



2nd August 2023

The National Stock Exchange of India Limited "Exchange Plaza", C-1, Block G, Bandra-Kurla Complex, Bandra (E) Mumbai - 400 051 ISIN: INE098F01031	BSE Limited Department of Corporate Services 1 st Floor, P.J. Towers Dalal Street, Mumbai - 400 001
Symbol: AMRUTANJAN	Scrip Code: 590006

Dear Sir/Madam,

Sub: Intimation under Regulation 30 read with Schedule III Part A Clause A Sub-Clause 17(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

This is in relation to the investigation initiated by the Company in furtherance to the anonymous whistle blower complaint received by the Company which was intimated to Stock Exchange on 14th February 2023 under Sub-Clause 17(a) of the subject mentioned regulation. The Company, at the instance of its Audit Committee, had engaged M/s. Deloitte Touche Tohmatsu India LLP ("Deloitte") for undertaking the investigation in this regard. The investigation was aimed at assessing the veracity of the allegations raised in the whistle blower complaint and ensuring the integrity of Company's financial and operational practices.

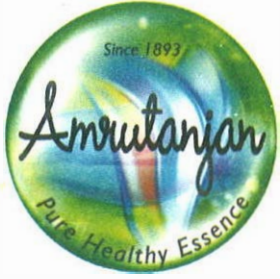
After a diligent and comprehensive audit process spanning months, the investigation was recently concluded. While the audit process has brought into light, few acts of personal gains by the Company employees, it is important to note that these findings **do not have any substantial impact on our financial statements or the overall financial health of the Company.**

Regarding the allegations in 3(a) on potential malpractice identified in engagement of casual labour for sales activities of the Company, the findings of M/s. Deloitte Touche Tohmatsu India LLP required further review basis the supporting evidence available with the company. As Deloitte had already closed their investigations and as part of company's commitment to upholding the highest standards of corporate governance and eliminating practices inconsistent with our company's values, **the Company decided to seek an independent assessment of the open observations of Deloitte report. To this end, the Company engaged M/s. PKF Sridhar & Santhanam LLP, to investigate further and perform an independent check on the aforementioned open observations.**

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The Investigation Report by M/s. Deloitte Touche Tohmatsu India LLP and the Special Review Report by M/s. PKF Sridhar & Santhanam LLP (appropriate information redacted) along with company's management comments were placed at the Board Meeting held on 2nd August 2023. The same are attached herewith.

Management Comments on the observations made in both the reports are provided at the end of this document.

None of the allegations which were investigated require any revision to the financial statements of the Company as the amounts involved in the allegations were insignificant.

We trust that this disclosure provides the necessary information regarding the investigation conducted by the Company and its outcomes. We assure that the Company remains dedicated to transparently addressing any challenges and upholding the highest standards of corporate governance.

This is for your information and appropriate dissemination.

Kindly take the above on your record and acknowledge.

Thanking you
Yours faithfully,
For Amrutanjan Health Care Limited

M. Srinivasan
Company Secretary and Compliance officer

Enc.

1. Forensic Audit Report of Deloitte
2. Special Review Report of PKF Sridhar & Santhanam
3. Amrutanjan's Management Comments.

Deloitte.

**Project Fruitnik – Investigation Into
Whistleblower Complaints**

**Amrutanjan Healthcare Limited
Report**

July 2023



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Glossary



Glossary

Abbreviation	Definition
AHCL	Amrutanjan Healthcare Limited
WB	Whistle Blower
ESI	Electronically Stored Information
ESIC	Employee State Insurance Corporation
MI	Market Intelligence
FY	Financial Year
PO	Purchase Order
CMD	Chairman cum Managing Director
Employee 1	[REDACTED]
Employee 2	[REDACTED]
Employee 3	[REDACTED]
Employee 4	[REDACTED]
Employee 5	[REDACTED]
Employee 6	[REDACTED]
FX	[REDACTED] Vendor of AHCL)
DK	[REDACTED] Vendor of AHCL)
SY	[REDACTED] Vendor of AHCL)
VG	[REDACTED] Former Boss of PT from her previous organization)
PF/PF ECR	Provident Fund/Provident Fund Electronic Challan cum Return
ISR	Inside Sales Representative
SPOC	Single Point of Contact
Bizom	Application to capture daily activities carried out by sales laborers ([REDACTED]) including daily attendance.
DOA	Delegation of Authority



Notice to the reader

Notice to the reader (1 of 2)

- This investigation report is prepared by Deloitte Touche Tohmatsu India LLP (“Deloitte” or “DTTILLP”) on the request of Amrutanjan Healthcare Limited (“Client” or “Amrutanjan” or “You”) vide the Engagement letter dated 30 January 2023. This report is bound by the Engagement letter including scope and other terms of reference.
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- Whilst we have taken reasonable steps to corroborate the information obtained, we cannot guarantee the reliability or completeness of data received from the Client. For these reasons, this investigation report should be used for guidance purposes only. It should not form the sole basis for any decision as to a potential course of action without independent confirmation of its findings; nor should it be relied upon as preferred advice on assets or liabilities in question or the concerned entities and individuals to which it relates.
- The content of this update is based on the information and further clarifications provided to Investigation team by client until 14 July 2023. We have not independently verified the sources of information or the completeness thereof, unless stated otherwise in the investigation report.

Notice to the reader (2 of 2)

- Our comments are confidential in nature and not intended for general circulation or publication, nor are they to be reproduced or used for any purpose, in whole or in part, other than to assist with this specific matter without our prior written consent in each specific instance. We disclaim all responsibility for any costs, damages, losses, liabilities, expenses incurred by anyone as a result of circulation, publication, reproduction or use of our report contrary to the provisions of this paragraph.
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- DTTILLP is not responsible for the sufficiency of the engagement/ services or any procedures for the Client's purposes, including without limitation, for responding to the Client's obligations to its stakeholders. The procedures that Deloitte is to perform at the request of the Client, are limited in nature and do not comprehend all matters other than those issues identified and discussed with the Client. Accordingly, the procedures should not be taken to supplant other inquiries and procedures that Client should undertake for its purposes.
- Our views are not binding on any person, entity, authority or Court, and hence, no assurance is given that a position contrary to that expressed herein will not be asserted by any person, entity, authority and/or sustained by an appellate authority or a court of law.
- Although, where appropriate and made available to us by the Company, supporting evidence has been sought, we have not independently verified the sources of information unless stated otherwise in the investigation report.
- Client are cautioned that certain of the information presented to Client may be hearsay and may not be accurate or reliable when identified as being alleged, or of unknown reliability.



Background and Objective

Background and Objective

Background

Amrutanjan Healthcare Limited ("Client" or "You") is a company started in the year 1893. The company's current offerings have been segregated to 3 sub brands: Kick Out Pain for pain management, Relief for congestion management and Purity for hygiene products. From R&D to branding, retail activation to advertising communication, Amrutanjan is positioning itself as a specialist in the competitive scenario.

The Client has received a whistleblower complaint alleging the following:

Allegation 1: Allegation against [REDACTED] on potential kick backs received from marketing vendors in lieu of business.

Custodian : Employee 1

Allegation 2: Allegation on potential leakage of confidential information of the organization by [REDACTED]

Custodian: Employee 3

Allegation 3: Allegation on potential malpractices in:

a) HR (Contract Labor Management).

Custodian* : Employee 4

b) Logistics and Procurement (Raw Materials/Packing Materials).

Custodian* : Employee 5 and Employee 6

Objective

The Client Management has approached Deloitte Touche Tohmatsu India LLP ("Deloitte" or "DTTILLP" or "Us") to submit a proposal to assist them in conducting investigative procedures to meet the following objectives:

- Ascertain the veracity of the allegations.
- Gather information and formalize the factual position to support the findings.
- Identify potential modus operandi and perpetrators involved.

Review Period: 01 January 2022 to 31 December 2022.



Work Procedures Performed

Work Procedures Performed

Allegation 1: Allegation against Employee 1 on potential kick back from Marketing vendors

Discussions were conducted with the process owners [REDACTED] as designated by the Client to gain understanding on the marketing process and other relevant inputs which includes key personnel involved, their roles and responsibilities, DOA. Based on this understanding, we had requested for relevant information/data for performing the review procedures.

1. Market Intelligence

Market Intelligence procedures were conducted with sample vendors based on the business share analysis done on the PO report for the period 01 April 2022 to 31 December 2022*. The purpose of conducting market intelligence procedures was to ascertain allegation around indulgence of employees of Amrutanjan into malpractices and identify potential vendors collusions, modus operandi to the extent possible. The enquiries were carried out in a legally tenable manner by specialists, to ensure that the confidentiality of the matter is not breached. Corroborated findings from market intelligence with facts from other investigative procedures to finalize the observations:

- For TV release there were only two vendors, and both the vendors were covered as part of the market intelligence procedures.
- For Non-TV release vendors, sampling was done based on the business share amongst the vendors (High, Medium and Low). Accordingly, 5 vendors were selected for market intelligence procedures.

2. Data Analytics and Transaction testing*

- Based on the service purchase orders of AHCL for the period 01 April 2022 to 31 December 2022, listing of all paid invoices for AHCL for the period 01 January 2022 to 31 December 2022, we undertook the following analysis:
 - Identified any round sum amounts in the listing of purchase invoices.
 - Compared the invoice data to the PO data, to identify instances where the invoice value is greater than the PO value.
 - Vendor invoice date before the PO creation or approval date.
 - PO raised after the completion of services.
 - Price variation analysis over the supply of services, to identify price variations for the same service procured from the same vendor.

Based on the above procedures, the following samples were shortlisted from the TV and Non-TV release vendors and relevant documentation was obtained from the client. Review of the supporting documents for the samples were carried out to identify any suspicious transactions or indicators of potential fraud in line with the WB allegations. Clarifications were sought from the respective process owners on the observations identified from the above-mentioned procedures.

Particulars	Number of POs	Total value of POs (in INR)
Non-TV release sample	43	36,797,188
TV release sample	7	22,737,030
Total sample size	50	59,534,218

* The review period was 01 January 2022 to 31 December 2022. However, PO report were shared only for the period 01 April 2022 to 31 December 2022. Data analytics, shortlisting of samples for transaction testing and market intelligence was done based on the report for 01 April 2022 to 31 December 2022. The data pertaining to 01 January 2022 to 31 March 2022 were not provided while shortlisting the samples for transaction testing and market intelligence.

Work Procedures Performed

Allegation 1: Allegation against Employee 1 on potential kick back from Marketing vendors

3. Digital Forensics and ESI review

Digital forensic procedures were performed on 1 mobile, 1 laptop device, 1 external hard disk, server data and data under shared folder under the custody of **Employee 1** from the marketing team based on the WB allegation. Keyword based ESI review was performed for the review period to identify potential red flags around potential kickbacks received in lieu of providing business to the marketing vendors. In addition to this, review was also performed to corroborate the findings from market intelligence procedures and Data analytics and Transaction testing.

Based on the findings from data analytics and transaction testing observations, digital forensics was also performed on the mobile and laptop devices of **Employee 2** to corroborate the findings and identify additional evidences of involvement in potential kickbacks with the identified vendor and other vendors if any.

The laptop devices were acquired for imaging with both the custodian's acknowledgement on the chain of custody. The mobile device was acquired for imaging by getting their signatures on the consent form along with chain of custody.

NOTE: One of the two hard disks pertaining to the laptop device of **Employee 1** was damaged and reported to IT team on 29 December 2022. The WB complaint was received on 02 December 2022. The hard disk from his device was damaged after the WB complaint was received. The damaged disc was sent for recovery to third party by the client on 30 December 2022 and the confirmation was received from the third party on 12 April 2023 stating that the data from the hard disk could not be retrieved.

In addition to this, there were messages from SMS and WhatsApp which have been potentially deleted or complete back up data was not available for review.

4. Interviews

- Interviews were conducted with the suspect **Employee 1** to seek their clarifications on the findings and capture their response.
- Interview was conducted with the vendor [REDACTED] to gather information on kickbacks being provided to the employees of Amrutanjan if any and modus operandi.
- Interview was conducted with **Employee 2** to seek her clarifications on the findings and capture her response.

Work Procedures Performed

Allegation 2: Allegation on potential leakage of confidential information of the organization by Employee 3

1. Digital Forensics and ESI review

Digital forensic procedures were performed on 1 laptop device and Server data for **Employee 3** from the marketing team based on the WB allegation.

The laptop device was acquired for imaging with his acknowledgement in the Chain of Custody. However, **Employee 3** did not provide consent to image his mobile device and therefore this device was not imaged.

Keyword based ESI review was performed for the review period to identify potential red flags around any potential confidential data/information shared to unauthorized parties if any.

Artifacts from the system were also reviewed to understand:

- Any external devices being connected to transfer data.
- Any external softwares being installed or used which is unauthorized.
- Any unauthorized access to his device by any other user profiles other than the authorized user.

2. Interview

- Interview was conducted with **Employee 3** to seek their clarifications on the findings and capture his response.

Work Procedures Performed

Allegation 3(a): Allegation on potential malpractices in Casual Labor (HR).

Discussions were conducted with the process owners (██████████) as designated by the Client to gain understanding on the Casual labor process and other relevant inputs which includes key personnel involved, their roles and responsibilities, DOA. Based on this understanding, we had requested for relevant information/data for performing the review procedures.

1. Market Intelligence

Market Intelligence procedures were conducted with random sample vendors based on the business share for the period 01 January 2022 to 31 December 2022. The purpose of conducting market intelligence procedures was to ascertain allegation around indulgence of employees of Amrutanjan into malpractices and identify potential vendors collusions, modus operandi to the extent possible. The enquiries were carried out in a legally tenable manner by specialists, to ensure that the confidentiality of the matter is not breached. Corroborated findings from market intelligence with facts from other investigative procedures to finalize the observations.

2. Data Analytics and Transaction testing

Based on the attendance registers (Manual and Bizom), Salary Statements, Employee master file, Overtime slips and PF ECR challans of Labor vendors of AHCL for the period 01 January 2022 to 31 December 2022, we undertook the following analysis:

- Sales Laborers (██████████)
 - The Bizom attendance register was analysed in comparison with respective Salary Statement and PF ECR challans to identify the following:
 - Potential instances of salary payment without corresponding Bizom attendance.
 - Excess payment to vendors against employees whose attendance days vary between Bizom attendance and salary statement.
 - PF not being deposited with EPFO as per salary statement.
- Sales Laborers (██████████)
 - The manual attendance register was analyzed with corresponding salary statement for the period 01 January 2022 to 31 December 2022 to identify potential instances of salary payment without corresponding attendance and excess payment against employees whose attendance days vary between manual attendance and salary statement.
 - The Salary statement was compared with corresponding PF ECR challans for a sample period of 3 months to identify potential instances of PF not being deposited with EPFO.
- Production Laborers:
 - The manual attendance file is analyzed with corresponding salary statement, PF ECR challans (on a sample basis, for minimum 1 month and maximum 3 months) to identify the following:
 - Potential instances of salary payment without corresponding attendance.
 - Excess payment to vendors against employees whose attendance days vary between attendance and salary statement.
 - PF not being deposited with EPFO as per salary statement.
 - We also analyzed the Overtime slips with salary statement / invoices to identify instances where excess overtime charges are paid to the vendor on a sample review for minimum 1 months maximum 2 months.

Work Procedures Performed

Allegation 3(a): Allegation on potential malpractices in Casual Labor (HR) Contd...

Discussions were conducted with the process owners to seek their inputs on our understanding of the process around attendance validation, PF calculation, overtime payments. Subsequently, observations from the work procedures were discussed with the process owners to seek their clarifications.

3. Digital Forensics and ESI review

Digital forensic procedures were performed on 1 mobile, 1 laptop device, server data and data under shared folder under the custody of **Employee 4** from the casual labor team based on the WB allegation. Keyword based ESI review was performed for the review period to identify potential red flags around potential kickbacks received in lieu of providing business to the casual labor vendors. In addition to this, review was also performed to corroborate the findings from market intelligence procedures and Data analytics and Transaction testing.

The laptop device was acquired for imaging with the custodian's acknowledgement on the chain of custody. The mobile device was acquired for imaging by getting their signatures on the consent form along with chain of custody.

4. Interviews

- Interviews were carried out with Employee 4 to seek clarifications on the observations from the Casual labor process.

Work Procedures Performed

Allegation 3(b): Allegation on potential malpractices in Procurement (RM and PM) and Logistics.

Discussions were conducted with the process owners [REDACTED] as designated by the Client to gain understanding on the Logistics and RM/PM process and other relevant inputs which includes key personnel involved, their roles and responsibilities, DOA. Based on this understanding, we had requested for relevant information/data for performing the review procedures.

1. Market Intelligence

Market Intelligence procedures were conducted with sample vendors for RM/PM and Logistics based on the business share analysis done on the PO report for the period 01 April 2022 to 31 December 2022*. The purpose of conducting market intelligence procedures was to ascertain allegation around indulgence of employees of Amrutanjan into malpractices and identify potential vendors collusions, modus operandi to the extent possible. The enquiries were carried out in a legally tenable manner by specialists, to ensure that the confidentiality of the matter is not breached. Corroborated findings from market intelligence with facts from other investigative procedures to finalize the observations.

2. Data Analytics and Transaction testing*

Based on the service purchase orders of AHCL for the period 01 April 2022 to 31 December 2022, listing of all invoices for AHCL for the period 01 January 2022 to 31 December 2022, we undertook the following analysis:

- RM/PM:
 - Compared the invoice data to the PO data, to identify instances where the invoice value is greater than the PO value.
 - Vendor invoice date before the PO creation or approval date.
 - Price variation analysis over the supply of products, to identify price variations for the same product procured from the same vendor.
 - Price variation analysis over the supply of products and services, to identify price variations for the same product procured from multiple vendors.
 - Share of business analysis to identify vendors with high share of business with high price quote.

Based on the above analysis the following samples were selected for detailed document review. Detailed review of the supporting documents for the samples were carried out to identify any suspicious transactions or indicators of potential fraud or vendor collusion in line with the WB allegations.

Particulars	Number of Purchase orders	Total value of Purchase Orders (Value in INR)
RM Sample size	21	16,115,590
PM Sample size	12	37,97,883
Total Sample size	33	19,913,473

* The review period was 01 January 2022 to 31 December 2022. However, PO report were shared only for the period 01 April 2022 to 31 December 2022. Data analytics, shortlisting of samples for transaction testing and market intelligence was done based on the report for 01 April 2022 to 31 December 2022. The data pertaining to 01 January 2022 to 31 March 2022 were not provided while shortlisting the samples for transaction testing and market intelligence.

Work Procedures Performed

Allegation 3(b): Allegation on potential malpractices in Procurement (RM and PM) and Logistics Contd...

2. Data Analytics and Transaction testing (contd...)

- Logistics:
 - Compared the invoice data to the PO data, to identify instances where the invoice value is greater than the PO value.
 - Vendor invoice date before the PO creation or approval date.
 - Vendor with low invoicing against the PO value – Analysis on the PO list where the vendors whose “still to be delivered” value is more than 70% of the PO value.
 - Vendor with PO value concentration towards end of the calendar year – Analysis on the PO list where the POs of high value are raised towards end of the calendar year.

Based on the above procedures, **29 sample PO** were shortlisted covering **23 logistics vendors**. Detailed review of the supporting documents for the samples were carried out to identify any suspicious transactions or indicators of potential fraud or vendor collusion in line with the WB allegations.

Clarifications were sought from the respective process owners from RM/PM and Logistics process on the observations identified from the above-mentioned procedures.

3. Digital Forensics and ESI review

Digital forensic procedures were performed on the devices / drives / folders of the custodians identified by the Client as shown below based on the WB allegation. Keyword based ESI review was performed for the review period to identify potential red flags around potential kickbacks received in lieu of providing business to the casual labor vendors. In addition to this, review was also performed to corroborate the findings from market intelligence procedures and Data analytics and Transaction testing.

The laptop devices were acquired for imaging with the custodians’ acknowledgement on the chain of custody. The mobile devices were acquired for imaging by getting their signatures on the consent form along with chain of custody.

- Employee 5 : 1 Mobile, 1 Laptop Device, 1 External Hard Disk, Server data and data under shared folder
- Employee 6 : 1 Mobile, 1 hard disc from the Desktop, Server data and data under shared folder

4. Interviews

- Interviews were conducted with Employee 5 to seek clarifications on the observations from the Logistics process.
- interviews were conducted with Employee 6 to seek observations on the findings from the procurement and Logistics process.

Work Procedures Performed

Periodic updates on all Allegations

- Periodic updates were provided to Audit Chairman, the statutory audit team and the nominated AHCL management representative (CFO and Compliance Officer) discussing the progress of the investigation along with ongoing observations, to the extent possible and found appropriate, from the work procedures carried out.
- Separate discussions were taken up on periodic basis with the Audit team along with their forensic team on the scope of work, adequacy of work procedures performed and outcome of the work procedures and sought their comments and feedback.



Limitations and Challenges

Limitations and Challenges

- The WB complaint was received on 02 December 2022. The WB complaint was shared with us only on 23 January 2023. There was a delay of 52 days since the complaint was received.
- During this period, the management's internal audit team had carried out internal enquiries/reviews/investigation as part of their routine checks. To this extent, our investigation could have got impacted.
- Since the news about the investigation came up in public news at the commencement of the investigation and post reporting to SEBI as per regulation, the investigative procedures (market intelligence procedures) were impacted as most of the vendors did not come forward to provide any information pertaining to Amrutanjan.
- During imaging we observed that one of the hard disc of **Employee 1** was damaged after the WB complaint was received. The vendor could not recover the data from the damaged hard disk.
- **Employee 3** had not provided consent to image his mobile device and therefore digital forensic procedures were not conducted on his mobile device.
- The management had sought clarifications for some of the observations relating to **Employee 4** before we could formally conduct an interview.
- The review period was 01 January 2022 to 31 December 2022. However, PO report were shared only for the period 01 April 2022 to 31 Dec 2022. Data analytics, shortlisting of samples for transaction testing was done based on the report for 01 April 2022 to 31 Dec 2022. The data pertaining to January to March 2022 were not provided during the work procedures were carried out.
- The contact points (SPOCs) for Marketing, Casual Labor, Logistics, as introduced to us by compliance officer and CFO, were the heads of respective departments who are also the potential suspected employees.
- Most of the supporting documents were received in hardcopies in a partial manner for RMPM, Marketing, logistics and Casual Labor areas. The documents received initially were incomplete. We had to manually review the hard copies received and subsequently contact the relevant SPOCs for missing information or document with follow up emails which has resulted in delays.
- The AHCL vendor master data which have been shared with us did not have the contact details of most of the vendors which caused limitations to our market intelligence procedures.
- The Bizom attendance file for sales Laborers was shared incorrectly in two instances. We had to rework our analysis for the third time on the revised attendance file which as shared for the 3rd time by the IT team. We did not receive confirmation from the business team regarding the completeness of the file.
- The day wise attendance sheet for production Laborers were maintained in hard copies only and not converted to soft copies.
- The vendor employee master data was not provided for two vendors. The salary statement was not provided for one of the production labor vendor.
- The bank statements from respective casual Labor vendors were not provided to validate the payment being made to the respective casual Laborers who worked at Amrutanjan.
- Due to differences in device operating systems, device manufacturers and configurations, versioning issues and compatibility with forensic tools, the extent to which data is retrieved from individual apps (such as text messages, chat apps, audio recordings and photographs etc.) varies for each device and may result in no data being retrieved at all.
- File carving was performed on the collected laptops image to recover the deleted data and/ or content from unallocated space of acquired storage media, to the extent possible for the specific extensions.
- For the mobile devices, if file system acquisition failed, then logical acquisition was performed. For logical acquisition, it might not always be possible to extract all artefacts e.g., chats (WhatsApp), messages, deleted data, applications data etc.



Executive Summary

Executive Summary

Allegation	Names of Custodians	Key observations noted
<p>Allegation 1 : Allegation against Employee 1 on potential kick back from Marketing vendors</p>	<p>Employee 1</p>	<ul style="list-style-type: none"> • Potential collusion with a vendor named [REDACTED] where the following issues were noted: <ul style="list-style-type: none"> ➢ Single source procurements without any exception approval or justifications. ➢ Suspicious email communications indicating Employee 1 sharing guidance for commercials to an unidentified individual (neither working with [REDACTED] nor an empanelled vendor of AHCL) for a project and getting the same quotation from an empanelled vendor ([REDACTED] with inflated rates through official channel. The vendor involved acknowledged such practices of inflating quotes to accommodate potential kickback payouts. However, the project in this particular instance did not materialize. ➢ Vendor [REDACTED] acknowledged during discussion that he was providing kickbacks to Employee 1 through [REDACTED] WhatsApp evidences were shared where [REDACTED] CEO had confirmed that he paid amount of INR 4.45 lacs to [REDACTED] and within a week of this conversation, we noted a cash deposit of INR 2 Lacs in Employee 1's bank account. • There were also multiple unexplained cash deposits to a tune of INR 8 Lacs between the period 2019 to 2022 (32 months statement) where Employee 1 was not able to provide sufficient documentary evidence to confirm the source of these cash deposits. • There were instances of Employee 1 using vendors of Amrutanjan for personal purpose. He had sought assistance from two vendors for purpose of daughter's birthday banner and wife's tuition banner, respectively. • During ESI review and transaction testing procedures, we noted additional instances of potential collusion with multiple vendors by Employee 2 (Not named in original allegation). There were also financial transactions identified between Employee 2 and the vendors. The details of these instances can be found in the detailed observations.
<p>Allegation 2 : Allegation on potential leakage of confidential information of the organization by Employee 3</p>	<p>Employee 3</p>	<p>We noted two instances where in two email communications were sent from Employee 3's official email id to external email ids which had potentially confidential information:</p> <ul style="list-style-type: none"> • Email dated 30 March 2022 where Employee 3 had shared media spends for "Comfy" (product) received from [REDACTED] in November 2021 to [REDACTED] which is a competitor. The file had details about spends on behalf of [REDACTED] after discount for the months April 2021 to September 2021. Employee 3 provided clarifications stating that the purpose of sharing the spends to [REDACTED] with [REDACTED] data was for some data compilation and that the attachment did not have any specific rates related information. When we explained that even the data shared is confidential in nature and was not supposed to be shared, he acknowledged to the confidentiality policy and mentioned that he was negligent. • Email dated 28 May 2022 from Employee 3 to the personal email ID of [REDACTED] with attachments named "Digital Brief – AHCL.docx" and "ATL spends for FY 23 CMD aligned.xlsx" containing confidential information. This email is also marked to [REDACTED] Employee 1. On the same day, he had replied to her stating that he had sent it by mistake to her personal id and resent the email to her official ID. However, it could not be ascertained whether reasonable care was taken by Employee 3 to ensure that the confidential information available with [REDACTED] was deleted from her personal mail id.

Executive Summary

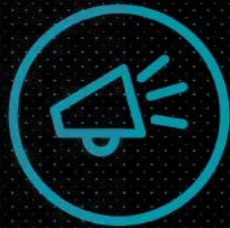
Allegation	Names of Custodians	Key observations noted
<p>Allegation 3(a): Allegation on Potential Malpractices in Casual Labor (HR)</p>	<p>Employee 4</p>	<p>Potential conflict of interest with [REDACTED]</p> <ul style="list-style-type: none"> ▪ As per practice, only the employer contribution (PF and ESI) is paid by the principal employer to the vendor. However, in case of [REDACTED], we noted that AHCL is paying both employee and employer contribution of PF and ESI resulting in a potential excess payout of INR 5.18 Lacs for the period 01 January 2022 to 31 December 2022. Further, we observed that there was no competitive quotations sought against this vendor. ▪ As per clarification provided by Employee 4: <ul style="list-style-type: none"> ➢ This vendor was onboarded in West Bengal location as an adhoc arrangement to overcome potential operational challenges faced in the location due to unrest/strike in the location. ➢ This vendor was not in the practice of depositing PF and ESI on behalf of the contract labors and paid the entire amount to the contract labor. The vendor requested for additional payment to be done towards employee’s contribution by the Company itself. ▪ However, we observed the following counter to the clarification provided by the Employee 4: <ul style="list-style-type: none"> ➢ This vendor has been onboarded not only for WB however it has been onboarded at other locations like Assam and Orissa. Further, there was no evidence of alternative vendors being explored during onboarding even in the geographies of Assam and Orissa. ➢ The practice of not depositing employee contributions of PF and ESI is a statutory non-compliance. Despite this, Employee 4 went ahead onboarding a non-compliant vendor without seeking internal management approval or guidance. Further it is to be noted per market enquiries carried out, the vendor acknowledged the fact that AHCL is the only company paying for both employer and employee contributions amongst his clients. The vendor further mentioned that they do indulge into the practice of paying kickbacks to his clients by creating buffer in invoicing. However, they did not specifically name AHCL. <p>Instances of excess payments due to lack of evidences of active existence of casual laborers for specific period</p> <ul style="list-style-type: none"> ▪ Sales Laborers: <ul style="list-style-type: none"> ➢ Per review of PF ECR challans we observed 96 instances (54 unique laborers) whose records were not present in PF ECR Challans, however payments to the vendor has been made against these laborers (amounting to INR 16.51 Lacs of potential excess payment) including salary, PF and Service Charge. 50 out of 54 unique laborers (92%) are pertaining to [REDACTED] ➢ Out of the 96 instances, per review of attendance register, we could not find attendance records for 05 laborers. In the absence of any other further evidence provided by AHCL of active existence of such contract laborers during these periods, these are definitive instances of potential excess payment made to the vendors amounting to INR 0.69 Lacs. ➢ For the balance cases where records are available in the PF ECR challans, per review of the attendance register we observed 110 instances (94 unique laborers) wherein there was no record of corresponding attendance for this period. The total payment associated with such instances is INR 20.85 Lacs. In the absence of any other further evidence provided by AHCL of active existence of such contract laborers during these periods, we cannot ascertain whether the PF deposits made by the vendor were associated for the activities carried out by the labor for AHCL during this period.

Executive Summary

Allegation	Names of Custodians	Key observations noted															
Allegation 3(a): Allegation on Potential Malpractices in Casual Labor (HR)	Employee 4	<ul style="list-style-type: none"> ▪ Production Laborers: <ul style="list-style-type: none"> ➤ Per review of PF ECR challans we observed 33 instances (25 unique laborers) whose records were not present in PF ECR Challans, however payments to the vendor has been made against these laborers (amounting to INR 3.88 Lacs) including salary, PF and Service Charge. ➤ Out of the 33 instances, per review of attendance register, we could not find attendance records for 5 instances. In the absence of any other further evidence provided by AHCL of active existence of such contract laborers during these periods, these are definitive instances of potential excess payment made to the vendors amounting to INR 0.70 Lacs. 4 out of these 5 instances were pertaining to [REDACTED] ➤ For the balance cases where records are available in the PF ECR challans, per review of the attendance register we observed 69 instances (66 unique laborers) wherein there was no record of corresponding attendance for this period. The total payment associated with such instances is INR 10.13 Lacs. In the absence of any other further evidence provided by AHCL of active existence of such contract laborers during these periods, we cannot ascertain whether the PF deposits made by the vendor were associated for the activities carried out by the labor for AHCL during this period. Out of the 69 Instances, 52 Instances were from [REDACTED] out of a sample size of 3 months and 16 Instances were pertaining to [REDACTED] were out of a sample size of 3 months. ▪ Instances of excess payments due to differences in man days between attendance register and salary statement ▪ Sales Laborers: <ul style="list-style-type: none"> ➤ Per reconciliation of the total man days as per the attendance register (Bizom and manual) against the salary statement, we observed 2,733 net excess man days in the salary statement as against the attendance register amounting to excess payment of INR 17.27 Lacs. The following is the breakup of excess payment across vendors. 															
<table border="1"> <thead> <tr> <th>Vendor Name</th> <th>Excess Man Days</th> <th>Excess Paid Amount</th> <th>Total Invoice Amount</th> <th>Percentage against the total invoice</th> </tr> </thead> <tbody> <tr> <td>[REDACTED]</td> <td>469</td> <td>323,966</td> <td>15,978,151</td> <td>2.03%</td> </tr> <tr> <td>[REDACTED]</td> <td>2264</td> <td>1,403,525</td> <td>44,345,247</td> <td>3.16%</td> </tr> </tbody> </table>			Vendor Name	Excess Man Days	Excess Paid Amount	Total Invoice Amount	Percentage against the total invoice	[REDACTED]	469	323,966	15,978,151	2.03%	[REDACTED]	2264	1,403,525	44,345,247	3.16%
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Executive Summary

Allegation	Names of Custodians	Key observations noted																																								
Allegation on Potential Malpractices in Casual Labor (HR)	3(a): Employee 4	<ul style="list-style-type: none"> Production Laborers: <ul style="list-style-type: none"> Per reconciliation of the total man days as per the attendance register (manual) on a sample basis for 7 vendors against the salary statement, we observed 190 net excess man days in the salary statement as against the attendance register amounting to excess payment of INR 1.00 Lacs. The following is the breakup of excess payment across vendors. 																																								
		<table border="1"> <thead> <tr> <th>Vendor Name</th> <th>Excess Man Days</th> <th>Excess Amount Paid</th> <th>Sample Months reviewed</th> <th>Total Invoice Value for 12 Months</th> </tr> </thead> <tbody> <tr> <td>[REDACTED]</td> <td>6</td> <td>3,234</td> <td>3</td> <td>3,517,940</td> </tr> <tr> <td>[REDACTED]</td> <td>50</td> <td>35,054</td> <td>3</td> <td>5,023,378</td> </tr> <tr> <td>[REDACTED]</td> <td>1</td> <td>835</td> <td>2</td> <td>5,261,997</td> </tr> <tr> <td>[REDACTED]</td> <td>9</td> <td>7,372</td> <td>2</td> <td>4,785,631</td> </tr> <tr> <td>[REDACTED]</td> <td>11</td> <td>Not Available</td> <td>2</td> <td>5,320,371</td> </tr> <tr> <td>[REDACTED]</td> <td>13</td> <td>10,149</td> <td>3</td> <td>3,088,501</td> </tr> <tr> <td>[REDACTED]</td> <td>100</td> <td>44,197</td> <td>3</td> <td>7,970,366</td> </tr> </tbody> </table>	Vendor Name	Excess Man Days	Excess Amount Paid	Sample Months reviewed	Total Invoice Value for 12 Months	[REDACTED]	6	3,234	3	3,517,940	[REDACTED]	50	35,054	3	5,023,378	[REDACTED]	1	835	2	5,261,997	[REDACTED]	9	7,372	2	4,785,631	[REDACTED]	11	Not Available	2	5,320,371	[REDACTED]	13	10,149	3	3,088,501	[REDACTED]	100	44,197	3	7,970,366
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Allegation on potential malpractices in logistics, Procurement (RM/PM)	3(b) : Employee 5 Employee 6	<ul style="list-style-type: none"> Per review of the ESI review, no direct evidences of potential kickbacks were observed. Per data analytics, transaction testing, while there were observations on gaps in governance were observed and discussed with AHCL and the auditors however, there were no evidence of potential kickback or favoritism observed. Per market intelligence procedures while source enquiries revealed that [REDACTED] do indulge into malpractices and also explained the modus operandi. However, they have not named AHCL as a client with whom they indulge in such practices. We further performed procedures to validate the modus operandi explained by the above vendors however we could not establish the same pattern. 																																								



Detailed Observations
Allegation 1: Allegation against Employee 1 on potential kick back from Marketing vendors

Allegation 1: Allegation against Employee 1 on potential kick back from Marketing vendors

Observations

1. Potential Collusions with Marketing Vendor [REDACTED] by Employee 1

- Per review of the supporting documents provided for 43 (**19 Unique vendors**) Non-TV POs selected as samples for transaction testing for the period 01 April 2022 to 31 December 2022, we identified that **all 3 POs for [REDACTED] were under single source procurement**. The policy requires minimum 3 quotations to be obtained. However, we were not provided with any exception approval/justification for single source procurement. While discussing with **Employee 1**, we were given to understand that prior to 2022 [REDACTED] was a subcontractor for [REDACTED]. AHCL was getting services of [REDACTED] through VT (empanelled vendor). But recently AHCL has empanelled [REDACTED] as a vendor and are now procuring services from him directly.

Per review of email data and user data of Employee 1, we noted following instances –

- Quotation prepared by a third party being used by [REDACTED] to be shared with Amrutanjan with inflated price –**
 - Per review of email dated 14 March 2022 we noted that the proposal for INR 17,76,000 for “ortho activity” was shared to **Employee 1** by [REDACTED], not being a vendor (as per vendor master). The proposal includes 3 times visit in two phase for covering 15 towns. This proposal was revised and resent again on 17 March 2022 to Employee 1 on his request citing error in cost working (details of error was not mentioned in the email). [REDACTED]
 - The revised proposal was changed to 1 visit and included additional services with revision in rates of listed services totaling to of INR 7,26,000. Later on, 10 May 2022, [REDACTED] shared the same proposal amounting to **INR 7,26,000 to [REDACTED] and copying Employee 1.** [REDACTED]
 - On 17 May 2022, proposal for said activity was submitted by [REDACTED] to [REDACTED] **Employee 1, Employee 3,** [REDACTED] [REDACTED] (all from Amrutanjan) with a quote for **INR 12,00,000.** [REDACTED]. On further analysis of this proposal, we noted that the excel sheet titled as “Proposal for Ortho activity (2022-23).xlsx” was the same proposal sheet which was shared on 14 March 2022 by [REDACTED] (“MR”) and 10 May 2022 as the creation date is **dated** 18 August 2021 and the Author of excel is “Admin”. Later the same was modified by [REDACTED] on 16 May 2022.
 - On comparing the cost estimate of proposal dated 10 May 2022 and 17 May 2022, we noted that the individual rates have been increased and the overall value has been increased from **INR 7,26,000 to INR 12,00,000.** [REDACTED]

Allegation 1: Allegation against Employee 1 on potential kick back from Marketing vendors Observations

1. Potential Collusions with Marketing Vendor [REDACTED] by Employee 1

Clarification provided by Hemanth from [REDACTED]

While discussion with [REDACTED] (CEO of [REDACTED]) we were given to understand that he was **informed by Employee 1 to route the services through [REDACTED]** stating that only empaneled companies can do business with AHCL. Therefore, for the services provided by [REDACTED] to AHCL, [REDACTED] raises invoice to [REDACTED] and subsequently [REDACTED] raises invoice to AHCL adding its margin. However, he was not sure about the mark-up added to the original invoice.

With respect to sharing of proposal for the ortho activity, we were informed that this activity was not conducted by ACTC which ties with the PO and Invoice reports basis our review. However, for the said activity, [REDACTED] mentioned that MR is Employee 1's friend, and he ([REDACTED]) was told by MR through WhatsApp conversation to forward their proposal in editable format (Excel Spreadsheet) from [REDACTED] official email id. [REDACTED]

On enquiring about his dealings with **Employee 1** regarding the modus operandi of inflating the quotations and paying kickbacks, he confessed the following information:

- He informed that he shares the proposal in "editable format" with **Employee 1**. **Employee 1** increases the price quoted in the proposal approximately by 38% to 40% and sent back the proposal to [REDACTED]. Such revised proposal was submitted to the management in pdf format by [REDACTED] through his official e-mail id. Once the payment was received, the percentage of share is transferred to **Employee 1** through cash. He stated that he was forced by **Employee 1** to have such transaction and **Employee 1's** share was only paid in cash.
- On asking about his mode of communication with **Employee 1**, he stated that **Employee 1** had introduced [REDACTED] (owner of [REDACTED] – Vendor of AHCL). He was asked to directly communicate with [REDACTED] regarding sharing of money and information as well. He added that **Employee 1**, [REDACTED] [REDACTED] are close acquaintance and [REDACTED] is politically backed.
- [REDACTED] also confirmed that out of the amount received for "2nd Invoice" a portion was paid to **Employee 1** in cash. However, the complete amount was not paid, the remaining was kept on hold despite for his continuous follow-up. He also shared the screenshots of WhatsApp conversation dated 15 November 2022 between [REDACTED] and himself wherein [REDACTED] has shared the location and in reply to that [REDACTED] has texted "Ok sir...will send now" followed with reply stating "4,45,000/- given as per the calculation sir". [REDACTED]. In line with this, we reviewed the bank statement of Employee 1 and noted a cash deposit of INR 2 Lacs on 26 Nov 2022, that is a week after the communication. [REDACTED]. Basis our analysis of Invoice report for the period 01 January 2022 to 31 December 2022, the 2nd Invoice dated 2 November 2022 of PO 4700001623 pertaining to Gated community's trails was amounting to INR 15.98 Lacs and payment was done on 9 November 2022.

Allegation 1: Allegation against Employee 1 on potential kick back from Marketing vendors Observations

Clarifications provided by Employee 1

- While discussing with **Employee1** with respect to proposal of ortho activity he mentioned that since there were two elements in this activity i.e. meeting the doctor and branding at the doctor's clinic. So, the vendor good at doctor meeting was not good in branding. So, both the vendors had interaction and visited clinic together. However, the ortho activity has never happened. Basis our Analysis of given PO and Invoice report no such activity was found.
- While specifically asking for the detailed description for cash deposit of INR 2 Lacs on 26 November 2022, Employee 1 didn't provide any sufficient documentary proof substantiating the cash deposit.

2. Financial transactions not proportionate to the salary received by Employee 1

Per review of keyword-based hits from the mobile and laptop data of **Employee 1**, we obtained the bank statements pertaining to the following period:

- HDFC Bank Statement – April 2019 to March 2020 (12 Months)
- HDFC Bank Statement – April 2020 to Nov 2020 (8 Months)
- HDFC Bank Statement – March 2021 to April 2021 (2 Months)
- HDFC Bank Statement – June 2022 to Nov 2022 (6 Months)

On analyzing the bank statements of **Employee 1**, we noted that the income and expenditures were potentially not proportionate to the salary being received from AHCL. The table below shows the Deposit through salary, non salary Deposits and withdrawals over the period of identified bank statement –

Type of transaction	April 2019 to March 2020 12 Months		April 2020 to Nov 2020 8 Months		March 2021 and April 2021 2 Months		June 2022 to Nov 2022 6 Months	
	Withdrawals	Deposits	Withdrawals	Deposits	Withdrawals	Deposits	Withdrawals	Deposits
Salary		13,89,763		10,62,039		1,06,103		9,36,602
Non-Salary	20,71,453	6,29,634	29,85,159	18,55,319	1,86,345	1,67,258	17,26,405	4,66,883
Total	20,71,453	20,19,397	29,85,159	29,17,358	1,86,345	2,73,361	17,26,405	14,03,485

While review we noted potential unexplained transactions. Further, there were cash deposits totaling to INR 8 Lacs during the period shown below. However, we were unable to identify any transactions pertaining to vendors of Amrutanjan. Below table is the summary of transaction of identified bank statement ([REDACTED])

Allegation 1: Allegation against Employee 1 on potential kick back from Marketing vendors

Observations

2. Financial transactions not proportionate to the salary received by Employee 1

Type of Transactions	Counts of Transaction	Withdrawals	Deposits
Cash Deposit	8		800,000
Cash Withdrawals	139	1,475,500	
Cheque issued in Fathers name (██████████)	8	1,292,000	
IMPS	9	5,541	50,000
Integrated ENT	1		333,648
Investment	44	222,625	22,793
LIC INST	3	336,366	
Cheque receipts /Issues	5	1,010,063	1,008,000
Motilal Oswal Security	37	1,498,742	405,993
NEFT	16	110,156	408
Online Payment (UPI transactions)	80	309,252	35,423
Pension	1	51,061	
POS	293	602,120	6,200
Tax Refund	4		282,920
Unknown Transaction	1		99,683
Grand Total	649	6,913,425	30,45,068

- On enquiring about the source of cash deposit amounting to INR 8 lacs during our interview with **Employee 1** on 03 May 2023, we weren't provided with any explanation. He had requested time to provide clarifications. As per clarifications provided by **Employee 1** on 05 May 2023, we were given to understand that INR 5.15 lacs was the cash deposit made from tuition fees received by his wife. And INR 1.75 lacs was received as a gift from his in-laws for his daughter's birthday. The balance INR 1.1 lacs for November was the RD proceeds from post office account from August 2022. However, there was no documentary evidences provided to support his assertions.

Intra day transactions in stock market through Motilal Oswal Investment Services for the period FY 2020-2021 to a tune of INR 2.6 Crs.

- Per review of user data from the device of **Employee 1**, we also observed a profit or loss statement from Motilal Oswal Investment Services for Short term equity transactions including intra day transactions. The total purchase value for the FY 2020-2021 was INR 2.66 Crs. resulting in overall short-term loss of INR 16472. (██████████)

Allegation 1: Allegation against Employee 1 on potential kick back from Marketing vendors

Observations

3. Potential use of Amrutanjan Vendors for personal purpose by Employee 1

During review we noted that services of AHCL's vendors was availed by **Employee 1** for his personal needs. Below mentioned are few instances noted:

- Per review of email trail dated 12 June 2014 we noted an email from [REDACTED] (Vendor of Amrutanjan) to **Employee 1** and copying to [REDACTED] sharing the creative design for birthday backdrop and birthday card of **Employee 1's** daughter's birthday party indicating the potential use of vendors for personal purpose. [REDACTED]
- Per review of email dated 21 March 2018 we noted an email from [REDACTED] (Vendor of Amrutanjan) to [REDACTED] and copying **Employee 1** sharing the creative design for tuition board for **Employee 1's** wife as it mentions the contact number as [REDACTED] which belongs to his wife. Later the same was shared by **Employee 1** from his official email id to his personal email id. This indicates the potential use of vendors for personal purpose. ([REDACTED])
[REDACTED]

During discussion with **Employee 1** with respect to the above observation, he stated that for the emails are for the work estimate purpose only however there is no evidence provided for the same.

4. Quotations being shared by vendor individually to Employee 1 seeking confirmation before sharing with everyone.

- Per review of email dated 23 September 2022 from [REDACTED] to **Employee 1** sharing an Estimate for "Cost towards Editing & Dubbing charges" mentioning "Can I share with everyone" indicating vendor is seeking confirmation from **Employee 1** before sending it as final. However, we could not trace the final estimate for the same. [REDACTED]

Other observations – Potential collusion with marketing vendors by Employee 2

Observations

1. Potential Collusions with Multiple vendors by Employee 2

- **Vendor name:** [REDACTED]
 - Per review of 6 invoices during the period 1 April 2022 to 31 December 2022 totalling to INR 2.09 lacs, we identified 5 instances where the properties of the invoice pdf file have author name as [REDACTED] (Employee 2). As per the organizational structure shared with us, **Employee 2** is an active employee of Amrutanjan. [REDACTED]
 - During ESI review of the devices of **Employee 2**, we noted presence of editable version of the invoice template in the user files for this vendor. In addition to this we also noted emails where **Employee 2** had created the invoice and drafted the email on behalf of the vendor and shared it with him from her official email id. Once this was done, the vendor just forwarded the same email after editing the body of the email and sent it to the Marketing team in official capacity. [REDACTED]
 - The review of SMS and emails between **Employee 2** and this vendor revealed that they had a personal relationship beyond professional conduct. In addition to this we also noted emails where she has provided detailed calculations of potential commission against each invoice done by the vendor which has information of her share, and the vendors share of potential commission. She quoted these calculations and requested for the money from this vendor. [REDACTED]
 - We also had noted one of these amounts being credited to her account two days after the calculation was shared. [REDACTED]
 - We also noted two-way financial transactions from the review of available period from June 2022 to August 2022 and 01 October 2022 to 20 October 2022. During this period, the amount of deposit is INR 0.98 lacs and withdrawal is INR 0.88 lacs. [REDACTED]

Clarifications provided by Employee 2:

During discussions with **Employee 2**, she confessed to having financial liabilities and the vendor(FX) owed her approximately INR 5 lacs. She added that by giving him the business from Amrutanjan, she subsequently intended to recover money from this vendor from the payments received by him. She admitted that the reason behind onboarding the vendor and awarding of business to him was the aforementioned quid pro quo.

- **Employee 2** confessed about not seeking alternate quotations as per the SOP and awarding business directly to [REDACTED]
- **Employee 2** stated that she assisted the vendor in creation of Invoices.
- AHCL team including **Employee 3** knows that FX is her friend. While discussing with **Employee 3**, he stated that he knows that both are just friends and nothing more than that.

When asked about her knowledge of any other instances by other employees of Amrutanjan, she stated that the senior management has their own set of vendors whom they work with.

Other observations – Potential collusion with marketing vendors by Employee 2

Observations

1. Potential Collusions with Multiple vendors by Employee 2

- **Vendor name:** [REDACTED]

- Per review of keyword-based review of email and SMS/WhatsApp communications from the mobile device and Laptop of **Employee 2**, we noted two instances where quotations of one vendor [REDACTED] had been shared with [REDACTED] and the latter was requested to “change your quote accordingly” indicating potential collusion with the vendor.

Instance 1: Quote for Medicine cover and pamphlet

Timeline	From	To	Summary of Conversation
2-Jan-2023 3:38 PM	[REDACTED]	Employee 2	Quotation from [REDACTED] received by Employee 2 over email
2-Jan-2023 3:56 PM	Employee 2	[REDACTED]	WhatsApp msg from Employee 2 to [REDACTED] with an attachment stating "This is the price I received from a vendor in Sivakasi, TN. You change your quote accordingly". The attachment was deleted and therefore not retrieved. [REDACTED]
3-Jan-2023 04:03 PM	[REDACTED]	Employee 2	Quotation from the vendor received by Employee 2 . The quotation rate provided by this vendor was still higher than that of [REDACTED]. We were unable to find the relevant PO documents or invoices pertaining to these quotations.

Instance 2: Quote for Medicine cover

Timeline	From	To	Summary of Conversation
9-Jan-2023 2:34 PM	[REDACTED]	Employee 2	Quotation from [REDACTED] received by Employee 2
9-Jan-2023 2:39 PM	Employee 2	[REDACTED]	WhatsApp msg from Employee 2 to [REDACTED] sending the quote received from [REDACTED] Later deleted [REDACTED]
11-Jan-2023 12:45 PM	[REDACTED]	Employee 2	Quotation from the vendor received by Employee 2 . The quotation rate provided by this vendor was still higher than that of [REDACTED]. We were unable to find the relevant PO documents or invoices pertaining to these quotations.

Other observations – Potential collusion with marketing vendors by Employee 2

Observations

1. Potential Collusions with Multiple vendors by Employee 2

- **Vendor name:** [REDACTED]

➤ Per review of keyword-based review of SMS/WhatsApp communications from the mobile device of **Employee 2**, we noted conversations indicating potential commissions being received from this vendor. The amount being discussed in the conversation is to a tune of **INR 1.60 Lacs**. **We were able to identify one transaction in the bank statement pertaining to a cash deposit which was made at Saki Naka location for INR 40000. The office premises of this vendor is also at the same location. We did not find the transactions pertaining to the balance amount as the bank statement for the remaining period was not available.** Please refer to the table below for the summary of the conversations.

Timeline	From	To	Summary of Conversation
04-09-2022	Employee 2	FX	Employee 2 asks FX if he has any friend in Mumbai who can collect 1.6 lacs cash from [REDACTED] [REDACTED] [REDACTED]. She also shares the office address of [REDACTED] [REDACTED] as the location where the cash is to be picked up
04-10-2022	Employee 2	SY	Employee 2 asks [REDACTED] if she has spoken to [REDACTED] about the "money transfer".
10-10-2022	Employee 2	SY	<ul style="list-style-type: none"> • [REDACTED] responds saying "40k" • Employee 2 confirms receipt • Bank account statement shows cash deposit from Saki Naka(Office location of [REDACTED] [REDACTED])
25-10-2022	Employee 2	SY	Employee 2 asks [REDACTED] on WA to check when [REDACTED] will transfer the balance 1.2 lacs [REDACTED]
28-10-2022	VG	Employee 2	<ul style="list-style-type: none"> • [REDACTED] (previous employer of Employee 2) asks her if she has received her "commission" • Employee 2 replies that 40k has been received and later says that another 80k has also been received on the same day leaving a balance of 40k.
12-01-2023	Employee 2	[REDACTED]	Employee 2 asks [REDACTED] if he can transfer the balance 40k the next day.
18-01-2023	[REDACTED]	Employee 2	[REDACTED] replies that he is travelling and will do the transfer in the following week.

Other observations – Potential collusion with marketing vendors by Employee 2

Observations

1. Potential Collusions with Multiple vendors by Employee 2

- **Clarifications provided by Employee 2:**

- With respect to conversation between [REDACTED] and [REDACTED] [REDACTED] she stated that for her father's medical treatment she was in need of money and to gain that she was asked by FX to get the same from [REDACTED] and [REDACTED]
- **Employee 2** mentioned that a common procedure is followed by everyone wherein the negotiations are done by sharing the lowest quote to another vendor and they share quote to maintain the business with existing vendor.

- **Vendor name:** [REDACTED]

- Based on our sample selected for review with respect to PO number: **4700000938** | PO Value: **INR 8,20,000** | PO date: **07-Jul-2022**, we were given to understand that such PO was raised for the requirement of 6,00,000 Comfy A5 leaflets and 50,000 A3 posters.
- As evidence of receipt of these products, we were provided with e-mail dated 14 July 2022 from Mumbai C&F team confirming the receipt Comfy POP materials of 3,30,000 pamphlets and 28000 posters through Sky print solution Andheri (Mumbai). [REDACTED]
- For balance items, we were provided with an internal mail dated 04 May 2023, wherein it was mentioned that receipt of 10000 posters and 120000 posters are **pending**. However, based on the invoice dated 25 July 2022, GRN entry was made in SAP on 03 August 2022 without validating the receipt of complete items ordered as per the purchase order. [REDACTED]
- The payment was made for full invoice value of INR 9,97,600 on 26 August 2022.

Other observations – Potential collusion with marketing vendors by Employee 2

Observations

1. Potential Collusions with Multiple vendors by Employee 2

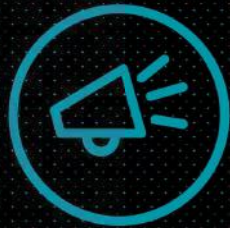
- **Vendor name:** [REDACTED]

- Per review of keyword-based hits of SMS/WhatsApp communications from the mobile device of **Employee 2**, we noted conversations where **Employee 2** had requested the vendor to transfer an amount of INR 1.6 lacs to a third person named [REDACTED]. She had also informed [REDACTED] stating that this vendor will be transferring amount to his account. We did not find the transactions pertaining to these amounts as the bank statement for this period was not available. Please refer to the table below for the details of the conversations.

Timeline	From	To	Summary of Conversation
30-12-2022	Employee 2	DK	Employee 2 explains the breakup of money to be received (1.62 lacs) from [REDACTED] to [REDACTED] on WhatsApp texts
02-01-2023	Employee 2	DK and [REDACTED]	Employee 2 asks DK to handover 1.5 lacs to [REDACTED] Employee 2 asks [REDACTED] to receive 1.5 lacs cash (Round figure) from DK

- Per review of keyword-based hits of email communications from the device of Employee 2,
 - We observed an email dated 18 September 2022 to Employee 2 where [REDACTED] have shared a quotation for posters and leaflets. Along with their quotation they had also shared a quotation from a vendor named [REDACTED] for the same products indicating potential vendor collusion. We did not find any relationship between these two vendors. [REDACTED]
 - These two quotations have been shared by Employee 2 to [REDACTED] (General Manager - Marketing Services) and [REDACTED] (Dy. Manager (Materials) with cc to [REDACTED] and **Employee 3** on 29 September 2022 requesting for a time to negotiate with these vendors [REDACTED]
 - These two quotations were used as comparative quotations along with the quotation received from [REDACTED] where [REDACTED] was the lowest bidder.

Clarifications provided by Employee 2: She stated that [REDACTED] from [REDACTED] is the brother of FX who is another vendor of Amrutanjan. The conversation regarding the money being requested from [REDACTED] pertains to the money which is owed from FX. With respect to the both the vendor quotes shared by [REDACTED] [REDACTED] she stated that, since [REDACTED] [REDACTED] is a friend of [REDACTED] [REDACTED] the latter shared the quotation of his also through his email for quote comparison and negotiation purposes. **Employee 2** informed that [REDACTED] is a friend of FX and DK.



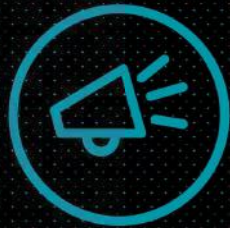
Detailed Observations

Allegation 2: Allegation on potential leakage of confidential information of the organization by Employee 3

Allegation 2: Allegation on potential leakage of confidential information of the organization by Employee 3.

Observations

- During review of keyword-based hits from the ESI data of **Employee 3**, the following observations were noted.
 - Email dated 28 November 2021 **from Employee 3 to [REDACTED]** requesting him to share media spends for Comfy for the period April 2021 to September 2021. On the same day [REDACTED] responds with the required data. On 30 March 2022 **Employee 3** forwards the **data received from [REDACTED] [REDACTED] to [REDACTED] [REDACTED] of [REDACTED] [REDACTED]**
During discussions with Employee 3, he stated that the email from [REDACTED] [REDACTED] was shared with [REDACTED] to do a compilation of spends for PAN India. But this was still a confidential information which was shared with unauthorized vendor.
 - Email dated 28 May 2022 **from Employee 3 to the personal email ID of [REDACTED]** with attachments named "Digital Brief – AHCL.docx" and "ATL spends for FY 23 CMD aligned.xlsx" **potentially containing confidential information.** This email is also marked to [REDACTED] [REDACTED] and **Employee 1**. On the same day he had replied to her stating that he had sent it by mistake to her personal id, and resent the email to her official ID. [REDACTED] [REDACTED]



Detailed Observations

Allegation 3(a): Allegation on potential malpractices in Casual Labor (HR)

Allegation 3(a): Allegation on potential malpractices in Casual Labor (HR)

Observations :

1. Potential conflict of interest with [REDACTED]

As per practice, only the employer contribution (PF and ESI) is paid by the principal employer to the vendor. However, in case of [REDACTED], we noted that AHCL is paying both employee and employer contribution of PF and ESI resulting in a potential excess payout of **INR 5.18 Lacs** for the period 01 January 2022 to 31 December 2022. Further, we observed that there was no competitive quotations sought against this vendor. [REDACTED]

As per clarification provided by **Employee 4**:

- This vendor was onboarded in West Bengal location as an adhoc arrangement to overcome potential operational challenges faced in the location due to unrest/strike in the location.
- This vendor was not in the practice of depositing PF and ESI on behalf of the contract labors and paid the entire amount to the contract labor. The vendor requested for additional payment to be done towards employee's contribution by the Company itself.

However, we observed the following counter to the clarification provided by the **Employee 4**:

- This vendor has been onboarded not only for West Bengal however it has been onboarded at other locations like Assam and Orissa. Further, there was no evidence of alternative vendors being explored during onboarding even in the geographies of Assam and Orissa.
- The practice of not depositing employee contributions of PF and ESI is a statutory non-compliance. Despite this, Employee 4 went ahead onboarding a non-compliant vendor without seeking internal management approval or guidance. Further it is to be noted per market enquiries carried out, the vendor acknowledged the fact that AHCL is the only company paying for both employer and employee contributions amongst his clients. The vendor further mentioned that they do indulge into the practice of paying kickbacks to his clients by creating buffer in invoicing. However, they did not specifically name AHCL.

Allegation 3(a): Allegation on potential malpractices in Casual Labor (HR)

Observations :

2. Instances of excess payments due to lack of evidences of active existence of casual laborers for specific period:

Sales Laborers:

- Per review of PF ECR challans we observed 96 instances (54 unique laborers) whose records were not present in PF ECR Challans, however payments to the vendor has been made against these laborers (amounting to **INR 16.51 Lacs** of potential excess payment) including salary, PF and Service Charge. **50** out of **54** unique laborers (**92%**) are pertaining to [REDACTED]
- Out of the 96 instances, per review of attendance register, we could not find attendance records for **5** laborers. In the absence of any other further evidence provided by AHCL of active existence of such contract laborers during these periods, these are definitive instances of potential excess payment made to the vendors amounting to **INR 0.69 Lacs**. The details of such instances are as shown below.

Laborer Name	Vendor Name	Month of Discrepancy	Bill Value
[REDACTED]	[REDACTED]	August 2022	8,081
[REDACTED]	[REDACTED]	April 2022	12,408
[REDACTED]	[REDACTED]	April 2022	2,902
[REDACTED]	[REDACTED]	February 2022	8,286
[REDACTED]	[REDACTED]	October 2022	37,434
Total			69,111

- For the balance cases where records are available in the PF ECR challans, per review of the attendance register we observed **110** instances (**94** unique laborers) [REDACTED] wherein there was no record of corresponding attendance for this period. The total payment associated with such instances is **INR 20.85 Lacs**. In the absence of any other further evidence provided by AHCL of active existence of such contract laborers during these periods, we cannot ascertain whether the PF deposits made by the vendor were associated for the activities carried out by the labor for AHCL during this period. The following is the breakup of excess payment among vendors.

Vendor Name	No. of Instances	No. of Unique Laborers	Bill Value	Total Invoice value for 12 months	Percentage on total invoice value
[REDACTED]	78	66	1,521,236	44,345,247	3.43%
[REDACTED]	10	6	120,352	15,978,151	0.75%
[REDACTED]	22	22	443,025	8,352,655	5.30%
Total	110	94	2,084,613	68,676,053	3.04%

Allegation 3(a): Allegation on potential malpractices in Casual Labor (HR)

Observations :

2. Instances of excess payments due to lack of evidences of active existence of casual laborers for specific period:

Production Laborers:

- Per review of PF ECR challans we observed **33 instances (25 unique laborers)** whose records were not present in PF ECR Challans, however payments to the vendor has been made against these laborers (amounting to **INR 3.88 Lacs**) including salary, PF and Service Charge.
- Out of the 33 instances, per review of attendance register, we could not find attendance records for **5 instances**. In the absence of any other further evidence provided by AHCL of active existence of such contract laborers during these periods, these are definitive instances of potential excess payment made to the vendors amounting to **INR 0.70 Lacs**. **4** out of these 5 instances were pertaining to [REDACTED] The breakup of these instances as shown below.

Vendor Names	Sample no. of months reviewed	No. of Instances	No. of Unique Laborers	Billed Amount	Total Invoice Value for 12 Months	Percentage on total invoice value
[REDACTED]	3	4	4	50,360	7,970,366	0.63%
[REDACTED]	3	1	1	20,725	3,088,501	0.42%

- For the balance cases where records are available in the PF ECR challans, per review of the attendance register we observed **69 instances (66 unique laborers)** [REDACTED] wherein there was no record of corresponding attendance for this period. The total payment associated with such instances is **INR 10.13 Lacs**. In the absence of any other further evidence provided by AHCL of active existence of such contract laborers during these periods, we cannot ascertain whether the PF deposits made by the vendor were associated for the activities carried out by the labor for AHCL during this period. Out of the 69 Instances, 52 Instances were from [REDACTED] out of a sample size of 3 months and 16 Instances were pertaining to [REDACTED] were out of a sample size of 3 months.

Vendor Names	Sample no. of months reviewed	No. of Instances	No. of Unique Laborers	Billed Amount	Total Invoice Value for 12 Months	Percentage on total invoice value
[REDACTED]	3	52	50	665,293	7,970,366	8.33%
[REDACTED]	3	16	15	326,108	3,088,501	6.59%
[REDACTED]	3	1	1	22,160	5,02,3378	0.50%

Allegation 3(a): Allegation on potential malpractices in Casual Labor (HR)

Observations :

3. Instances of excess payments due to differences in man days between attendance register and salary statement

▪ Sales Laborers:

- Per reconciliation of the total man days as per the attendance register (Bizom and manual) against the salary statement, we observed **2,733** net excess man days in the salary statement as against the attendance register amounting to excess payment of **INR 17.27 Lacs**. The following is the breakup of excess payment across vendors.

Vendor Name	Excess Man Days	Excess Paid Amount	Total Invoice Amount	Percentage on total invoice value
[REDACTED]	469	323,966	15,978,151	2.03%
[REDACTED]	2264	1,403,525	44,345,247	3.16%

▪ Production Laborers:

- Per reconciliation of the total man days as per the attendance register (manual) on a sample basis for 7 vendors against the salary statement, we observed 190 net excess man days in the salary statement as against the attendance register amounting to excess payment of **INR 1.00 Lacs**. The following is the breakup of excess payment across vendors.

Vendor Name	Excess Man Days	Excess Amount Paid	Sample Months reviewed	Total Invoice Value for 12 Months
[REDACTED]	6	3,234	3	3,517,940
[REDACTED]	50	35,054	3	5,023,378
[REDACTED]	1	835	2	5,261,997
[REDACTED]	9	7,372	2	4,785,631
[REDACTED]	11	Not Available	2	5,320,371
[REDACTED]	13	10,149	3	3,088,501
[REDACTED]	100	44,197	3	7,970,366

Allegation 3(a): Allegation on potential malpractices in Casual Labor (HR)

Observations :

4. Other Observations

- **Potential skew of business**

- **Sales Laborers**

Per review of the invoices pertaining to the 3-sales Labor contract vendors for period of 01 January 2022 to 31 December 2022, we observed the following:

Vendor	Total number of deputes	Commission per deputes (in INR)	Invoice Value (in INR)	Share of business
████████████████████	1625	400	44,345,247	64%
████████████████████	811	350	15,978,151	30%
████████████████████	398	500	8,352,655	6%

- We gather that the skew of business is for ██████████ is due to pan India operations. However, it seems rates were not negotiated despite higher economy of scale.
- ██████████ seems to be charging highest commission despite established competition charging lower value. We were given to understand that the skill of the Laborers were different, and they were hired for promotion and merchandize activities at dealer location. In addition, we also noted that Bizom access has not been provided to any of the laborers from ██████████ and attendance was being captured manually.

- **Production Laborers**

Per review of paid invoice report for the period 01 January 2022 to 31 December 2022 and corresponding contracts / agreements, we observed the following:

- ██████████ provides casual labor for production across 5 locations. The commission percentage for all these 5 locations were not consistent. In addition to this, the Alathur (House Keeping services) had highest commission charged at 12% on CTC compared to other locations and vendors. As per the management response received on 14 July 2023, the commission rates depends upon activity and location. The highest rate of 12% was paid for house keeping activity at Alathur location, which is a village. However, no further evidences were provided to confirm if there were any other vendors evaluated at this location against ██████████

Allegation 3(a): Allegation on potential malpractices in Casual Labor (HR)

Observations :

4. Other Observations – (Contd...)

- Potential skew of business
 - Production Laborers

Vendor	As per Agreement		Invoice value (INR)	Share of Business
	% on Gross	% on CTC		
[REDACTED]	7.00%	-	7,442,462	19%
[REDACTED]	-	12.00%		
[REDACTED]	7.00%	-		
[REDACTED]	-	7.00%		
[REDACTED]	-	6.00%		
[REDACTED]	5.00%	-	7,970,366	21%
[REDACTED]	-	7.50%	3,517,940	9%
[REDACTED]	-	7.00%	3,088,501	8%
[REDACTED]	7.50%	-	5,023,378	13%
[REDACTED]	-	7.00%	4,785,631	13%
[REDACTED]	-	7.00%	5,320,371	14%
[REDACTED]	Contract not provided	Contract not provided	1,118,730	3%

▪ Invoices paid after expiry of Contract

- Per review of the contracts for the production laborers we noted that Contract for [REDACTED] was provided from 01 April 2021 to 31 March 2022 which ended on 31 March 2022, However the contract for the period from 01 April 2022 was not provided to us. For the period 01 April 2022 to 31 December 2022, the vendor had invoiced amounts totaling **INR 3,50,317/-**.

Other Observations on Casual Labor

Observations :

- **Potential Financial transaction with Vendor of Amrutanjan by Employee 4**

Per review of the ESI data from the mobile device of **Employee 4**, we also noted financial transaction with a vendor named [REDACTED] who is a registered vendor of Amrutanjan. Employee 4 had received an amount of **INR 64,335** from this vendor during the period 08 December 2022 and 06 Feb 2023 as shown below.

Date	Transaction Description	Amount Credited
08 December 2022	Update! INR 21,445.00 deposited in HDFC Bank A/c XX4920 on 08-DEC-22 for XXXXXXXXXXX1573-TPT-LOAN-[REDACTED] [REDACTED] Avl bal INR 61,231.94. Cheque deposits in A/C are subject to clearing	21,445
05 January 2023	Update! INR 21,445.00 deposited in HDFC Bank A/c XX4920 on 05-JAN-23 for XXXXXXXXXXX1573-TPT-LOAN-[REDACTED] [REDACTED] Avl bal INR 99,146.89. Cheque deposits in A/C are subject to clearing	21,445
06 February 2023	Update! INR 21,445.00 deposited in HDFC Bank A/c XX4920 on 06-FEB-23 for XXXXXXXXXXX1573-TPT-LOAN AC-[REDACTED] [REDACTED] Avl bal INR 2,86,564.98. Cheque deposits in A/C are subject to clearing	21,445
Grand Total		64,335

During discussion with **Employee 4**, he stated that this vendor was involved in providing canteen supplies. He had provided a loan to this vendor to start his business and the vendor was returning the amount in equal EMIs. The aforementioned transactions were pertaining to the EMI which was being made by the vendor. These transactions were done while the vendor was actively a vendor of Amrutanjan. During source enquiries, the vendor also confirmed that he was an erstwhile employee of Amrutanjan, and he retired. Last year he had requested a loan from **Employee 4** which he had provided, and he is returning this loan amount in equal EMIs. However, **Employee 4** did not provide any supporting documents to support these assertions.

Amrutanjan Health Care Limited

Special Review Report by

PKF Sridhar & Santhanam

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1. Glossary

Abbreviation	Definition
AHCL	Amrutanjan Healthcare Limited
ESI	Electronically Stored Information
ESIC	Employees' State Insurance Corporation
EPFO	Employees' Provident Fund Organization
PF ECR	Provident Fund Electronic Challan cum Return
CMD	Chairman cum Managing Director
DMR	Daily Market Report
ISR	Interim Sales Representative
OSINT	Open-Source Intelligence Analysis
MTL	[REDACTED]
Employee 4	[REDACTED]
ABM	Area Business Manager
CSE	Customer Sales Executive
PKF S&S	PKF Sridhar & Santhanam LLP
Deloitte	Deloitte Touche Tohmatsu India LLP

2. Notice to the Reader

- The report in entirety is to be kept strictly confidential by the addressee client and its representatives and is not for circulation to any other party including for any submission to statutory authorities / court of law / regulatory agencies without PKF's prior written consent.
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 - The reader of this report acknowledges that this report was prepared at the direction of our addressee client and may not include all procedures deemed necessary for the purposes of the reader.

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3. Disclaimers and Limitations

- The report issued is to be read in totality, and not in parts, and in conjunction with the relevant sections referred to in this document.
- The scope of the transaction review is limited to the scope specified in the appointment letter.
- We have not verified the credibility of the documents submitted for our examination. We have relied on the information provided to us by AHCL / AHCL's representative, assuming the same to be correct and bona fide. During our professional services, we were provided with both written and verbal information, which has been relied upon us to be accurate. Nothing has come to our knowledge to reason a belief that the facts and data set forth in this report are not true or correct.
- Our findings are restricted to the information and explanations received by us during our review. The findings have not been disclosed or discussed with the parties / entities/ persons referred to in the report.
- All the public domain searches conducted in the databases and search engines on the names of the individuals and entities have been performed to the best of our efforts. Although such information gathered from online public records is generally accepted to be accurate, we cannot guarantee its veracity.
- The scope of our services is neither an audit conducted in accordance with generally accepted auditing standards, nor an examination of internal controls / procedures or other attestation or review services or services to perform agreed-upon procedure. The services also do not involve the expression of any opinion or any other form of assurance concerning any matters as a result of the performance of our services.
- Our services and this report are not intended to be, and shall not be construed to be, any accounting, legal, tax advice. We have not commented upon the compliances of any other law for the time being in force. Accordingly, the legal aspects have not been covered in this review.

- This report is prepared with the available information within limited time frame, assumptions and data limitations specifically mentioned in the report and the interpretations / findings of this report may undergo change(s), post receipt / discovery of any material information/fact which was not made available to us at the time of preparation of this instant report.
- This report is about the matters referred in the engagement letter from AHCL and classified based on our interpretation and findings. Having said that, this is not a legal opinion about the classification/determination/declaration of the transactions under any law.
- The report is issued solely for use of AHCL and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.
- AHCL agrees to release us and our team from any claim that may arise as a result of unauthorized use/access to the report.
- We are not liable for any damages arising out of the use of our report or our services other than as set out in the Engagement Letter.
- Appearing in any forum or court in support or witness to the report is not part of the engagement and shall be chargeable on a mutually agreeable basis.
- In relation to the details contained in this document, we have not sought views of the any other statutory, regulatory, government, judicial or quasi-judicial authority and thus will not be responsible for any divergent view that may be taken by such authority.
- This document is given on the basis of Applicable Laws in force and applied by Indian courts at the date of this Document. We will have no obligation to notify any addressee of this document of any change in Applicable Laws or its application after the date of this document.

4. Engagement Overview & Objective

AHCL has received a whistle-blower complaint on 2nd Dec 2022. The complaint was investigated by Deloitte. The Deloitte final report which was made available to us on 29th July 2023 was to be further validated on observations related to engagement of casual labour for Sales & Marketing.

The objective of this engagement is to conclude on the issues raised by Deloitte based on further inputs and data made available to us which was not earlier shared with Deloitte.

5. Scope of the Engagement:

The scope of the engagement broadly would be:

- Performing independent checks on the open observations raised by Deloitte in their final report, which was made available to us on 29th July 2023, and restrict to such open observations related to casual labour only* (Deloitte Report - Allegation 3(a) - Page 38 to Page 45)
- Examination of further inputs and documents available with AHCL but not provided to Deloitte.
- Interview with process owners, vendor & casual labourers on a need basis.
- Digital Forensic and ESI review of mail data and HDD of [REDACTED]
- OSINT analysis of the vendors referred in the Deloitte report.

6. Work Procedures Performed:

- Review of the Deloitte findings to the extent it relates to casual labour engaged for Sales & Marketing (Deloitte Report - Allegation 3 - Page 36 to Page 43)
- Process Walk through on casual labour engagements.
- Review of the contract of causal labour vendors.
- Verified underlying supporting documents like:
 - Review of Vendor & Employee master data
 - Attendance - Bizom App, Manual Input from branches.
 - PF ECR & ESI challans, Attendance records.
 - Salary statement.
 - Resume, KYC documents of the casual labourers.
 - Invoices from the manpower vendor.
 - WhatsApp chats of sales employees confirming their business activity.
 - Bank statements to confirm the receipt of salary by the casual labourers [REDACTED]
 - Bank statement of [REDACTED] for the month of Sep-22 (Source: AHCL HR Team)
- Tele interview with [REDACTED]
- Tele interview with casual labourers.
 - Calls to casual labourers by AHCL representative in our presence (4 labourers).
 - Calls to casual labourers by PKF Team independently (8 labourers)
- Analysed the Digital data with relevant keyword searches.

7. Limitations and Challenges:

- Casual labourers referred in Deloitte [REDACTED] could not be reached for getting the following proof as they have now left the organisation or could not provide data requested on time:
 - **Proof of work done:**
 - Marketing Labourers** - WhatsApp screenshot & group chats with ABM/CSE ISR expense sheet, Performance Report, Daily Sales Report, Daily Market Report, Bizom Attendance are not available for 19 labourers [REDACTED]
 - Production Labourers** - Attendance records maintained by the security and validated by HR team at unit were made available. However, documentation relating to proof of performing the specific activity by the labourer were not made available [REDACTED]
 - **Bank statements:** Bank statements for validating the payment of salary from respective labour contractor not available for 73 labourers [REDACTED]
- Bank statement of [REDACTED] was made available to us for only 1 month (Sep-2022). The vendor has refused to share bank statements for the other months.
- Production Labourer – Proof of payment of PF for (25 unique laborers) not available (salary impact -Rs. 3.88 Lakhs) (Refer First Para in Page 41 of Deloitte Final report) – not checked in the absence of employee-wise breakup.
- We have relied on the documents and information made available to us in soft copy.

8. Executive Summary

Observations having Financial Impact as reported by Deloitte in their final report which was made available to us on 29th July 2023, and the amount determined by us based on verification of additional documents/information is summarised below:

#	Observations in brief	Amount in Rs. as per	
		Deloitte	PKF S&S
1	Sales Labourers:		
a	Payment of Employee's contribution of PF and ESI made only to [REDACTED] and without approval.	5,18,820	65,715
b	Payments of salary to 5 unique labourers for whom there are no attendance records, and the names are not traceable in ECR challans	69,111	23,391
c	Payments of salary to 94 unique labourers for whom there are no attendance records, but their names appear in ECR challans	20,84,613	2,78,927
d	Difference in mandays between the salary statement and the Bizom attendance resulting in excess payment	17,27,491	87,069
2	Production labourers:		
a	Payments of salary to 5 unique labourers for whom there are no attendance records, and the names are not traceable in ECR challans	71,085	71,085
b	Payments of salary to 66 unique labourers for whom there are no attendance records, but their names appear in ECR challans	10,13,561	1,39,525
C	Difference in mandays between the salary statement and the Bizom attendance resulting in excess payment	1,00,841	1,00,841
	Grand Total	55,85,522	7,66,553

9. Observations In Detail

Observations from the Deloitte final report (which was made available to us on 29th July 2023) as inferred and understood by us along with our views on those issues are given below. However, the reader of the report is urged to read Deloitte's observations as referred under the respective observation for better understanding.

1. Observation: (Refer Page 39, Deloitte Report – "Potential Conflict of Interest with [REDACTED]')

- As per practice, only the employer contribution (PF and ESI) is paid by the principal employer to the vendor. However, in case of [REDACTED] we noted that AHCL is paying both employee and employer contribution of PF and ESI resulting in a potential excess payout of INR 5.18 Lakhs for the period 01 January 2022 to 31 December 2022. Further, we observed that there was no competitive quotations sought against this vendor.
- This vendor has been onboarded not only for West Bengal however it has been onboarded at other locations like Assam and Orissa. Further, there was no evidence of alternative vendors being explored during onboarding even in the geographies of Assam and Orissa.
- The practice of not depositing employee contributions of PF and ESI is a statutory non-compliance. Despite this, Employee 4 went ahead onboarding a non-compliant vendor without seeking internal management approval or guidance. Further it is to be noted per market enquiries carried out, the vendor acknowledged the fact that AHCL is the only company paying for both employer and employee contributions amongst his clients. The vendor further mentioned that they do indulge into the practice of paying kickbacks to his clients by creating buffer in invoicing. However, they did not specifically name AHCL.

PKF S&S Views:

The vendor was introduced [REDACTED] in 2015. Since AHCL has not made any documentary evidence available to us like vendor onboarding documents, KYC, competitive quotes etc., we are of the opinion that there is no proper validation of credentials and due diligence done for this vendor.

The practice of paying employee contribution started in February 2021 and continued till March 2023. Employee contribution of PF & ESI claimed from AHCL amounts to Rs. 8.49 lakhs for the period Feb 2021 - March 2023.

We found that Employee's contribution claimed from AHCL by [REDACTED] has not been deducted from respective employee's salary based on the verification of month-wise paysheets and invoices of [REDACTED]

Further, we have reconciled employer and employee contribution claimed from AHCL with the remittances (EPFO & ESIC) and found that only Rs. 65,715 out of Rs. 21,20,794 (Feb'21 – Mar'23) has not been remitted. [REDACTED]

The short remittance of Rs. 65,715 to be recovered from the vendor or should be regularized by remitting this amount in the respective labourer's PF ESI a/c.

Instances of excess payments due to lack of evidence of active existence of casual laborers for specific period

2. Observation: (Refer Page 40, Deloitte Report – “Sales Labourers – First point”)

Per review of PF ECR challans we observed 96 instances (54 unique laborers) whose records were not present in PF ECR Challans, however payments to the vendor has been made against these laborers (amounting to INR 16.51 Lakhs of potential excess payment) including salary, PF and Service Charge 50 out of 54 unique laborers 92 are pertaining to [REDACTED]

PKF S&S Views:

The vendor has claimed PF in only 7 out of 54 labourers and the same has been subsequently remitted and verified by us. PF not applicable for 6 Unique labourers since no salary paid during those months and only F&F was processed. We were informed that the vendor could not regularize PF for 41 unique Labourers as they are no longer in the system. It is to be noted that PF for the 41 labourers has not been claimed by the vendor hence not remitted. [REDACTED]

The revised financial impact on account of PF non-remittance is not quantified as the same has not been claimed by the vendor from AHCL. Further, the amount reported by Deloitte (Rs. 16.51 lakhs) is only the salary impact.

3. **Observation: (Refer Page 40, Deloitte Report – “Sales Labourers - second point”)**

Out of the 96 instances, per review of attendance register, we could not find attendance records for 5 laborers. In the absence of any other further evidence provided by AHCL of active existence of such contract laborers during these periods, these are definitive instances of potential excess payment made to the vendors amounting to INR 0.69 Lakhs. The details of such instances are as shown below:

Labourer Name	Vendor Name	Month of Discrepancy	Bill Value
[REDACTED]	[REDACTED]	August 2022	8,081
[REDACTED]	[REDACTED]	April 2022	12,408
[REDACTED]	[REDACTED]	April 2022	2,902
[REDACTED]	[REDACTED]	February 2022	8,286
[REDACTED]	[REDACTED]	October 2022	37,434
Total			69,111

PKF S&S Views:

Proof of work done such as ISR expense sheet, Daily Market Report, ISR Performance report and attendance records were made available for:

- a. 1 labourer [REDACTED] out of 5 labourers and found to be in order.
- b. Attendance records for three labourers have not been provided so far [REDACTED]
[REDACTED]. Financial Impact – Rs. 23,391
- c. 1 labourer [REDACTED] was not even in the [REDACTED] paysheet of Oct 2022, i.e., no payments were made to him.
[REDACTED]

4. **Observation: (Refer Page 40, Deloitte Report – “Sales Labourers - third point”)**

Observation For the balance cases where records are available in the PF ECR challans, per review of the attendance register we observed 110 instances 94 unique laborers) [REDACTED] wherein there was no record of corresponding attendance for this period The total payment associated with such instances is INR 20.85 Lakhs. In the absence of any other further evidence provided by AHCL of active existence of such contract laborers during these periods, we cannot ascertain whether the PF deposits made by the vendor were associated for the activities carried out by the labour for AHCL during this period The following is the breakup of excess payment among vendors.

PKF S&S Views:

Proof of work done such as WhatsApp screenshot, ISR expense sheet, Performance Report, Daily Sales Report, Daily Market Report, Bizom Attendance has been made available for 78 out of 94 unique labourers.

Salary paid to 16 unique labourers (17 instances) out of 94 without Bizom attendance / alternative proof of work done is Rs. 2,78,927. [REDACTED]

Production Labourers - Instances of excess payments due to lack of evidence of active existence of casual laborers for specific period

5. Observation: (Refer Page 41, Deloitte Report – “Production Labourer – second para)

Per review of attendance register, we could not find attendance records for 5 instances In the absence of any other further evidence provided by AHCL of active existence of such contract laborers during these periods, these are definitive instances of potential excess payment made to the vendors amounting to INR 0.70 Lakhs. [REDACTED]

PKF S&S Views:

No further input made available to validate the reported issues.

6. **Observation: (Refer Page 41, Deloitte Report – “Production Labourers - third para”)**

Per review of the attendance register we observed 69 instances (66 unique laborers) wherein there was no record of corresponding attendance for this period. The total payment associated with such instances is INR 10.13 Lakhs. In the absence of any other further evidence provided by AHCL of active existence of such contract laborers during these periods, we cannot ascertain whether the PF deposits made by the vendor were associated for the activities carried out by the labour for AHCL during this period. Out of the 69 Instances, 52 Instances were from [REDACTED] out of a sample size of 3 months and 16 Instances were pertaining to [REDACTED] were out of a sample size of 3 months.

PKF S&S Views:

Proof of existence of production labourers like KYC and their attendance records were sought from the respective branch locations where the labourers were deployed. Manual Attendance records maintained by the security at the unit provided to us and we have verified the same and found to be in order. However, documentation relating to proof of performing the specific task by the casual labourer were not made available. Out of 69 instances:

- **KYC Issue** - KYC documents not made available for 7 unique labourers. Financial Impact – Rs. 1,05,894
- **Attendance Issue** – Attendance records made available for 2 unique labourers not in line with attendance maintained for other casual labourers. Financial Impact – Rs. 33,631

[REDACTED]

7. **Observation: (Refer Page 42, Deloitte Report – “Sales Laborers”)**

Per reconciliation of the total man days as per the attendance register Bizom and manual) against the salary statement, we observed 2,733 net excess man days in the salary statement as against the attendance register amounting to excess payment of INR 17.27 Lakhs. The following is the breakup of excess payment across vendors:

Vendor Name	Excess Mandays	Excess Paid Amount	Total Invoice Amount	Percentage on total invoice value
[REDACTED]	469	323,966	15,978,151	2.03%
[REDACTED]	2264	1,403,525	44,345,247	3.16%

PKF S&S Views:

[REDACTED] 469 mandays is for the period of Feb 22 to Dec 22, out of which 391 mandays pertains to Aug 22 to Nov 22. We have verified and reconciled the attendance between Bizom & salary statement for the period Aug 22 to Nov 22 and found the difference of 110 mandays after verification of the respective branch’s actual manual inputs like week-offs and delays in creation of Bizom ID (difference date of joining and date of creation of the ID).

No documentary evidence made available to justify the difference of 110 mandays **(Financial Impact - Rs. 75,983)**.

[REDACTED] 2264 mandays is for the period of Feb 22 to Dec 22, out of which 1183 mandays pertains to Aug 22 to Nov 22. We have verified and reconciled the attendance between Bizom & salary statement for the period Aug 22 to Nov 22 and found the difference of 18 mandays after verification of the respective branch’s actual manual inputs like week-offs and delays in creation of Bizom ID (difference date of joining and date of creation of the ID).

No documentary evidence made available to justify the difference of 18 mandays **(Financial Impact - Rs. 11,086)**.

8. Observation: (Refer Page 42, Deloitte Report – “Production Labourers”)

Per reconciliation of the total man days as per the attendance register (manual) on a sample basis for 7 vendors against the salary statement, we observed 190 net excess man days in the salary statement as against the attendance register amounting to excess payment of INR 1.00 Lakhs.

PKF S&S Views:

No further input made available to validate the reported issues.

9. Observation: (Refer Page 43, Deloitte Report - “Potential Skew of Business - Sales Labourers”)

██████████ seems to be charging highest commission despite established competition charging lower value. We were given to understand that the skill of the Laborers were different, and they were hired for promotion and merchandize activities at dealer location.

Service charges per manpower is charged at Rs. 500 despite established competition charging lower service charges (Rs. 350 to Rs. 400)

PKF S&S Views:

AHCL has clarified that the skills of the Laborers provided by this vendor were different, and they were hired for promotion and merchandize activities at modern trade outlets.

[REDACTED]

10. Observation: (Refer Page 45, Deloitte Report - “Potential Financial transaction with Vendor of Amrutanjan by Employee 4”)

ESI data from the mobile device of [REDACTED] (Employee 4) showed financial transactions with a vendor named [REDACTED] [REDACTED] who is a vendor of Amrutanjan. Employee 4 had received an amount of Rs. 64,335 from this vendor during the period December 22 to Feb 2023.

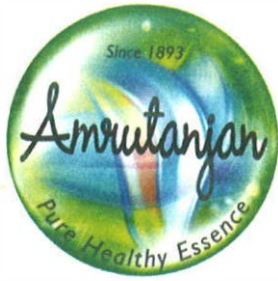
PKF S&S Views:

Employee 4 has clarified that he has given Rs. 5.07 Lakhs as personal loan in March 2022 to MTL and receiving Rs. 21,445 per month since April 2022 as EMI (principal + interest). This transaction, according to him, is purely to help his friend to tide over his business needs.

The employee has provided the following documents to us as proof for the loan given and the same has been verified and found to be in order:

- a) HDFC bank statement of March 2022 showing “personal loan net disbursement” - Rs. 3,07,502
- b) HDFC bank statement of March 2022 showing payment to [REDACTED] - Rs. 5,07,492
- c) HDFC bank statement of April 2022 showing receipt of Rs. 21,445 from [REDACTED]

Employee 4 has not given any documentary evidence regarding the source of Rs. 2 lakhs (Rs. 5,07,492 – Rs. 3,07,502). He has clarified that the source of Rs. 2 lakhs is from personal savings.



2nd August 2023

The Company's Management's comments on the findings of the abovementioned reports are as follows:

1. Allegation against employee in Marketing on potential kick back from Marketing vendors

In respect of potential kickbacks of Rs. 8.65 lakhs received by the delinquent employees from the marketing vendors of the Company, **the management has taken necessary action against them by relieving them from their duties.** Further, the Company is in the process of recovering the potential pecuniary benefits received by the involved employees with the necessary legal assistance. The management believes that the impact of this matter is not material to the financial statement.

2. Allegation on potential leakage of confidential information of the organization

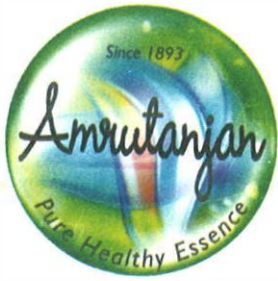
In respect of the allegation 2 of potential leak of confidential information, the management of the Company assures that **there has not been any leakage of confidential information** and the security and integrity of our data and confidential information remains intact. Employees handling confidential information of the Company have been cautioned to be vigilant while sharing information with vendors for any purpose.

3 (a) Allegation on potential malpractices in casual labour:

The financial impact reported by M/s. Deloitte Touche Tohmatsu India LLP in respect of allegation 3(a) on potential malpractice identified in the area of engagement of casual labour for sales activities was drastically reduced to Rs. 7.66 lakhs by M/s. PKF Sridhar & Santhanam LLP, based on (i) additional documents furnished by the Company and (ii) a comprehensive independent review of the allegation. The management believes that the impact of this matter is not material to the financial statement.

HR attendance process in the area of casual labour was identified by the forensic auditors as needing improvement. **This issue has been currently resolved by the Company by adoption of a digitized attendance system across the company.**

The Company has initiated the process of recovery of the excess amount received by the vendors and casual labourers, wherever the same has been quantified and identified in the abovementioned reports.



Additionally, the Company would like to clarify the circumstances under which a particular casual labour vendor was onboarded in West Bengal. In 2015, West Bengal had emerged as one of the highest revenue generating states for the Company, making it strategically significant for the Company's business operations. To efficiently manage and cater to the increasing demand in West Bengal, additional manpower was required to take care of the sales and marketing activities. The particular vendor was onboarded as an adhoc arrangement to overcome the operational challenges existing in that region, given the labour situation in the State. The onboarding decision was taken in the best interests of the Company as sufficient manpower in West Bengal was vital to avoid any adverse impact on the Company's business in the State. At no point did the Company want to compromise on adherence to applicable labour laws or ethical standards while making this decision. The engagement of this vendor was aimed solely at safeguarding the continuity of the Company's business in West Bengal during exceptional circumstances. Remedial measures have been subsequently initiated by the Company when it was brought to the notice of the company to ensure compliance with the applicable labour laws and regulations.

Further, **the Company has strengthened the onboarding process for casual labour vendors** including a system of thorough assessment of their credentials prior to their onboarding. Also, the Company has introduced robust monitoring mechanisms to ensure that the appointment of casual labourers is formalized by the respective vendors and verification checks have been introduced by the Company to ensure that the vendors comply with the applicable regulations and that the PF and ESI contributions they claim to have been paid to the authorities on behalf of their employees, are accurately remitted.

3. (b) Allegation on potential malpractices in logistics and procurement:

Deloitte have not found any irregularity in the materials procurement & logistics areas