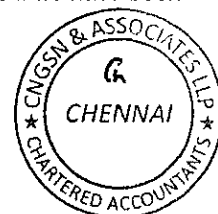
- (c) The Company's net worth as on the reporting date is negative and it continue to incur losses. Considering the above and the further matters more fully explained in the Material Uncertainties Relating To Going Concern section below, we are unable to comment on the appropriateness of preparation of the financial results on a going concern basis.
- (d) We have not been provided with sufficient, appropriate audit evidence relating to physical verification of fixed assets/ related reconciliation with the books of account. We were informed that the Company is a continuous processing industry and the Company is in the process of carrying out the physical verification of fixed assets. Pending completion of such verification/ reconciliation, we are unable to comment on the possible impact, if any, arising out of the above matters.

Considering the aforesaid matters, the internal controls over financial reporting also needs to be further strengthened to make them commensurate with the size and nature of business of the Company.

- (e) We have been informed by the RP that certain information including the minutes of the meetings of the CoC, cases filed by the RP against the key management personnel, employees, suppliers, customers and other parties and the outcome of certain specific/ routine procedures carried out as part of the IBC process are confidential in nature and could not be shared with anyone, other than the CoC and Hon'ble NCLT. We have not also been provided with sufficient, appropriate audit evidence in respect of avoidance applications filed under the IBC Code by the RP due to the confidentiality involved.

In the opinion of the RP, the matter is highly sensitive, confidential and may have adverse impact of the successful implementation of the resolution plan.

Accordingly, we are unable to comment on the possible adjustments required in the carrying amount of assets and liabilities, possible presentation and disclosure impacts, if any, that may arise if we have been provided access to review of those information.



5. Material Uncertainty Related to Going Concern

The Company's net worth as on the reporting date is negative and it continue incur losses. Since the successful bidder has not commenced implementation of the terms and conditions of the Resolution Plan and also not complied with the conditional order of the Hon'ble NCLT dated November 2, 2018, the Hon'ble NCLT vide its order dated February 28, 2019, annulled the existing resolution plan and given additional CIRP period of 105 days. The Hon'ble NCLT also ordered that the RP and CoC will discharge their function as before during this additional CIRP period.

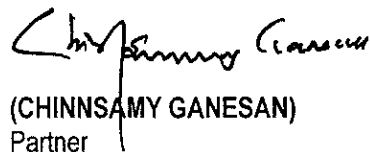
The matters referred to in para (a) and (b) of the basis of qualified opinion paragraph above also essentially require the Company to resolve the situations specified therein within the framework specified through the CIRP. In the absence of any specific guidance or direction that can be assessed out of CIRP, material uncertainties exist that may cause significant doubt on the Company's ability to continue as a going concern. Attention is also invited to para (c) of basis of qualified opinion paragraph above.

6. Qualified opinion

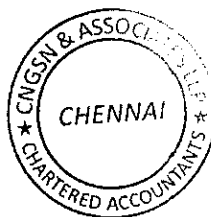
In our opinion and to the best of our information and according to the explanations given to us, and subject to matters described in the basis of qualified opinion paragraph and the Material Uncertainty Relating To Going Concern section above, the aforesaid Statement of audited financial results for the quarter and year ended March 31, 2019:

- (a) are presented in accordance with the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI circular dated July 5, 2016; and
- (b) give a true and fair view, in conformity with the aforesaid Indian Accounting Standards and other accounting principles generally accepted in India, of the net loss and other financial information for the quarter and year ended March 31, 2019

For CNGSN & Associates LLP
Chartered Accountants
Firm Registration No.004915S/ S200036


(CHINNSAMY GANESAN)
Partner

Membership No. 027501
Place: Chennai
Date: June 3, 2019





CNGSN & ASSOCIATES LLP

CHARTERED ACCOUNTANTS

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Independent Auditors' Report

on quarter and year to date consolidated financial results for the quarter and year ended March 31, 2019
of M/s Orchid Pharma Limited Pursuant to the Regulation 33 of the SEBI (Listing Obligations and
Disclosure Requirements) Regulations, 2015

To

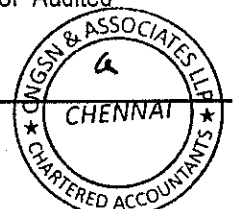
The Resolution Professional
Orchid Pharma Limited
"Orchid Towers"
313 Valluvar Kottam High Road
Nungambakkam, Chennai 600 034

1. The Hon'ble National Company Law Tribunal ("NCLT"), Chennai Bench, admitted the Corporate Insolvency Resolution Process ("CIRP") application filed by an operational creditor of Orchid Pharma Limited ("the Holding Company") and appointed an Interim Resolution Professional ("IRP"), in terms of the Insolvency and Bankruptcy Code, 2016 ("the Code") to manage the affairs of the Company vide CP.No. CP/ 540/ (IB)/ CB/ 2017, dated August 17, 2017. Subsequently, Mr. Ramkumar Sripatham Venkatasubramanian (IP Registration No. IBBI/ IPA-001/ IP-P00015/ 2016-17/ 10039) has been appointed as the Resolution Professional ("RP") of the Holding Company, by an order of Hon'ble NCLT with effect from October 27, 2017.

The Resolution Plan filed by the RP has been approved by Hon'ble NCLT vide its order dated September 17, 2018. However, since the successful Resolution Applicant has not commenced implementation of the approved Resolution Plan and also not complied with the conditional order of the Hon'ble NCLT dated November 2, 2018, the Hon'ble NCLT vide its order dated February 28, 2019, annulled the existing resolution plan and given additional CIRP period of 105 days. The Hon'ble NCLT also ordered that the RP and Committee of Creditors ("CoC") will discharge their function as before during this additional CIRP period.

In view of pendency of the CIRP, the further developments stated above and in view of suspension of the powers of board of directors, it was explained to us that the powers of adoption of the audited consolidated financial results for the quarter and year ended March 31, 2019 vest with the RP.

2. We have audited the accompanying consolidated financial results of M/s Orchid Pharma Limited ('the Holding Company'), and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group') for the year ended March 31, 2019, which are included in the accompanying 'Statement of Audited



Consolidated and Standalone Financial Results for the quarter and year ended March 31, 2019 ("the Statement"). This Statement is being submitted by the Holding Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which has been initialled by us for identification purposes.

These consolidated financial results are based on the consolidated financial statements for the year ended March 31, 2019 prepared in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013 ('the Act') and SEBI Circulars CIR/ CFD/ CMD/ 15/ 2015 dated November 30, 2015 and CIR/ CFD/ FAC/ 621/ 2016 dated July 5, 2016.

The Statement is the responsibility of the Company's management and has been approved by the RP based on representations, clarifications and explanations provided by the Managing Director, Chief Financial Officer and Key Management Personnel of the Company (Refer Note 1 and 2 to the Statement). Further, the management/ RP is also responsible to ensure that the accounting policies used in preparation of this Statement are consistent with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS), as amended from time to time, prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies.

Our responsibility is to issue a report on the Statement based on our audit.

3. We conducted our audit of the Statement in accordance with the Standards on Auditing specified under Section 143 (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Group's preparation of the Statement that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the respective company's directors, as well as evaluating the overall presentation of the Statement.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our qualified audit opinion on the Statement.

4. Basis of qualified opinion

We draw attention to the following matters:

- (a) Note 1 and 2 to the Statement regarding application by an operational creditor, initiating the insolvency provisions under the Insolvency and Bankruptcy Code, 2016 ('the Code') and the consequential appointment of the RP under the Code, and adequacy of disclosures concerning the Group's ability to meet its financial and contractual obligations including management's technical estimates in regard to realisation of value of inventories, overdue receivables (net of provisions) amounting to Rs. 2,338.09 Lakhs, loans and advances given to various parties (net of provisions) amounting to Rs. 75,264.21 Lakhs



(which includes capital advances of Rs.52,206.06 and other advances of Rs. 23,058.15 Lakhs), provision for impairment, if any, required for property, plant and equipment (PPE), PPE under development, goodwill, internally generated intangible assets comprising of DBF/ ANDA, other non-monetary assets, investments, unamortised finance charges, claims made by/ advances given to employees, financial obligations including repayment of various loans, unpaid interest and the ability to fund various obligations pertaining to operations including unpaid/ overdue creditors, for ensuring/ commencing normal operations and further investments required towards ongoing research and development projects under progress (carrying amount of Rs.1,431 Lakhs).

The possible impact, if any, arising out of the above matters is not presently ascertainable.

The above matters, other than CIRP related, have been outstanding for more than 3 years and have been qualified by the predecessor auditors in their audit report for earlier years. These matters have also been qualified in our earlier years' audit reports.

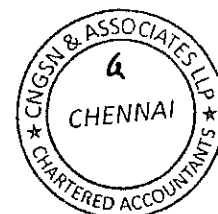
- (b) Confirmation of balances are not available for majority of the trade receivables, loans and advances given, trade payables, claims received from the employees, bank balances and bank loans as at March 31, 2019. Pursuant to the CIRP, the Holding Company stopped providing interest on bank borrowings for the current year, after the CIRP commencement date and reversed the interest already accounted in the earlier years over and above the amount approved by the RP. In the absence of the confirmation of balances, the possible adjustments, if any, required in the Statement are not presently determinable.

The above matters, other than CIRP related, have been outstanding for more than 3 years and have been qualified by the predecessor auditors in their audit report for earlier years. These matters have also been qualified in our earlier years' audit reports.

- (c) The Group's net worth as on the reporting date is negative and continue to incur losses. Considering the above and the further matters more fully explained in the Material Uncertainties Relating To Going Concern section below, we are unable to comment on the appropriateness of preparation of the financial results on a going concern basis.
- (d) We have not been provided with sufficient, appropriate audit evidence relating to physical verification of fixed assets/ related reconciliation with the books of account. We were informed that the Company is a continuous processing industry and the Company is in the process of carrying out the physical verification of fixed assets. Pending completion of such verification/ reconciliation, we are unable to comment on the possible impact, if any, arising out of the above matters.

Considering the aforesaid matters, the internal controls over financial reporting also needs to be further strengthened to make them commensurate with the size and nature of business of the Group.

- (e) We have been informed by the RP that certain information including the minutes of the meetings of the CoC, cases filed by the RP against the key management personnel, employees, suppliers, customers and other parties and the outcome of certain specific/ routine procedures carried out as part of the IBC process are confidential in nature and could not be shared with anyone, other than the CoC and Hon'ble NCLT. We have not also been provided with sufficient, appropriate audit evidence in respect of avoidance applications filed under the IBC Code by the RP due to the confidentiality involved.



In the opinion of the RP, the matter is highly sensitive, confidential and may have adverse impact of the successful implementation of the resolution plan.

Accordingly, we are unable to comment on the possible adjustments required in the carrying amount of assets and liabilities, possible presentation and disclosure impacts, if any, that may arise if we have been provided access to review of those information.

5. Material Uncertainty Related to Going Concern

The Group's net worth as on the reporting date is negative and it continue incur losses. Since the successful bidder has not commenced implementation of the terms and conditions of the Resolution Plan and also not complied with the conditional order of the Hon'ble NCLT dated November 2, 2018, the Hon'ble NCLT vide its order dated February 28, 2019, annulled the existing resolution plan and given additional CIRP period of 105 days. The Hon'ble NCLT also ordered that the RP and CoC will discharge their function as before during this additional CIRP period.

The matters referred to in para (a) and (b) of the basis of qualified opinion paragraph above also essentially require the Group to resolve the situations specified therein within the framework specified through the CIRP. In the absence of any specific guidance or direction that can be assessed out of CIRP, material uncertainties exist that may cause significant doubt on the Group's ability to continue as a going concern. Attention is also invited to para (c) of basis of qualified opinion paragraph above.

6. Qualified opinion

In our opinion and to the best of our information and according to the explanations given to us and subject to matters described in the basis of qualified opinion paragraph, the consolidated financial results for the year ended March 31, 2019:

- (a) include the financial results for the year ended March 31, 2019, of the following subsidiary companies:
- (i) Orchid Europe Limited, UK
 - (ii) Orchid Pharmaceuticals Inc., USA
 - (iii) Bexel Pharmaceuticals Inc., USA
 - (iv) Orchid Pharmaceuticals SA (Proprietary) Limited, South Africa
 - (v) Diakron Pharmaceuticals, Inc. USA

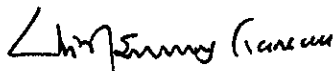
We did not audit the financial statements/ financial information of the above subsidiaries that reflect total assets of Rs. 2,037.26 lakhs and net assets of Rs. (9,924.68) lakhs as at March 31, 2019, total revenue of Rs.2,224.27 lakhs, total comprehensive income (comprising of loss and other comprehensive income) of Rs. (418.46) lakhs and net cash flows amounting to Rs. (316.55) lakhs for the year ended on that date, as considered in the consolidated Ind AS financial statements.

The financial statements/ financial information are unaudited and have been furnished to us by the management and our opinion on the consolidated financial results, in so far as it relates to the amounts and disclosures included in respect of the subsidiaries, is based solely on such unaudited financial statements/ financial information. Accordingly, we do not express any opinion on the completeness and true and fair view of the financial statements, including adjustments, if any, required on the carrying amount of assets and liabilities of the above subsidiaries as at March 31, 2019 included in the consolidated financial results/ financial information.

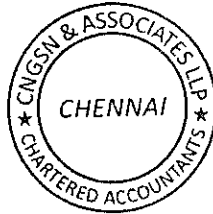


- (b) are presented in accordance with the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI circular dated July 5, 2016; and
- (c) give a true and fair view, in conformity with the aforesaid Indian Accounting Standards and other accounting principles generally accepted in India, of the net loss and other financial information for the quarter and year ended March 31, 2019

For CNGSN & Associates LLP
Chartered Accountants
Firm Registration No.004915S/ S200036



(CHINNSAMY GANESAN)
Partner
Membership No. 027501
Place: Chennai
Date: June 3, 2019



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

**Statement on Impact of Audit Qualifications Submitted for the Financial Year ended
March 31, 2019 – Standalone Basis**

[Pursuant to Regulation 33 & 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

I	Sl.No	Particulars	Audited figures (as reported before adjusting for qualifications) (Rs. In Lakhs)	Audited figures (audited figures after adjusting for qualifications) (Rs. In Lakhs)*
	1	Turnover /Total Income (including other income)	60057.46	60057.46
	2	Total Expenditure (Including finance cost and exceptional items)	70012.20	70012.20
	3	Net Profit / (Loss)	(9954.74)	(9954.74)
	4	Earnings per Share (In Rs.)	(11.29)	(11.29)
	5	Total Assets	299385.33	299385.33
	6	Total Liabilities	374824.39	374824.39
	7	Net worth	(75439.06)	(75439.06)
	8	Any Other Financial item(s) (as felt appropriate by the management)		-
II	Audit Qualification (Each audit qualification separately)			
1	(a)	Details of Audit Qualification:	Note 1 to the standalone financial statements, regarding application by an operational creditor, initiating the insolvency provisions under the Insolvency and Bankruptcy Code, 2016 ('the Code') and the consequential appointment of the RP under the Code, and adequacy of disclosures concerning the Company's ability to meet its financial and contractual obligations including management's technical estimates in regard to realisation of value of inventories, overdue receivables (net of provisions) amounting to Rs. 2,338.09 Lakhs, loans and advances given to various parties (net of provisions) amounting to Rs. 75,264.21 Lakhs (which includes capital advances of Rs.52,206.06 and other advances of Rs. 23,058.15 Lakhs), provision for impairment, if any, required for property, plant and equipment (PPE), PPE under development, internally generated intangible assets comprising of DBF /ANDA, other non-monetary assets, investments, unamortised finance charges, claims made by/ advances given to employees, financial obligations	

		<p>including repayment of various loans, unpaid interest and the ability to fund various obligations pertaining to operations including unpaid/ overdue creditors, for ensuring/ commencing normal operations and further investments required towards ongoing research and development projects under progress (carrying amount of Rs.1,431 Lakhs).</p> <p>The possible impact, if any, arising out of the above matters is not presently ascertainable.</p> <p>The above matters, other than CIRP related, have been outstanding for more than 3 years and have been qualified by the predecessor auditors in their audit report for earlier years. These matters have also been qualified in our earlier years' audit reports.</p>
(b)	Type of Audit Qualification :	Qualified opinion
(c)	Frequency of Qualification :	Repetitive
(d)	For Audit Qualification(s) where the impact is quantified by the auditor, Management Views:	N.A.
(e) For Audit Qualification(s) where the impact is not quantified by the auditor:		
(i)	Management's estimation on the impact of audit qualification:	N.A.
(ii)	If management is unable to estimate the impact, reason for the same	<p>The Company is under CIRP and the Resolution Professional is required to invite submission of resolution plans from potential resolution applicants, which shall be put up for necessary approvals before the Committee of Creditors ("CoC") and the Honourable NCLT. The CIRP is not yet concluded and hence, the final outcome is yet to be ascertained.</p> <p>The company has not taken in consideration impact on the value of the assets due to this information for impairment, if any, in preparation of Financial Result as required by Ind-AS 10 on "Events after the reporting period". Further, the Company has not made assessment of impairment as required by Ind AS 36 on Impairment of Assets, if any, as at 31st March 2019 in the value of tangible and intangible assets."</p>
(iii)	Auditor's Comment on (i) or (ii) above:	Refer "Basis for Qualified Opinion" in audit report read with relevant notes in the financial results, the same is self-explanatory.

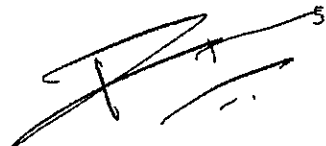
II Audit Qualification (Each audit qualification separately)		
2.	(a)	<p>Details of Audit Qualification:</p> <p>Confirmation of balances are not available for majority of the trade receivables, loans and advances given, trade payables, claims received from the employees, bank balances and bank loans as at March 31, 2019. Pursuant to the CIRP, the Company stopped providing interest on bank borrowings for the current year, after the CIRP commencement date and reversed the interest already accounted in the earlier years over and above the amount approved by RP. In the absence of the confirmation of balances, the possible adjustments, if any, required in the standalone financial statements are not presently determinable.</p> <p>The above matters, other than CIRP related, have been outstanding for more than 3 years and have been qualified by the predecessor auditors in their audit report for earlier years. These matters have also been qualified in our earlier years' audit reports.</p>
	(b)	<p>Type of Audit Qualification : Qualified opinion</p>
	(c)	<p>Frequency of Qualification : Repetitive</p>
	(d)	<p>For Audit Qualification(s) where the impact is quantified by the auditor, Management Views: N.A.</p>
	(e) For Audit Qualification(s) where the impact is not quantified by the auditor:	
	(i)	<p>Management's estimation on the impact of audit qualification:</p> <p>For non-receipt of independent balance confirmation from the financial creditors Management is of the view that there will not be significant variation in respect of borrowings, bank balances and bank guarantees.</p>
	(ii)	<p>If management is unable to estimate the impact, reason for the same</p> <p>In accordance with the Code, public announcement was made calling upon the financial creditors and operational creditors of the Company to submit their claims with the Interim Resolution Professional ("IRP /RP"). In accordance with the Code, the IRP /RP has to receive, collate and admit the claims submitted against the Company. Such claims can be submitted to the IRP/ RP during CIRP, till the approval of a resolution plan by the Committee of Creditors (CoC). Pursuant to the claims received, the CoC was informed and the list of such creditors was duly notified to the NCLT and uploaded on the company website.</p>

			<p>Thereafter, there have been regular revisions to the list in view of the claims received and the Company and RP are in process of receiving, collating, verifying, seeking clarifications, sending communications for unreconciled balance calling for additional documents to substantiate whole /part of the unreconciled claims on such claims.</p> <p>In respect of claims submitted by the financial creditors, the same is exceeding amount appearing in the books of accounts. The process for submission and reconciliation of claims as on the Insolvency Commencement Date remains an on-going process.</p>
	(iii)	Auditor's Comment on (i) or (ii) above:	Refer "Basis for Qualified Opinion" in audit report read with relevant notes in the financial results, the same is self-explanatory.

II Audit Qualification (Each audit qualification separately)			
3	(a)	Details of Audit Qualification:	The Company's net worth as on the reporting date is negative and it continue to incur losses. Considering the above and the further matters more fully explained in the Material Uncertainties Relating To Going Concern section below, we are unable to comment on the appropriateness of preparation of the standalone financial statements on a going concern basis.
	(b)	Type of Audit Qualification :	Qualified opinion
	(c)	Frequency of Qualification :	Repetitive
	(d)	For Audit Qualification(s) where the impact is quantified by the auditor, Management Views:	N.A.
	(e) For Audit Qualification(s) where the impact is not quantified by the auditor:		
	(i)	Management's estimation on the impact of audit qualification:	N.A.
	(ii)	If management is unable to estimate the impact, reason for the same	The Resolution Professional and the Bid process advisor have presented the terms of the resolution plans received and found to be compliant under Sec 29A of the IBC, 2016 to the Committee of Creditors. The Committee of Creditors after considering the resolution plans received and after negotiating with the three resolution applicants has decided to declare the H1 Bidder.



			<p>The Resolution Professional will be submitting the resolution plan of the HI Bidder to the Adjudicating Authority if the same receives approval of the Committee of Creditors with 66% voting share. The CIRP as on March 31, 2019 is still in progress and yet to be completed.</p> <p>In view of the above, the financials have been prepared as a "going concern".</p>
	(iii)	Auditor's Comment on (i) or (ii) above:	Refer "Basis for Qualified Opinion" in audit report read with relevant notes in the financial results, the same is self-explanatory.
II	Audit Qualification (Each audit qualification separately)		
4	(a)	Details of Audit Qualification:	<p>We have not been provided with sufficient, appropriate audit evidence relating to physical verification of fixed assets /related reconciliation with the books of account. Accordingly, we are unable to comment on the possible impact, if any, arising out of the above matters.</p> <p>Considering the aforesaid matters, the internal controls over financial reporting also needs to be further strengthened to make them commensurate with the size and nature of business of the Company.</p>
	(b)	Type of Audit Qualification :	Qualified opinion
	(c)	Frequency of Qualification :	Repetitive
	(d)	For Audit Qualification(s) where the impact is quantified by the auditor, Management Views:	N.A.
	(e) For Audit Qualification(s) where the impact is not quantified by the auditor:		
	(i)	Management's estimation on the impact of audit qualification:	N.A.
	(ii)	If management is unable to estimate the impact, reason for the same	The company is under the CIRP since August 17, 2017. During the financial year 2017-18, when the company was under CIRP, the IRP as well as the Resolution Professional appointed two registered Valuers as per IBC to determine the estimated of the Fair Value and Liquidation Values of the Inventory and fixed Assets of the Company. The values so ascertained and the reports thereof are very sensitive and confidential in nature and were not shared.
	(iii)	Auditor's Comment on (i) or (ii) above:	Refer "Basis for Qualified Opinion" in audit report read with relevant notes in the financial

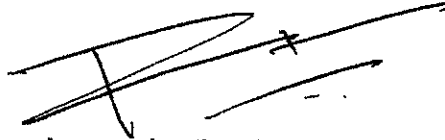


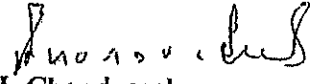
			results, the same is self-explanatory.
II Audit Qualification (Each audit qualification separately)			
5	(a)	Details of Audit Qualification:	<p>We have been informed by the RP that certain information including the minutes of the meetings of the CoC, cases filed by the RP against the key management personnel, employees, suppliers, customers and other parties and the outcome of certain specific /routine procedures carried out as part of the IBC process are confidential in nature and could not be shared with anyone, other than the CoC and Hon'ble NCLT. We have not also been provided with sufficient, appropriate audit evidence in respect of avoidance applications filed under the IBC Code by the RP due to the confidentiality involved.</p> <p>In the opinion of the RP, the matter is highly sensitive, confidential and may have adverse impact of the successful implementation of the resolution plan.</p> <p>Accordingly, we are unable to comment on the possible adjustments required in the carrying amount of assets and liabilities, possible presentation and disclosure impacts, if any, that may arise if we have been provided access to review of those information.</p>
	(b)	Type of Audit Qualification :	Qualified opinion
	(c)	Frequency of Qualification :	Repetitive
	(d)	For Audit Qualification(s) where the impact is quantified by the auditor, Management Views:	N.A.
	(e) For Audit Qualification(s) where the impact is not quantified by the auditor:		
	(i)	Management's estimation on the impact of audit qualification:	N.A.
	(ii)	If management is unable to estimate the impact, reason for the same	The Resolution Professional is obliged not to share certain information which are integral part of the CIRP, in order to maintain confidentiality of the process and in line with the directions of the Committee of Creditors.
	(iii)	Auditor's Comment on (i) or (ii) above:	"Basis for Qualified Opinion" in audit report Refer read with relevant notes in the financial results, the same is self-explanatory.
III Signatories			



Raghavendra Rao K
Managing Director

TAKEN ON RECORD




L Chandrasekar
Chief Financial Officer

Sripatham Venkatasubramanian Ramkumar
Resolution Professional
IP Registration no. IBBI/IPA-001 /IP-P00015 /2016-17/10039)

Place: Chennai
Date : June 03, 2019

Statutory Auditor

Refer our Independent Auditors' report dated June 03, 2019 on Standalone Financial Results of the Company

For CNGSN&Associates LLP
Chartered Accountants
Firm Registration No.004915S/S200036



Chinnsamy Ganesan
Partner
Membership No.027501

Place : Chennai
Date : June 03, 2019

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

**Statement on Impact of Audit Qualifications Submitted for the Financial Year ended
March 31, 2019 – Consolidated Basis**

[Pursuant to Regulation 33 & 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

I	Sl.No	Particulars	Audited figures (as reported before adjusting for qualifications) (Rs. In Lakhs)	Audited figures (audited figures after adjusting for qualifications) (Rs. In Lakhs)*
	1	Turnover / Total Income (including other income)	61690.89	61690.89
	2	Total Expenditure (Including finance cost and exceptional items)	54599.71	54599.71
	3	Net Profit /(Loss)	7091.18	7091.18
	4	Earnings per Share (In Rs.)	7.87	7.87
	5	Total Assets	307763.50	307763.50
	6	Total Liabilities	378107.25	378107.25
	7	Net worth	70343.75	70343.75
	8	Any Other Financial item(s) (as felt appropriate by the management)	-	-

II	Audit Qualification (Each audit qualification separately)		
1	(a)	Details of Audit Qualification:	Note 1 to the consolidated financial statements, regarding application by an operational creditor, initiating the insolvency provisions under the Insolvency and Bankruptcy Code, 2016 ('the Code') and the consequential appointment of the RP under the Code, and adequacy of disclosures concerning the Group's ability to meet its financial and contractual obligations including management's technical estimates in regard to realisation of value of inventories, overdue receivables (net of provisions) amounting to Rs. 2,338.09 Lakhs, loans and advances given to various parties (net of provisions) amounting to Rs.75,751.35 Lakhs (which includes capital advances of Rs.52,206.06 and other advances of Rs.23,545.29 Lakhs), provision for impairment, if any, required for property, plant and equipment (PPE), PPE under development, goodwill, internally generated intangible assets

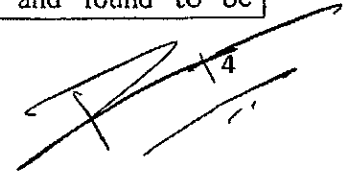
		<p>comprising of DBF/ ANDA, other non-monetary assets, investments, unamortised finance charges, claims made by/ advances given to employees, financial obligations including repayment of various loans, unpaid interest and the ability to fund various obligations pertaining to operations including unpaid/ overdue creditors, for ensuring/ commencing normal operations and further investments required towards ongoing research and development projects under progress (carrying amount of Rs.1,431 Lakhs).</p> <p>The possible impact, if any, arising out of the above matters is not presently ascertainable.</p> <p>The above matters, other than CIRP related, have been outstanding for more than 3 years and have been qualified by the predecessor auditors in their audit report for earlier years. These matters have also been qualified in our earlier years' audit reports.</p>
(b)	Type of Audit Qualification :	Qualified opinion
(c)	Frequency of Qualification :	Repetitive
(d)	For Audit Qualification(s) where the impact is quantified by the auditor, Management Views:	N.A.
(e) For Audit Qualification(s) where the impact is not quantified by the auditor:		
(i)	Management's estimation on the impact of audit qualification:	N.A.
(ii)	If management is unable to estimate the impact, reason for the same	<p>The Company is under CIRP and the Resolution Professional is required to invite submission of resolution plans from potential resolution applicants, which shall be put up for necessary approvals before the Committee of Creditors ("CoC") and the Honourable NCLT. The CIRP is not yet concluded and hence, the final outcome is yet to be ascertained.</p> <p>The company has not taken in consideration impact on the value of the assets due to this information for impairment, if any, in preparation of Financial Result as required by Ind-AS 10 on "Events after the reporting period". Further, the Company has not made assessment of impairment as required by Ind</p>

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			AS 36 on Impairment of Assets, if any, as at 31 st March 2019 in the value of tangible and intangible assets.”
	(iii)	Auditor’s Comment on (i) or (ii) above:	Refer “Basis for Qualified Opinion” in audit report read with relevant notes in the financial results, the same is self-explanatory.
II	Audit Qualification (Each audit qualification separately)		
2	(a)	Details of Audit Qualification:	<p>Confirmation of balances are not available for majority of the trade receivables, loans and advances given, trade payables, claims received from the employees, bank balances and bank loans as at March 31, 2019. Pursuant to the CIRP, the Group stopped providing interest on bank borrowings for the current year, after the CIRP commencement date and reversed the interest already accounted in the earlier years over and above the amount approved by the RP. In the absence of the confirmation of balances, the possible adjustments, if any, required in the Consolidated Financial Statements are not presently determinable.</p> <p>The above matters, other than CIRP related, have been outstanding for more than 3 years and have been qualified by the predecessor auditors in their audit report for earlier years. These matters have also been qualified in our earlier years’ audit reports.</p>
	(b)	Type of Audit Qualification :	Qualified opinion
	(c)	Frequency of Qualification :	Repetitive
	(d)	For Audit Qualification(s) where the impact is quantified by the auditor, Management Views:	N.A.
	(e) For Audit Qualification(s) where the impact is not quantified by the auditor:		
	(i)	Management’s estimation on the impact of audit qualification:	For non-receipt of independent balance confirmation from the financial creditors Management is of the view that there will not be significant variation in respect of borrowings, bank balances and bank guarantees.
	(ii)	If management is unable to estimate the impact, reason for the same	In accordance with the Code, public announcement was made calling upon the financial creditors and operational creditors of the Company to submit their claims with the Interim Resolution Professional (“IRP /RP”). In accordance with the Code, the IRP /RP has

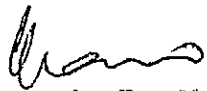
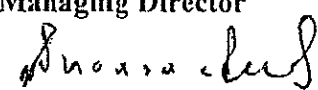
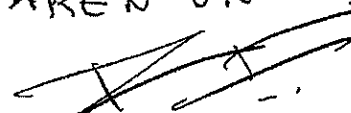

			<p>to receive, collate and admit the claims submitted against the Company. Such claims can be submitted to the IRP/ RP during CIRP, till the approval of a resolution plan by the Committee of Creditors (CoC). Pursuant to the claims received, the CoC was informed and the list of such creditors was duly notified to the NCLT and uploaded on the company website. Thereafter, there have been regular revisions to the list in view of the claims received and the Company and RP are in process of receiving, collating, verifying, seeking clarifications, sending communications for unreconciled balance calling for additional documents to substantiate whole /part of the unreconciled claims on such claims.</p> <p>In respect of claims submitted by the financial creditors, the same is exceeding amount appearing in the books of accounts. The process for submission and reconciliation of claims as on the Insolvency Commencement Date remains an on-going process.</p>
	(iii)	Auditor's Comment on (i) or (ii) above:	Refer "Basis for Qualified Opinion" in audit report read with relevant notes in the financial results, the same is self-explanatory.

II Audit Qualification (Each audit qualification separately)			
3	(a)	Details of Audit Qualification:	The Group's net worth as on the reporting date is negative and it continue to incur losses. Considering the above and the further matters more fully explained in the Material Uncertainties Relating To Going Concern section below, we are unable to comment on the appropriateness of preparation of consolidated financial statements on a going concern basis.
	(b)	Type of Audit Qualification :	Qualified opinion
	(c)	Frequency of Qualification :	Repetitive
	(d)	For Audit Qualification(s) where the impact is quantified by the auditor, Management Views:	N.A.
	(e) For Audit Qualification(s) where the impact is not quantified by the auditor:		
	(i)	Management's estimation on the impact of audit qualification:	N.A.
	(ii)	If management is unable to estimate the impact, reason for the same	The Resolution Professional and the Bid process advisor have presented the terms of the resolution plans received and found to be



			<p>compliant under Sec 29A of the IBC, 2016 to the Committee of Creditors. The Committee of Creditors after considering the resolution plans received and after negotiating with the three resolution applicants has decided to declare the H1 Bidder.</p> <p>The Resolution Professional will be submitting the resolution plan of the H1 Bidder to the Adjudicating Authority if the same receives approval of the Committee of Creditors with 66% voting share. The CIRP as on March 31, 2019 is still in progress and yet to be completed.</p> <p>In view of the above, the financials have been prepared as a "going concern".</p>
	(iii)	Auditor's Comment on (i) or (ii) above:	Refer "Basis for Qualified Opinion" in audit report read with relevant notes in the financial results, the same is self-explanatory.
II	Audit Qualification (Each audit qualification separately)		
4	(a)	Details of Audit Qualification:	<p>We have not been provided with sufficient, appropriate audit evidence relating to physical verification of fixed assets/ related reconciliation with the books of account. Accordingly, we are unable to comment on the possible impact, if any, arising out of the above matters.</p> <p>Considering the aforesaid matters, the internal controls over financial reporting also needs to be further strengthened to make them commensurate with the size and nature of business of the Group.</p>
	(b)	Type of Audit Qualification :	Qualified opinion
	(c)	Frequency of Qualification :	Repetitive
	(d)	For Audit Qualification(s) where the impact is quantified by the auditor, Management Views:	N.A.
	(e) For Audit Qualification(s) where the impact is not quantified by the auditor:		
	(i)	Management's estimation on the impact of audit qualification:	N.A.
	(ii)	If management is unable to estimate the impact, reason for the same	In the year 2017, during CIRP, the Resolution Professional conducted valuation study as per IBC to assess the Fair Value and Liquidation Values of the Assets. The values so ascertained and the reports thereof are very confidential in nature and were not shared.

			The observations herein above are noted and the Management would take necessary steps to improve the internal financial controls by strengthening the processes relating to physical verification and reconciliation with the books of accounts.
	(iii)	Auditor's Comment on (i) or (ii) above:	Refer "Basis for Qualified Opinion" in audit report read with relevant notes in the financial results, the same is self-explanatory.
II Audit Qualification (Each audit qualification separately)			
5	(a)	Details of Audit Qualification:	<p>We have been informed by the RP that certain information including the minutes of the meetings of the CoC, cases filed by the RP against the key management personnel, employees, suppliers, customers and other parties and the outcome of certain specific/routine procedures carried out as part of the IBC process are confidential in nature and could not be shared with anyone, other than the CoC and Hon'ble NCLT. We have not also been provided with sufficient, appropriate audit evidence in respect of avoidance applications filed under the IBC Code by the RP due to the confidentiality involved.</p> <p>In the opinion of the RP, the matter is highly sensitive, confidential and may have adverse impact of the successful implementation of the resolution plan.</p> <p>Accordingly, we are unable to comment on the possible adjustments required in the carrying amount of assets and liabilities, possible presentation and disclosure impacts, if any, that may arise if we have been provided access to review of those information.</p>
	(b)	Type of Audit Qualification :	Qualified opinion
	(c)	Frequency of Qualification :	Repetitive
	(d)	For Audit Qualification(s) where the impact is quantified by the auditor, Management Views:	N.A.
(e) For Audit Qualification(s) where the impact is not quantified by the auditor:			
	(i)	Management's estimation on the impact of audit qualification:	N.A.
	(ii)	If management is unable to estimate the impact, reason for the same	The Resolution Professional is obliged not to share certain information which are integral part of the CIRP, in order to maintain

		confidentiality of the process and in line with the directions of the Committee of Creditors.
	(iii) Auditor's Comment on (i) or (ii) above:	"Basis for Qualified Opinion" in audit report Refer read with relevant notes in the financial results, the same is self-explanatory.
III	<p>Signatories</p> <p> Raghavendra Rao K Managing Director</p> <p> L Chandrasekar Chief Financial Officer</p> <p> Sripatham Venkatasubramanian Ramkumar Resolution Professional (IP Registration no. IBBI /IPA-001 /IP-P00015 /2016-17/10039)</p> <p>Place: Chennai Date : June 03, 2019</p> <p>Statutory Auditor</p> <p>Refer our Independent Auditors' report dated June 03, 2019 on Consolidated Financial Results of the Company</p> <p>For CNGSN&Associates LLP Chartered Accountants Firm Registration No.004915S/S200036</p> <p> Chinnsamy Ganesan Partner Membership No.027501</p> <p>Place : Chennai Date : June 03, 2019</p>	