



Vivimed

Date: 30.05.2023

To

BSE Limited
P.J.Towers, Dalal Street,
Mumbai – 400001
BSE - Code : 532660

National Stock Exchange of India Ltd.
Exchange Plaza, Plot no. C/1, G Block,
Bandra-Kurla Complex, Bandra (E)
Mumbai - 400 051
NSE- Symbol: VIVIMEDLAB

Dear Sir / Madam,

Sub: Statement of Impact of Audit Qualifications –reg.

Ref: Outcome of Board Meeting- Audited financial results for the quarter and year ended 31 March, 2023

With reverence the above, Please find the statement on Impact of Audit Qualifications for the Financial Year Ended March 31, 2023, (Regulation 33 / 52 of the SEBI (LODR) (Amendment), Regulations, 2016).

This is for your information and records.

Thanking you,

Yours faithfully,
For Vivimed Labs Ltd

Santosh Varalwar
Managing Director



STATEMENT OF IMPACT OF AUDIT QUALIFICATIONS (FOR AUDIT REPORT WITH MODIFIED OPINION) SUBMITTED ALONG WITH ANNUAL AUDITED FINANCIAL RESULTS - STANDALONE AND CONSOLIDATED BASIS - VIVIMED LABS LIMITED

Statement of Impact of Audit Qualifications for the Financial Year Ended March 31, 2023
(Regulation 33 / 52 of the SEBI (LODR) (Amendment), Regulations, 2016)

(Rupees in Millions)

	S. No.	Particulars	Audited Figures(as reported before adjustment)	Adjusted Figures
I	1.	Turnover/ Total Income	1,770.65	Nil
	2.	Total Expenditure	5,071.91	Nil
	3.	Net Profit / (Loss)	(3,301.26)	Nil
	4.	Earnings Per Share	(39.56)	Nil
	5.	Total Assets	7,922.52	Nil
	6.	Total Liabilities	7,922.52	Nil
	7.	Net Worth	1,333.17	Nil
	8.	Any Other Financial Items (as felt appropriate by the Management)	Nil	Nil


II	Audit Qualification:
II (1)	<p>a. <u>Details of Audit Qualification:</u></p> <p>The Company has defaulted in repayment of dues to Banks and Financial institution amounting to Rs. 3,762.80 million as on 31.03.2023.</p> <p>b. Type of Audit Qualification : Qualified Opinion</p> <p>c. Frequency of Qualification : 1st Time</p> <p>d. For Audit Qualification(s) where the impact is quantified by the Auditor, Management's Views: <i>Post perilous situation of Covid 19, the company faced numerous impediments those caused critical liquidity issues resulting default in payment to couple of banks, Accordingly the bank accounts of the company were classified as NPA by State Bank of India and EXIM Bank. However, the company had compromised with EXIM and paid the settled amount in the first week May, 2023 and presently the company is negotiating with SBI for the settlement.</i></p> <p>e. For Audit Qualification(s) where the impact is not quantified by the Auditor: NIL</p>


II (2)	<p>a. <u>Details of Audit Qualification:</u> The Company has impaired its Plant & Machinery during the year by an amount of Rs. 892.80 million. We are unable to comment upon the correctness of Closing balances of PPE and methods employed for calculating the impairment on Plant & Machinery.</p> <p>b. Type of Audit Qualification : Qualified Opinion</p> <p>c. Frequency of Qualification : 1st Time</p> <p>d. For Audit Qualification(s) where the impact is quantified by the Auditor, Management's Views: <i>The company was carrying some obsolete machinery and are not in operation for a long time. We carried out an internal verification of the plant and machineries by our Technical Heads and thereafter, we engaged an independent external certified valuer for conducting the plant and machinery valuation. From the above sources of information, we listed out the obsolete and physically damaged assets. In line with the above, we have impaired plant and machinery to the tune of Rs.892.80 million.</i></p> <p>e. For Audit Qualification(s) where the impact is not quantified by the Auditor: NIL</p>
II (3)	<p>a. <u>Details of Audit Qualification:</u> The company has written down the Inventories amounting to Rs. 809.3 million during the year. In absence of any competent third-party report and valuation method adopted by the management in respect of written down of inventories, and closing balances, we are unable to comment on the discrepancies.</p> <p>b. Type of Audit Qualification : Qualified Opinion</p> <p>c. Frequency of Qualification : 1st Time</p> <p>d. For Audit Qualification(s) where the impact is quantified by the Auditor, Management's Views: <i>During the Covid and post Covid period, the production in our factory at Bidar, was extremely slow, that led to substantial expiry of inventory not suitable for production. Whereas some of the products have been discontinued and all the inventory pertaining to such products which include enormous quantities at various steps of inventory and various solvents at intermediate level have expired and cannot be put for further process. To identify such inventory we formed a team and conducted verification of inventory during various periods. Accordingly, we have arrived at the valuations, appropriateness to write down the inventories on the basis of its realizable value and such classification of inventories</i></p> <p>e. For Audit Qualification(s) where the impact is not quantified by the Auditor: NIL</p>
II (4)	<p>a. <u>Details of Audit Qualification:</u> In absence of confirmations from the Related parties, we are unable to comment upon the correctness and validity of Related party transactions disclosed in the notes to financial statements with respect to the Investments, Receivables and Payables.</p> <p>b. Type of Audit Qualification : Qualified Opinion</p> <p>c. Frequency of Qualification : 1st Time</p> <p>d. For Audit Qualification(s) where the impact is quantified by the Auditor, Management's Views: NA</p> <p>e. For Audit Qualification(s) where the impact is not quantified by the Auditor: (i) Management's estimation on the impact of Audit Qualification: <i>We are in process of reconciling & obtaining confirmations from related parties, and we will submit the same to our auditors.</i></p>


II (5)	<p>a. Details of Audit Qualification: The Company has capitalized its Capital Work in Progress amounting to Rs. 206.65 million, we are unable to comment upon the correctness of the same.</p>
	b. Type of Audit Qualification : Qualified Opinion
	c. Frequency of Qualification : 1 st Time
	<p>d. For Audit Qualification(s) where the impact is quantified by the Auditor, Management's Views: <i>Various CWIP got completed during FY 23 and we are in process of compiling the information regarding the capitalization of CWIP. We will submit the same to our auditors.</i></p>
	e. For Audit Qualification(s) where the impact is not quantified by the Auditor: NIL
II (6)	<p>a. Details of Audit Qualification: In the absence of fair valuation of the investments, we are unable to comment upon the carrying value and whether any provision for impairment in the value of investments is required.</p>
	b. Type of Audit Qualification : Qualified Opinion
	c. Frequency of Qualification : 1 st Time
	d. For Audit Qualification(s) where the impact is quantified by the Auditor, Management's Views: NA
	e. For Audit Qualification(s) where the impact is not quantified by the Auditor:
	<p>(i) Management's estimation on the impact of Audit Qualification: <i>The investments are carrying on book value as on the time of investment. We have not carried out the Valuation of investments. However, we shall carry out the valuation of investments and submit the report to the auditors,</i></p>
II (7)	<p>a. Details of Audit Qualification: The company has been defaulted in the payment of various undisputed Statutory Dues amounting to Rs. 135.52 million with appropriate authorities.</p>
	b. Type of Audit Qualification : Qualified Opinion
	c. Frequency of Qualification : 1 st Time
	<p>d. For Audit Qualification(s) where the impact is quantified by the Auditor, Management's Views: <i>Due to impact of Covid 19 we faced severe liquidity crunch resulting in delay in payment of statutory dues. However we are in the process of regularizing it.</i></p>
	e. For Audit Qualification(s) where the impact is not quantified by the Auditor: NIL
II (8)	<p>a. Details of Audit Qualification: As per our opinion, the compliance of Standards on Internal Audit, internal controls/internal audit system pertains to the operations of the company are not commensurate with the size & diversity of the activities of the company and the apparent weakness has been reported to the management for their appropriate measures to be taken in order to strengthen operations of the company.</p>
	b. Type of Audit Qualification : Qualified Opinion

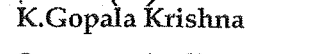
	c. Frequency of Qualification : 1 st Time
	d. For Audit Qualification(s) where the impact is quantified by the Auditor, Management's Views: NA
	e. For Audit Qualification(s) where the impact is not quantified by the Auditor: NIL
	(i) Management's estimation on the impact of Audit Qualification: <i>We have adequate internal control systems and internal audit wing, and we are improvising, strengthening and making the process more robust.</i>

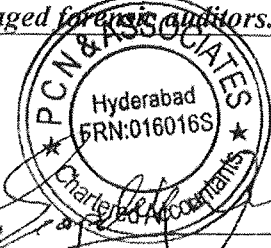
II (9)	a. <u>Details of Audit Qualification:</u> The State Bank of India has appointed forensic auditors, the said audit is under progress and the final outcome is yet to come
	b. Type of Audit Qualification : Qualified Opinion
	c. Frequency of Qualification : 1 st Time
	d. For Audit Qualification(s) where the impact is quantified by the Auditor, Management's Views: NA
	e. For Audit Qualification(s) where the impact is not quantified by the Auditor: NIL
	(i) Management's estimation on the impact of Audit Qualification: <i>Since our account has become NPA, we are in negotiation with SBI for one time settlement and hence, as a matter of procedure, SBI has engaged forensic auditors.</i>


Jamalapuram Harigopal
Chairman of Audit
Committee


Santosh Varalwar
Managing Director


Ramakanta Tripathy
Chief Financial Officer


K. Gopala Krishna
Statutory Auditors
M/s PCN & Associates,
Chartered Accountants



Place: Hyderabad
Date: 30.05.2023