McLEOD RUSSEL
Believe in tea

3rd July, 2019

The Secretary
BSE Limited PJ. Towers,
25th Floor, Dalal Street,
MUMBAI-400001
Scrip Code: 532654

The Secretary
National Stock Exchange of India Ltd,
Listing dept. Exchange Plaza,
5th Fl. Plot No. C/1,
G- Block, Bandra-Kurla Complex, Bandra (E) MUMBAI-400051
Scrip Code: MCLEODRUSS

The Secretary
The Calcutta Stock Exchange Limited
7, Lyons Range
KOLKATA-700001
Scrip Code: 10023930

Dear Sir,

SUB: RESUBMISSION OF THE REVISED STATEMENT ON IMPACT OF AUDIT QUALIFICATIONS SUBMITTED ALONG WITH ANNUAL AUDITED FINANCIAL RESULTS - (STANDALONE & CONSOLIDATED)

Further to our letter dated 30th June 2019, we are resubmitting the revised statement on impact of audit qualifications submitted along with Annual Audited Financial Results – (Standalone and Consolidated) for the financial year ended 31st March, 2019 duly signed by all signatories for your information and record.

Thanking You,

Yours faithfully,
McLEOD RUSSEL INDIA LIMITED

DEBANJAN SARKAR
COMPANY SECRETARY &
COMPLIANCE OFFICER

Encl: As Above

Registered Office :
McLEOD RUSSEL INDIA LIMITED
Corporate Identity Number (CIN) : L51109WB1998PLC087076
FOUR MANGOE LANE, SURENDRA MOHAN GHOSH SARANI, KOLKATA - 700 001
TELEPHONE : 033-2210-1221, 2248-9434 / 35, FAX : 91-33-2248-8114 / 6265
E-mail : administrator@mcleodrussel.com Website : www.mcleodrussel.com
WM *A Williamson Magor Group Enterprise*

McLeod Russel India Limited

Statement on Impact of Audit Qualifications submitted along-with Annual Audited Financial Results - (*Standalone*)- *Revised*

This Statement supercedes the submission that has been made by the Company to the Stock Exchanges on 29.06.2019

Statement on Impact of Audit Qualifications for the Financial Year ended 31 March, 2019
[*See* Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Revised Adjusted Figures (audited figures after adjusting for qualifications)
			Rs. In Lacs	Rs. In Lacs
	1	Turnover / Total income (including exceptional income)	180,572	180,572
	2	Total Expenditure (including tax expense)	181,013	363,184*
	3	Net Profit/(Loss)	(441)	(182,612)*
	4	Earnings Per Share	(0.41)	(171.29)*
	5	Total Assets	407,472	225,301*
	6	Total Liabilities	240,075	240,075
	7	Net Worth	167,397	(14,774)*
	8	Any other financial item(s) (Exceptional Income)	18,041	18,041

The above table reflects only modifications that have been quantified and does not include modifications where the auditors have been unable to quantify the impact.

* Note: Impact of Rs. 182,171 lacs has been given with respect to the matter specified in paragraph (ii) of Details of Audit Qualifications below. No separate impact for matter specified in paragraph (iv) of Details of Audit Qualifications below relating to sundry income has been given, since the impact is included in Rs. 182,171 lacs stated herein.

II **Audit Qualification (each audit qualification separately):**

a. Details of Audit Qualifications:

(i) During the year, the Company had extended advances aggregating to Rs. 84,175 lacs to certain promoter group companies, as capital advances. The promoter group companies to whom such advances were given have substantially lent these onward to another promoter group company. Of the total capital advances, Rs. 77,575 lacs was converted to Inter-Corporate Deposits (ICD) as of 31 March, 2019. With respect to the grant of capital advances which were converted to ICDs at the year end, considering the financial condition of the parties to whom these amounts were given, consequent to which interest income has not been fully recognised and since the balances are unsecured, these are prejudicial to the interests of the Company and the initial recording of these amounts as capital advance was reflected only by book entries.

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	(ii) As at 31 March, 2019, ICDs of Rs. 174,468 lacs given to promoter group companies and other companies [including Rs. 77,575 lacs referred to in paragraph (i) above] and Rs. 7,703 lacs interest accrued on such ICDs (net of provision of Rs. 8,509 lacs), respectively, are doubtful of recovery considering the financial condition of the promoter group companies and the other companies to whom these ICDs have been given. However, the Company has not made any provision for the outstanding amounts recorded as ICDs and interest accrued thereon. Consequently, the non- current portion of loans and interest accrued thereon are overstated and loss for the year is understated by Rs. 182,171 lacs.
	(iii) The aggregate amount of Rs. 174,468 lacs disclosed as ICDs outstanding as at 31 March, 2019 are in excess of limits on lending prescribed under section 186 to the Act by Rs. 61,156 lacs for which approval has not been obtained from the members of the Company. Further, in view of the matter described in paragraph (v) below, we are unable to state if any of the promoter group companies are companies whose Board of Directors or Managing Director or Manager, whereof is accustomed to act in accordance with the directions of any director of the Company, and therefore covered under section 185 of the Act and any non-compliance thereto.
	(iv) The Company has recognised Rs. 6,782 lacs as sundry income from one of the promoter group companies. In our opinion and according to the information obtained by us, the sundry income may have been funded to the said promoter group company through monies indirectly lent by the Company as more fully described in paragraph (i) above or through ICDs granted and therefore may not have been actually realised. These therefore may have been reflected only by book entries and prejudicial to the interest of the Company. However, considering the amount already quantified as a modification of the audit opinion in respect of outstanding balance of ICDs from these promoter group companies described in paragraph (ii) above, this recognition of sundry income will not have any further impact on the loss for the year.
	(v) The promoter group companies referred to in paragraphs (i) and (ii) above have not been considered as related parties by the Management under the Companies Act, 2013 and under the applicable accounting standards (Ind AS). Considering the commonality of some of the directors of the promoter group companies referred to in paragraphs (i) and (ii) above and the Company and its employees, including key managerial personnel, we are unable to ascertain if the aforesaid promoter group companies could, in substance, be deemed to be related parties to the Company, in accordance with paragraph 10 of Ind AS-24 "Related Party Disclosures". We are unable to ascertain the impact of non-compliance with the disclosure requirements for related parties in this Statement and the provisions of the Act and consequential impact, if any, in this Statement.
	(vi) During the year, the Company had given advance to a body corporate aggregating to Rs. 1,400 lacs which was outstanding as at 31 March, 2019. In the absence of appropriate audit evidences, we are unable to comment on the validity and recoverability of such advance.
	b. **Type of Audit Qualification :** Adverse Opinion
	c. **Frequency of qualification:** Appeared first time
	d. **For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:** With respect to paragraphs (ii) and (iv) above where the impact is quantified by the auditors, management views are as follows: (ii) Promoter group level restructuring is underway to monetise assets to meet up the liabilities of those companies including these ICDs. The management believes that the outstanding dues shall be recovered/adjusted and no further provision is required at this stage. (iv) The sundry income has been earned on the advances and loans extended to one of the promoter group company and the same has been received in the normal course of business.
	e. For Audit Qualification(s) where the impact is not quantified by the auditor:

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With respect to paragraphs (i), (iii) and (v) above where the impact has not been quantified by the auditors, these relate to matters of compliance and do not impact the amounts recognised in the financial results of the Company and the management views are as follows:

(i) The Capital advances given to Promoter group companies were subsequently converted to ICDs as on 31.03.2019. Promoter group level restructuring is underway to monetise assets to meet up the liabilities of those companies including these ICDs. The management believes that the outstanding dues shall be recovered/adjusted and no further provision is required at this stage.

(iii) ICDs given until the end of the year was within the limit of Section 186 of the Companies Act, 2013. This limit was exceeded only due to conversion of advances into ICDs. Necessary steps are being taken to regularise the same and made it compliant with Section 186 of the Companies Act, 2013.
In our opinion the promoter group companies are not accustomed to act in accordance with the directions of any directors of the Company.

(v) As per legal opinion taken by the company these promoter group companies are not related parties as per the provisions of the Companies Act, 2013 and the applicable Accounting Standard.

With respect to paragraphs (vi) above where the impact has not been quantified by the auditors, the management views are as follows:

(vi) The Company is taking necessary steps to recover the money given to a body corporate as advance.

(i) **Management's estimation on the impact of audit qualification:**
Based on the response provided by the Management in paragraphs 'd' and 'e' in 'Section II – Audit Qualification (each qualification separately)' above, management's estimation on impact of audit qualification is NIL.

(ii) If management is unable to estimate the impact, reasons for the same:
Not applicable

(iii) **Auditor's Comments on (i) or (ii) above:**
We are not in agreement with the Management's assessment stated in paragraph '(i)' in 'Management's estimation on the impact of audit qualification' and paragraphs 'd' and 'e' in 'Section II – Audit Qualification (each qualification separately)' above.
Considering the financial condition of the promoter group companies, the amounts of Rs. 182,171 lacs are doubtful of recovery. Evaluation of recoverability of the dues requires an assessment of the conditions that exist on the balance sheet date, and cannot be based on outcome of possible events that may occur in the future.

Further, we are not in agreement with the Management's response in paragraph (e)(iii) in 'Section II – Audit Qualification (each qualification separately)' above, regarding ICDs given exceeding the limits of section 186 of the Companies Act, 2013, as the initial recording of these amounts as capital advances was reflected only by book entries which consequently does not change the character of these advances, which were used for onward lending to a promoter group company.

iii	**Signatories:**
	CEO/Managing Director
	CFO
	Audit Committee Chairman
	Statutory Auditor
	Place: Kolkata **Date: 30.06.2019**

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Statement on Impact of Audit Qualifications submitted along-with Annual Audited Financial Results - (*Consolidated*)- *Revised*

This Statement supercedes the submission that has been made by the Company to the Stock Exchanges on 29.06.2019

Statement on Impact of Audit Qualifications for the Financial Year ended 31 March, 2019
[*See* Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
			Rs. In Lacs	Rs. In Lacs
	1	Turnover / Total income (including exceptional income)	224,964	224,964
	2	Total Expenditure (including tax expense)	221,082	403,253*
	3	Net Profit/(Loss)	3,882	(178,289)*
	4	Earnings Per Share	3.56	(199.89)*
	5	Total Assets	455,938	273,767*
	6	Total Liabilities	254,516	254,516
	7	Net Worth	201,422	19,251*
	8	Any other financial item(s) (Exceptional Income)	28,941	28,941

The above table reflects only modifications that have been quantified and does not include modifications where the auditors have been unable to quantify the impact.

* Note: Impact of Rs. 182,171 lacs has been given with respect to the matter specified in paragraph (ii) of Details of Audit Qualifications below. No separate impact for matter specified in paragraph (iv) of Details of Audit Qualifications below relating to sundry income has been given, since the impact is included in Rs. 182,171 lacs stated herein.

II **Audit Qualification (each audit qualification separately):**

a. Details of Audit Qualifications:

(i) During the year, the Parent had extended advances aggregating to Rs. 84,175 lacs to certain promoter group companies, as capital advances. The promoter group companies to whom such advances were given have substantially lent these onward to another promoter group company. Of the total capital advances, Rs. 77,575 lacs was converted to Inter-Corporate Deposits (ICD) as of 31 March, 2019. With respect to the grant of capital advances which were converted to ICDs at the year end, considering the financial condition of the parties to whom these amounts were given, consequent to which interest income has not been fully recognised and since the balances are unsecured, these are prejudicial to the interests of the Parent and the initial recording of these amounts as capital advance was reflected only by book entries.

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	(ii) As at 31 March, 2019, ICDs of Rs. 174,468 lacs given to promoter group companies and other companies [including Rs. 77,575 lacs referred to in paragraph (i) above] and Rs. 7,703 lacs interest accrued on such ICDs (net of provision of Rs. 8,509 lacs), respectively, are doubtful of recovery considering the financial condition of the promoter group companies and the other companies to whom these ICDs have been given. However, the Parent has not made any provision for the outstanding amounts recorded as ICDs and interest accrued thereon. Consequently, the non- current portion of loans and interest accrued thereon are overstated and loss for the year is understated by Rs. 182,171 lacs.
	(iii) The aggregate amount of Rs. 174,468 lacs disclosed as ICDs outstanding as at 31 March, 2019 are in excess of limits on lending prescribed under section 186 to the Act by Rs. 61,156 lacs for which approval has not been obtained from the members of the Company. Further, in view of the matter described in paragraph (v) below, we are unable to state if any of the promoter group companies are companies whose Board of Directors or Managing Director or Manager, whereof is accustomed to act in accordance with the directions of any director of the Parent, and therefore covered under section 185 of the Act and any non-compliance thereto.
	(iv) The Parent has recognised Rs. 6,782 lacs as sundry income from one of the promoter group companies. In our opinion and according to the information obtained by us, the sundry income may have been funded to the said promoter group company through monies indirectly lent by the Parent as more fully described in paragraph (i) above or through ICDs granted and therefore may not have been actually realised. These therefore may have been reflected only by book entries and prejudicial to the interest of the Parent. However, considering the amount already quantified as a modification of the audit opinion in respect of outstanding balance of ICDs from these promoter group companies described in paragraph (ii) above, this recognition of sundry income will not have any further impact on the loss for the year.
	(v) The promoter group companies referred to in paragraphs (i) and (ii) above have not been considered as related parties by the Management under the Companies Act, 2013 and under the applicable accounting standards (Ind AS). Considering the commonality of some of the directors of the promoter group companies referred to in paragraphs (a) and (b) above and the Parent and its employees, including key managerial personnel, we are unable to ascertain if the aforesaid promoter group companies could, in substance, be deemed to be related parties to the Parent, in accordance with paragraph 10 of Ind AS-24 "Related Party Disclosures". We are unable to ascertain the impact of non-compliance with the disclosure requirements for related parties in this Statement and the provisions of the Act and consequential impact, if any, in this Statement.
	(vi) During the year, the Parent had given advance to a body corporate aggregating to Rs. 1,400 lacs which was outstanding as at 31 March, 2019. In the absence of appropriate audit evidences, we are unable to comment on the validity and recoverability of such advance.
	b. **Type of Audit Qualification :** Adverse Opinion
	c**. Frequency of qualification:** Appeared first time
	d**. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:** With respect to paragraphs (ii) and (iv) above where the impact is quantified by the auditors, management views are as follows: (ii) Promoter group level restructuring is underway to monetise assets to meet up the liabilities of those companies including these ICDs. The management believes that the outstanding dues shall be recovered/adjusted and no further provision is required at this stage. (iv) The sundry income has been earned on the advances and loans extended to one of the promoter group company and the same has been received in the normal course of business.

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Kolkata

	e. . For Audit Qualification(s) where the impact is not quantified by the auditor: With respect to paragraphs (i), (iii) and (v) above where the impact has not been quantified by the auditors, these relate to matters of compliance and do not impact the amounts recognised in the financial results of the Company and the management views are as follows: (i) The Capital advances given to Promoter group companies were subsequently converted to ICDs as on 31.03.2019. Promoter group level restructuring is underway to monetise assets to meet up the liabilities of those companies including these ICDs. The management believes that the outstanding dues shall be recovered/adjusted and no further provision is required at this stage. (iii) ICDs given until the end of the year was within the limit of Section 186 of the Companies Act, 2013. This limit was exceeded only due to conversion of advances into ICDs. Necessary steps are being taken to regularise the same and made it compliant with Section 186 of the Companies Act, 2013. In our opinion the promoter group companies are not accustomed to act in accordance with the directions of any directors of the Company. (v) As per legal opinion taken by the company these promoter group companies are not related parties as per the provisions of the Companies Act, 2013 and the applicable Accounting Standard. With respect to paragraphs (vi) above where the impact has not been quantified by the auditors, the management views are as follows: (vi) The Company is taking necessary steps to recover the money given to a body corporate as advance.
	(i) **Management's estimation on the impact of audit qualification:** Based on the response provided by the Management in paragraphs 'd' and 'e' in 'Section II – Audit Qualification (each qualification separately)' above, management's estimation on impact of audit qualification is NIL.
	(ii) **If management is unable to estimate the impact, reasons for the same:** Not Applicable
	(iii) **Auditors' Comments on (i) or (ii) above:** We are not in agreement with the Management's assessment stated in paragraph '(i)' in 'Management's estimation on the impact of audit qualification' and paragraphs 'd' and 'e' in 'Section II – Audit Qualification (each qualification separately)' above. Considering the financial condition of the promoter group companies, the amounts of Rs. 182,171 lacs are doubtful of recovery. Evaluation of recoverability of the dues requires an assessment of the conditions that exist on the balance sheet date, and cannot be based on outcome of possible events that may occur in the future. Further, we are not in agreement with the Management's response in paragraph (e)(iii) in 'Section II – Audit Qualification (each qualification separately)' above, regarding ICDs given exceeding the limits of section 186 of the Companies Act, 2013, as the initial recording of these amounts as capital advances was reflected only by book entries which consequently does not change the character of these advances, which were used for onward lending to a promoter group company.
iii	**Signatories:**
	. **CEO/Managing Director**
	. **CFO**
	. **Audit Committee Chairman**
	. **Statutory Auditor**
	Place: Kolkata **Date: 30 June, 2019**