

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

**Statement on Impact of Audit Qualifications for the Financial Year ended 31 March 2017**

**[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]**

| I. | Sl. No. | Particulars   | Audited Figures<br>(as reported before<br>adjusting for<br>qualifications)<br><br>(in Rs. lakhs) | Adjusted Figures<br>(audited figures<br>after adjusting for<br>qualifications)<br><br>(in Rs. lakhs) |
|----|---------|---|--|--|
|    | 1.      | Total income  | 116,338.83   | 116,338.83   |
|    | 2.      | Total expenditure   | 208,520.47   | 208,520.47   |
|    | 3.      | Net loss after tax  | (79,270.71)  | (79,270.71)  |
|    | 4.      | Earnings per share (Basic and diluted)                              | (71.89)  | (71.89)  |
|    | 5.      | Total assets  | 232,802.06   | 232,802.06   |
|    | 6.      | Total liabilities   | 232,802.06   | 232,802.06   |
|    | 7.      | Net worth   | 52,848.42  | 52,848.42  |
|    | 8.      | Any other financial item(s) (as felt appropriate by the management) | -  | -  |

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

**a. Audit qualification in Independent Auditors' Report:**

- The company is in process of updating fixed assets register required under Companies Act, 2013. Company has adopted fair market value based on the Chartered Engineer reports in line with requirements of Ind -AS and provided depreciation accordingly in the quarter under review. As the company has provided the depreciation on the fair market value of the Block of assets, it could have been different if the company would have provided it on the fair market value of each individual asset with its corresponding impact on reserves and surplus and Fixed Assets."*



**Audit qualification in Annexure B to the Independent Auditors' Report:**

2. *The Company has not updated fixed asset register giving breakup of cost of each class of assets and its component and Capital Work in Progress, so as to enable reconciliation of physical verification with financial records and ascertainment of depreciation/impairment. This may have an effect on incorrect reporting of profit/ loss, net fixed assets, including Capital Work in Progress and the reserves at the end of the year.*
3. *The Company needs to maintain records of movement of inventories at third party site to ensure control over the same. This may have an effect of incorrect reporting to banks and internal MIS to the management.*
4. *The Company needs to strengthen its documentation over purchase and sales of bought out components to ensure adequate internal checks and correct accounting of the transactions.*
5. *The Company needs to maintain material wise details of sales, purchases and consumption. Further, the Company needs to maintain listing of purchase order for capital goods to determine capital commitment. This will ensure compliance with the disclosure requirement of the Act. \**

**b. Type of Audit Qualification : Qualified Opinion / Disclaimer of Opinion / Adverse Opinion**

Qualified opinion

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

Second time

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

No impact has been quantified by the Auditors for all the qualification mentioned in point no (a) above

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

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

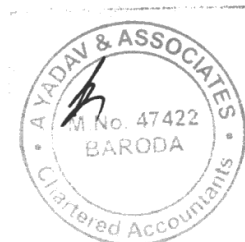
(ii) **If management is unable to estimate the impact, reasons for the same:**

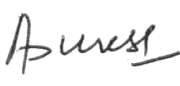

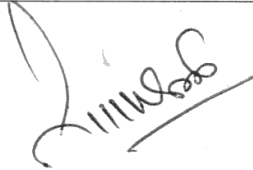

With respect to qualification no.1 as mentioned in point (a) above, the Company does not have adequate details of cost of each assets, its significant component and capital work in progress capitalized during the year and in earlier years. As a result of which, the Company is unable to calculate the correct depreciation and hence the management is unable to estimate the impact on the profit for the year, reserves at the year end and the value of the net assets carried forward in the standalone financial statements. The Company is in process of updating its fixed assets register having all the required details to calculate the impact of depreciation which will be adjusted in the books of accounts on completion.

With respect to qualification no. 2 to 5 as mentioned in point (a) above, the Company has noted the Auditor's observations with respect to internal control over financials reporting. The Company has taken the cognition of the control aspect and is in the process of evaluating suitable measures to be adopted to implement the internal control system wherever it is lacking and needs improvement for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

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

Auditors agree with management view as mentioned in point (i) and (ii) above



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| <b>III.</b>   | <b>Signatories</b>   |
| <b>Amit Bhatnagar</b><br><b>(Managing Director and Chief Financial Officer)</b><br><br><b>Vadodara</b>  |    |
| <b>Sumit Bhatnagar</b><br><b>(Joint Managing Director)</b><br><br><b>Vadodara</b>   |   |
| <b>Nivedita Pandya</b><br><b>Independent Director</b><br><b>(Audit Committee Chairperson)</b><br><br><b>Vadodara</b>  |    |
| <b>Arvind Yadav</b><br><b>A Yadav &amp; Associates</b><br><b>Firm Registration No. 129725W</b><br><b>Partner Membership No. 047422</b><br><br><b>Vadodara</b> |  |
| <b>Date: 20 April 2017</b>  |  |



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

**Statement on Impact of Audit Qualifications for the Financial Year ended 31 March 2017**

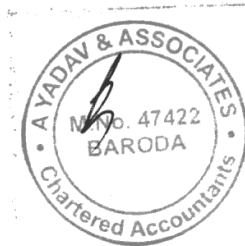
[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

| I. | Sl. No. | Particulars   | Audited Figures<br>(as reported before<br>adjusting for<br>qualifications)<br><br>(in Rs. lakhs) | Adjusted Figures<br>(audited figures<br>after adjusting for<br>qualifications)<br><br>(in Rs. lakhs) |
|----|---------|---|--|--|
|    | 1.      | Total income  | 116,345.29   | 116,345.29   |
|    | 2.      | Total expenditure   | 208,523.75   | 208,523.75   |
|    | 3.      | Net loss after tax  | (80,654.65)  | (80,654.65)  |
|    | 4.      | Earnings per share (Basic and diluted)                              | (73.14)  | (73.14)  |
|    | 5.      | Total assets  | 232,815.91   | 232,815.91   |
|    | 6.      | Total liabilities   | 232,815.91   | 232,815.91   |
|    | 7.      | Net worth   | 528,44.48  | 528,44.48  |
|    | 8.      | Any other financial item(s) (as felt appropriate by the management) | -  | -  |

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

**a. Audit qualification in Independent Auditors' Report:**

- The Holding company is in process of updating fixed assets register required under Companies Act, 2013. Company has adopted fair market value based on the Chartered Engineer reports in line with requirements of Ind -AS and provided depreciation accordingly in the quarter under review. As the company has provided the depreciation on the fair market value of the Block of assets, it could have been different if the company would have provided it on the fair market value of each individual asset with its corresponding impact on reserves and surplus and Fixed Assets."*
- Apex Electricals Limited ("Apex"), an associate company, has applied for restructuring under BIFR since 2011. As the financial statements of Apex are not prepared post the date of filing, the Holding Company's share in the profit/loss in Apex is not included in the consolidated financial statements of the Group. Consequently, the adjustment, if any, would be made on receipt of financial statements of Apex.*



**Audit qualification in Annexure B to the Independent Auditors' Report:**

3. *The Holding Company has not updated fixed asset register giving breakup of cost of each class of assets and its component and Capital Work in Progress, so as to enable reconciliation of physical verification with financial records and ascertainment of depreciation/impairment. This may have an effect on incorrect reporting of profit/ loss, net fixed assets, including Capital Work in Progress and the reserves at the end of the year.*
4. *The Holding Company needs to maintain records of movement of inventories at third party site to ensure control over the same. This may have an effect of incorrect reporting to banks and internal MIS to the management.*
5. *The Holding Company needs to strengthen its documentation over purchase and sales of bought out components to ensure adequate internal checks and correct accounting of the transactions.*
6. *The Holding Company needs to maintain material wise details of sales, purchases and consumption. Further, the Holding Company needs to maintain listing of purchase order for capital goods to determine capital commitment. This will ensure compliance with the disclosure requirement of the Act.*

**b. Type of Audit Qualification : Qualified Opinion / Disclaimer of Opinion / Adverse Opinion**

Qualified opinion

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

Second time

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

No impact has been quantified by the Auditors for all the qualification mentioned in point no (a) above

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

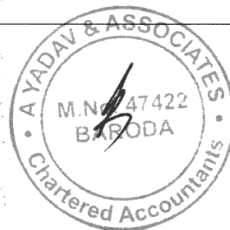
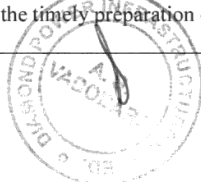
(i) **Management's estimation on the impact of audit qualification: NIL**





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

With respect to qualification no. 1 as mentioned in point (a) above, the Company does not have adequate details of cost of each assets, its significant component and capital work in progress capitalized during the year and in earlier years. As a result of which, the Company is unable to calculate the correct depreciation and hence the management is unable to estimate the impact on the profit for the year, reserves at the year end and the value of the net assets carried forward in the consolidated financial statements. The Company is in process of updating its fixed assets register having all the required details to calculate the impact of depreciation which will be adjusted in the books of accounts on completion.

With respect qualification no. 2 as mentioned in point (a) above, Apex Electricals Limited ('Apex') has applied for restructuring under BIFR since 2011, and since the matter is currently sub-judice and pending before the BIFR committee for final outcome, the management of Apex have not prepared the financial statements. In absence of the financial statements of Apex, the management of the Company is unable to estimate the impact on the consolidated financial statements.

With respect to qualification no. 3 to 6 as mentioned in point (a) above, the Company has noted the Auditor's observations with respect to internal control over financials reporting. The Company has taken the cognition of the control aspect and is in the process of evaluating suitable measures to be adopted to implement the internal control system wherever it is lacking and needs improvement for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.



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|             | (iii) Auditors' Comments on (i) or (ii) above:<br>Auditors agree with management view as mentioned in point (i) and (ii) above   |
| <b>III.</b> | <b>Signatories</b>   |
|             | <p><b>Amit Bhatnagar</b><br/>(Managing Director and Chief Financial Officer )</p> <p>Vadodara</p>   |
|             | <p><b>Sumit Bhatnagar</b><br/>(Joint Managing Director)</p> <p>Vadodara</p>   |
|             | <p><b>Nivedita Pandya</b><br/>Independent Director<br/>(Audit Committee Chairperson)</p> <p>Vadodara</p>                                      |
|             | <p><b>Arvind Yadav</b><br/>A Yadav &amp; Associates<br/>Firm Registration No. 129725W<br/>Partner Membership No. 047422</p> <p>Vadodara</p>  |
|             | <b>Date: 20 April 2017</b>   |

