



EVEREST ORGANICS LIMITED

CIN : L24230TG1993PLC015426

An ISO 9001:2015 & WHO GMP Certified Company

Corporate Office : # 1st Floor, Lakeview Plaza, Plot No.127 & 128, Amar Co-operative Society,
Opp. Madhapur Police Station Road, Near Durgam Cheruvu, Madhapur, Hyderabad - 500 033.
Tel : 040- 40040783

Ref. EOL/SEC/COMP/019/2023-24

To,
Department of Corporate Services,
BSE Limited,
P. J. Towers, Dalal Street Fort
Mumbai - 400001

Dated: 27.05.2023

Subject: Audited Financial Results for the fourth quarter and year ended March 31, 2023:

Ref: Regulation 33 of the SEBI (LODR) Regulations, 2015:

Scrip Code: 524790

Dear Sir,

Pursuant to Regulation 33 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, we are enclosing herewith the copy of the Audited Financial Results of the Company for the fourth quarter and financial year ended March 31, 2023 as recommended by the Audit Committee and approved by the Board of Directors of the Company at their meeting held on May 27, 2023 including the Statements of Assets & Liabilities, Statement of Cash Flows along with the Independent Auditors' Report issued by the Statutory Auditors with modified opinion, given in Statement on Impact of Audit Qualifications pursuant to Regulation 33(3)(d) of the Listing Regulations is also enclosed herewith as Annexure – I.

The Board Meeting commenced at 11:30 am (IST) and concluded at 04:15 pm (IST).

This is for your information and records.

Thanking You,

Yours sincerely
For Everest Organics Limited

Rekha Singh
Company Secretary



Encl: As above



Regd. Office & Factory : Aroor Village, Sadasivpet Mandal, Sangareddy Dist. Telangana - 502291.

Tel. : 08455 - 250186, 250113, 250115 Fax : 08455-250114

Website : www.everestorganicsltd.com

EVEREST ORGANICS LIMITED (CIN : L24230TG1993PLC015426)
STATEMENT OF AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31st MARCH, 2023 (Rs.in Lakhs)

S.No.	Particulars	Quarter Ended			Year Ended	
		31st Mar,2023 (Audited)	31st Dec,2022 (UnAudited)	31st Mar,2022 (Audited)	31st Mar, 2023 (Audited)	31st Mar, 2022 (Audited)
	INCOME					
1	Revenue from Operations	5,075.38	4,329.42	5,509.86	18,304.84	20,004.66
	Other Income	68.94	564.91	44.57	694.36	221.12
	Total income	5,144.32	4,894.33	5,554.43	18,999.20	20,225.78
2	Expenses :					
	Cost of Material Consumed	3,408.41	2,862.30	3,500.05	12,490.35	14,035.67
	Purchases of stock in trade	-	-	-	-	-
	Changes in inventories of finished goods, Work-in-progress and stock-in-trade	95.56	32.20	268.14	(322.75)	(451.14)
	Employee benefits expenses	319.28	474.82	426.99	1,629.72	1,632.61
	Finance Cost	95.16	81.43	100.00	330.95	310.28
	Depreciation and amortisation expenses	125.89	109.77	77.46	447.40	379.67
	Other expenses	1,024.15	1,209.11	1,140.61	4,414.54	4,144.77
	Total Expenses	5,068.45	4,769.63	5,513.24	18,990.21	20,051.86
3	Profit/(Loss) before Exceptional Items and tax (1-2)	75.87	124.69	41.18	8.99	173.92
4	Exceptional Items	-	-	-	-	-
5	Profit/(Loss) before tax (3-4)	75.87	124.69	41.18	8.99	173.92
6	Extraordinary items	-	-	-	-	-
7	Profit/(Loss) before tax (5+6)	75.87	124.69	41.18	8.99	173.92
8	Tax expenses					
	1) Current Tax	1.50	-	7.00	1.50	29.00
	2) Deferred Tax	63.04	(27.32)	5.20	25.71	30.56
9	Profit/(Loss) for the period from Continuing Operation (7-8)	11.33	152.01	28.98	(18.22)	114.36
10	Profit (loss) from discontinued operation	-	-	-	-	-
11	Tax expense of discontinued operations	-	-	-	-	-
12	Profit (loss) from discontinued operations after tax	-	-	-	-	-
13	Profit (loss) for the period (9+12)	11.33	152.01	28.98	(18.22)	114.36
14	Profit or loss for the period attributable to					
	Shareholders of the Company	11.33	152.01	28.98	(18.22)	114.36
	Non-Controlling Interest	-	-	-	-	-
15	Other Comprehensive Income					
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	-	-	-	-	-
	Total Other Comprehensive Income	-	-	-	-	-
16	Total Comprehensive Income for the period (13+15)	11.33	152.01	28.98	(18.22)	114.36
17	Total Comprehensive Income for the period attributable to:(Comprising Profit (loss) and other Comprehensive Income for the Period					
	Shareholders of the Company	-	-	-	-	-
	Non-Controlling Interest	-	-	-	-	-
18	Paid-up equity share capital (Ordinary Shares of Rs. 10/- each)	800.00	800.00	800.00	800.00	800.00
19	Reserves excluding Revaluation Reserves	3,821.49	3,810.14	3,879.70	3,821.49	3,879.70
20(i)	Earnings/ (loss) Per Equity Share for Continuing Operations (Not Annualised)-(Rs.)					
	Basic	0.14	1.90	0.36	(0.23)	1.43
	Diluted	0.14	1.90	0.36	(0.23)	1.43
20(ii)	Earnings/ (loss) Per Equity Share for Discontinued Operations (Not Annualised)-(Rs.)					
	Basic	-	-	-	-	-
	Diluted	-	-	-	-	-
20(iii)	Earnings/ (loss) Per Equity Share for Discontinued And Continuing Operations (Not Annualised)-(Rs.)					
	Basic	0.14	1.90	0.36	(0.23)	1.43
	Diluted	0.14	1.90	0.36	(0.23)	1.43

Note: 1 The above audited financial results for the Quarter and Year ended 31st Mar,2023 were reviewed and recommended by the Audit committee in its meeting held on 27th May,2023 and thereafter approved and taken on record by the Board of Directors in its meeting held on the same day.

2 During the 4th quarter ended as on 31st Mar,23, the company made sales turnover of Rs.5074.51 Lakhs which comprises of Domestic Turnover of Rs.3872.87 Lakhs and Export Turnover of Rs.1202.51 Lakhs.

3 The Company Operates in only one reportable business segment, that is Active Pharmaceuticals Ingredients (API) and their Intermediates.

4 181406 equity shares of Everest Organics Ltd are still lying under "Everest Organics Limited Unclaimed Suspense Account" as on 31.03.2023.

5 Figures for the previous periods have been regrouped/rearranged/recast wherever considered necessary.

for EVEREST ORGANICS LIMITED
On behalf of the Board of Directors

(Signature)
Dr.S.K.SIRISHA
Managing Director
DIN: 06921012



*Sign for identification purpose only
to be read with our report thereon.*

Place: Hyderabad
Date: 27-05-2023



EVEREST ORGANICS LTD (CIN : L24230TG1993PLC015426)
STATEMENT OF ASSETS AND LIABILITIES AS ON 31-03-2023

(Rs.in Lakhs)

Particulars		As at 31-Mar-2023	As at 31-Mar-2022
1	ASSETS		
	Non-current assets		
	I. Tangible Assets		
	(a) Property, Plant and Equipment	5,446.85	4,896.99
	(b) Capital Work-in-Progress	948.95	803.00
	II. Intangible Assets	209.65	-
	(c) Financial Assets		
	(i) Investments	8.45	8.45
	[d] Other Non-Current Assets	322.69	303.76
	Total Non Current Assets (A)	6,936.59	6,012.20
2	Current assets		
	(a) Inventories	4,673.61	4,149.07
	(b) Financial assets		
	(i) Investments	-	-
	(ii) Trade receivables	7,633.40	6,856.82
	(iii) Cash and cash equivalents	82.88	65.15
	(c) Other Current Assets	858.44	716.74
	Total Current Assets (B)	13,248.33	11,787.79
	TOTAL ASSETS [(C) = (A) +(B)]	20,184.93	17,800.00
	EQUITY AND LIABILITIES		
	Equity		
	(a) Equity Share Capital	800.00	800.00
	(b) Other Equity	3,821.49	3,879.71
	Total Equity (D)	4,621.49	4,679.71
	LIABILITIES		
1	Non-current liabilities		
	(a) Financial Liabilities		
	(i) Borrowings	1,165.01	1,098.56
	(b) Deferred Tax Liabilities (Net)	414.61	388.90
	(b) Other Non-Current Liabilities	225.59	376.61
	Total Non Current Liabilities (E)	1,805.21	1,864.07
2	Current liabilities		
	(a) Financial Liabilities		
	(i) Borrowings	3,939.73	2,779.46
	(ii) Trade Payables		
	a) Total outstanding dues of micro enterprises and small enterprises	1,367.53	769.00
	b) Total outstanding dues creditors other than micro enterprises and small enterprises	8,142.30	7,183.91
	(b) Other current liabilities	245.77	450.43
	(c) Provisions	61.40	44.43
	(d) Current tax liabilities (net)	1.50	29.00
	Total Current Liabilities (F)	13,758.23	11,256.23
	TOTAL EQUITY AND LIABILITIES [G] = (D)+(E)+(F)]	20,184.93	17,800.00

*Signed for identification purpose only.
to be read with our report thereon.*

For and on behalf of the Board
EVEREST ORGANICS LIMITED


Dr.S.K.SRIPAL
Managing Director
DIN: 06921012


Place: Hyderabad
Date: 27-05-2023



Everest Organics Limited**Cash Flow Statement for the Year ended 31-03-2023**

(Rs.in Lakhs)

Particulars	Year Ended 31.03.23	Year Ended 31.03.22
Cash Flow from Operating Activities		
Profit After Tax and Extraordinary Items	(18.22)	114.37
Adjustments	-	-
Depreciation and Amortisation expenses	447.40	379.67
Provision for Gratuity	-	-
Interest and Financial Charges paid	330.95	310.28
Write off of Property, Plant and Equipment	-	-
Excess/(Short) provision for Taxation	-	(12.23)
Prior period Adjustments	-	-
Interest Earned	(3.48)	(5.40)
Operating Profit/(Loss) before working capital charges	756.65	786.69
Adjustments for:		
(Increase)/Decrease in Trade receivables	(776.57)	(1,794.92)
(Increase)/Decrease in Inventories	(524.54)	(856.66)
Increase/(Decrease) in Current Financial Liabilities-Borrowings & Others	1,160.27	1,071.01
Increase/(Decrease) in Trade Payables	1,556.93	2,478.58
Increase/(Decrease) in Other Current Liabilities	(187.69)	243.56
Increase/(Decrease) in Current Tax Liabilities	(1.79)	(242.44)
(Increase)/Decrease in Financial Assets Loans Other Current Assets	(141.70)	(312.09)
Cash Generated from Operations	1,841.56	1,373.74
Cash Flow from Investing Activities		
Purchase of Property, Plant and Equipment including CWIP	(1,353.10)	(1,715.47)
Change in Other Non Current Assets	(18.93)	(63.75)
Change in Other Non Current Liabilities	(151.02)	172.23
Profit on sale of Property, Plant and Equipment	-	-
Dividend and Dividend Distribution Tax paid	(40.00)	(80.00)
Interest earned	3.48	5.40
Cash used in Investing Activities	(1,559.56)	(1,681.60)
Cash Flow from Financing Activities		
Increase/(Decrease) Non Current Financial Liabilities- Borrowings	66.45	517.12
Increase/(Decrease) Share Capital, Share Premium & Share Warrants	-	-
Securities premium received on issue of equity shares	-	-
Money Received against Share Warrants	-	-
Interest and Financial Charges paid	(330.95)	(310.28)
	(264.50)	206.84
Net Increase/(Decrease) in Cash & Cash Equivalents	17.73	(101.02)
Opening Cash & Cash Equivalents	65.15	166.16
Closing Cash & Cash Equivalents	82.88	65.15

For and on behalf of the Board
EVEREST ORGANICS LIMITED


Dr. S.K. SRISHA
Managing Director
DIN: 06921092ad



*Signed for identification purpose only
to be read with our report thereon.*

Place: Hyderabad
Date: 27-05-2023



INDEPENDENT AUDITOR'S REPORT ON THE QUARTERLY FINANCIAL RESULTS AND YEAR TO DATE AUDITED FINANCIAL RESULTS OF THE COMPANY PURSUANT TO THE REGULATION 33 OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENT) REGULATIONS, 2015, AS AMENDED.

To
The Board of Directors,
Everest Organics Limited.

We have audited the annual financial results of Everest Organics Limited (hereinafter referred to as the "Company") for the year ended March 31, 2023 ("Statement), which includes the Statement of assets and liabilities and the Statement of cash flows as at March 31, 2023 and the Income Statement for the year ended on that date, attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ('Listing Regulations').

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial results:

- (i) are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
- (ii) subject to the qualification matter paragraph hereunder, give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable accounting standards prescribed under Section 133 of the Companies Act, 2013 (the "Act") and other accounting principles generally accepted in India, of net profit and other comprehensive income and other financial information of the Company for the year ended March 31, 2023 and the statement of assets and liabilities and the statement of cash flows as at and for the year ended on that date.

BASIS FOR OPINION :

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Results' section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion.



QUALIFICATION MATTER PARAGRAPH:

- (i) The revocation order of Telangana State Pollution Control Board (TSPCB) dated 4th February 2022 in connection with the closure order dated 22nd Dec 2020, stipulates that, the company cannot exceed its production capacity indicated in its order No. TSPCB/RCP/SRD/CFO& HWA/HO/ 2017-2714, Dt. 22-11-2017. However, the company is operating at a substantially enhanced level of actual production without necessary approvals from TSPCB in the form of Consent For Establishment (CFE) for starting the establishment, followed by the consequent Consent For Operation (CFO). Such non-compliance could impact the going concern status of the company in the form of Closure Order from TSPCB. According to the explanations given to us, the management of the Company is in the process of addressing the issue.
- (ii) During the period under report, certain sales are made by the company on or before 31st March, 2023 for which control over the goods have not been passed on to the respective customers though dispatches were made on or before the aforesaid date and the same is not in accordance with IND-AS 115 on Income Recognition. Considering the corresponding effect of the earlier period i.e. 2021-22, the impact on Net Profit after tax for the year ended 31.03.2023 and reserves and surplus under Balance sheet have been overstated by Rs. 70.65 Lakhs and the net turnover for the year ended 31.03.2023 have been overstated by Rs. 394.76 Lakhs. Likewise, considering the corresponding effect of earlier quarter, the impact on Net Profit after tax for the quarter ended 31.03.2023 and reserves and surplus under Balance sheet have been overstated by Rs. 26.70 Lakhs and the net turnover for the quarter ended 31.03.2023 have been understated by Rs. 31.24 Lakhs.
- (iii) During the year, the company has received Keyman Insurance claim on demise of Dr. S.K. Srihari Raju, Ex-CMD, amounting to Rs. 500 lakhs which was shown under Other Income instead of Exceptional items in Statement of Profit & Loss Account in the yearly results for FY 2022-23. Accordingly, the impact on Operational Profit (Earnings Before Interest & Tax) for FY 2022-23 was overstated by Rs. 500 lakhs resulting in the present Operational Profit (Earnings Before Interest & Tax) of Rs. 787.34 lakhs instead of Rs.287.34 lakhs, there being no impact on the overall Net Profit of the company for FY 2022-23.
- (iv) During the quarter under report, the Company has not revised the provision for the Liability on account of Gratuity payable which was made in earlier period based on the Management's own assessment. The company has not been following the making of provision for such liability basing on Actuarial Assessment. Further, the company has not obtained any confirmation of liability from the Life Insurance Corporation of India in this regard during the past one year. Hence the impact on the profit for the year and the consequential impact on the Reserves and Surplus of the company as on the balance Sheet date are not ascertainable.
- (v) The company has made turnover of Rs.18,304.84 Lakhs for the year ended 31st March 2023. The sundry debtors as at 31st March, 2023 stood at Rs. 7795.71 Lakhs. Against this outstanding balance of Sundry Debtors confirmations were received only for Rs.3612.13 lakhs by this date.



- (vi) The Debtors balance outstanding for more than 3 years for which provision for doubtful debts was not made is amounting to Rs. 58.62 lakhs as at 31st March 2023. As there were no active business transactions with those parties, provision should be made for entire amount of Rs. 58.62 lakhs for 2022-23. The impact on Net Profit after tax for the year ended 31.03.2023 and Reserves and surplus under Balance sheet have been overstated by Rs. 43.87 lakhs (Rs 58.62 lakhs Less Rs. 58.62 lakhs x 25.168%).
- (vii) During the year, the company has capitalised expenditure incurred on R&D to the extent of Rs. 209.65 lakhs under the head Intangible Assets-Products under Development instead of treating it as revenue expenditure and charging it in the Statement of Profit & loss Account. The nature of such expenditure shall be substantiated with tangible basis for certainty of corresponding future revenues against the same. The expenditure shall also be identified and ascertained against each product under development. As the same was not furnished to us, we are of the opinion that the treatment of such expenditure as capital in nature is not in accordance with IND-AS 1 on Presentation of Financial Statements. Accordingly, the Profit before tax for the year ended 31.03.2023 have been overstated by Rs 209.65 lakhs.
- (viii) The company has adopted cash basis of accounting, as regards sales Commission payable to the sales agents. Hence the impact on the profit for the year and the consequential impact on the Reserves and Surplus of the company as on the balance Sheet date are not ascertainable.

Our Opinion is qualified in respect of the above said matter(s).

MANAGEMENT'S RESPONSIBILITIES FOR THE FINANCIAL RESULTS

The statement of results has been prepared on the basis of the annual financial statements. The Company's Board of Directors are responsible for the preparation and presentation of the Statement that give a true and fair view of the net profit and other comprehensive income and other financial information of the Company and the statement of assets and liabilities and the statement of cash flows in accordance with the recognition and measurement principles laid down in the Indian Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. The Board of Directors of the Company are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the financial statements by the Management of the Company, as aforesaid.



In preparing the Statement, the Board of Directors of the Company are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors of the Company are responsible for overseeing the financial reporting process of the Company.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL RESULTS

Our objectives are to obtain reasonable assurance about whether the financial results as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.



However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial results, including the disclosures, and whether the financial results represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

OTHER MATTERS

The Statement include the results for the quarter ended March 31, 2023 being the balancing figures between the audited figures in respect of the full financial year ended March 31, 2023 and the published unaudited year to date figures up to the third quarter of the current financial year, which were subjected to limited review by us, as required under the listing regulations.

The annual financial results dealt with by this report has been prepared for the express purpose of filing with stock exchange on which company's shares are listed.

For P.S.N RAVISHANKER & ASSOCIATES
Chartered Accountants
FRN. 003228S



Place: Hyderabad,
Date : 27-05-2023.


YADAVILLI SAI KARUNAKAR
Partner
Membership No. 207033
UDIN.23207033BGXYPL4357

ANNEXURE-I

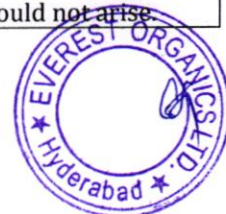
Statement on Impact of Audit Qualifications (for Audit Report with modified opinion) submitted along with Audited Financial Results - (Standalone) submitted by Everest Organics Limited (CIN: L2423TG1993PLC015426)

Amount Rs. In lakhs				
I.	S. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1.	Turnover/ Total Income	18,304.84	18,304.84
	2.	Total Expenditure	18,990.20	18,990.20
	3.	Net Profit (excluding Extraordinary Income)	8.99	8.99
	4.	Earnings Per Share (Amount in Rs. only)	0.78	0.78
	5.	Total Assets	20,184.93	20,184.93
	6.	Total Liabilities	20,184.93	20,184.93
	7.	Net Worth	4,701.99	4,701.99
	8.	Any other financial item(s) (as felt appropriate by the management)		
II. Audit Qualification (each audit qualification separately)				
	S. No.	Particulars	Qualification-1	
	a)	Details of Audited Qualification, Qualified Opinion/ Disclaimer of Opinion/ Adverse Opinion	The revocation order of Telangana State Pollution Control Board (TSPCB) dated 4th February 2022 in connection with the closure order dated 22nd Dec 2020, stipulates that, the company cannot exceed its production capacity indicated in its order No. TSPCB/RCP/SRD/CFO& HWA/HO/ 2017-2714, Dt. 22-11-2017. However, the company is operating at a substantially enhanced level of actual production without necessary approvals from TSPCB in the form of Consent For Establishment (CFE) for starting the establishment, followed by the consequent Consent For Operation (CFO). Such non-compliance could impact the going concern status of the company in the form of Closure Order from TSPCB. According to the explanations given to us, the management of the Company is in the process of addressing the issue.	
	b)	Type of Audit Qualification Whether appeared first time/repetitive/ since how long continuing	Repetitive	
	c)	Frequency of Qualification	Second Time	
	d)	For Audit Qualifications where the impact is quantified by the auditor, Management's view		
	e)	For Audit Qualification(s) where the impact is not quantified by the auditor (i) Management's estimation on the impact of audit qualification:	Management is in process of receiving approvals for such enhanced capacity of production. The Company made application for necessary approvals and upon payment of appropriate fees, the approvals will be granted. Hence, effect on the company as a going concern would not arise.	



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SJS



	(ii) If management is unable to estimate the impact, reasons for the same:	Not Applicable
	Auditors' Comments on (i) or (ii)	Not Applicable

S. No.	Particulars	Qualification-2
a)	Details of Audited Qualification, Qualified Opinion/ Disclaimer of Opinion/ Adverse Opinion	During the period under report, certain sales are made by the company on or before 31st March, 2023 for which control over the goods have not been passed on to the respective customers though dispatches were made on or before the aforesaid date and the same is not in accordance with IND-AS 115 on Income Recognition. Considering the corresponding effect of the earlier period i.e. 2021-22, the impact on Net Profit after tax for the year ended 31.03.2023 and reserves and surplus under Balance sheet have been overstated by Rs. 70.65 Lakhs and the net turnover for the year ended 31.03.2022 have been overstated by Rs. 394.76 Lakhs. Likewise, considering the corresponding effect of earlier quarter, the impact on Net Profit after tax for the quarter ended 31.03.2023 and reserves and surplus under Balance sheet have been overstated by Rs. 26.70 Lakhs and the net turnover for the quarter ended 31.03.2023 have been understated by Rs. 31.24 Lakhs.
b)	Type of Audit Qualification Whether appeared first time/repetitive/ since how long continuing	Repetitive
c)	Frequency of Qualification	Second Time
d)	For Audit Qualifications where the impact is quantified by the auditor, Management's view	
e)	For Audit Qualification(s) where the impact is not quantified by the auditor	Sales made at the year end were subsequently shipped and control over goods has been transferred to the respective customers. Management is of opinion that, as the control has been transferred and sale is completed. Accordingly, the revenue and profitability are certain of realisation and does not have any impact on revenue and profit of the company.
	(i) Management's estimation on the impact of audit qualification:	
	(ii) If management is unable to estimate the impact, reasons for the same:	Not Applicable
	Auditors' Comments on (i) or (ii)	Not Applicable

S. No.	Particulars	Qualification-3
a)	Details of Audited Qualification, Qualified Opinion/ Disclaimer of Opinion/ Adverse Opinion	During the year, the company has received Keyman Insurance claim on demise of Dr. SK Srihari Raju, Ex-CMD, amounting to Rs. 500 lakhs which was shown under Other Income instead of Exceptional items in Statement of Profit & Loss Account in the yearly results for FY/2022-23.

			Accordingly, the impact on Operational Profit (Earnings Before Interest & Tax) for FY 2022-23 was overstated by Rs. 500 lakhs resulting in the present Operational Profit (Earnings Before Interest & Tax) of Rs. 787.34 lakhs instead of Rs. 287.34 lakhs, there being no impact on the overall Net Profit of the company for FY 2022-23.
	b)	Type of Audit Qualification Whether appeared first time/repetitive/ since how long continuing	First Time
	c)	Frequency of Qualification	First Time
	d)	For Audit Qualifications where the impact is quantified by the auditor, Management's view	
	e)	For Audit Qualification(s) where the impact is not quantified by the auditor	Earlier the keyman Insurance premium paid was charged to P&L as normal business expenditure. Hence the Management is of the opinion that the compensation received there to shall also be treated as normal business income and accordingly treated as normal income.
		(i) Management's estimation on the impact of audit qualification:	
		(ii) If management is unable to estimate the impact, reasons for the same:	Not Applicable
		Auditors' Comments on (i) or (ii)	Not Applicable

S. No.	Particulars	Qualification-4
a)	Details of Audited Qualification, Qualified Opinion/ Disclaimer of Opinion/ Adverse Opinion	During the quarter under report, the Company has not revised the provision for the Liability on account of Gratuity payable which was made in earlier period based on the Management's own assessment. The company has not been following the making of provision for such liability basing on Actuarial Assessment. Further, the company has not obtained any confirmation of liability from the Life Insurance Corporation of India in this regard during the past one year. Hence the impact on the profit for the year and the consequential impact on the Reserves and Surplus of the company as on the balance Sheet date are not ascertainable.
b)	Type of Audit Qualification Whether appeared first time/repetitive/ since how long continuing	Repetitive
c)	Frequency of Qualification	Repetitive
d)	For Audit Qualifications where the impact is quantified by the auditor, Management's view	
e)	For Audit Qualification(s) where the impact is not quantified by the auditor	In the opinion of the Management, the Company has made adequate provision for the Gratuity liability. However, the management will take up the actuarial valuation soon and will review there on.
	(i) Management's estimation on the impact of audit qualification:	
	(ii) If management is unable to estimate the impact, reasons for the same:	Not Applicable



	Auditors' Comments on (i) or (ii)	Not Applicable
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S. No.	Particulars	Qualification-5
a)	Details of Audited Qualification, Qualified Opinion/ Disclaimer of Opinion/ Adverse Opinion	The company has made turnover of Rs.18,304.84 Lakhs for the year ended 31 st March 2023. The sundry debtors as at 31 st March, 2023 stood at Rs.7795.71 Lakhs. Against this outstanding balance of Sundry Debtors confirmations were received only for Rs. 3612.13 lakhs by this date.
b)	Type of Audit Qualification Whether appeared first time/repetitive/ since how long continuing	Repetitive
c)	Frequency of Qualification	Second Time
d)	For Audit Qualifications where the impact is quantified by the auditor, Management's view	
e)	For Audit Qualification(s) where the impact is not quantified by the auditor	We have already communicated to all the receivable parties for confirmation of balances and we have received confirmations from significant number of parties and we are receiving them on a continuous basis and expect the rest of the confirmations also soon.
	(i) Management's estimation on the impact of audit qualification:	
	(ii) If management is unable to estimate the impact, reasons for the same:	Not Applicable
	Auditors' Comments on (i) or (ii)	Not Applicable

S. No.	Particulars	Qualification-6
a)	Details of Audited Qualification, Qualified Opinion/ Disclaimer of Opinion/ Adverse Opinion	The Debtors balance outstanding for more than 3 years for which provision for doubtful debts was not made is amounting to Rs.58.62 lakhs as at 31 st March 2023. As there were no active business transactions with those parties, provision should be made for entire amount of Rs. 58.62 lakhs for 2022-23. The impact on Net Profit after tax for the year ended 31.03.2023 and Reserves and surplus under Balance sheet have been overstated by Rs. 43.87 lakhs (Rs 58.62 lakhs Less Rs. 58.62 lakhs x 25.168%).
b)	Type of Audit Qualification Whether appeared first time/repetitive/ since how long continuing	First Time
c)	Frequency of Qualification	First Time
d)	For Audit Qualifications where the impact is quantified by the auditor, Management's view	
e)	For Audit Qualification(s) where the impact is not quantified by the auditor	Although the receivables are more than 3 years old, we are making recoveries on a continuous basis and we hope to receive them in the near future. For this reason we have not made any provision for doubtful debts during the year.
	(i) Management's estimation on the impact of audit qualification:	



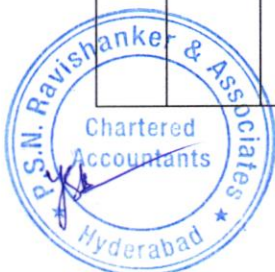
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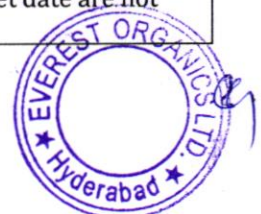
	(ii) If management is unable to estimate the impact, reasons for the same:	Not Applicable
	Auditors' Comments on (i) or (ii)	Not Applicable

S. No.	Particulars	Qualification-7
a)	Details of Audited Qualification, Qualified Opinion/ Disclaimer of Opinion/ Adverse Opinion	During the year, the company has capitalised expenditure incurred on R&D to the extent of Rs. 209.65 lakhs under the head Intangible Assets-Products under Development instead of treating it as revenue expenditure and charging it in the Statement of Profit & loss Account. The nature of such expenditure shall be substantiated with tangible basis for certainty of corresponding future revenues against the same. The expenditure shall also be identified and ascertained against each product under development. As the same was not furnished to us, we are of the opinion that the treatment of such expenditure as capital in nature is not in accordance with IND-AS 1 on Presentation of Financial Statements. Accordingly, the Profit before tax for the year ended 31.03.2023 have been overstated by Rs 209.65 lakhs
b)	Type of Audit Qualification Whether appeared first time/repetitive/ since how long continuing	First Time
c)	Frequency of Qualification	First Time
d)	For Audit Qualifications where the impact is quantified by the auditor, Management's view	
e)	For Audit Qualification(s) where the impact is not quantified by the auditor	The Company has been incurring expenditure on development of various new products which take a time period of 3 to 5 year gestation for realising commercial benefit there from. The future economic returns of this product development activity at large is expected to outweigh the expenditure for such development. To match the future revenues with corresponding development cost the present expenditure for the product development is capitalised under the category of "Intangible Asset".
	(i) Management's estimation on the impact of audit qualification:	
	(ii) If management is unable to estimate the impact, reasons for the same:	Not Applicable
	Auditors' Comments on (i) or (ii)	Not Applicable

S. No.	Particulars	Qualification-8
a)	Details of Audited Qualification, Qualified Opinion/ Disclaimer of Opinion/ Adverse Opinion	The company has adopted cash basis of accounting, as regards sales Commission payable to the sales agents. Hence the impact on the profit for the year and the consequential impact on the Reserves and Surplus of the company as on the balance Sheet date are not ascertainable.




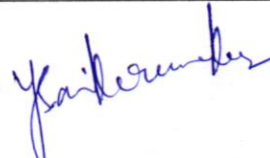





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b)	Type of Audit Qualification Whether appeared first time/repetitive/ since how long continuing	Repetitive
c)	Frequency of Qualification	Second Time
d)	For Audit Qualifications where the impact is quantified by the auditor, Management's view	
e)	For Audit Qualification(s) where the impact is not quantified by the auditor	The liability for sales commission arises only after realisation of amount from sales made and on receipt of the bill from the agent. Sales made through agents are very less. In the view of the management there are no bills which are pending for accounting the liability thereon.
	(i) Management's estimation on the impact of audit qualification:	
	(ii) If management is unable to estimate the impact, reasons for the same:	Not Applicable
	Auditors' Comments on (i) or (ii)	Not Applicable

III. Signatories

Managing Director	CFO	Audit Committee Chairman	Statutory Auditors
			
 DIN: 06921012	 Hyderabad	 DIN: 06921031 Hyderabad	

Place: Hyderabad
Date: 27.05.2023

