

**(Under Corporate Insolvency Resolution Process)**

August 21, 2018

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

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

**Sub: Outcome of Meeting - Approval of Audited Financial Results (Standalone and Consolidated) for the Quarter and year ended March 31, 2018**

**Ref: Security Symbol – ORCHIDPHAR**

Dear Sir/Madam,

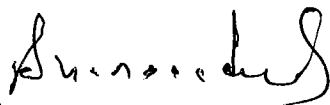
In accordance with Regulation 33 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015, we would like to inform that the Resolution Professional at a meeting held on August 21, 2018 has considered and approved the Audited Financial Results (both Standalone and Consolidated) of the Company for the Quarter (Q4 of FY 2017-2018) and Year ended March 31, 2018.

A copy of the Audited Financial Results and Auditors Report along with Statement on Impact of Audit qualifications on the Standalone and Consolidated financial statements of the Company for the year ended 31<sup>st</sup>March, 2018 is enclosed for your reference and records.

Kindly take the above information on your records.

Thanking you,

Yours faithfully,



**L Chandrasekar**  
**Executive VP – Finance & Secretary**



**Orchid Pharma Limited**

Regd. Office: 'Orchid Towers' #313, Valluvar Kottam High Road, Nungambakkam, Chennai - 600034, Tamil Nadu, India  
 Ph. +91 - 44 - 2821 1000 / 2823 0000 Fax: +91 - 44 - 2821 1002 Email: id. corporate@orchidpharma.com Website: www.orchidpharma.com  
 CIN : L2422TN1992PLC022994

**Statement of Audited Standalone and Consolidated Financial Results for the quarter and year ended March 31, 2018 under Ind AS**

S.No	Particulars	Stand alone financial results				Consolidated financial results	
		For the quarter ended		For the year ended		For the year ended	
		March 31, 2018 (Audited)	December 31, 2017 (Unaudited)	March 31, 2017 (Audited)	March 31, 2018 (Audited)	March 31, 2017 (Audited)	March 31, 2018 (Audited)
1	<b>Income from Operations</b>	15,578.51	14,423.89	20,762.20	64,900.18	76,521.10	80,743.66
2	Net Sales / Income from operations	141.57	835.93	927.33	1,986.72	3,655.34	2,732.05
3	<b>Total Income (1+2)</b>	<b>15,720.08</b>	<b>15,259.82</b>	<b>21,689.53</b>	<b>66,886.90</b>	<b>80,176.44</b>	<b>83,475.71</b>
4	<b>Expenses</b>						
	Cost of materials consumed	7,306.26	6,329.13	9,254.94	32,710.36	33,954.60	34,783.22
	Purchase of stock-in-trade - Traded goods	35.71	33.62	35.13	119.74	2,601.75	2,601.75
	Changes in inventories of raw material, work-in-progress, stock-in-trade and finished goods	(445.80)	(22.54)	345.04	256.64	190.04	756.97
	Employee benefit expenses	2,121.00	1,953.50	1,563.81	8,239.47	7,466.60	7,941.03
	Finance costs	7,913.52	7,617.66	12,022.69	30,164.80	33,626.56	33,626.56
	Depreciation and amortization expense	3,256.84	3,347.83	3,492.36	13,329.29	13,331.29	14,105.17
	Excise Duty on Sales	-	-	273.80	483.25	1,093.25	1,093.25
	Other expenses	5,784.57	4,770.96	14,721.24	21,730.39	32,363.88	33,115.74
	<b>Total Expenses</b>	<b>25,972.10</b>	<b>24,030.16</b>	<b>41,709.01</b>	<b>1,07,033.94</b>	<b>1,25,238.57</b>	<b>1,10,708.22</b>
5	<b>Profit/ (loss) before exceptional items and tax (3-4)</b>	<b>(10,252.02)</b>	<b>(8,770.34)</b>	<b>(20,019.48)</b>	<b>(40,147.04)</b>	<b>(45,062.13)</b>	<b>(45,751.74)</b>
6	Exceptional items	-	-	-	-	(8,625.85)	(8,625.85)
7	<b>Profit/ (loss) before tax (5+6)</b>	<b>(10,252.02)</b>	<b>(8,770.34)</b>	<b>(20,019.48)</b>	<b>(40,147.04)</b>	<b>(53,687.98)</b>	<b>(54,377.59)</b>
8	<b>Tax expense</b>						
	Current tax	-	-	-	-	-	-
	Deferred tax	(1,014.74)	(1,046.96)	(1,190.57)	(4,773.43)	(4,834.22)	(4,834.22)
	<b>Total Tax Expenses</b>	<b>(1,014.74)</b>	<b>(1,046.96)</b>	<b>(1,190.57)</b>	<b>(4,773.43)</b>	<b>(4,834.22)</b>	<b>(4,834.22)</b>
9	<b>Profit/ (loss) for the period from continuing operations (7-8)</b>	<b>(9,237.28)</b>	<b>(7,723.38)</b>	<b>(18,828.91)</b>	<b>(35,373.61)</b>	<b>(48,553.76)</b>	<b>(49,543.37)</b>
10	<b>Profit/ (Loss) from discontinued operations</b>	-	-	-	-	-	-

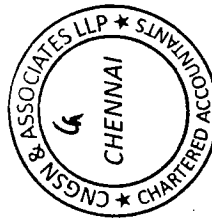


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11	Tax expense of discontinued operations	-	-	-	-	-	-	-	-	-	-	-
12	Profit / (Loss) from discontinued operations (after tax) (10-11)	(9,237.28)	(7,723.38)	(18,828.91)	(35,373.61)	(48,853.76)	(35,276.84)	(49,543.37)	-	-	-	-
13	Profit/ (loss) for the period (9+12)	192.64	(39.65)	(35.40)	74.22	(157.62)	74.22	(157.62)	-	-	-	-
14	Other comprehensive income , net of income tax a) (i) items that will not be reclassified to profit or loss (ii) income tax relating to items that will not be reclassified to profit or loss b) (i) items that will be reclassified to profit or loss (ii) income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-	-	-	-	-	-	-
	<b>Total other comprehensive income, net of income tax</b>	<b>192.64</b>	<b>(39.65)</b>	<b>(35.40)</b>	<b>74.22</b>	<b>(157.62)</b>	<b>74.22</b>	<b>(157.62)</b>				
15	<b>Total comprehensive income/ (loss) for the period (13+14)</b>	<b>(9,044.64)</b>	<b>(7,763.03)</b>	<b>(18,864.31)</b>	<b>(35,299.39)</b>	<b>(49,011.38)</b>	<b>(35,202.62)</b>	<b>(49,700.99)</b>				
16	Paid-up equity share capital	8,896.43	8,896.43	8,896.43	8,896.43	8,896.43	8,896.43	8,896.43				8,896.43
	Face value per share (RS)	10.00	10.00	10.00	10.00	10.00	10.00	10.00				10.00
17	Earning per share (RS) (not annualised)	(10.38)	(8.68)	(21.16)	(39.76)	(54.91)	(39.65)	(55.69)				(55.69)
	- Basic	(10.38)	(8.68)	(21.16)	(39.76)	(54.91)	(39.65)	(55.69)				(55.69)
	- Diluted	(10.38)	(8.68)	(21.16)	(39.76)	(54.91)	(39.65)	(55.69)				(55.69)

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**Notes:**

- 1 The Hon'ble National Company Law Tribunal ("NCLT"), Chennai Bench, admitted the Corporate Insolvency Resolution Process ("CIRP") application filed by an operational creditor of Orchid Pharma Limited ("the Company") and appointed an Interim Resolution Professional ("IRP"), in terms of the Insolvency and Bankruptcy Code, 2016 ("the Code") to manage the affairs of the Company vide CP.No. CP/540/(IB)/CBI/2017 dated August 17, 2017. Subsequently, Mr. Ramesh Kumar Sripatham Venkatasubramanian (IP Registration no. IB/IIIPA-001/1P-P00015/2016-17/10039) have been appointed as the Resolution Professional ("RP") of the Company, by an order of NCLT with effect from October 27, 2017.  
  
Pursuant to the NCLT order for commencement of CIRP and in line with the provisions of the code, the powers of Board of Directors stand suspended and such powers are to be exercised by IRP/RP. In view of pendency of the CIRP, and in view of suspension of the powers of board of directors, the powers of adoption of this standalone and consolidated financial results ("audited financial results") vest with the RP. The RP has relied upon the representations, clarifications and explanations provided by the Managing Director, Chief Financial Officer and Key Management Personnel of the Company.  
  
These audited financial results for the quarter and year ended March 31, 2018 have been prepared by the management of the Company and certified by Mr. K Raghavendra Rao, MD and Mr. L Chandrasekar, CFO in accordance with Regulation 33(2) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, confirming that the financial statements do not contain any misleading or false statements. The audited financial results were placed before the RP, the MD and CFO cum Company Secretary on August 21, 2018 for their consideration. Accordingly the audited financial results were considered and recommended in the meeting. In view thereof, the RP, in reliance of such examination by and the representations, clarifications and explanations provided by MD and CFO in relation to these audited financial results, has approved the same. The RP has approved these audited financial results only to the limited extent of discharging the powers of the Board of Directors of the company which has been conferred upon him in terms of provisions of Section 17 of the Code. It is clarified however that the RP has not conducted an independent verification of these audited financial results and has not certified on the truthfulness, fairness, accuracy or completeness of these results, in so far as it pertains to the period prior to commencement of the CIRP (i.e. August 17, 2017) and his appointment.
- 2 Further to the aforesaid CIRP (more fully described in note 1 above), the Company is in the process of obtaining confirmation for receivables, loans and advances given, payables, employee claims and bank loans as at March 31, 2018. The Company's ability to meet the financial/ contractual obligations including repayment of various loans, unpaid interest and ability to fund various obligations pertaining to operations for ensuring/commencing normal operations and further investments required towards ongoing research and development projects under progress is dependant on the resolution of the aforesaid matters as part of the CIRP.  
  
Under the CIRP, a resolution plan has been presented and approved by the Committee of Creditors ("CoC") and thereafter to be approved by the Hon'ble NCLT to keep the company as a going concern. The extended CIRP period was over on May 14, 2018 and RP has completed required filings with NCLT and the final decision of NCLT is awaited.  
  
Pending this and measures to be adopted as part of the resolution process, the above audited financial results have been continued to be prepared on a going concern basis.  
  
This is a matter of qualification by the auditors.
- 3 The RP has received the claims from the creditors of the Company under the provisions of the Insolvency and Bankruptcy Code, 2016 and the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 (as amended). The status of these claims may be found at the following link:  
<http://www.orchidpharma.com/downloads-cirp.aspx>
- 4 The statement has been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) prescribed under section 133 of the companies Act, 2013 and other recognised accounting practices and policies to the extent applicable. Beginning April 1, 2017, the Company has for the first time adopted Ind AS with a transition date of April 1, 2016.
- 5 The figures for the quarter ended March 31, 2018 and March 31, 2017 are the balancing figures between audited figures in respect of the full financial year and unaudited published financial results upto the third quarter of the respective financial years.
- 6 Income from operations upto the quarter ended June 30, 2017 have been presented inclusive of excise duty and the excise duty expenses is presented as a separate line item in the expenditure side, as required by Schedule III applicable to Ind AS Companies. However, with the introduction of GST from July 1, 2017, no such grossing up is required for the quarter ended September 30, 2017 and subsequent quarters. Accordingly, the gross income from operations of the quarter and year ended March 31, 2018 is not comparable with that of the quarter and year ended March 31, 2017..
- 7 The format for unaudited quarterly results as prescribed in SEBI's Circular CIR/CFD/CMD/15/2015 dated November 30, 2015 has been modified to comply with the requirements of SEBI's circular dated July 5 2016, Ind AS and Schedule III (Part II) to the Companies Act, 2013, which are applicable to companies that are required to comply with Ind AS.
- 8 The operations of the Company falls under a single primary segment i.e., "Pharmaceuticals" in accordance with Ind AS 108 'Operating Segments' and hence no segment reporting is applicable.

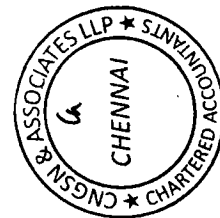




9 Statement of assets and liabilities

(Rupees in lakhs)

Particulars	Stand alone		Consolidated	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	1,26,821.65	1,37,601.22	1,26,831.80	1,37,602.66
Capital work in progress	25,721.90	27,399.86	25,721.90	27,399.86
Intangible assets	2,306.10	2,569.40	11,788.46	12,051.76
Intangible assets under development	1,431.00	1,431.00	1,431.00	1,431.00
Financial Assets				
Investments	12,476.97	12,483.61	107.07	113.71
Other financial assets	1,967.71	2,251.92	1,973.14	2,251.92
Other non-current assets	58,768.64	60,628.68	76,789.11	77,194.97
	<b>2,29,493.97</b>	<b>2,44,365.69</b>	<b>2,44,642.48</b>	<b>2,58,045.88</b>
<b>Current assets</b>				
Inventories	18,494.39	19,745.37	19,373.82	21,125.13
Financial Assets				
Trade receivables	14,506.50	20,806.81	11,951.29	16,465.09
Cash and cash equivalents	3,060.20	1,957.76	3,511.30	2,059.82
Bank balances other than above	27,043.95	23,646.58	27,043.95	23,646.58
Loans	5,229.36	5,211.01		
Other financial assets	233.42	222.33	233.42	222.33
Other current assets	23,014.67	19,878.41	5,780.68	3,993.52
	<b>91,582.49</b>	<b>91,468.27</b>	<b>67,894.46</b>	<b>67,512.47</b>
<b>Total - Assets</b>	<b>3,21,076.46</b>	<b>3,35,833.96</b>	<b>3,12,536.94</b>	<b>3,25,558.35</b>



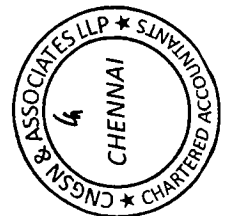
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Equity and Liabilities					
<b>Equity</b>					
Equity share capital	8,896.43	8,896.43	8,896.43	8,896.43	8,896.43
Other Equity	(76,309.89)	(43,187.97)	(88,072.40)	(55,571.22)	(46,674.79)
	<b>(67,413.46)</b>	<b>(34,291.54)</b>	<b>(79,175.97)</b>	<b>(46,674.79)</b>	
<b>Non current liabilities</b>					
Financial Liabilities					
Borrowings	1,89,390.71	2,15,677.97	1,89,390.71	2,15,677.97	
Provisions	748.35	591.53	748.35	591.53	
Deferred tax liabilities (Net)	322.61	4,942.04	322.60	4,942.04	
	<b>1,90,461.67</b>	<b>2,21,211.54</b>	<b>1,90,461.66</b>	<b>2,21,211.54</b>	
<b>Current liabilities</b>					
Financial Liabilities					
Borrowings	69,429.48	59,952.38	69,429.48	59,952.38	
Trade payables	32,685.45	41,228.73	35,879.34	43,312.35	
Other current liabilities	95,810.41	47,600.21	95,839.52	47,624.23	
Provisions	102.91	132.64	102.91	132.64	
	<b>1,96,028.25</b>	<b>1,48,913.96</b>	<b>2,01,251.25</b>	<b>1,51,021.60</b>	
	<b>3,21,076.46</b>	<b>3,35,833.96</b>	<b>3,12,536.94</b>	<b>3,25,558.35</b>	
<b>Total - Equity and Liabilities</b>					

10 The reconciliation of net profit or loss reported in accordance with Indian GAAP to total comprehensive income in accordance with Ind AS is given below :

Particulars	Stand alone		Consolidated	
	Quarter ended March 31, 2017	Year ended March 31, 2017	Quarter ended March 31, 2017	Year ended March 31, 2017
<b>Net Profit as per previous GAAP (Indian GAAP)</b>	(18,785.30)	(48,363.10)	(18,785.30)	(49,052.71)
<b>Ind AS Adjustments : Add/ (less)</b>				
Gain on fair valuation of investments	5.95	7.84	7.84	7.84
Impact of straight lining of lease rental expense	-	18.00	18.00	18.00
Impact of amortised cost on term loans and ECB loans	(11.79)	(86.36)	(86.36)	(86.36)
Re-measurement of post employee benefits	(77.25)	(308.97)	(308.97)	(308.97)
Allowance for expected credit loss on trade receivables		(308.69)	(308.69)	(308.69)
Deferred Tax impacts	4.08	29.90	29.90	29.90
Total Ind AS Adjustments	(79.01)	(648.28)	(648.28)	(648.28)
<b>Total comprehensive income as per Ind AS</b>	<b>(18,864.31)</b>	<b>(49,011.38)</b>	<b>(18,864.31)</b>	<b>(49,700.99)</b>





11 The reconciliation of equity reported in accordance with Indian GAAP to equity in accordance with Ind AS is given below :

Particulars	(Rupees in lakhs)	
	Standalone As at March 31, 2017	Consolidated As at March 31, 2017
<b>Total equity / shareholders' funds as per Indian GAAP</b>	(26,383.32)	(26,383.32)
<b>Ind AS Adjustments : Add/ (less)</b>		
Fair valuation of financial assets and liabilities	894.57	894.57
Re-measurement of post employee benefits	(860.77)	(860.77)
Income tax relating to earlier years	(7,301.20)	(7,301.20)
Remeasurement of FCTR	(308.69)	(8,896.43)
Allowance for expected credit loss in trade receivables	(332.13)	(308.69)
Deferred Tax impacts		(332.13)
<b>Total Ind AS Adjustments</b>	<b>(7,908.22)</b>	<b>(16,804.65)</b>
<b>Total equity/ shareholders' funds as per Ind AS</b>	<b>(34,291.54)</b>	<b>(43,187.97)</b>

12 The above reconciliation statements have been provided in accordance with circular CIR/CFD/FAC/2016 issued by issued SEBI dated July 5, 2016 on account of implementation of Ind AS by listed companies.

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



*K Raghavendra Rao*  
K Raghavendra Rao  
Managing Director  
DIN : 00010096

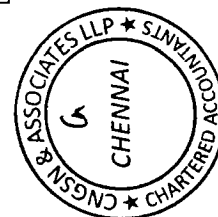
Taken on record

*Ramkumar Sripatham Venkatasubramanian*  
Ramkumar Sripatham Venkatasubramanian  
Resolution Professional

IP Registration no. IBB/IPA-001/IP-P00015/2016-17/10039

Place: Chennai  
Date : August 21, 2018

*Initialed for  
identification purpose  
only*





# CNGSN & ASSOCIATES LLP

## CHARTERED ACCOUNTANTS

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**NYAPATHY SRILATHA**  
M.Com., FCA, PGDFM

**E.K. SRIVATSAN**  
B.Com., FCA

### M/s Orchid Pharma Limited

#### Independent Auditor's Report on Standalone Financial Results for the quarter and year ended March 31, 2018 Pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To

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

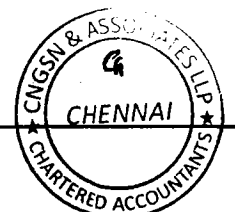
1. The Hon'ble National Company Law Tribunal ("NCLT"), Chennai Bench, admitted the Corporate Insolvency Resolution Process ("CIRP") application filed by an operational creditor of Orchid Pharma Limited ("the Company") and appointed an Interim Resolution Professional ("IRP"), in terms of the Insolvency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

In view of pendency of the CIRP, and in view of suspension of the powers of board of directors and as explained to us, the powers of adoption of this standalone financial results vest with the RP.

2. We have audited the standalone financial results of M/s Orchid Pharma Limited for quarter and the year ended March 31, 2018, which are included in the accompanying 'Statement of Audited Consolidated and Standalone Financial Results for the quarter and year ended March 31, 2018' ("the Statement").

This Statement is being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which has been initialled by us for identification purposes.

These standalone financial results are based on the standalone financial statements for the year ended March 31, 2018 prepared in accordance with the accounting principles generally accepted in India, including Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013 (the Act) and SEBI Circulars CIR/ CFD/ CMD/ 15/ 2015 dated November 30, 2015 and CIR/ CFD/ FAC/ 621/ 2016 dated July 5, 2016.





The Statement is the responsibility of the Company's management and we were informed that the Statement has been approved by the RP based on representations, clarifications and explanations provided by the Managing Director, Chief Financial Officer and Key Management Personnel of the Company (Refer Note 1 and 2 to the Audited Consolidated and Standalone Financial Results).

Further, the management is also responsible to ensure that the accounting policies used in preparation of this Statement are consistent with those used in the preparation of the Company's opening unaudited balance sheet as at April 1, 2016 prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS), as amended from time to time, prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies.

Our responsibility is to express an opinion on these standalone financial results based on our audit of the standalone financial statements for the year ended March 31, 2018.

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

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

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

#### 4. Basis of qualified opinion

We draw attention to the following matters:

- (a) Note 1 and 2 to the unaudited financial results, regarding application by an operational creditor, initiating the insolvency provisions under the Insolvency and Bankruptcy Code, 2016 (the Code) and the consequential appointment of RP under the Code, and adequacy of disclosures concerning the Company's ability to meet its financial and contractual obligations including management's technical estimates in regard to realisation of value of inventories, overdue receivables (net of provisions) amounting to Rs.2,101.42 Lakhs, loans and advances given to various parties (net of provisions) amounting to Rs.69,466.63 Lakhs (which includes capital advances of Rs.52,193.10 and other advances of Rs.17,273.53 Lakhs), provision for impairment, if any, required for property, plant and equipment (PPE), PPE under development, internally generated intangible assets comprising of DBF/ ANDA, other non-monetary assets, investments, unamortised finance charges, claims made

by/ advances given to employees, financial obligations including repayment of various loans, unpaid interest and the ability to fund various obligations pertaining to operations including unpaid/ overdue creditors, for ensuring/ commencing normal operations and further investments required towards ongoing research and development projects under progress (carrying amount of Rs. 1,431 Lakhs). Certain bank balances, including borrowings are yet to be confirmed by the banks and hence, the possible impact, if any, is not presently ascertainable

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

- (b) The net worth of the subsidiaries as on the reporting date is also negative. The possible erosion in the carrying value of investments in subsidiaries (net of provisions) aggregating to Rs. 12,369.90 Lakhs and the recoverability loans/ advances given to given to the subsidiaries (net of provisions) aggregating to Rs. 5,229.36 Lakhs is not ascertainable and the possible provision required, if any, is not presently determinable.
- (c) Confirmation of balances are not available for majority of the receivables, loans and advances given, payables, claims received from the employees and bank loans as at March 31, 2018. In the absence of the confirmation of balances, the possible impact, if any, is not presently determinable.

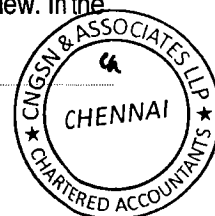
The above matters have also been qualified by the predecessor auditors in their audit report for earlier years.

- (d) We have not been provided with sufficient, appropriate audit evidence relating to physical verification of fixed assets/ related reconciliation with the books of account, details/ valuation working for stock of stores, spares, chemicals and traded stock aggregating to Rs. 2,331 Lakhs, purchases of raw materials aggregating to Rs. 3,993 Lakhs and reconciliation/ basis of restatement of foreign currency assets and liabilities. Accordingly, we are unable to comment on the possible impact, if any, arising out of the above matters.

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

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

Further, we were informed that the RP has filed the resolution plan voted favourably by the Committee of Creditors with Hon'ble NCLT. However, the detailed resolution plan (including the salient features, consideration agreed, terms and conditions etc.) has not been made available for our review. In the



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

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

- (f) The Company's net worth as on the reporting date is also negative. However, pending completion of the successful implementation of the resolution plan as part of CIRP, this standalone financial results/ financial information has been prepared and presented by the Company on a going concern basis.

The matters referred to (a), (b) and (e) above also essentially require the Company to resolve the situations specified therein within the framework specified through the CIRP. In the absence of any specific guidance or direction that can be assessed out of CIRP, material uncertainties exist that may cause significant doubt on the Company's ability to continue as a going concern. However, the appropriateness of preparation of financial results on a going concern basis is subject to resolution of the above matters through the CIRP or such other forum or manner as specified in Note 1 and 2 of the financial results.

#### 5. Qualified opinion

In our opinion and to the best of our information and according to the explanations given to us and subject to matters described in the basis of qualified opinion paragraph, the standalone financial results for the year ended March 31, 2018

- (a) are presented in accordance with the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI circular dated July 5, 2016; and
- (b) give a true and fair view, in conformity with the accounting principles generally accepted in India, of the net profit and other financial information for the quarter and year ended March 31, 2018

#### 6. Without qualifying our report, we draw attention to the following matters:

- (a) Note 4 to the Statement which states that the Company has adopted Ind AS for the financial year commencing from April 1, 2017 and accordingly, the Statement has been prepared by the Company's management in compliance with Ind AS; and



- (b) The standalone financial statements of the Company for the year ended March 31, 2017 prepared in accordance with Companies (Accounting Standards) Rules, 2006, were audited by another firm of chartered accountants under the Companies Act, 2013 who have expressed a modified opinion on those financial statements vide their report dated May 26, 2017

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

*Chinnsamy Ganesan*

**(CHINNSAMY GANESAN)**  
Partner  
Membership No. 027501  
Place: Chennai  
Date: August 21, 2018





## **CNGSN & ASSOCIATES LLP**

### **CHARTERED ACCOUNTANTS**

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**E.K. SRIVATSAN**  
B.Com., FCA

**M/s Orchid Pharma Limited**

### **Independent Auditor's Report on Consolidated Financial Results for the year ended March 31, 2018 Pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

To

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

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

In view of pendency of the CIRP, and in view of suspension of the powers of board of directors and as explained to us, the powers of adoption of the consolidated financial results for the year ended March 31, 2018 vest with the RP.

2. We have audited the consolidated financial results of M/s Orchid Pharma Limited ('the Holding Company'), and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group') for the year ended March 31, 2018, which are included in the accompanying 'Statement of Audited Consolidated and Standalone Financial Results for the quarter and year ended March 31, 2018' ('the Statement').

This Statement is being submitted by the Holding Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which has been initialled by us for identification purposes.

These consolidated financial results are based on the consolidated financial statements for the year ended March 31, 2018 prepared in accordance with the accounting principles generally accepted in India, including Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013 (the Act) and SEBI Circulars CIR/ CFD/ CMD/ 15/ 2015 dated November 30, 2015 and CIR/ CFD/ FAC/ 621/ 2016 dated July 5, 2016.



The Statement is the responsibility of the Company's management and we were informed that the Statement has been approved by the RP based on representations, clarifications and explanations provided by the Managing Director, Chief Financial Officer and Key Management Personnel of the Company (Refer Note 1 and 2 to the Audited Consolidated and Standalone Financial Results).

Further, the management is also responsible to ensure that the accounting policies used in preparation of this Statement are consistent with those used in the preparation of the Company's opening unaudited balance sheet as at April 1, 2016 prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS), as amended from time to time, prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies.

Our responsibility is to express an opinion on these consolidated financial results based on our audit of the consolidated financial statements for the year ended March 31, 2018.

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

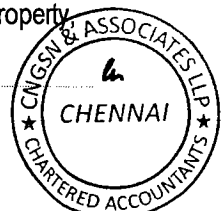
An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Statement/ financial information. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Statement/ financial information,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

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

#### 4. Basis of qualified opinion

We draw attention to the following matters:

- (a) Note 1 and 2 to the unaudited financial results, regarding application by an operational creditor, initiating the insolvency provisions under the Insolvency and Bankruptcy Code, 2016 (the Code) and the consequential appointment of RP under the Code, and adequacy of disclosures concerning the Company's ability to meet its financial and contractual obligations including management's technical estimates in regard to realisation of value of inventories, overdue receivables (net of provisions) amounting to Rs. 2,101.42 Lakhs, loans and advances given to various parties (net of provisions) amounting to Rs.70,213.57 Lakhs (which includes capital advances of Rs.52,193.10 and other advances of Rs.18,020.47 Lakhs), provision for impairment, if any, required for property



plant and equipment (PPE), PPE under development, internally generated intangible assets comprising of DBF/ ANDA, other non-monetary assets, investments, claims made by/ advances given to employees, financial obligations including repayment of various loans, unpaid interest and the ability to fund various obligations pertaining to operations including unpaid/ overdue creditors, for ensuring/ commencing normal operations and further investments required towards ongoing research and development projects under progress (carrying amount of Rs.1,431 Lakhs). Certain bank balances, including borrowings are yet to be confirmed by the banks and hence, the possible impact, if any, is not presently ascertainable

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

- (b) Confirmation of balances are not available for majority of the receivables, loans and advances given, payables, claims received from the employees and bank loans as at March 31, 2018. In the absence of the confirmation of balances, the possible impact, if any, is not presently determinable.

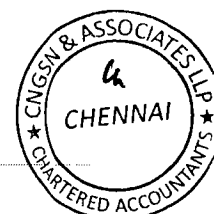
The above matters have also been qualified by the predecessor auditors in their audit report for earlier years.

- (c) We have not been provided with sufficient, appropriate audit evidence relating to physical verification of fixed assets/ related reconciliation with the books of account, details/ valuation working for stock of stores, spares, chemicals and traded stock aggregating to Rs. 2,331 Lakhs, purchases of raw materials aggregating to Rs. 3,993 Lakhs and reconciliation/ basis of restatement of foreign currency assets and liabilities. Accordingly, we are unable to comment on the possible impact, if any, arising out of the above matters.

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

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

Further, we were informed that the RP has filed the resolution plan voted favourably by the Committee of Creditors with Hon'ble NCLT. However, the detailed resolution plan (including the salient features, consideration agreed, terms and conditions etc.) has not been made available for our review. In the opinion of the RP, the matter is highly sensitive, confidential and may have adverse impact of the successful implementation of the resolution plan.



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

- (e) The Group's net worth as on the reporting date is also negative. However, pending completion of the successful implementation of the resolution plan as part of CIRP, this consolidated financial results/ financial information have been prepared and presented by the Group on a going concern basis.

The matters referred to (a), (b) and (d) above also essentially require the Company to resolve the situations specified therein within the framework specified through the CIRP. In the absence of any specific guidance or direction that can be assessed out of CIRP, material uncertainties exist that may cause significant doubt on the Company's ability to continue as a going concern. However, the appropriateness of preparation of financial results on a going concern basis is subject to resolution of the above matters through the CIRP or such other forum or manner as specified in Note 1 and 2 the financial results.

## 5. Qualified opinion

In our opinion and to the best of our information and according to the explanations given to us and subject to matters described in the basis of qualified opinion paragraph, the consolidated financial results for the year ended March 31, 2018

- (a) include the financial results for the year ended March 31, 2018, of the following subsidiary Companies:
- (i) Orchid Europe Limited, UK
  - (ii) Orchid Pharmaceuticals Inc., USA
  - (iii) Bexel Pharmaceutical Inc
  - (iv) Orchid Pharmaceuticals SA(Proprietary)Limited. South Africa
  - (v) Diakron Pharmaceuticals, Inc. USA

We did not audit the financial statements/ information of the above subsidiaries that reflect total assets of 3,812.51 lakhs and net assets of (8,726.05) lakhs as at March 31, 2018, total revenue of Rs. 7,856.09 lakhs, total comprehensive income (comprising of loss and other comprehensive income) of Rs. (1,402.37) lakhs and net cash flows amounting to Rs. 349.04 lakhs for the year ended on that date, as considered in the consolidated Ind AS financial statements.

The financial statements/ financial information are unaudited and have been furnished to us by the management and our opinion on the consolidated financial results, in so far as it relates to the amounts and disclosures included in respect of the subsidiaries, and our report on the consolidated results/ financial information, in so far as it relates to the aforesaid subsidiaries, is based solely on such unaudited financial statements/ financial information. Accordingly, we do not express any opinion on the completeness and true and fair view of the financial statements of the above subsidiaries included in the consolidated financial results/ financial information.

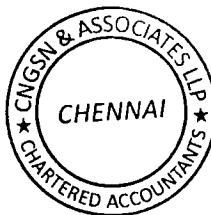


- (b) are presented in accordance with the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI circular dated July 5, 2016; and
  - (c) give a true and fair view, in conformity with the accounting principles generally accepted in India, of the net profit and other financial information for the quarter and year ended March 31, 2018
6. Without qualifying our report, we draw attention to the following matters:
- (a) Note 4 to the Statement which states that the Company has adopted Ind AS for the financial year commencing from April 1, 2017 and accordingly, the Statement has been prepared by the Company's management in compliance with Ind AS;
  - (b) The consolidated financial results for the year ended March 31, 2018 and March 31, 2017 have been adjusted for the differences in the accounting principles adopted by the Holding Company on transition to Ind AS; and
  - (c) The consolidated financial statements of the Group for the year ended March 31, 2017 prepared in accordance with Companies (Accounting Standards) Rules, 2006, were audited by another firm of chartered accountants under the Companies Act, 2013 who have expressed a modified opinion on those financial statements vide their report dated May 26, 2017

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



**(CHINNSAMY GANESAN)**  
Partner  
Membership No. 027501  
Place: Chennai  
Date: August 21, 2018



**ORCHID PHARMA LIMITED**  
(Under Corporate Insolvency Resolution Process)

**Statement on Impact of Audit Qualifications (for audit reports with modified opinion)**  
**Submitted for the Financial Year ended March 31, 2018 – Standalone Basis**  
**[Pursuant to Regulation 33 & 52 of the SEBI (LODR) (Amendment) Regulations, 2016]**

I	Sl.No	Particulars	Audited figures (as reported before adjusting for qualifications) (Rs. In Lakhs)	Audited figures (audited figures after adjusting for qualifications) (Rs. In Lakhs)*
	1	Turnover / Total Income (including other income)	66886.90	66886.90
	2	Total Expenditure (Including finance cost and exceptional items)	107033.94	107033.94
	3	Net Profit / (Loss)	(35373.61)	(35373.61)
	4	Earnings per Share (In Rs.)	(39.76)	(39.76)
	5	Total Assets	321076.46	321076.46
	6	Total Liabilities	388489.92	388489.92
	7	Net worth	(67413.46)	(67413.46)
	8	Any Other Financial item(s) (as felt appropriate by the management)	-	-
II	<b>Audit Qualification (Each audit qualification separately)</b>			
1	(a)	<b>Details of Audit Qualification:</b>	<p>Note 1 and 2 to the unaudited financial results, regarding application by an operational creditor, initiating the insolvency provisions under the Insolvency and Bankruptcy Code, 2016 (the Code) and the consequential appointment of RP under the Code, and adequacy of disclosures concerning the Company's ability to meet its financial and contractual obligations including management's technical estimates in regard to realisation of value of inventories, overdue receivables (net of provisions) amounting to Rs.2,101.42 Lakhs, loans and advances given to various parties (net of provisions) amounting to Rs.69,466.63 Lakhs (which includes capital advances of Rs.52,193.10 and other advances of Rs.17,273.53 Lakhs), provision for impairment, if any, required for property, plant and equipment (PPE), PPE under development, internally generated intangible assets comprising of DBF/ ANDA, other non-monetary assets, investments, unamortised finance charges, claims made by/ advances given to employees, financial obligations including repayment of various loans,</p>	

		<p>unpaid interest and the ability to fund various obligations pertaining to operations including unpaid/overdue creditors, for ensuring/commencing normal operations and further investments required towards ongoing research and development projects under progress (carrying amount of Rs. 1,431 Lakhs). Certain bank balances, including borrowings are yet to be confirmed by the banks and hence, the possible impact, if any, is not presently ascertainable</p> <p>The above matters, other than CIRP related, have been outstanding for more than 3 years and have also been qualified by the predecessor auditors in their audit report for earlier years.</p>
(b)	<b>Type of Audit Qualification :</b>	Qualified opinion
(c)	<b>Frequency of Qualification :</b>	Repetitive
(d)	<b>For Audit Qualification(s) where the impact is quantified by the auditor, Management Views:</b>	N.A.
<b>(e) For Audit Qualification(s) where the impact is not quantified by the auditor:</b>		
(i)	<b>Management's estimation on the impact of audit qualification:</b>	N.A.
(ii)	<b>If management is unable to estimate the impact, reason for the same</b>	<p>The Company is under CIRP and the Resolution Professional is required to invite submission of resolution plans from potential resolution applicants, which has been put up for necessary approvals before the Honourable NCLT. The CIRP is not yet concluded and hence, the final outcome is yet to be ascertained.</p> <p>The company has not taken in consideration impact on the value of the assets due to this information for impairment, if any, in preparation of Financial Result as required by Ind-AS 10 on "Events after the reporting period" and Ind-AS 109 on Financial Instruments". Further, the Company has not made assessment of impairment as required by Ind AS 36 on Impairment of Assets, if any, as at 31<sup>st</sup> March 2018 in the value of tangible and intangible assets."</p>
(iii)	<b>Auditor's Comment on (i) or (ii) above:</b>	Refer "Basis for Qualified Opinion" in audit report read with relevant notes in the financial results, the same is self-explanatory.

<b>Audit Qualification (Each audit qualification separately)</b>		
2	(a)	<b>Details of Audit Qualification:</b>  The net worth of the subsidiaries as on the reporting date is also negative. The possible erosion in the carrying value of investments in subsidiaries (net of provisions) aggregating to Rs. 12,369.90 Lakhs and the recoverability loans/ advances given to given to the subsidiaries (net of provisions) aggregating to Rs. 5,229.36 Lakhs is not ascertainable and the possible provision required, if any, is not presently determinable.
	(b)	<b>Type of Audit Qualification :</b> Qualified opinion
	(c)	<b>Frequency of Qualification :</b> Repetitive
	(d)	<b>For Audit Qualification(s) where the impact is quantified by the auditor, Management Views:</b>  In respect of investments /loans given to subsidiaries, the company is exporting and selling profitable products through its marketing subsidiary and the profit generated by the marketing subsidiary from the operations will be available for settlement of loan, after meeting their dues. The investments made in R&D Subsidiaries are strategic and long term in nature and hence no provision has been considered.
	<b>(e)For Audit Qualification(s) where the impact is not quantified by the auditor:</b>	
	(i)	<b>Management's estimation on the impact of audit qualification:</b> N.A.
	(ii)	<b>If management is unable to estimate the impact, reasons for the same</b> N.A.
	(iii)	<b>Auditor's Comment on (i) or (ii) above:</b> Refer "Basis of Qualified Opinion" in audit report read with relevant notes in the financial results, the same is self explanatory.

<b>Audit Qualification (Each audit qualification separately)</b>		
3	(a)	<p><b>Details of Audit Qualification:</b></p> <p>Confirmation of balances are not available for majority of the receivables, loans and advances given, payables, claims received from the employees and bank loans as at March 31, 2018. In the absence of the confirmation of balances, the possible impact, if any, is not presently determinable.</p> <p>The above matters have also been qualified by the predecessor auditors in their audit report for earlier years.</p>
	(b)	<p><b>Type of Audit Qualification :</b></p> <p>Qualified Opinion</p>
	(c)	<p><b>Frequency of Qualification :</b></p> <p>Repetitive</p>
	(d)	<p><b>For Audit Qualification(s) where the impact is quantified by the auditor, Management Views:</b></p> <p>N.A.</p>
<b>(e) For Audit Qualification(s) where the impact is not quantified by the auditor:</b>		
	(i)	<p><b>Management's estimation on the impact of audit qualification:</b></p> <p>N.A</p>
	(ii)	<p><b>If management is unable to estimate the impact, reason for the same</b></p> <p>In accordance with the Code, public announcement was made calling upon the financial creditors and operational creditors of the Company to submit their claims with the Interim Resolution Professional ("IRP"). In accordance with the Code, the IRP/RP has to receive, collate and admit the claims submitted against the Company. Such claims can be submitted to the IRP/ RP during CIRP, till the approval of a resolution plan by the Committee of Creditors(CoC). Pursuant to the claims received the CoC was informed and the list of such creditors was duly notified to the NCLT and uploaded on the company website. Thereafter, there have been regular revisions to the list in view of the claims received and the Company and RP are in process of receiving, collating , verifying , seeking clarifications, sending communications for unreconciled balance calling for additional documents to substantiate whole / part of the unreconciled claims on such claims.</p>

			In respect of claims submitted of the financial creditors, the process for submission and reconciliation of claims as on the Insolvency Commencement Date remains an on-going process.
	(iii)	<b>Auditor's Comment on (i) or (ii) above:</b>	Refer "Basis of Qualified Opinion" in audit report which is self explanatory.

<b>Audit Qualification (Each audit qualification separately)</b>		
4	(a)	<p><b>Details of Audit Qualification :</b></p> <p>We have not been provided with sufficient, appropriate audit evidence relating to physical verification of fixed assets/ related reconciliation with the books of account, details/ valuation working for stock of stores, spares, chemicals and traded stock aggregating to Rs. 2,331 Lakhs, purchases of raw materials aggregating to Rs. 3,993 Lakhs and reconciliation/ basis of restatement of foreign currency assets and liabilities. Accordingly, we are unable to comment on the possible impact, if any, arising out of the above matters.</p> <p>Considering the aforesaid matters, the internal controls over financial reporting also needs to be further strengthened to make them commensurate with the size and nature of business of the Company.</p>
	(b)	<p><b>Type of Audit Qualification :</b></p> <p>Qualified Opinion</p>
	(c)	<p><b>Frequency of Qualification :</b></p> <p>Appeared first time</p>
	(d)	<p><b>For Audit Qualification(s) where the impact is quantified by the auditor, Management Views:</b></p> <p>N.A.</p>
	<b>(e) For Audit Qualification(s) where the impact is not quantified by the auditor:</b>	
	(i)	<p><b>Management's estimation on the impact of audit qualification:</b></p> <p>N.A.</p>
	(ii)	<p><b>If management is unable to estimate the impact, reason for the same</b></p> <p>The internal financial control over financial reporting system are existing and operative, however based on the observation of the auditors we are further strengthening the internal financial control over financial reporting.</p>
	(iii)	<p><b>Auditor's Comment on (i) or (ii) above:</b></p> <p>Refer "Basis of Qualified Opinion" in audit report which is self explanatory.</p>

<b>Audit Qualification (Each audit qualification separately)</b>		
5	(a)	<p><b>Details of Audit Qualification:</b></p> <p>We have been informed by the RP that certain information including the minutes of the meetings of the Committee of Creditors, cases filed by RP against the key management personnel, suppliers, customers and other parties and the outcome of certain specific/ routine procedures carried out as part of the IBC process are confidential in nature and could not be shared with anyone, other than the Committee of Creditors and NCLT. Further, we have not been provided with sufficient, appropriate audit evidence in respect of avoidance applications filed under the IBC Code by the RP due to the confidentiality involved.</p> <p>Further, we were informed that the RP has filed the resolution plan voted favourably by the Committee of Creditors with Hon'ble NCLT. However, the detailed resolution plan (including the salient features, consideration agreed, terms and conditions etc.) has not been made available for our review. In the opinion of the RP, the matter is highly sensitive, confidential and may have adverse impact of the successful implementation of the resolution plan.</p> <p>Accordingly, we are unable to comment on the possible adjustments required in the carrying amount of assets and liabilities, possible presentation and disclosure impacts, if any, that may arise if we have been provided access to review of those information.</p>
	(b)	<p><b>Type of Audit Qualification :</b> Qualified Opinion</p>
	(c)	<p><b>Frequency of Qualification :</b> Appeared first time</p>
	(d)	<p><b>For Audit Qualification(s) where the impact is quantified by the auditor, Management Views:</b> N.A.</p>
	<b>(e) For Audit Qualification(s) where the impact is not quantified by the auditor:</b>	
	(i)	<p><b>Management's estimation on</b> N.A.</p>



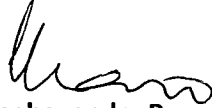
		<b>the impact of audit qualification:</b>	
	(ii)	<b>If management is unable to estimate the impact, reason for the same</b>	The RP is obliged not to share certain information which are integral part of the CIRP, in order to maintain confidentiality of the process and in line with the directions of the COC.
	(iii)	<b>Auditor's Comment on (i) or (ii) above:</b>	Refer "Basis of Qualified Opinion" in audit report which is self explanatory.

<b>Audit Qualification (Each audit qualification separately)</b>		
6	(a)	<p><b>Details of Audit Qualification:</b></p> <p>The Company's net worth as on the reporting date is also negative. However, pending completion of the successful implementation of the resolution plan as part of CIRP, this standalone financial results/ financial information has been prepared and presented by the Company on a going concern basis.</p> <p>The matters referred to (a), (b) and (e) above also essentially require the Company to resolve the situations specified therein within the framework specified through the CIRP. In the absence of any specific guidance or direction that can be assessed out of CIRP, material uncertainties exist that may cause significant doubt on the Company's ability to continue as a going concern. However, the appropriateness of preparation of financial results on a going concern basis is subject to resolution of the above matters through the CIRP or such other forum or manner as specified in Note 1 and 2 of the financial results.</p>
	(b)	<p><b>Type of Audit Qualification :</b></p> <p>Qualified Opinion</p>
	(c)	<p><b>Frequency of Qualification :</b></p> <p>Appeared first time</p>
	(d)	<p><b>For Audit Qualification(s) where the impact is quantified by the auditor, Management Views:</b></p> <p>N.A.</p>
	<b>(e) For Audit Qualification(s) where the impact is not quantified by the auditor:</b>	
	(i)	<p><b>Management's estimation on the impact of audit qualification:</b></p> <p>N.A.</p>
	(ii)	<p><b>If management is unable to estimate the impact, reason for the same</b></p> <p>The resolution plan has been submitted to NCLT and the "Order is Reserved".</p>
	(iii)	<p><b>Auditor's Comment on (i) or (ii) above:</b></p> <p>Refer "Basis of Qualified Opinion" in audit report which is self explanatory.</p>

**III Signatories**



**L Chandrasekar**  
Chief Financial Officer



**K. Raghavendra Rao**  
Managing Director

**Place:** Chennai

**Date :** 21, August 2018

**Statutory Auditor**

Refer our Independent Auditors' report dated August 21,2018 on Standalone Financial Results of the Company

**For CNGSN&Associates LLP**

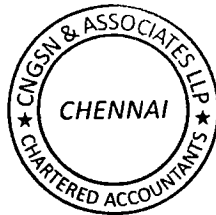
Chartered Accountants

Firm Registration No.004915S/S200036



**Chinnsamy Ganesan**  
Partner

Membership No.027501



**Place :** Chennai

**Date :** August 21,2018

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

**Statement on Impact of Audit Qualifications Submitted for the Financial Year ended  
March 31, 2018 – Consolidated Basis**

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

I	Sl.No	Particulars	Audited figures (as reported before adjusting for qualifications) (Rs. In Lakhs)	Audited figures (audited figures after adjusting for qualifications) (Rs. In Lakhs)*
	1	Turnover / Total Income (including other income)	70811.94	70811.94
	2	Total Expenditure (Including finance cost and exceptional items)	110708.22	110708.22
	3	Net Profit / (Loss)	(35276.84)	(35276.84)
	4	Earnings per Share (In Rs.)	(39.65)	(39.65)
	5	Total Assets	312536.94	312536.94
	6	Total Liabilities	391712.91	391712.91
	7	Net worth	(79175.97)	(79175.97)
	8	Any Other Financial item(s) (as felt appropriate by the management)	-	-
II	<b>Audit Qualification (Each audit qualification separately)</b>			
1	(a)	<b>Details of Audit Qualification:</b>	<p>Note 1 and 2 to the unaudited financial results, regarding application by an operational creditor, initiating the insolvency provisions under the Insolvency and Bankruptcy Code, 2016 (the Code) and the consequential appointment of RP under the Code, and adequacy of disclosures concerning the Company's ability to meet its financial and contractual obligations including management's technical estimates in regard to realisation of value of inventories, overdue receivables (net of provisions) amounting to Rs. 2,101.42 Lakhs, loans and advances given to various parties (net of provisions) amounting to Rs.70,213.57 Lakhs (which includes capital advances of Rs.52,193.10 and other advances of Rs.18,020.47 Lakhs), provision for impairment, if any, required for property, plant and equipment (PPE), PPE under development, internally generated</p>	

		<p>intangible assets comprising of DBF/ ANDA, other non-monetary assets, investments, claims made by/ advances given to employees, financial obligations including repayment of various loans, unpaid interest and the ability to fund various obligations pertaining to operations including unpaid/ overdue creditors, for ensuring/ commencing normal operations and further investments required towards ongoing research and development projects under progress (carrying amount of Rs.1,431 Lakhs). Certain bank balances, including borrowings are yet to be confirmed by the banks and hence, the possible impact, if any, is not presently ascertainable</p> <p>The above matters, other than CIRP related, have been outstanding for more than 3 years and have also been qualified by the predecessor auditors in their audit report for earlier years.</p>
(b)	<b>Type of Audit Qualification :</b>	Qualified opinion
(c)	<b>Frequency of Qualification :</b>	Repetitive
(d)	<b>For Audit Qualification(s) where the impact is quantified by the auditor, Management Views:</b>	N.A.
<b>(e) For Audit Qualification(s) where the impact is not quantified by the auditor:</b>		
(i)	<b>Management's estimation on the impact of audit qualification:</b>	N.A.
(ii)	<b>If management is unable to estimate the impact, reason for the same</b>	<p>The Company is under CIRP and the Resolution Professional is required to invite submission of resolution plans from potential resolution applicants, which shall be put up for necessary approvals before the Committee of Creditors ("CoC") and the Honourable NCLT. The CIRP is not yet concluded and hence, the final outcome is yet to be ascertained.</p> <p>The company has not taken in consideration impact on the value of the assets due to this information for impairment, if any, in preparation of Financial Result as required by Ind-AS 10 on "Events after the reporting period" and Ind-AS 109 on Financial</p>

			Instruments".. Further, the Company has not made assessment of impairment as required by Ind AS 36 on Impairment of Assets, if any, as at 31 <sup>st</sup> March 2018 in the value of tangible and intangible assets."
	(iii)	<b>Auditor's Comment on (i) or (ii) above:</b>	Refer "Basis for Qualified Opinion" in audit report read with relevant notes in the financial results, the same is self-explanatory.
<b>II</b>	<b>Audit Qualification (Each audit qualification separately)</b>		
2	(a)	<b>Details of Audit Qualification:</b>	Confirmation of balances are not available for majority of the receivables, loans and advances given, payables, claims received from the employees and bank loans as at March 31, 2018. In the absence of the confirmation of balances, the possible impact, if any, is not presently determinable.  The above matters have also been qualified by the predecessor auditors in their audit report for earlier years.
	(b)	<b>Type of Audit Qualification :</b>	Qualified opinion
	(c)	<b>Frequency of Qualification :</b>	Repetitive
	(d)	<b>For Audit Qualification(s) where the impact is quantified by the auditor, Management Views:</b>	N.A.
	<b>(e) For Audit Qualification(s) where the impact is not quantified by the auditor:</b>		
	(i)	<b>Management's estimation on the impact of audit qualification:</b>	For non-receipt of independent balance confirmation management is of the view that there will not be significant variation in respect of borrowings, bank balances and bank guarantees.
	(ii)	<b>If management is unable to estimate the impact, reason for the same</b>	In accordance with the Code, public announcement was made calling upon the financial creditors and operational creditors of the Company to submit their claims with the Interim Resolution Professional ("IRP"). In accordance with the Code, the IRP/RP has to receive, collate and admit the claims submitted against the Company. Such claims can be submitted to the IRP/ RP during CIRP, till the approval of a resolution plan by the Committee of Creditors(CoC). Pursuant to the claims received, the CoC was informed and

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

<b>II Audit Qualification (Each audit qualification separately)</b>		
3	(a)	<p><b>Details of Audit Qualification:</b></p> <p>We have not been provided with sufficient, appropriate audit evidence relating to physical verification of fixed assets/ related reconciliation with the books of account, details/ valuation working for stock of stores, spares, chemicals and traded stock aggregating to Rs. 2,331 Lakhs, purchases of raw materials aggregating to Rs. 3,993 Lakhs and reconciliation/ basis of restatement of foreign currency assets and liabilities. Accordingly, we are unable to comment on the possible impact, if any, arising out of the above matters.</p> <p>Considering the aforesaid matters, the internal controls over financial reporting also needs to be further strengthened to make them commensurate with the size and nature of business of the Company.</p>
	(b)	<p><b>Type of Audit Qualification :</b></p> <p>Qualified opinion</p>
	(c)	<p><b>Frequency of Qualification :</b></p> <p>Appeared first time</p>
	(d)	<p><b>For Audit Qualification(s) where the impact is quantified by the auditor, Management Views:</b></p> <p>N.A.</p>
	<b>(e ) For Audit Qualification(s) where the impact is not quantified by the auditor:</b>	
	(i)	<p><b>Management’s estimation on the impact of audit qualification:</b></p> <p>N.A.</p>
	(ii)	<p><b>If management is unable to estimate the impact, reason for the same</b></p> <p>The internal financial control over financial reporting system are existing and operative, however based on the observation of the auditors we are further strengthening the internal financial control over financial reporting</p>
	(iii)	<p><b>Auditor’s Comment on (i) or (ii) above:</b></p> <p>Refer “Basis for Qualified Opinion” in audit report read with relevant notes in the financial results, the same is self-explanatory.</p>



II Audit Qualification (Each audit qualification separately)		
4	(a)	<p><b>Details of Audit Qualification:</b></p> <p>We have been informed by the RP that certain information including the minutes of the meetings of the Committee of Creditors, cases filed by RP against the key management personnel, suppliers, customers and other parties and the outcome of certain specific/ routine procedures carried out as part of the IBC process are confidential in nature and could not be shared with anyone, other than the Committee of Creditors and NCLT. Further, we have not been provided with sufficient, appropriate audit evidence in respect of avoidance applications filed under the IBC Code by the RP due to the confidentiality involved.</p> <p>Further, we were informed that the RP has filed the resolution plan voted favourably by the Committee of Creditors with Hon'ble NCLT. However, the detailed resolution plan (including the salient features, consideration agreed, terms and conditions etc.) has not been made available for our review. In the opinion of the RP, the matter is highly sensitive, confidential and may have adverse impact of the successful implementation of the resolution plan.</p> <p>Accordingly, we are unable to comment on the possible adjustments required in the carrying amount of assets and liabilities, possible presentation and disclosure impacts, if any, that may arise if we have been provided access to review of those information.</p>
	(b)	<p><b>Type of Audit Qualification :</b></p> <p>Qualified opinion</p>
	(c)	<p><b>Frequency of Qualification :</b></p> <p>Appeared first time</p>
	(d)	<p><b>For Audit Qualification(s) where the impact is quantified by the auditor, Management Views:</b></p> <p>N.A.</p>
	<b>(e ) For Audit Qualification(s) where the impact is not quantified by the auditor:</b>	
	(i)	<p><b>Management's estimation on the impact of audit</b></p> <p>N.A.</p>

	<b>qualification:</b>	
(ii)	<b>If management is unable to estimate the impact, reason for the same</b>	The RP is obliged not to share certain information which are integral part of the CIRP, in order to maintain confidentiality of the process and in line with the directions of the COC.
(iii)	<b>Auditor's Comment on (i) or (ii) above:</b>	Refer "Basis for Qualified Opinion" in audit report read with relevant notes in the financial results, the same is self-explanatory.

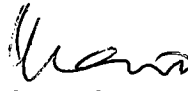
<b>II</b>	<b>Audit Qualification (Each audit qualification separately)</b>	
5	(a)	<p><b>Details of Audit Qualification:</b></p> <p>The Group's net worth as on the reporting date is also negative. However, pending completion of the successful implementation of the resolution plan as part of CIRP, this consolidated financial results/ financial information have been prepared and presented by the Group on a going concern basis.</p> <p>The matters referred to (a), (b) and (d) above also essentially require the Company to resolve the situations specified therein within the framework specified through the CIRP. In the absence of any specific guidance or direction that can be assessed out of CIRP, material uncertainties exist that may cause significant doubt on the Company's ability to continue as a going concern. However, the appropriateness of preparation of financial results on a going concern basis is subject to resolution of the above matters through the CIRP or such other forum or manner as specified in Note 1 and 2 the financial results.</p>
	(b)	<p><b>Type of Audit Qualification :</b></p> <p>Qualified opinion</p>
	(c)	<p><b>Frequency of Qualification :</b></p> <p>Repetitive</p>
	(d)	<p><b>For Audit Qualification(s) where the impact is quantified by the auditor, Management</b></p> <p>N.A.</p>

	<b>Views:</b>	
<b>(e ) For Audit Qualification(s) where the impact is not quantified by the auditor:</b>		
(i)	<b>Management's estimation on the impact of audit qualification:</b>	N.A.
(ii)	<b>If management is unable to estimate the impact, reason for the same</b>	The Committee of Creditors have favourably voted for the resolution plan proposed by one of the successful bidder, which has been filed by the RP with the Hon'ble NCLT. However, the final order of the Hon'ble NCLT is yet to be pronounced/ received by the Company.
(iii)	<b>Auditor's Comment on (i) or (ii) above:</b>	Refer "Basis for Qualified Opinion" in audit report read with relevant notes in the financial results, the same is self-explanatory.

**III Signatories**



**L Chandrasekar**  
Chief Financial Officer



**K.Raghavendra Rao**  
Managing Director

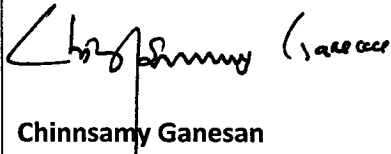
**Place: Chennai**

**Date : August 21, 2018**

**Statutory Auditor**

Refer our Independent Auditors' report dated August 21,2018 on Consolidated Financial Results of the Company

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



**Chinnsamy Ganesan**  
Partner  
Membership No.027501



**Place : Chennai**

**Date : August 21,2018**