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June 20, 2017

National Stock Exchange of India Ltd.

Exchange Plaza, C-1, Block-G,
Bandra-Kurla Complex, Bandra (E),
Mumbai – 400 051.

Script code : PAEL

BSE Limited

Floor 25, P J Towers,
Dalal Street,
Fort, Mumbai – 400 001.

Script code : 517230

Dear Sirs,

Sub.: Signed copy of Audit Qualified Opinion dated 19.6.2017 - Outcome of Board Meeting and submission of approved Consolidated Audited Financial Results along with Audit Report for the quarter and year ended as on March 31, 2017

With further reference to our letter under ref:8 dated 19.6.2017 with regard to Outcome of Board Meeting and submission of approved Consolidated Audited Financial Results along with Audit Report for the quarter and year ended as on March 31, 2017, we enclose herewith Audit Qualified Opinion dated 19.6.2017 duly signed by Mr. John. O. Band, Chairman of Audit Committee.

Kindly take the same on your records.

Thanking you,

Very truly yours,
For **PAE Limited**



Pritam A. Doshi
Managing Director
DIN: 00015302



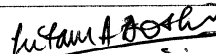
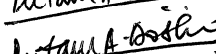

Encl: a/a

PAE LIMITED

Registered office: 69, Tardeo Road, Mumbai - 400 034 • Phone: +91 22 66185799 • Fax: +91 22 66185757 • www.paeltd.com
CIN: L99999MH1950PLC008152

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2017 (Consolidated Financial Statement)

SI No.	Particulars	Audited Figures(as reported before adjusting for qualifications)	Audited Figures(as reported after adjusting for qualifications)
1	Total Income	-	-
2	Total Expenditure	-	-
3	Net Profit/(loss)	-	-
4	Earnings Per Share	-	-
5	Total Assets	-	-
6	Total Liabilities	-	-
7	Net Worth	-	-
ii	Audit Qualifications:		
a	<p>Details of Audit Qualifications:</p> <p>1. Going Concern: We draw your attention that Net Worth of the group is negative at the end of the year. It has incurred accumulated losses of Rs. 6595.16 lacs till end of the year including profit of Rs. 103.10 lacs for the current year. Despite this, for the reasons mentioned in Note No. 36 to the consolidated financial statements, the accounts have been prepared on going concern basis. This condition indicates existence of a material uncertainty that may cast significant doubt about the Company's ability to continue on a going concern basis. We don't have the appropriate audit evidence to consider the Company to continue as going concern.</p> <p>2. Balance Confirmation: The balance of sundary debtors, sundry creditors, warranty receivable, warrant payable and warranty stock are subject to confirmation and reconciliation.</p> <p>3. Depreciation: The Independent Auditor of a Subsidiary of the Company, Shurjo Energy Private Limited, have qualified their audit opinion on its financial statements for the year ended March 31, 2017 in respect of Depreciation being provided at the rates prescribed in the erstwhile Schedule XIV to the Companies Act, 1956, instead of providing depreciation based on the useful life of the assets as prescribed in Schedule II to the Companies Act, 2013. We are therefore unable to comment on the impact of the above, on the consolidated loss for the year and the balance reported in the consolidated balance sheet as at the end of the year.</p> <p>4. Impairment of Fixed Assets: the Independent Auditor of a Subsidiary of the Company, Shurjo Energy Private Limited, have qualified their audit opinion on its financial statements for the year ended March 31, 2017 in respect of impairment of Property, Plant & Equipment as the manufacturing activity of the company has been discontinued, the carrying amount of Property, Plant & Equipment needs to be impaired, however the company is carrying the Property, Plant & Equipment at historical cost and no impairment loss has been provided in books of accounts as required by Accounting Standard 28 (AS-28). The quantum of impairment loss is not ascertained.</p> <p>5. Emphasis of matter: The Independent Auditor of a Subsidiary of the Company, Shurjo Energy Private Limited, in their audit report for the year ended March 31, 2017 have drawn attention to the matter stated in Note No. 43 to the consolidated financial statements that the accumulated losses of the Company for Rs. 1172.32 lacs (including current year loss of Rs. 20.99 lacs) at the year end exceed company's networth. Despite this, Company has prepared the accounts on going concern basis.</p>		
b	Type of Audit Qualification: Qualified Opinion		
c	Frequency of qualification:	Going Concern	Second Year
		Depreciation	Third Year
		Impairment of Fixed Assets	Second Year
		Emphasis of Matter	First Year

d	For Audit Qualification where the impact is not quantified by the auditor:	
i)	Reason for the same:	
	<p>1. Going Concern: The management and Board of Directors of the group have initiated various steps like cost reduction, identifying non core assets for monetisation, which will improve the cash flows. Further, steps are also being taken to evaluate various alternatives for raising funds and resolution of debts. The Board of Directors expects improvement in the business results in the forthcoming years. Accordingly, the financial statements have been prepared on going concern basis.</p>	
	<p>2. Balance Confirmation: The company is in process of reconciling the same.</p>	
	<p>3. Depreciation: In case of Shurjo Energy Private Limited, in the absence of availability of details, depreciation has been provided at the rates prescribed in the erstwhile Schedule XIV to the Companies Act, 1956 instead of providing depreciation based on the useful life of the assets, as prescribed in Schedule II to the Companies Act, 2013. The impact of the above, on the loss for the year and the balance reported in the Balance sheet as at the end of the year could not be ascertained.</p>	
	<p>4. Impairment of Fixed Assets: In the case of Shurjo Energy Pvt. Ltd. the impairment loss on fixed assets has not been provided as required by AS-28. The company is carrying the cost of fixed assets at historical cost. Impairment loss arising out of the same will be accounted as and when the same is realised on sale of assets.</p>	
	<p>5. Emphasis of Matter: The Board of Directors expects improvement in the business results in the forthcoming years.</p>	
ii)	Auditors' Comments on above:	
	<p>1. Going Concern: We have relied upon (a) default of loans and notice issued under SARFAESI Act 2002 and bankers have taken symbolic possession of the property and have filed a securitization application. (b) negative cash flow, (c) Net Worth erosion</p>	
	<p>2. Balance Confirmation: The company has pending litigation with various vendors against which counter claims have been raised which may impact the financial position of the company. Latest status is not available for verification.</p>	
	<p>3. For Depreciation, Impairment of fixed assets and Emphasis of Matter we have relied upon the Independent Auditors Report of Subsidiary company for the year ended 31st March, 2017</p>	
iii)	Signatories:	
	Managing Director:	
	CFO:	
	Audit Committee Chairman:	
	Statutory Auditor:	R.C. Vaidya
	Place: Mumbai	
	Date: June 19, 2017	