

DHANADA CORPORATION LIMITED

(CIN: L55101PN1986PLC133909)

Regd. / Corporate Office: Dhanada, 16/6, Erandawana Housing Society,  
Plot No. 8, Patwardhan Baug, Pune 411004. Telefax : 020 25462408 / 25460661  
Email : dhanada@dhanadacorp.com Website : www.dhanadacorp.com



DHANADA

26<sup>th</sup> May 2018

To,  
Bombay Stock Exchange Ltd.  
Listing Department  
P. J. Tower  
Dalal Street, Fort,  
Mumbai

**Sub: Submission of Statement on Impact of Audit Qualifications for the Audited Financial Results of the Company and Revised Audit Report for the Quarter and Year Ended on 31<sup>st</sup> March 2018.**

Dear Sir/Madam,

We have submitted Audited Financial Results for the quarter and year ended on 31<sup>st</sup> March 2018 on 25<sup>th</sup> May 2018 along with Audit Report. Inadvertently, It was not submitted 'Statement on Impact of Audit Qualifications' to the Audited Financial Results. Now, we are submitting statement of the same along with Audited Financial Results and revised Audit Report as per IND AS compliant.

Request you to kindly take the above on record.

Thanking you,

For Dhanada Corporation Limited

Mrs. Smita Mishra  
Company Secretary



**DHANADA CORPORATION LTD.**

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**DHANADA**

**Statement of Standalone Audited Financial Results for the Quarter and Year  
Ended 31st March 2018**

(Rs. In Lakhs)

Sr. No.	Particulars	Quarter ended			Year ended	
		31.03.2018 (Audited)	31.12.2017 (Unaudited)	31.03.2017 (Audited)	31.03.2018 (Audited)	31.03.2017 (Audited)
1	<b>Income:</b>					
	a. Revenue from Operations	292.65	297.25	278.45	1,092.98	882.69
	b. Other Income	3.38	1.62	22.40	7.89	25.77
	<b>Total Income</b>	<b>296.03</b>	<b>298.87</b>	<b>300.85</b>	<b>1,100.87</b>	<b>908.46</b>
2	<b>Expenses:</b>					
	a. Cost of Materials Consumed	32.22	36.56	36.71	147.08	124.09
	b. Employee benefits expenses	57.66	57.55	44.12	214.09	171.05
	c. Finance Costs	68.26	67.21	55.31	261.84	214.41
	d. Depreciation and amortisation expenses	28.54	29.63	32.77	119.89	173.20
	e. Other Expenses:					
	i. Power & Fuel	39.41	43.38	45.75	177.34	162.49
	ii. Other Expenditure	145.70	82.61	131.20	369.58	303.52
	<b>Total Expenses:</b>	<b>371.79</b>	<b>316.94</b>	<b>345.86</b>	<b>1,289.82</b>	<b>1,148.76</b>
3	<b>Profit / (Loss) before Exceptional Items and Tax (1-2)</b>	<b>(75.76)</b>	<b>(18.07)</b>	<b>(45.01)</b>	<b>(188.95)</b>	<b>(240.30)</b>
4	Exceptional Items	-	(109.91)	(114.14)	(110.43)	(114.14)
5	<b>Profit / (Loss) before tax (3+4)</b>	<b>(75.76)</b>	<b>(127.98)</b>	<b>(159.15)</b>	<b>(299.38)</b>	<b>(354.44)</b>
6	<b>Tax Expenses</b>					
	a. Current Tax	-	-	-	-	-
	b. Deferred Tax	-	-	-	-	-
	<b>Total Tax Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
7	<b>Net Profit / (Loss) after tax (5-6)</b>	<b>(75.76)</b>	<b>(127.98)</b>	<b>(159.15)</b>	<b>(299.38)</b>	<b>(354.44)</b>
8	<b>Other Comprehensive Income</b>					
	i. Items that will not be reclassified to Profit or Loss	-	-	-	-	-
	ii. Items that will be reclassified to Profit or Loss (Net of Tax)	-	-	-	-	-
	<b>Total Other Comprehensive Income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
9	<b>Total Comprehensive Income for the Period (7 + 8)</b>	<b>(75.76)</b>	<b>(127.98)</b>	<b>(159.15)</b>	<b>(299.38)</b>	<b>(354.44)</b>
10	Paid up Equity Shares Capital	559.34	559.34	559.34	559.34	559.34
11	<b>Earnings Per Equity Share (Face Value of Re. 1/- each)</b>					
	(a) Basic	(0.14)	(0.23)	(0.28)	(0.54)	(0.63)
	(b) Diluted	(0.14)	(0.23)	(0.28)	(0.54)	(0.63)



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**DHANADA****Standalone Statement of Assets and Liabilities as at 31st March 2018****(Rs. In Lakhs)**

Particulars	As at 31st March 2018	As at 31st March 2017
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, Plant and Equipment	2,533.42	2,635.82
Capital Work in Progress	181.43	181.08
Intangible Assets	0.58	1.48
	<b>2,715.42</b>	<b>2,818.38</b>
Financial Assets:		
Investments	0.30	110.69
Other Financial Assets	-	-
Tax Assets (Net)	31.59	28.48
Other Non Current Assets	455.12	451.51
	<b>487.02</b>	<b>590.68</b>
<b>Current Assets</b>		
Inventories	11.98	8.18
Financial Assets:		
Trade Receivable	83.85	90.63
Cash and Cash Equivalents	129.57	34.58
Bank Balances other than Cash and Cash Equivalents	239.24	129.10
Other Financial Assets	0.99	0.01
Other Current Assets	21.06	59.96
	<b>486.69</b>	<b>322.45</b>
<b>TOTAL ASSETS</b>	<b>3,689.13</b>	<b>3,731.51</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Equity Shares Capital	559.34	559.34
Other Equity	1,034.75	1,334.13
<b>Total Equity</b>	<b>1,594.09</b>	<b>1,893.47</b>
<b>LIABILITIES</b>		
<b>Non-Current Liabilities</b>		
Financial Liabilities:		
Borrowings	-	150.51
Other Financial Liabilities	35.00	35.00
Employee Benefit Obligations	28.66	23.09
	<b>63.66</b>	<b>208.60</b>
<b>Current Liabilities</b>		
Financial Liabilities:		
Borrowings	1,896.61	1,487.64
Trade Payables	54.95	59.90
Other Financial Liabilities	-	-
Other Current Liabilities	79.83	81.92
	<b>2,031.38</b>	<b>1,629.45</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,689.13</b>	<b>3,731.51</b>



**Notes:**

- a. The above audited financial results were reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on 25<sup>th</sup> May 2018.
- b. The records and documents of the Company had been seized, now recently partially released; also certain operations had been stopped since some of the bank accounts and the account with India Infoline Ltd. for derivative trading had been seized by the Maharashtra Police Department under Section 3 of MPID Act and various sections of IPC. In view of this, the financial results are compiled only to the extent of information gathered from the records and information available with the Company as on date and the balances of seized bank accounts and the account with India Info line are carried out at the balance available on the date of seizure. Thus these balances are subject to confirmation, reconciliation and consequential adjustments if any.
- c. Pending conveyance of land at Nande, pending payment of stamp duty applicable to Scheme of Arrangement & Amalgamation sanctioned by Hon'ble Bombay High Court vide their judgment dated 16th July 2009 and pending legal formalities of allotment of shares (the subject matter of the aforesaid scheme), accounting has been done of Fixed Assets (Land) of Rs. 1,59,65,999.74, Issued, Subscribed and Paid up Share Capital of Rs. 17,96,254, Share Premium of Rs. 1,06,69,748.76 and Current Liabilities (Amount payable to Dr. Laxman V. Kulkarni) of Rs. 34,99,996.98. Pending completion of all legal formalities, the respective amounts as aforesaid are overstated to that extent.
- d. Details and supporting documents of the amount of Rs. 3,91,00,000/- paid as Advance to Dr. Laxman V. Kulkarni are not available with the Company. As such, we are unable to express our opinion on the genuineness of the payment, recoverability thereof and correctness of the accounting treatment.
- e. Term Loan from Phoenix ARC Pvt. Ltd. (ARC) is secured by Mortgage of Hotel Property and hypothecation of movable assets. ARC has taken symbolic possession of these assets under an assignment from Saraswat Co-op. Bank Ltd. As the Company is in default of payments of entire outstanding amount (including contractual interest) the provisions of Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act 2002 regarding recovery procedure will be applicable.
- f. Term Loan from Bank of Maharashtra is secured by Mortgage of Land situated at Village Nande, Pune and has called back entire loan outstanding amount (including interest) for which Bank of Maharashtra has issued notice for sale of mortgaged property under Security Interest (Enforcement) Rules, 2002. As the Company is in default of payments of entire outstanding amount, the provisions of Securitization and Reconstruction of Financial



- Assets and Enforcement of Security Interest Act 2002 regarding recovery procedure will be applicable.
- g. The Company had investment in equity shares of three non-material subsidiary companies viz., Dhanada Engineering Pvt. Ltd., Dhanada Education Pvt. Ltd. and Dhanada Clean Energy (India) Pvt. Ltd. till 13<sup>th</sup> November 2017. On 14<sup>th</sup> November 2017, the Company has sold/transferred its entire investment in the equity shares of these non-material three subsidiary companies. Consequently, all these three companies have ceased to be the subsidiaries of the Company w.e.f. 14<sup>th</sup> November 2017. As such, the consolidated unaudited financial results are not applicable.
- h. In the absence of the statements of account from Phoenix ARC Pvt. Ltd. and Bank of Maharashtra, the interest on loans availed from these institutions has been provided for on the book balance at contractual rates. In view of this, the overdue and penal interest, if any, being not ascertainable, has not been provided for.
- i. There is a contingent liability towards interest and penalties for non-deduction and nonpayment of TDS on certain expenses. (Amount not ascertainable).
- j. There is no substantial income from any other segment except 'Hospitality'.
- k. Exceptional items for the quarter ended 31<sup>st</sup> March 2018 denote loss on sale of shares held in subsidiary companies net of provision for diminution in the value of shares earlier made no more required.
- l. The Company has filed a petition to the Hon'ble High Court, Mumbai challenging the Notifications dated 7th May 2016 and 8th June 2017 issued by Maharashtra State under The Maharashtra Protection of Interest of Depositors (in Financial Establishments) Act, 1999 (MPID Act) for attachment of the assets / properties of the Company. However, inspite of the pending petition, the Tahsildar and Executive Magistrate Pune City has issued a notice for taking physical possession of the property. The Company challenged the subject notice in High Court, Bombay and the Hon. Court issued a Stay Order on 29th December 2017 restraining the Competent Authority or State from taking possession of the properties of the Company and sealing the same. Meanwhile, the Competent Authority, Aurangabad approached the District and Sessions Judge, Aurangabad for making absolute the aforesaid Notifications. The Court of District and Sessions Judge, Aurangabad has passed an Order dated 30th January 2018 directing the Competent Authority to sell the attached properties of the Company. The Company has been filed an appeal against the said order in High Court, Aurangabad.
- m. Previous period figures have been regrouped, rearranged and reclassified wherever necessary, for the purpose of comparison.



- n. The reconciliation of Net Profit or Loss of standalone financial results for the quarter ended 31<sup>st</sup> March 2017 under Ind AS and previous Indian GAAP is as follows:

Rs. in Lakhs

Particulars	Quarter ended	Year ended
	31 <sup>st</sup> March 2017	31 <sup>st</sup> March 2017
<b>Net Profit/(Loss) published as per Indian GAAP</b>		
Ind AS Adjustments:	(159.15)	(354.44)
Actuarial (Gain) / Loss on defined benefit obligations accounted through "Other Comprehensive Income"	-	-
Remeasurement of employee defined benefit plans	-	-
<b>Profit/(Loss) under Ind AS</b>	<b>(159.15)</b>	<b>(354.44)</b>
Add : Other Comprehensive Income (Net of Tax)	-	-
<b>Total Comprehensive Income / Loss under Ind AS</b>	<b>(159.15)</b>	<b>(354.44)</b>

For Dhanada Corporation Ltd.

*R R Havele*

Place: Pune  
Date: 25<sup>th</sup> May 2018

Ramesh R. Havele  
Chairman and Managing Director  
(DIN: 00007580)



# SHASHANK PATKI AND ASSOCIATES

CHARTERED ACCOUNTANTS

## Independent Auditors' Report on Standalone Annual Audited Financial Results of Dhanada Corporation Ltd. pursuant to Regulation 33 and Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

### To the Board of Directors of Dhanada Corporation Limited

1. We have audited the accompanying statement of audited financial results of Dhanada Corporation Limited, ('the Company') for the year ended 31 March 2018, attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 and Regulation 52 of the Securities and Exchange Board of India ('SEBI') (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated 5 July 2016 issued by SEBI and circular no CIR/IMD/DFI/69/2016 dated 10 August 2016 ('Listing Regulations').
2. These standalone financial results have been prepared on the basis of the annual standalone financial statements and reviewed quarterly financial results up to the end of the third quarter which are the responsibility of the Company's management. Our responsibility is to express an opinion on these standalone financial results based on our audit of such annual standalone financial statements, which have been prepared in accordance with the recognition and measurement principles laid down in the Companies (Indian Accounting Standards) Rules, 2015 as per Section 133 of the Companies Act 2013 ('Ind AS'), read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 and Regulation 52 of the Listing Regulations.

The audit involves performing procedures to obtain Audit evidence about the amount & disclosure in the statement. The procedures selected depend on auditor's judgment, including the assessment of risks of material misstatement of the statement, whether due to fraud or error. In making those risk assessment, the auditor considers internal control relevant to the company's preparation and fair presentation of the statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of the Accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide basis for our Audit opinion.

3.
  - a. As mentioned in note no. 23 c of Other Notes On Accounts, the accounts have been compiled on the basis of the records and documents available with the Company due to seizure of records and documents by Police authorities, now recently partially released. The impact on accounts (financial as well as disclosure) due to such non-availability of the records is not ascertainable.
  - b. As mentioned in note no. 1 of Note : Property Plant and Equipment (Owned, unless otherwise stated) and Intangible Assets, pending conveyance of land at Nande, pending payment of stamp duty applicable to scheme of arrangement & amalgamation

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sanctioned by Hon'ble Bombay High Court vide their judgement dated 16th July 2009 and pending legal formalities of allotment of shares (the subject matter of the aforesaid scheme), accounting has been done of Fixed Assets (Land) of Rs.1,59,65,999.74, Issued, Subscribed and Paid up Share Capital of Rs. 17,96,254, Share Premium of Rs. 1,06,69,748.76 and Current Liabilities (Amount payable to Dr. Laxman V. Kulkarni) of Rs. 34,99,996.98. Pending completion of all legal formalities, the respective amounts as aforesaid accounts are overstated to that extent.

- c. Details and supporting documents of the amount of Rs. 3,91,00,000/- paid as Advance to Dr. Laxman V. Kulkarni are not available with the Company. As such, we are unable to express our opinion on the genuineness of the payment, recoverability thereof and correctness of the accounting treatment.
- d. As mentioned in various notes, no provision has been made for interest on Sales Tax Deferment and interest / penalties for non-payment / late payment of statutory dues and for non-compliance of legal formalities etc., if any. The amount is not ascertainable.
- e. In the absence of the records, as mentioned in para a. above, the correctness of the amounts written off is not ascertainable.
- f. In the absence of records, as mentioned in para a. above, the nature of Capital Work in Progress (pending since long) could not be ascertained. As such the probable accounting thereof, capital or revenue, is pending. Effect on account is not ascertainable.
- g. Balances with Banks include as amount of Rs. 1,02,50,000/- kept in bank account in the individual name of director. As informed to us, this amount has been kept in No Loan Account as part of the negotiation with a lender bank for One Time Settlement.

Subject to foregoing, in our opinion and to the best of our information and according to the explanation given to us, the statement conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of audited financial results (read along with Notes thereto) prepared in accordance with the applicable accounting standards and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.

For Shashank Patki and Associates  
Chartered Accountants  
FRN 122054W

  
Shashank Patki  
Partner  
Membership No. 035151  
Place: Pune  
Date: 25<sup>th</sup> May 2018





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

<b>Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2018</b>				
[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]				
<b>I.</b>	<b>Sl. No.</b>	<b>Particulars</b>	<b>Audited Figures (as reported before adjusting for qualifications)</b>	<b>Adjusted Figures (audited figures after adjusting for qualifications)</b>
	1.	Turnover / Total Income	11,00,87,215.65	11,00,87,215.65
	2.	Total Expenditure	12,89,81,646.99	12,89,81,646.99
	3.	Net Profit / (Loss)	(2,99,37,755.02)	(2,99,37,755.02)
	4.	Earnings Per Share	(0.54)	(0.54)
	5.	Total Assets	36,89,12,896.23	34,26,96,896.49
	6.	Total Liabilities	36,89,12,896.23	34,26,96,896.49
	7.	Net Worth	15,94,08,883.24	14,34,42,883.50
	8.	Any other financial item(s) (as felt appropriate by the management)	0	0
<b>II.</b>	<b>Audit Qualification:</b>			
1.	a.	<b>Details of Audit Qualification:</b> As mentioned in note no. 23 c of Other Notes On Accounts, the accounts have been compiled on the basis of the records and documents available with the Company due to seizure of records and documents by Police authorities, now recently partially released. The impact on accounts (financial as well as disclosure) due to such non-availability of the records is not ascertainable.		
	b.	<b>Type of Audit Qualification:</b> Disclaimer of Opinion.		
	c.	<b>Frequency of qualification:</b> Repeated.		
	d.	<b>For Auditor Qualification where the impact is quantified by the auditor, Management's Views:</b> Not Applicable.		
	e.	<b>For Audit Qualification where the impact is not quantified by the auditor:</b>		
		<b>(i) Management's estimation on the impact of audit qualification:</b> There will be no significant impact on accounts (financial as well as disclosure) of the Company.		
		<b>(ii) If management is unable to estimate the impact, reasons for the same:</b> Not Applicable.		
		<b>(iii) Auditors' Comments on (i) or (ii) above:</b> We are unable to ascertain the impact at present.		
2.	a.	<b>Details of Audit Qualification:</b> As mentioned in note no. 1 of Note : Property Plant and Equipment (Owned, unless otherwise stated) and Intangible Assets, pending conveyance of land at Nande, pending payment of stamp duty applicable to scheme of arrangement & amalgamation sanctioned by Hon'ble Bombay High Court vide their judgement dated 16 <sup>th</sup> July 2009 and pending legal formalities of allotment of shares (the subject matter of the aforesaid scheme), accounting has been done of Fixed Assets (Land) of Rs.1,59,65,999.74, Issued,		



		Subscribed and Paid up Share Capital of Rs. 17,96,254, Share Premium of Rs. 1,06,69,748.76 and Current Liabilities (Amount payable to Dr. Laxman V. Kulkarni) of Rs. 34,99,996.98. Pending completion of all legal formalities, the respective amounts as aforesaid accounts are overstated to that extent.
	b.	<u>Type of Audit Qualification:</u> Qualified Opinion.
	c.	<u>Frequency of qualification:</u> Repeated.
	d.	<u>For Auditor Qualification where the impact is quantified by the auditor, Management's Views:</u> The Company has acquired land at Nande from Dr. Laxman V. Kulkarni pursuant to the Scheme of Amalgamation approved by the High Court. As per the Scheme, the Company was required to allot 17,96,254 Equity Shares and pay Rs. 34,99,996.98, additionally, as a consideration for the said land to Dr. Kulkarni, by executing separate Conveyance Deed. However, the management was advised that the allotment is required to be made before the execution of the Conveyance Deed. Accordingly, in good faith the Board allotted the necessary shares to Dr. Kulkarni and prepared the deed for registration. However, Dr. Kulkarni, expressed his desire for upward revision of the total consideration, as the prices of the land have gone up considerably since 01.04.2008 i.e. the appointed date and the market price of the equity shares of the Company have not appreciated in line with the same. Due to this, the conveyance deed with Dr. Laxman V. Kulkarni is not yet done. The management is exploring ways and means to sort out the issue and hopes that the same will be resolved amicably. However, until the financial difficulties are resolved, a solution to this issue appears remote. After settlement of the issue and completion of all legal formalities, the aforesaid amounts accounted for under Fixed Assets, Share Capital, Share Premium will stand confirmed.
	e.	<u>For Audit Qualification where the impact is not quantified by the auditor:</u>
		(i) <u>Management's estimation on the impact of audit qualification:</u> Not Applicable.
		(ii) <u>If management is unable to estimate the impact, reasons for the same:</u> Not Applicable.
		(iii) <u>Auditors' Comments on (i) or (ii) above:</u> Not Applicable.
3.	a.	<u>Details of Audit Qualification:</u> Details and supporting documents of the amount of Rs. 3,91,00,000/- paid as Advance to Dr. Laxman V. Kulkarni are not available with the Company. As such, we are unable to express our opinion on the genuineness of the payment, recoverability thereof and correctness of the accounting treatment.
	b.	<u>Type of Audit Qualification:</u> Qualified Opinion.
	c.	<u>Frequency of qualification:</u> Repeated.
	d.	<u>For Auditor Qualification where the impact is quantified by the auditor, Management's Views:</u> The Company has acquired land at Nande from Dr. Laxman V. Kulkarni pursuant to the Scheme of Amalgamation approved by the High Court. As per the Scheme, the Company was required to allot 17,96,254 Equity Shares and pay Rs. 34,99,996.98, additionally, as a consideration for the said land to Dr. Kulkarni, by executing separate Conveyance Deed. However, Dr. Kulkarni, expressed his desire for upward revision of the total




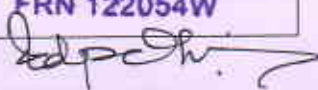


		consideration, as the prices of the land have gone up considerably since 01.04.2008 i.e. the appointed date and the market price of the equity shares of the Company have not appreciated in line with the same. The Company has paid Rs.3,91,00,000/- to Dr. Kulkarni as Advance against the said land. However, due to financial difficulties, the Company is not able to pay the balance amount as desired by Dr. Kulkarni. Due to this, the conveyance deed with Dr. Laxman V. Kulkarni is not yet done. The management is exploring ways and means to sort out the issue and hopes that the same will be resolved amicably. However, until the financial difficulties are resolved, a solution to this issue appears remote. After settlement of the issue, the amount of Rs. 3,91,00,000/- will be added to the Fixed Assets under Land.
	e.	<u>For Audit Qualification where the impact is not quantified by the auditor:</u>
		(i) <u>Management's estimation on the impact of audit qualification:</u> Not Applicable.
		(ii) <u>If management is unable to estimate the impact, reasons for the same:</u> Not Applicable.
		(iii) <u>Auditors' Comments on (i) or (ii) above:</u> Not Applicable.
4.	a.	<u>Details of Audit Qualification:</u> As mentioned in various notes, no provision has been made for interest on Sales Tax Deferment and interest / penalties for non-payment / late payment of statutory dues and for non-compliance of legal formalities etc., if any. The amount is not ascertainable.
	b.	<u>Type of Audit Qualification:</u> Qualified Opinion.
	c.	<u>Frequency of qualification:</u> Repeated.
	d.	<u>For Auditor Qualification where the impact is quantified by the auditor, Management's Views:</u> Not Applicable.
	e.	<u>For Audit Qualification where the impact is not quantified by the auditor:</u>
		(i) <u>Management's estimation on the impact of audit qualification:</u> Management is unable to estimate the impact of audit qualification.
		(ii) <u>If management is unable to estimate the impact, reasons for the same:</u> Phoenix ARC Pvt. Ltd. / Saraswat Co.-Op. Bank Ltd. are not providing the statement of dues / interest / penal interest / other charges, if any. Hence, the Company has provided in its books as per the contractual rate of interest. As far as Sales Tax demand is concerned, the Company has provided as per the Assessment Order. The penal interest / penalties are not provided for due to financial difficulties.
		(iii) <u>Auditors' Comments on (i) or (ii) above:</u> We are unable to ascertain the impact the impact at present.
5.	a.	<u>Details of Audit Qualification:</u> In the absence of the records, as mentioned in para a. of the Auditor's Report, the correctness of the amounts written off is not ascertainable.
	b.	<u>Type of Audit Qualification:</u> Disclaimer of Opinion.
	c.	<u>Frequency of qualification:</u> Repeated.
	d.	<u>For Auditor Qualification where the impact is quantified by the auditor, Management's Views:</u> Not Applicable.



	e.	<u>For Audit Qualification where the impact is not quantified by the auditor:</u>
		(i) <u>Management's estimation on the impact of audit qualification:</u> The management believes that there will be no significant impact on accounts (financial as well as disclosure) of the Company. Management is unable to estimate the impact of audit qualification.
		(ii) <u>If management is unable to estimate the impact, reasons for the same:</u> Not Applicable.
		(iii) <u>Auditors' Comments on (i) or (ii) above:</u> We are unable to ascertain the impact at present.
6	a.	<u>Details of Audit Qualification:</u> In the absence of records, as mentioned in para a. of the Auditor's Report, the nature of Capital Work in Progress (pending since long) could not be ascertained. As such the probable accounting thereof, capital or revenue, is pending. Effect on account is not ascertainable.
	b.	<u>Type of Audit Qualification:</u> Disclaimer of Opinion.
	c.	<u>Frequency of qualification:</u> First time.
	d.	<u>For Auditor Qualification where the impact is quantified by the auditor, Management's Views:</u> Not Applicable.
	e.	<u>For Audit Qualification where the impact is not quantified by the auditor:</u>
		(i) <u>Management's estimation on the impact of audit qualification:</u> The management believes that there will be no significant impact on accounts (financial as well as disclosure) of the Company.
		(ii) <u>If management is unable to estimate the impact, reasons for the same:</u> Not Applicable.
		(iii) <u>Auditors' Comments on (i) or (ii) above:</u> We are unable to ascertain the impact at present.
7	a.	<u>Details of Audit Qualification:</u> Balances with Banks include as amount of Rs. 1,02,50,000/- kept in bank account in the individual name of director. As informed to us, this amount has been kept in No Lean Account as part of the negotiation with a lender bank for One Time Settlement.
	b.	<u>Type of Audit Qualification:</u> Disclaimer of Opinion.
	c.	<u>Frequency of qualification:</u> First time.
	d.	<u>For Auditor Qualification where the impact is quantified by the auditor, Management's Views:</u> The Company has received a proposal from Bank of Maharashtra to avail the "MAHA MUKTI YOJANA" Scheme introduced by it for One Time Settlement (OTS) of outstanding dues of the Company. A No Lean Account was opened in the name of Director of the Company and the amount of Rs. 1,02,50,000/- was deposited in the said account as a part of the negotiation with a lender bank. After finalization of OTS proposal, this amount of Rs. 1,02,50,000/- will be adjusted by the Bank against its dues. As a result the amount will be reduced from Current assets and Current liabilities.
	e.	<u>For Audit Qualification where the impact is not quantified by the auditor:</u>
		(i) <u>Management's estimation on the impact of audit qualification:</u>



	Not Applicable.	
	(ii) If management is unable to estimate the impact, reasons for the same: Not Applicable.	
	(iii) Auditors' Comments on (i) or (ii) above: Not Applicable.	
III.	<b>Signatories:</b>	
	CEO / Managing Director	
	CFO	
	Audit Committee Chairman	
	Statutory Auditor	For Shashank Patki & Ass. Chartered Accountants FRN 122054W 

Place : Pune  
Date : 25<sup>th</sup> May 2018



**SHASHANK PATKI**  
Partner  
MN 035151