July 29, 2016

Listing Department
National Stock Exchange of India Ltd
Exchange Plaza, 5th Floor, Plot No: C/1
G - Block, Bandra - Kurla Complex
Bandra (East), Mumbai – 400051

Sub: Statement on Impact of Audit Qualifications for the financial year ended 31.03.2016

Dear Sir/Madam,

Pursuant to SEBI Circular No. CIR/CFD/CMD/56/2016 dated May 27, 2016, NSE circular no. NSE/CML/2016/09 dated June 01, 2016 & BSE Circular no. DCS/COMP/04/2016-17 dated June 01, 2016, we enclose herewith the statement on Impact of Audit Qualifications on the standalone & Consolidated Financial Statements of the company for the year ended 31st March 2016.

Kindly take the same on your records.

Thanking you,

Yours faithfully,

L Chandrasekar
Executive V P– Finance & Secretary

Encl.: a/a

Statement on Impact of Audit Qualifications Submitted for the Financial Year ended March 31, 2016 – 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)	88,850.54	88,850.54
	2	Total Expenditure (Including finance cost and exceptional items)	1,18,002.88	1,23,002.88
	3	Net Profit / (Loss)	(27,427.27)	(32,427.27)
	4	Earnings per Share (In Rs.)	(31.51)	(37.26)
	5	Total Assets	3,96,252.58	3,91,252.58
	6	Total Liabilities	3,79,139.11	3,79,139.11
	7	Net worth	17,113.47	12,113.47
	8	Any Other Financial item(s) (as felt appropriate by the management)	-	-
II		Audit Qualification		
	II(1)(a)	**Details of Audit Qualification:**	The Company has given advances amounting to Rs. 679 crores to various parties and are outstanding as on March 31, 2016. The Company has not received any materials/ capital goods against these advances. As per information and explanation given, the Company is not able to take delivery of materials due to financial constraints. We are not able to express any opinion on the recoverability of these amounts.	
	(b)	**Type of Audit Qualification :**	Qualified opinion	
	(c)	**Frequency of Qualification :**	Repetitive from period 18 months ended 30th September 2013	
	(d)	**For Audit Qualification(s) where the impact is quantified by the auditor, Management Views:**	N.A	
	(e)	**For Audit Qualification(s) where the impact is not quantified by the auditor:**		
	(i)	**Management's estimation on the impact of audit qualification:**	NIL For meeting a) the future business expansions, b) for sustaining the current regulatory approvals and customer expectations and c) also to meet the demand for some of the existing products which are increasing both in regulated markets and emerging markets, the company has given	

			advances to Vendors for supply of capital goods and materials. The Company is currently under the Corporate Debt Restructuring (CDR) scheme. Due to financial constraints, the Company was not able to take delivery of materials /capital goods and the Company is confident that with the revival under the CDR regime and with the plans of infusion of alternate funding, the Company would be able to take delivery of these materials in due course.
	(ii)	**If management is unable to estimate the impact, reason for the same**	N.A.
	(iii)	**Auditor's Comment on (i) or (ii) above:**	We are not able to express any opinion on the recoverability of these amounts in the absence of full information
	II(2)(a)	**Details of Audit Qualification:**	The Company has investments of Rs. 123.07 Crores and loans of Rs. 36.11 Crores in two subsidiaries carrying on research and development activities. These subsidiaries have not been spending any money on the research during the current period as no financial support is given by the parent Company and the parent Company has not allocated any funds for the future development. No information is also available with the company regarding the value of molecules available with the company. In view of the above, it is necessary to impair the value of this investment.
	(b)	**Type of Audit Qualification :**	Qualified opinion
	(c)	**Frequency of Qualification :**	Repetitive from period 18 months ended 30th September 2013
	(d)	**For Audit Qualification(s) where the impact is quantified by the auditor, Management Views:**	As far as the diminution in value of investments is concerned, the Company is confident that the value of molecules held by the foreign subsidiaries will be more than the investment, as per the valuation of these molecules in its current status Hence, no adjustment is required
	(e)	**For Audit Qualification(s) where the impact is not quantified by the auditor:**	N.A
	II(3)(a)	**Details of Audit Qualification:**	The holdback amount receivable from party under the BTA agreement is subject to confirmation and reconciliation due to claims raised by the purchaser. The amount of such claims made by the purchaser, disputed by the Company and hence not provided for is approximately Rs. 50 crores
	(b)	**Type of Audit Qualification :**	Qualified opinion
	(c)	**Frequency of Qualification :**	Financial year ending 31st March 2016
	(d)	**For Audit Qualification(s) where the impact is quantified by the auditor, Management Views:**	In respect of holdback money claims, the Company has refuted its claims through it lawyers. As the BTA transaction has been done in accordance with the CDR terms and

			conditions and the holdback amount has captured in the CDR package as receivable after a period of 18 months from the date of BTA, at the time of adoption of accounts, the Co was confident of receiving the holdback amount from the party pending finalization of negotiation. However, the amount has been shown as adjustment.
	(e)	**For Audit Qualification(s) where the impact is not quantified by the auditor:**	**N.A**
III	Signatories		
	Managing Director		
	CFO		
	Audit Committee Chairman		
	Statutory Auditor		
	Place: Chennai		
	Date: 29/07/2016		
*** Without considering impact of qualification referred to II(1)(a) and II(2)(a)**			

Statement on Impact of Audit Qualifications Submitted for the Financial Year ended March 31, 2016 – 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)	89,843.49	89,843.49
	2	Total Expenditure (Including finance cost and exceptional items)	1,19,470.84	1,24,470.84
	3	Net Profit / (Loss)	(27,911.27)	(32,911.27)
	4	Earnings per Share (In Rs.)	(32.07)	(37.82)
	5	Total Assets	3,86,207.21	3,81,207.21
	6	Total Liabilities	3,81,302.72	3,81,302.72
	7	Net worth	4,904.49	(95.51)
	8	Any Other Financial item(s) (as felt appropriate by the management)	-	-
II		**Audit Qualification**		
	II(1)(a)	**Details of Audit Qualification:**	The Company has given advances amounting to Rs. 679 crores to various parties and are outstanding as on March 31, 2016. The Company has not received any materials/ capital goods against these advances. As per information and explanation given, the Company is not able to take delivery of materials due to financial constraints. We are not able to express any opinion on the recoverability of these amounts.	
	(b)	**Type of Audit Qualification :**	Qualified opinion	
	(c)	**Frequency of Qualification :**	Repetitive from period 18 months ended 30th September 2013	
	(d)	**For Audit Qualification(s) where the impact is quantified by the auditor, Management Views:**	N.A	
	(e)	**For Audit Qualification(s) where the impact is not quantified by the auditor:**		
	(i)	**Management's estimation on the impact of audit qualification:**	Nil For meeting a) the future business expansions, b) for sustaining the current regulatory approvals and customer expectations and c) also to meet the demand for some of the existing products which are increasing both in regulated markets and emerging markets, the company has given advances to Vendors for supply of capital goods and materials. The Company is currently under the Corporate Debt Restructuring (CDR)	

			scheme. Due to financial constraints, the Company was not able to take delivery of materials /capital goods and the Company is confident that with the revival under the CDR regime and with the plans of infusion of alternate funding, the Company would be able to take delivery of these materials in due course.
	(ii)	**If management is unable to estimate the impact, reason for the same**	N.A.
	(iii)	**Auditor's Comment on (i) or (ii) above:**	We are not able to express any opinion on the recoverability of these amounts in the absence of full information
	II(2)(a)	**Details of Audit Qualification:**	The consolidated financial statements carries an intangible asset of Rs 94.82 Crores representing goodwill relating to one of the Company's wholly owned subsidiary viz., Bexel Pharmaceuticals Inc. The subsidiary has not been spending any money on the research on the molecule as no financial support is given by the parent Company and the parent Company has not allocated any funds for the future development. In view of the above, it is necessary to impair the value of this intangible asset as no information is available with the Company regarding the value that can be recovered from the sale of rights over the molecule possessed by the Subsidiary
	(b)	**Type of Audit Qualification :**	Qualified opinion
	(c)	**Frequency of Qualification :**	Repetitive from period 18 months ended 30th September 2013
	(d)	**For Audit Qualification(s) where the impact is quantified by the auditor, Management Views:**	The Company is confident that the value of molecules held by the foreign subsidiaries will be more than the investment, as per the valuation of these molecules in its current status. Hence no impairment was considered necessary for the Goodwill and no adjustment is required
	(e)	**For Audit Qualification(s) where the impact is not quantified by the auditor:**	**N.A**
	II(3)(a)	**Details of Audit Qualification:**	The holdback amount receivable from party under the BTA agreement is subject to confirmation and reconciliation due to claims raised by the purchaser. The amount of such claims made by the purchaser, disputed by the Company and hence not provided for is approximately Rs. 50 crores
	(b)	**Type of Audit Qualification :**	Qualified opinion
	(c)	**Frequency of Qualification :**	Financial year ending 31st March 2016
	(d)	**For Audit Qualification(s) where the impact is quantified by the auditor, Management Views:**	In respect of holdback money claims, the Company has refuted its claims through it lawyers. As the BTA transaction has been done in accordance with the CDR terms and conditions and the holdback amount has captured in the CDR package as receivable after a

			period of 18 months from the date of BTA, at the time of adoption of accounts the Co was confident of receiving the holdback amount from the party pending finalization of negotiation. However, the amount has been shown as adjustment.
	(e)	**For Audit Qualification(s) where the impact is not quantified by the auditor:**	**N.A**
III	Signatories		
	Managing Director		
	CFO		
	Audit Committee Chairman		
	Statutory Auditor		
	Place: Chennai		
	Date: 29/07/2016		
*** Without considering impact of qualification referred to II(1)(a) and II(2)(a)**			