

JYOTI STRUCTURES LIMITED
Statement on Impact of Audit Qualifications on Annual Audited Financial Results for the Financial Year ended 31st March, 2019
Annexure - 1

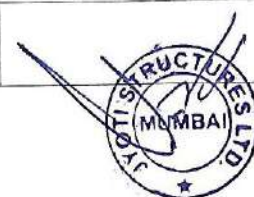
Sno	Particulars	(Rs. in Lacs)	
		Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
1	Turnover / Total Income	15,418.18	10,616.16
2	Total Expenditure	185,499.31	185,499.31
3	Net Profit/(Loss)	(175,083.16)	(175,083.16)
4	Earnings Per Share	INR -159.85	INR -159.85
5	Total Assets	241,615.30	241,615.30
6	Total Liabilities	241,615.30	241,615.30
7	Net Worth	(229,295.92)	(229,295.92)

Audit Disclaimer

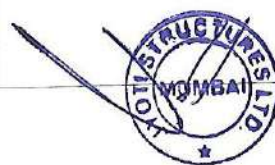
Sr No	Details of Audit Qualification	Type of Qualification	Frequency of Qualification	For Audit qualification(s) where impact is quantified by the Auditor, Management Views	For Audit qualification(s) where impact is not quantified by the Auditor	(Rs. in Lacs)	
				Management's estimation on impact of audit qualification	If management is unable to estimate the impact, reasons for the same	Auditors Comments	
i)	The management has prepared these Standalone Financial Results on a going concern basis in spite of following facts and circumstances: a) The company has reported loss after tax of INR 175,083.02 lacs during the year; b) The net-worth of the company has been fully eroded and is INR (-) 729,295.92 Lacs as at 31 Mar 2019; c) There are minimal operations at plants at Nashik and Raipur during the current financial year and revenue activities have also stopped on the same, except for a few sites; d) Legal proceedings are pending before various Judicial Authorities seeking claims / compensations; e) Claims for default of requirements of various statutes, listing agreement / SEBI LOOK have been made by the regulators / exchanges. The above mentioned conditions cast significant doubt about the Company's ability to continue as a going concern. The Company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realized other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheet. The Hon'ble NCLT pursuant to application filed under CRP had passed order dated March 27, 2019 approving a plan for resolution of the company, which shall, amongst others, require giving effect to	Disclaimer	Second Time		Unable to estimate the impact	Hon'ble NCLAT, New Delhi have vide the Order dt. August 20, 2018 directed the RP to keep the Company as a going concern. Accordingly, these financial statements have been prepared for the Company as a going concern so that to give true and fair view of the financial position, financial performance and cash flows in accordance with the requirements of the Act and recognized accounting policies and practices generally accepted in India, including the applicable accounting standards and for making accurate representations to you to the extent of best of our efforts.	No further comments
ii)	Upto December 2017 the company was using SAP and thereafter due to non-availability of access and other factors, the company has migrated the entire data from April 2017 on standalone Tally software. The same is not integrated with other modules such as Inventory, HR, Production, Sales etc. which is a serious control lapse in our view considering the size and nature of business of the company. Further, the data have been migrated from SAP dump to Tally, of which no independent migration / system audit have been carried out. In view of these control issues, we are unable to comment on the impact, if any, these may have on these standalone financial statements.	Disclaimer	Second Time		Unable to estimate the impact	In the absence of availability SAP ERP System, its architectural diagram, master access code etc., the Company has extracted best possible data from the ERP (SAP) and converted them into Tally ERP system. The Company also possess the relevant copies and extracted data of SAP ERP System which is also reconciling with the Tally ERP System. Due to the above limitations, certain modules as indicated could not be accessed and it was not possible to have migration/ system audit conducted. RP has filed Complaint at Hon'ble NCLT, Mumbai against Mr. Joseph Selvin (IT head of JSJ), for his non-cooperation with RP to conduct her roles and responsibility.	No further comments
iii)	There was "Disclaimer of opinion" in the audit report for the financial year ended 31.03.2018 and no details / documents have been provided to us with respect to opening balances, for which disclaimer were issued and hence we are unable to verify the same during current period as well.	Disclaimer	Second Time		-	Resolution Professional (RP) has all the approvals for the transactions entered post 4th July 2017 in terms of Office Memorandum (OM) however, prior to 4th July 2017 the management of the Company was responsible to keep records and maintain the relevant information/details etc. however, RP has provided all the necessary information/details to the extent available to them.	No further comments
iv)	There are debits and credits aggregating to Rs.16.88 lacs and Rs.1.60 lacs respectively in bank statements of which no details with the said entry in bank statements was made available to us and the Company has not taken the effect the same in books of accounts. In the absence of details, we are unable to comment on the effect of such errors in the financial results of the Company.	Disclaimer	First Time	RP has requested respective banks to provide further details of entries posted in the bank statement meanwhile the same is reported as bank reconciliation item, as and when the bank provides details of the same, appropriate entries will be passed in the books of accounts.			No further comments
v)	The financial statements and other details in respect of various subsidiaries, associates and joint ventures of the company are not available due to which we are unable to comment on the impact it may have on the carrying amount and the impairment, if any, in respect of investments, loans, advances, receivables and payables, the requirement of provisioning for guarantees provided, disclosures for liabilities crystallized or contingent.	Disclaimer	Second Time		-	Despite various follow ups for the subsidiary, associates and joint ventures data from respective authorized representatives of these entities, the RP could not received records/details some of these entities and, therefore, the same could not be made available. However wherever possible audited financials of subsidiaries have been provided to the auditor and for rest of the cases management certified copy has been arranged with authorization from the Senior executive vice president of Accounts and Taxation of the company.	No further comments
vi)	Revenue from operations of Rs. 9,822.49 lacs includes Revenue from operations pertaining to foreign branches of Rs.9,097.86 lacs, which is as provided by the management and no details are made available with the same.	Disclaimer	Second Time	All the foreign branches are managed by the overseas based employees of the Company. The RP has made all the efforts to arrange for the relevant information/details of branch accounts. The RP has made available all the details received from the overseas employees and accounts and taxations head of the Company. However, supporting documents could not be received. In future, if details are received, the effect of the same would be incorporated in the books of accounts suitably.			No further comments
vii)	a) There are no inventory records / stock ledger (being part of books of accounts) available due to which we are unable to trace / reconcile the movement in the same through purchase, sales, consumption etc. and comment on the provision, if any, required based on the condition and usability of the stocks. Further, the physical verification of inventories was not carried out during the quarter under review. In view of these, we are unable to comment on the impact, if any, on the unaudited standalone financial results. b) In one case of free supplies against shortage quantity to one of its customer, the company has accounted for materials supplied amounting to Rs. 1466.43 Lacs, against which material amounting to Rs. 1131.13 Lacs has been acknowledged by customer. However, corresponding approvals from management is for Rs. 658 Lacs only. In the absence of reconciliation / requisite approval, we are unable to comment in respect of the transaction.	Disclaimer	Second Time	In the absence of availability of module wise database of SAP ERP System and full control of the same for the period prior to 4th July 2017 these details could not be made available for the period prior to 4th July 2017 by RP, however post that all the details have been duly shared with the auditors. RP has filed Complaint at Hon'ble NCLT, Mumbai against Mr. Joseph Selvin (IT head of JSJ), for his non-cooperation with RP to conduct her roles and responsibility.			No further comments
viii)(a)	In respect of its expenses: The details for cross checking the employee costs, such as employee wise HR data, grade, scale, attendance records, payroll details etc. are not available due to which we are unable to check the amount of Employee Costs debited to statement of profit and loss for the year ended March 31, 2019 amounting to Rs. 8,51,555 lacs.	Disclaimer	Second Time	The RP possess all the necessary supporting documents with respect to transactions entered in the books of accounts post 4th July 2017. However, the RP does not possess all the details/documents with respect to pre-CRP period transactions as well as opening balance related transactions and also HR module database could not be extracted from SAP system. RP has filed Complaint at Hon'ble NCLT, Mumbai against Joseph Selvin (IT head of JSJ), for his non-cooperation with RP to conduct her roles and responsibility.			No further comments



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VIII(b)	Similarly, the liability for statutory payments pertaining to employees such as Provident Fund, Bonus, ESI, etc. could not be checked.	Disclaimer	Second Time				
VIII(c)	The details, break up, working papers in respect of most of the amount of assets, liability income and expenses for the amount stated therein pertaining to the period prior to the initiation of CIRP are not available and hence we are unable to comment in respect of such balances / amounts appearing in the statement.	Disclaimer	Second Time	The RP does not possess all the details/documents with respect to pre-CIRP period transactions as well as opening balances of assets and liabilities. Fixed Asset module could not be extracted from SAP system. RP has filed Complaint at Hon'ble NCLT, Mumbai against Joseph Salvin (IT head of JSL), for his non-cooperation with RP to conduct her roles and responsibility.			
VIII(d)	In the absence of party wise details/ contracts of foreign receivables/ payables (including of foreign branches), we are unable to verify the foreign exchange gain (net of loss) of Rs.4401.33 lacs.	Disclaimer	First Time	All the foreign branches are managed by the overseas based employees of the Company. The RP has made all the efforts to arrange for the relevant information/details of branch accounts. The RP has made available all the details received from the overseas employees and accounts and transactions head of the Company. However, supporting documents could not be received. In future, if details are received, the effect of the same would be incorporated in the books of accounts.			
VIII(e)	During the year Bank Guarantees encashed amounting to Rs. 21,302.12 Lacs have been charged off and Rs. 4,474.23 Lacs have been debited to receivables for which the supporting documents / details were not made available and hence could not be verified. In view of these details not being available, we are unable to comment, of the impact on the unaudited standalone financial results.	Disclaimer	Second Time	All the performance bank guarantees encashed during the period is charged off to statement of profit and loss. Entries has been passed as per the bank statements provided by respective banks. RP has requested to operation department employees provide further details however, the same could not be provided.			
(k)	Statutory Dues / Compliances: a) The working / reconciliation of returns filed for various statutory dues such as Excise, VAT, GST, TDS, Service tax, EPF, ESI, various taxes for foreign branches, etc. are not available due to which we are unable to comment on the statutory compliances and whether the amounts are in agreement with the books or not and the consequential impact it may have on the statement. b) The company has been regularly in default w.r.t. payment of interest to its lenders, payment of statutory dues to govt. authorities (GST, VAT, TDS, PF, ESI, Service Tax, Employee liabilities etc.), delay in workers' dues etc., which may entail interest / penalty etc. which is not ascertainable and hence not provided for. Further, in respect of periodic returns of GST to be filed, the company is filing Nil returns in few cases instead of taking the actual figures of sales, purchase etc. and determining the amount of tax due and payable, which may invite penal consequences, impact whereof we are unable to comment. c) In respect of balances available with statutory authorities and input credits are subject to reconciliation, filing of return and admission.	Disclaimer	Second Time			All the reconciliation between books vis-à-vis statutory returns/ liabilities are under process. On account of CIRP proceedings, insufficient data availability due to lack of cooperation of respective department head of the Company and due to insufficient funds some of the statutory liabilities has not been discharged. Proper effect of the same would be given when the reconciliation/ assessment of statutory liabilities will happen.	No further comments
(k)	Revenue & Contracts and Trade Receivables: a) In the absence of any documentary evidence from the parties / customers for the continuation of live contracts, we are unable to comment on the status of the contracts and attainment, if any, required for the same in the standalone financial results. Further, the details of work in progress with the age, stage of completion, acceptability to customers, progress billing etc. are not available due to which we are unable to comment on the requirements of provision, if any, for WIP and income accrued but not due. b) No detailed workings are available for the calculation of liquidated damages contractually leviable for delay in completion of contracts and the costs for Defect Liability Period (DLP) which are contractually required to be incurred for specified periods. In the absence of the working, we are unable to comment on provision, if any, required for the same. c) During the year, the company has not provided for loss on future cost to complete ongoing work-in progress. No supporting working for such estimate of cost to completion was provided to us for our verification. In absence of sufficient appropriate audit evidence of	Disclaimer	Second Time			Inadequate working capital has put considerable financial pressure on the Company and in particular, on the cash flows delaying commissioning of most of the projects being executed by the Company. The Company has made a total provision of Rs.1,700 Lacs for estimated losses upto 31st March, 2019 in few projects on completion of these contracts. With the support of lenders and customers, the Company has been managing to execute the projects and the management is reasonably confident that the situation will improve with implementation of resolution plan and hence the management is of the opinion that the said provision is adequate.	No further comments
(xi) a)	Identified non-compliances of Companies Act: We are unable to comment on the impact, if any, of these identified non-compliances of the provisions of Companies Act, 2013 on the unaudited standalone financial results. The Company has not appointed Internal Auditors as required by Section 138 of the Companies Act 2013.	Disclaimer	Second Time		Unable to estimate the impact	Due to insufficient fund and operations of the Company, internal auditors has not been appointed. Further, the domestic revenue of the Company is below the threshold limits for appointment of an external auditors.	No further comments
(xi) b)	The company has provided for an amount of Rs. 71.24 Lacs as at March 31, 2019 in respect to the interest payable to Micro and Small Enterprises for which no working/basis are available.	Disclaimer	Second Time	Based on the information available for MSME creditors, interest has been provided as per applicable rates.			
(xi) c)	Annual Return in DPT - 3 has not been filed in respect of Public Deposits accepted by the company as required under the Companies Act, 2013.	Disclaimer	Second Time		Unable to estimate the impact	Since DGC of the directors were suspended due to non payment of public deposits, the RP could not file various forms with ROC.	No further comments
(xi) d)	The compliances w.r.t various filings with the Ministry of Corporate Affairs and entries / updation of various registers / forms as required under the Companies Act, 2013 have not been done.	Disclaimer	Second Time				
(xi) e)	There have been default in conduct of general meeting in a timely manner.	Disclaimer	Second Time				
(xii) a)	Related Party: As at the year-end, the company has outstanding advances / loans / ICD to parties (including related parties) for which the required documents providing the detail terms and conditions are not available due to which we are unable to comment on the recoverability and other aspects, including whether the same are prejudicial to the interest of the Company or not, of such loans / advances.	Disclaimer	Second Time		Unable to estimate the impact	In the absence of due co-operation from employees and erstwhile management of the Company, insufficient records/database of the Company, the RP has provided all the available information to the auditor and also made the best effort to get the information from the previous statutory auditor of the Company.	No further comments
(xii) b)	The company had given loans and advances to related parties including subsidiaries and joint ventures against which the aggregate amount receivable as on 31 Mar 2019 amounted to Rs. 345.26 Crore. In the absence of the documents pertaining to such advances, confirmation of balances, financial statements / other information of these companies and independent evaluation of recoverability of these amounts, we are unable to comment on the adequacy of the advance provision of Rs. 302.35 Crore made against such advances.	Disclaimer	Second Time	Based on the best estimates and judgments, the RP has provided for loans and advances to related parties to the extent of Rs.302 lac in the previous year end. Reconciliation between loans and advances to related parties is in process and therefore, based on actual position further provision will be made in subsequent periods, if required.			No further comments
(xii) c)	The company has accrued interest, rental and other income in respect of loans and advances given to and other transaction with related parties from whom no amounts have been recovered either on account of interest or principal. In the absence of the details being available, we are unable to comment on the amount of income accrued and the realisation thereof.	Disclaimer	Second Time		Unable to estimate the impact	In absence of due co-operation from employees and erstwhile management of the company, insufficient records/database of the Company, the RP has provided all the available information to the auditor and also made the best effort to get the information from the previous statutory auditor of the Company.	No further comments
(xii) d)	The basis / premises for determining the amount at which the transactions are being entered into with related parties till the period 9-July-2017 are not available and hence we are unable to comment on the reasonableness / genuineness of the same and the corresponding compliances of the Companies Act, 2013 in respect thereof.	Disclaimer	Second Time				



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xiii) a)	Details not available either fully or partially: In respect of the following items the same status is continued as was existing on March 31, 2017 or December 31, 2017 for which no details / documents are available, in the absence of which we are unable to comment on the impact on the same: 1. Provision made for impairment of investments of Rs. 1647.77 Lacs; Advances to Related parties of Rs. 30,235.90 Lacs as at December 31, 2017 are continuing without any updation / reassessment thereon. In the absence of related working papers, we are unable to comment on the adequacy of such provisions; 2. Provision for Onerous contracts - same provision continuing as on December 31, 2017 - Rs. 17 Crore, for which no details / basis is available; 3. Unbilled Revenue of Rs. 48.45 Crore is continuing as such since 1-Apr-2017, the amount has slightly reduced from Rs. 52.42 Crore as on 1-Apr-2017. However, no details as to the party wise details, basis, work wise details etc. are available; 4. Retainship Charges payable - Rs. 811.57 lacs; 5. Director remuneration- Rs.163.13 lacs; 6. Dividend payable- Rs.17.70 lacs;	Disclaimer	Second Time	Based on the best estimates and judgments, the RP has made relevant provisions. As far as opening balances are concerned, the RP has sought details from previous auditor as well but no revert from the erstwhile auditor, hence the RP has continued to carry forward the same in books of accounts and relying on the audited statements in the absence of further details/information for the same.	Unable to estimate the impact.	w.r.t xiii) a) All the foreign branches are managed by the overseas based employees of the Company. The RP has made all the efforts to arrange for the relevant information/details of branch accounts. The RP has made available all the details received from the overseas employees and accounts and taxations head of the Company. However, supporting documents could not be received. In future, if details are received, the effect of the same would be incorporated in the books of accounts suitability. w.r.t xiii) b) Forensic auditor has been appointed independently by the lenders of the Company, hence the forensic report would not be shared with the RP and the Company, hence the RP could not provide the forensic report to auditors for their opinion and verification. w.r.t xiii) c) RP has already approached all the banks/financial institutions for statements/confirmations. All the available statements/confirmations which have been received from the banks/financial institutions, were shared with the auditors. Due to delayed response of few lenders, some of the statements/confirmations could not be made available to the auditors. Also based on the sanction letters of each lenders the effect of interest, commission, financial	No further comments
xiii) b)	The statement include the assets, liabilities, income and expenditure in respect of 11 branches out of total 14 branches for the year ended March 31, 2019 and in respect of 3 branches, balances are as on December 31, 2017. These statements have been included based on management accounts of these 14 branches. The same are subject to changes on completion of audit, in the absence of details, we are unable to comment on the impact, it may have on the statement. Amount w.r.t unaudited branches which are incorporated in statement are Total assets and liabilities as on March 31, 2019 of Rs. 87,88.77 Lacs & Rs. 5538.66 Lacs respectively, Total Income of Rs. 9105.66 Lacs and Total Profit (Nett of losses) including Other Comprehensive Income of Rs. 200.10 Lacs for the year then ended. Further, the foreign currency exchange rates considered for translating the items in statement of profit and loss account is simple average of opening and closing during the year to date of reporting period, however daily moving average should have been considered for	Disclaimer	Second Time	All the foreign branches are managed by the overseas based employees of the Company. The RP has made all the efforts to arrange for the relevant information/details of branch accounts. The RP has made available all the details received from the overseas employees and accounts and taxations head of the Company. However, supporting documents could not be received. In future, if details are received, the effect of the same would be incorporated in the books of accounts suitability.	Unable to estimate the impact.		No further comments
xiii) c)	During 2017-18, the company had incorporated financial statements of five branches for the period till December 31, 2017. During current year, unaudited financial statements for 2018-19 is available, however details w.r.t intervening period from 01.01.2018 to 31.03.2018 is not available and hence nett opening difference aggregating to Rs. 390.58 lacs have been debited to Reserves and Surplus. This has also resulted in the corresponding period figures not being comparable.	Disclaimer	First Time	All the foreign branches are managed by the overseas based employees of the Company. The RP has made all the efforts to arrange for the relevant information/details of branch accounts. The RP has made available all the details received from the overseas employees and accounts and taxations head of the Company. However, supporting documents could not be received. In future, if details are received, the effect of the same would be incorporated in the books of accounts suitability.	Unable to estimate the impact.		No further comments
xiii) d)	We understand that the company had been subject to forensic audit, the report of which is not available for our perusal. In the absence of the same, we are unable to comment on the impact of the same, if any, on the statement of the company.	Disclaimer	Second Time		Unable to estimate the impact.	Forensic auditor has been appointed independently by the lenders of the Company, hence the forensic report would not be shared with the RP and the Company, hence the RP could not provide the forensic report to auditors for their opinion and verification.	No further comments
xiii) e)	In view of pending confirmations/reconciliation from certain banks and financial institutions for different types of accounts and loans including non-fund based limits, we are unable to comment on the impact, if any, on the statement arising out of such pending confirmations / reconciliation.	Disclaimer	Second Time		Unable to estimate the impact.	RP has already approached all the banks/financial institutions for statements/confirmations. All the available statements/confirmations which have been received from the banks/financial institutions, were shared with the auditors. Due to delayed response of few lenders, some of the statements/confirmations could not be made available to the auditors. Also based on the sanction letters of each lenders the effect of interest, commission, financial charges has been provided in books of accounts.	No further comments
xiii) f)	The Company is carrying Rs.834.33 lacs as prepaid expenses as on 31.03.2019 (PY Rs.1051.52 lacs). No details w.r.t the same made available and hence we are unable to check whether there the same has been adequately charged off or being carried forward.	Disclaimer	Second Time	It pertains to pre-CIRP period and hence, all the decisions has been taken by the erstwhile management and all the information/details are not shared with the RP.	Unable to estimate the impact.		No further comments
xiv) a)	Others: a) The statement / confirmation for certain WCCL, Overdraft, External Commercial Borrowing, Term Loan, Bills, Hire Purchase, LC Disbursement are not available and hence we are unable to cross check / verify the outstanding amount as reported in the financial statements.	Disclaimer	Second Time		Unable to estimate the impact.	The RP has already approached all the banks/financial institutions for statements/confirmations shared with the auditor all the available statements/confirmations which has received from the banks/financial institutions. Also based on the sanction letters of each lenders the effect of interest, commission, financial charges has been provided in books of accounts.	No further comments
xiv) b)	The internal controls in the company needs to be significantly strengthened considering the following, the impact of which, if any, cannot be commented upon: 1. The company does not have an Internal Audit system for the period under audit despite the same being a mandatory requirement under section 138 of the Companies Act, 2013; 2. The accounting software used is Tally which is an independent standalone accounting system with no integration with various other operational aspects such as Inventory, HR, Production, Sales etc. which in our view is a serious control deficiencies having regard to the fact that sufficient details for the same manually are also not available. 3. There is no system of Risk Control Matrix / Process Controls in place to check the adherence to guidelines, wherever framed by company and to monitor deviations, if any, with respect to prior to CIRP period. 4. The underlying records for monitoring the progress of work for billing such as Measurement book and reconciliation of the same with invoices raised / WIP are not available, which is an important control documents for revenue from such activities. 5. There are instances observed during pre CIRP period, where the expenses are not supported by Purchase orders, invoices are						
xiv) c)	With respect to disclosure requirements of Schedule - III to the Companies Act, 2013, identified non-compliances or non-availability of details are as under: 1. Disbursement of interest payable on loan is not being done properly, in view of some part of it being included with principal and part of it being disclosed under Interest Payable. 2. The entire amount of trade receivables have been classified as current notwithstanding the contracted terms with the respective customers. 3. The additional disclosures as required under schedule - III as reported are as compiled by the management and have been provided to the extent details are available with the management. In the absence of underlying details, we are unable to verify and comment in respect of the same; 4. Classification as current and non-current for various items of assets and liabilities has not been done as per contracted terms as						



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i)	Fixed assets register providing details of the assets, location, identification number, useful life etc. is not available, in the absence of which we are unable to comment on the maintenance of adequate records w.r.t. fixed assets. Further, the assets have not been physically verified during the year under audit.	Qualified	Second Time				No further comments
ii) a)	In respect of its investments: a) The original share certificates / holding statement (viz. from DP / other sources) to substantiate the ownership of the company towards equity and other investments in subsidiaries / associates / others amounting to aggregate carrying value Rs. 672.04 Lacs are not available due to which we are unable to comment on the existence, title and carrying amount of such investments under non-current assets.	Qualified	Second Time		Unable to estimate the impact	In the absence of due cooperation from employees and erstwhile management of the Company, insufficient records/database of the Company, the RP has provided all the available information to the auditor and also made the best effort to get the information from the previous statutory auditor of the Company. Severe crisis of fund constrained the RP to make any improvement in control and monitoring mechanism. However, the RP has been trying their best in keeping control and monitoring on the affairs of the Company during CRP through their team. But, vast spread of Company's projects across India and overseas make it difficult to control and monitor all aspects.	No further comments
ii) b)	There are no documents / working available for assessment of carrying value of these investments in the absence of which we are unable to comment on the adequacy of impairment loss of Rs. 1547.77 Lacs for the year and carrying amount of investments as at 31-Mar-2019.	Qualified	Second Time	Based on the best estimates and judgments and information made available about the entities wherein investments were made, the RP has made relevant provisions.			
iii)	Inventories as on 31-Mar-2019 of Rs. 4163.14 Lacs includes stocks (including WIP) with third parties for which neither confirmation from third parties are available nor have they been physically verified. The impact on verification / confirmation, if any, is not presently ascertainable.	Qualified	Second Time	Due to non payment to vendors, employees, premises owner and unsatisfactory project progress, access to the RP and auditor for physical verification was not allowed by the parties.			No further comments
iv)	As against the total amount of Trade Receivables of Rs. 436,848.25 Lacs as at March 31, 2019, Provision for Rs. 226,294.03 Lacs (including Rs. 26,074.62 Lacs provided during current year) has been made till March 31, 2019. In the absence of basis for such provisions, we are unable to comment on the adequacy of the existing provision, which may be required to be modified based on updated status.	Qualified	Second Time	Based on the best estimates and judgments and discussion with the erstwhile management on these long outstanding receivables, the RP has made relevant provisions after assessing the probability of recovery, risk assessment etc. of each customer/client/debtor.			No further comments
v)	The Company could not provide us the contact details of the debtors/ creditors/ loan and advances given/ taken etc. and in the absence of contact details, we could not seek confirmations from them as required under SA-505 issued by ICAI.	Qualified	Second Time			The confirmation letters or communication efforts were made during the year to obtain confirmations from various parties at respective sites of the Company. However, these could not be received from any debtor(s)/creditor(s)/loans and advances. The RP has also sought balance confirmation from the parties, but could not receive their confirmation.	No further comments
vi)	The company has booked income and expenses pertaining to earlier year(s) during the current year instead of restating the reported figures of the preceding year(s) and presenting a third balance sheet as required under Ind AS 1 and Ind AS 8 issued by ICAI. In the absence of full details being available considering the Disclaimer of Opinion issued in the current as well as previous financial year(s), the impact of the same is not ascertainable.	Qualified	First Time			Income and expenses have been booked as per available information/invoices/details etc. in the absence of previous period information (the CRP period), the financials has not been restated.	
vii)	The company has not disclosed the information pursuant to the requirement of Ind AS - 100 on Segment Reporting in respect of its geographical segments (viz. within India & Outside India), the same is also not in compliance with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.	Qualified	Second Time			Considering the nature of EPC business of the Company wherein long distance transmission lines are laid, hence geographical segments were reporting is not issued.	
viii)	Contingent Liabilities: a) The company has Rs.54,181.18 lacs under contingent liabilities for Bank Guarantees. However, as per details shared with us, Bank Guarantees of Rs.29,540.25 lacs are live, bank guarantees of Rs.14,058.08 lacs have been expired and Rs.10,574.85 lacs have been cancelled. The same has been confirmed by banks also. However, the Company is continuing to show the expired and cancelled Bank Guarantees aggregating to Rs. 24,632.93 lacs as Contingent Liability. b) The company had in the past given corporate guarantees of Rs. 32,401.03 lacs for its subsidiary / associate company for loans and other matters. The financial statements and other operating details in respect of these companies are not available. The liability of these corporate guarantee, if invoked by lender has not been ascertained in the absence of which we are unable to comment whether any provision in respect of the same is required or not.	Qualified	Second Time			The financial statements and other operating details in respect of these subsidiary/associate companies are not made available to the Resolution Professional by their management despite the request efforts by the Resolution Professional to get the same. Based on the purchase, the RP has taken best judgement and provided the accounting effect in the books. The claim in relation to corporate guarantee to the extent not admitted is on account of such claim arising/invoked after the insolvency commencement date, i.e., 4th July 2017 and the correctness of the treatment has been confirmed by the legal counsel based on various settled judgements. In future, post the reconciliations of due and recovery the effect of the same would be incorporated in the books of accounts suitably as and when it gets completed/assessed.	No further comments
ix)	Balances with banks, trade and other receivables, advances, TDS and other deposits and various payables are subject to confirmation and reconciliation and consequential adjustments, if any. In absence of alternative corroborative evidence, we are unable to comment on the extent to which such balances are recoverable. Impact whereof on the statement, if any is not presently ascertainable.	Qualified	Second Time			Debtors, creditors reconciliation between books vis-à-vis statutory returns/liabilities are under progress and due to limited data availability, lack of manpower & non-cooperation, The has made provisions based on the best estimate and judgement. Hence, provisions or recovery may vary in actual on completion of reconciliation and the effect of the same would be incorporated in the books of accounts suitably as and when it gets completed/assessed.	No further comments
x)	The company had issued preference shares of face value of Rs.2500 Lacs which were repayable along with 69% redemption premium i.e., Rs.1725 lacs on 14.05.2018, the company was not able to redeem the same and liability of Rs.4225 lacs is in books of accounts.	Qualified	Second Time			The Resolution Professional has provided information to the statutory auditor in this regard whatever was made available by Company's erstwhile management. Due to non availability of details of premium payable, the same could not be quantified and hence no provision was made in the books of accounts.	No further comments
xi)	Bank statements / confirmation directly from banks in respect of borrowings as well as current and deposit accounts are not available in many cases. In the absence of which, it is not possible to confirm the balances as reported in the financials and as per bank. Bank wise details for statements available and period for which available have been shared separately.	Qualified	Second Time			The Resolution Professional has already approached all the banks/ financial institutions for the statements/ confirmations could not be made available.	No further comments
xii)	In connection with the existence of material uncertainties over the realizability of bank guarantees encashed by customers, unbilled revenue, trade receivables and withheld amount included in financial and other assets which are paid down/ subject matters of various disputes/ arbitration proceedings/ negotiations with the customers and contractors due to termination / foreclosure of contracts and other disputes. The management is yet to assess the change in risk of default and resultant expected credit loss allowance on such assets. Pending such determination, the impact on the statement cannot be ascertained.	Qualified	Second Time			Since the RP was unable to complete the assessment of contractual obligations, impact on receivables, revenues, bank guarantee etc. due to varied reasons such as limited access to proper documents, non cooperation, unavailability of adequate vendor reconciliations, the impact of such open items & definite assessment could not be finally ascertained and the effect of the same would be incorporated in the books of accounts suitably as and when it gets completed/assessed.	No further comments
xiii)	Notwithstanding the legal / arbitral steps being initiated by the company, performance guarantees invoked by the banks aggregating to Rs. 21,392.12 lacs have been charged off during the year. Necessary impact on recovery of the same shall be accounted for in the year the amount is received. Impact whereof is not presently ascertainable.	Qualified	Second Time			The necessary impact could be ascertained only when project completion/ closure activities/ arbitral and legal orders from the appropriate authority/ debtor reconciliation would take place. Hence, the effect of the same would be incorporated in the books of accounts suitably as and when it gets completed/assessed.	No further comments

For Jyoti Structures Limited

Place : Mumbai
Date : 14th March 2020



YENDANA GARG
Chartered Accountant
BRI/CPA-60120-00025-2016-2017/10058



ANIL KUMAR
Joint Project Officer

For MKPS & Associates
Chartered Accountants
Firm's Registration Number: 302014E

Narendra Khandal
Partner
Membership No. 065925

JYOTI STRUCTURES LIMITED

Statement on Impact of Audit Qualifications on Consolidated Annual Audited Financial Results for the Financial Year ended 31st March, 2019

Annexure - 1

(Rs. in Lacs)			
Sno	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
1	Turnover / Total income	18,845.26	18,845.19
2	Total Expenditure	197,354.13	197,354.13
3	Net Profit/(Loss)	(178,764.92)	(178,764.92)
4	Earnings Per Share	(INR -162.92)	(INR -162.92)
5	Total Assets	244,418.79	244,418.79
6	Total Liabilities	244,418.79	244,418.79
7	Net Worth	(732,609.80)	(732,609.80)

Audit Disclaimer

(Rs. in Lacs)

Sr No	Details of Audit Qualification	Type of Qualification	Frequency of Qualification	For Audit qualification(s) where impact is quantified by the Auditor, Management Views	For Audit qualification(s) where impact is not quantified by the Auditor		
					Managements estimation on impact of audit qualification	If management is unable to estimate the impact, reasons for the same	Auditors Comments
i)	In the absence of the audited financial statements or management certified accounts, for the year ended 31st March, 2019, of three wholly-owned subsidiaries namely Jyoti International Inc, Jyoti Americas LLC and Jyoti Structures Canada Ltd., and one Joint Venture viz. Gulf Jyoti International LLC, transactions and balances in respect of these have not been incorporated in the Consolidated Financial Results, which is not in compliance with the requirements of Ind AS - 110 issued by ICAI. Further, the details w.r.t. Joint Ventures as required under Ind AS 110 and SEBI (LODR) Regulations, 2015 have not been disclosed.	Disclaimer	Second Time		NIL	Despite various follow-ups, no data with respect to the subsidiaries mentioned has been provided by the subsidiary in charge and therefore, management is not in a position to comment upon.	No further comments
ii)	We were unable to communicate with the auditors of all the components since the communication details were not provided to us. We had shared our requirements with auditors of four components of which communication details were provided to us on 11-Mar-2020 on which revert is awaited. Further, in the absence of full details / records in respect of all the components being available, we are unable to carry out additional procedures in respect to the same. Hence, we were unable to communicate with the component auditors.	Disclaimer	Second Time		NIL	Despite various follow-ups with respective auditors of subsidiaries, management has not received any communication from them.	No further comments
iii)	In the absence of details of transactions and balances outstanding with components within the group, the elimination of transactions and balances outstanding within the group done in the consolidated financial results could not be verified by us. Further, the transactions / balances within the group in the books of the holding company have also not been fully eliminated in the absence of relevant details. The same is not in compliance with the requirements of Ind AS 110 issued by ICAI. In the absence of the details being made available, the impact of the same is not ascertainable. The details in respect of amounts appearing under Other Comprehensive Income w.r.t components is not available due to which we are unable to comment on the same.	Disclaimer	Second Time		NIL	Reconciliation of Holding Company balances with subsidiaries books is in process. Further, based on available information from respective subsidiaries, the management has provided information/details for verification to the auditors.	No further comments
iv)	The requirements of Ind AS - 110 issued by ICAI such as alignment of accounting policies of all component and holding company have not been complied with. Impact, whereof, if any, is not ascertainable in the absence of relevant details being made available.	Disclaimer	Second Time		NIL	In the absence of audited accounts of subsidiaries and appropriate information/workings with respect to accounting policies of subsidiaries, the management could not identify such variation in accounting policies of holding company vis-a-vis subsidiaries and therefore, the alignment of accounting policies has not been complied	No further comments
v)	The company has considered the management certified accounts of two foreign subsidiary (including three step-down subsidiaries) for the purpose of consolidation. These financial statements / accounts have been consolidated on a line by line basis without giving effect, if any, of the differences in the GAAP / accounting framework applicable for the respective foreign countries and India.	Disclaimer	Second Time		NIL	The financial statements of subsidiaries has been consolidated as per IND AS requirements of line by line additions. As far as effect of GAAP / accounting framework of subsidiaries are concerned, due to limited	No further comments
vi)	The consolidated financial results include the financial and other information in respect of four subsidiaries (including two foreign subsidiaries referred above) based on unaudited financial statements. The consolidated financial results includes Assets and Liabilities of Rs. 7,704.51 Lacs and Rs. 2,797.09 Lacs respectively as at March 31, 2019 & Total Comprehensive Income of Rs. 5,425.11 Lacs & Rs. -5,095.87 Lacs respectively for the year ended March 31, 2019 in respect of these unaudited foreign subsidiaries. In the absence of the audited accounts w.r.t these, we are unable to comment on the amount of these components considered in the consolidated financial results.	Disclaimer	Second Time	In the absence of audited financials of subsidiaries, the management of the company has considered management certified financials of subsidiaries.	NIL		No further comments
vii)	The amount of Non-Controlling Interest as at March 31, 2017 in respect of the foreign subsidiaries was without considering the amount of "Other Comprehensive Income (OCI)" which should have been considered as per Ind AS 110 issued by ICAI. Necessary impact w.r.t. current year's share of OCI in respect of one such subsidiary have been considered. However, in the absence of details the corresponding amounts of previous year(s) have not been restated, which, in our opinion, is not compliance with the requirements of Ind AS 8 and Ind AS 1 issued by ICAI. The impact of the same, in the absence of details, is not ascertainable.	Disclaimer	Second Time	Due to unavailability of previous periods financial statements/information, restatement of opening NCI has not been considered and the same has been reported as per available audited information of previous year.	NIL		No further comments



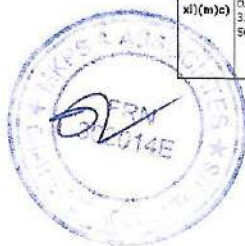
Sr No	Details of Audit Qualification	Type of Qualification	Frequency of Qualification	For Audit qualification(s) where impact is quantified by the Auditor, Management Views	Managements estimation on impact of audit qualification	If management is unable to estimate the impact, reasons for the same	Auditors Comments
viii)	The management has prepared these Consolidated Financial Results on a going concern basis in spite of following facts and circumstances: a) The Group has reported loss after tax (including OCI) of INR 179,764.92 Lacs during the year; b) The networth of the Group has been fully eroded and is (-) INR 732,739.04 Lacs as at 31 Mar 2019; c) There are minimal operations at plants at Nashik and Raipur during the current financial year and revenue activities have also stopped on the same, except for a few sales; d) The financial statements / details in respect of all the subsidiaries are not available and investments in some of the subsidiaries have been fully impaired in earlier years owing to erosion of networth of the entities; e) Legal proceedings are pending before various Judicial Authorities seeking claims / compensations; f) Claims for default of requirements of various statutes, listing agreement / SEBI LODR have been made by the regulators / exchanges. The above mentioned conditions cast significant doubt about the Group's ability to continue as a going concern. The Group may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realized other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheet.	Disclaimer	Second Time	The Honble NCLT pursuant to application filed under CIRP had passed order dated March 27, 2019 approving a plan for resolution of the company, which shall, amongst others, require giving effect to changes in the reported amount of assets and liabilities, the effect of which shall be taken in the books upon fulfillment of conditions precedent as per the plan. Accordingly, the financial statements do not include any adjustment which may arise from giving effect to the approved plan.	Unable to estimate the impact	Honble NCLAT, New Delhi have vide the Order dt. August 20, 2018 directed the RP to keep the Company as a going concern. Accordingly, these financial statements have been prepared for the Company as a going concern so that to give true and fair view of the financial position, financial performance and cash flows in accordance with the requirements of the Act and recognized accounting policies and practices generally accepted in India, including the applicable accounting standards and for making accurate representations to you to the extent of best of our efforts.	No further comments
ix)	The holding company has considered closing rate for translation of assets and liabilities of foreign components and average of buying and selling rate of the last working day of the financial year for translation of items appearing in statement of profit and loss of foreign components, which is not in line with requirements of Ind AS 21.	Disclaimer	Second Time		NIL	Due to limited information for each transactions entered in the books of subsidiaries, the management has translated foreign assets and liabilities at an average rate.	No further comments
x)	Opening Reserves in respect of one of the component is not in agreement with the amount as per last year's closing. Pending reconciliation of such difference, we are unable to comment on the same.	Disclaimer	Second Time		NIL	In the absence of appropriate details of subsidiaries companies as well as various reconciliations, accurate impact of difference could not be identified and hence the same has been adjusted in opening reserves.	No further comments
xi)(a)	In respect of the holding company: The Honble NCLT pursuant to application filed under CIRP had passed order dated March 27, 2019 approving a plan for resolution of the holding company, which shall, amongst others, require giving effect to changes in the reported amount of assets and liabilities, the effect of which shall be taken in the books upon fulfillment of conditions precedent as per the plan. Accordingly, the consolidated financial results do not include any adjustment which may arise from giving effect to the approved plan. Further, the effect of the process of claims reconciliation has not been fully taken in the financial results, which have been further stated at Note No. 5 of the consolidated financial results. Due to these conditions at the date of this report, we are unable to ascertain the impacts of the same on the consolidated financial results.	Disclaimer	Second Time	The Honble NCLT pursuant to application filed under CIRP had passed order dated March 27, 2019 approving a plan for resolution of the company, which shall, amongst others, require giving effect to changes in the reported amount of assets and liabilities, the effect of which shall be taken in the books upon fulfillment of conditions precedent as per the plan. Accordingly, the financial statements do not include any adjustment which may arise from giving effect to the approved plan.	NIL	Honble NCLAT, New Delhi have vide the Order dt. August 20, 2018 directed the RP to keep the Company as a going concern. Accordingly, these financial statements have been prepared for the Company as a going concern so that to give true and fair view of the financial position, financial performance and cash flows in accordance with the requirements of the Act and recognized accounting policies and practices generally accepted in India, including the applicable accounting standards and for making accurate representations to you to the extent of best of our efforts.	No further comments
xi)(b)	Upto December 2017 the company was using SAP and thereafter due to non-availability of access and other factors, the company has migrated the entire data from April 2017 on standalone Tally software. The same is not integrated with other modules such as Inventory, HR, Production, Sales etc. which is a serious control lapse in our view considering the size and nature of business of the company. Further, the data have been migrated from SAP dump to Tally of which no independent migration / system audit have been carried out. In view of these control issues, we are unable to comment on the impact, if any, these may have on these consolidated financial results.	Disclaimer	Second Time		Unable to estimate the impact	In the absence of availability SAP ERP System, its architectural diagram, master access code etc., the Company has extracted best possible data from the ERP (SAP) and converted them into Tally ERP system. The Company also possess the relevant copies and extracted data of SAP ERP system which is also reconciling with the Tally ERP System. Due to the above limitations, certain modules as indicated could not be accessed and it was not possible to have migration/ system audit conducted. RP has filed Complaint at Honble NCLT, Mumbai against Mr. Joseph Sehni (IT head of JSL); for his non-cooperation with RP to conduct her roles and responsibility.	No further comments
xi)(c)	There was "disclosure of opinion" in the audit report for the financial year ended 31.03.2018 and no details/ documents provided to us with respect to opening balances, for which disclaimer were issued and hence we are unable to verify the same during current year as well.	Disclaimer	Third Time		NIL	Resolution Professional (RP) has all the approvals for the the transactions entered post-4th July 2017 in terms of Office Memorandum (OM) however, prior to 4th July 2017 the management of the Company was responsible to keep records and maintain the relevant informations/details etc. however, RP has provided all the necessary	No further comments
xi)(d)	There are debits and credits aggregating to Rs.16.98 lacs and Rs.1.60 lacs respectively in bank statements, no details w.r.t the said entries in bank statement were available to us and effect of the same in books of accounts has not been taken. In the absence of details, we are unable to comment on the effect of such entries in the consolidated financial results.	Disclaimer	Second Time	RP has requested respective banks to provide further details of entries posted in the bank statement meanwhile the same is reported as bank reconciliation item. As and when the bank provides details of the same, appropriate entries will be passed in the books of accounts.			
xi)(e)	The financial statements and other details in respect of various subsidiaries, associates and joint ventures of the company are not available due to which we are unable to comment on the impact it may have on the carrying amount and the impairment, if any, in respect of investments, loans, advances, receivables and payables, the requirement of provisioning for guarantees provided, disclosures for liabilities crystallized or contingent.	Disclaimer	Second Time			Despite various follow ups for the subsidiary, associates and joint ventures data from respective authorized representatives of these entities, the RP could not received records/details some of these entities and, therefore, the same could not be made available, however wherever possible audited financials of subsidiaries have been provided to the auditor and for rest of the cases management certified copy has been arranged with authorisation from the Senior executive vice president of Accounts and Taxation of the company.	



Sr No	Details of Audit Qualification	Type of Qualification	Frequency of Qualification	For Audit qualification(s) where impact is quantified by the Auditor, Management Views	Managements estimation on impact of audit qualification	If management is unable to estimate the impact, reasons for the same	Auditors Comments
xj)(f)	Revenue from operations of Rs. 9,822.49 lacs includes Revenue from operations pertaining to foreign branches of Rs.9,097.85 lacs, which is as provided by the management and no details are made available w.r.t. the same.	Disclaimer	Second Time	All the foreign branches are managed by the overseas based employees of the Company. The RP has made all the efforts to arrange for the relevant information/details of branch accounts. The RP has made available all the details received from the overseas employees and accounts and taxations head of the Company. However, supporting documents could not be received. In future, if details are received, the effect of the same would be incorporated in the books of accounts suitably.	NIL		No further comments
xj)(g)	a) There are no inventory records / stock ledger (being part of books of accounts) available due to which we are unable to trace / reconcile the movement in the same through purchase, sales, consumption etc. and consistent on the provision, if any, required based on the condition and usability of the stocks. Further, the physical verification of inventories was not carried out during the year under audit. In view of these, we are unable to comment on the impact, if any, on the consolidated financial results. b) In one case of free supplies against shortage quantity to one of its customer, the company has accounted for materials supplied amounting to Rs. 1456/43 Lacs, against which material amounting to Rs. 1131.43 Lacs has been acknowledged by customer. However, corresponding approvals from management is for Rs. 658 Lacs only. In the absence of reconciliation / requisite approval, we are unable to comment in respect of the transaction.	Disclaimer	Second Time	In the absence of availability of module wise database of SAP ERP System and full control of the same for the period prior to 4th July 2017 these details could not be made available for the period prior to 4th July 2017 by RP, however post that all the details have been duly shared with the auditors, RP has filed Complaint at Hon'ble NCLT, Mumbai against Mr. Joseph Selvin (IT head of JSL); for his non-cooperation with RP to conduct her roles and responsibility.			
xj)(h)	In respect of its expenses: a) The details for cross checking the employee costs, such as employee wise HR data, grade, scale, attendance records, payroll details etc. are not available due to which we are unable to check the amount of Employee Costs debited to statement of profit and loss for the year ended March 31, 2019 amounting to Rs. 8,216.65 lacs. b) Similarly, the liability for statutory payments pertaining to employees such as Provident fund, Bonus, ESF, etc could not be checked. c) The details, break up, working papers in respect of most of the amount of assets, liability income and expenses for the amount stated therein pertaining to the period prior to the initiation of CIRP are not available and hence we are unable to comment in respect of such balances / amounts appearing in the statements. d) In the absence of party wise details/ contracts of foreign receivables/ payables (including of foreign branches), we are unable to verify the foreign exchange gain (net of loss) of Rs.4401.33 lacs. e) During the year Bank Guarantees encashed amounting to Rs. 21,302.12 Lacs have been charged off and Rs. 4,474.23 Lacs have been debited to receivables for which the supporting documents / details were not made available and hence could not be verified. In view of these details not being available, we are unable to comment, of the impact on the statements.	Disclaimer	Second Time	a) The RP possess all the necessary supporting documents with respect to transactions entered in the books of accounts post 4th July 2017. However, the RP does not possess all the details/documents with respect to pre-CIRP period transactions as well as opening balance related transactions and also HR module database could not be extracted from SAP system. RP has filed Complaint at Hon'ble NCLT, Mumbai against Joseph Selvin (IT head of JSL); for his non-cooperation with RP to conduct her roles and responsibility. b) The RP does not possess all the details/documents with respect to pre-CIRP period transactions as well as opening balances of assets and liabilities. Fixed Asset module could not be extracted from SAP system. RP has filed Complaint at Hon'ble NCLT, Mumbai against Joseph Selvin (IT head of JSL); for his non-cooperation with RP to conduct her roles and responsibility.	NIL		No further comments
xj)(i)	Statutory Dues / Compliances: a) The working / reconciliation of returns filed for various statutory dues such as Excise, VAT, GST, TDS, Service tax, EPF, ESF, various taxes for foreign branches, etc. are not available due to which we are unable to comment on the statutory compliances and whether the amounts are in agreement with the books or not and the consequential impact it may have on the statements. b) There have been regular default w.r.t. payment of interest to its lenders, payment of statutory dues to govt. authorities (GST, VAT, TDS, PF, ESF, Service Tax, Employee liabilities etc.), delay in workers' dues etc., which may entail interest / penalty etc. which is not ascertainable and hence not provided for. Further, in respect of periodic returns of GST to be filed, the company is filing Nil returns in few cases instead of taking the actual figures of sales, purchase etc. and determining the amount of tax due and payable, which may invite penal consequences, impact whereof we are unable to comment. c) In respect of balances available with statutory authorities and input credits are subject to reconciliation, filing of return and admission by the respective statutory authorities and no provision has been made thus, we are unable to comment whether any provision for impairment in the value of such receivables is required.	Disclaimer	Second Time		NIL	All the reconciliation between books vis-à-vis statutory returns/ liabilities are under process. On account of CIRP proceedings, insufficient data availability due to lack of cooperation of respective department head of the Company and due to insufficient funds some of the statutory liabilities has not been discharged. Proper effect of the same would be given when the reconciliatory assessment of statutory liabilities will happen.	No further comments
xj)(j)	Revenue & Contracts and Trade Receivables: a) In the absence of any documentary evidence from the parties / customers for the continuation of live contracts, we are unable to comment on the status of the contracts and adjustment, if any, required for the same in the statement. Further, the details of work in progress with the age, stage of completion, acceptability to customers, progress billing etc. are not available due to which we are unable to comment on the requirements of provision, if any, for WIP and income accrued out net due. b) No detailed workings are available for the calculation of liquidated damages contractually leviable for delay in completion of contracts and the costs for Defect Liability Period (DLP) which are contractually required to be incurred for specified periods. In the absence of this working, we are unable to comment on provision, if any, required for the same. c) During the year, no provision has been made for loss on future cost to complete ongoing work-in-progress. No supporting working for such estimate of cost to completion was provided to us for our verification. In absence of sufficient appropriate audit evidence of provision of loss on future cost to complete work-in-progress, we are unable to comment, if any provision for loss on future cost is required for the completion of the contract.	Disclaimer	Second Time		NIL	Inadequate working capital has put considerable financial pressure on the Company and in particular, on the cash flows delaying commissioning of most of the projects being executed by the Company. The Company has made a total provision of Rs.1,700 Lacs for estimated losses upto 31st March, 2019 in few projects on completion of these contracts. With the support of lenders and customers, the Company has been managing to execute the projects and the management is reasonably confident that the situation will improve with implementation of resolution plan and hence the management is of the opinion that the said provision is adequate.	No further comments
xj)(k)1)	Identified non-compliances of Companies Act: We are unable to comment on the impact, if any, of these identified non-compliances of the provisions of Companies Act, 2013 on the statement: The Company has not appointed Internal Auditors as required by Section 138 of the Companies Act 2013;	Disclaimer	Second Time		Unable to estimate the impact	Due to insufficient fund and operations of the Company, Internal auditors has not been appointed. Further, the domestic revenue of the Company is below the threshold limits for appointment of an internal auditors.	No further comments
xj)(k)2)	The company has provided for an amount of Rs. 21.24 Lacs as at March 31, 2019 in respect to the interest payable to Micro and Small Enterprises for which no working/ basis are available;	Disclaimer	Second Time	Based on the information available for MSME creditors, interest has been provided as per applicable rates.			
xj)(k)3)	Annual Return in DFT - 3 has not been filed in respect of Public Deposits accepted by the company as required under the Companies Act, 2013.	Disclaimer	Second Time		Unable to estimate the	Since DSC of the directors were suspended due to non payment of their domestic, the DD no. 41 and 54 were	No further



Sr No	Details of Audit Qualification	Type of Qualification	Frequency of Qualification	For Audit qualification(s) where impact is quantified by the Auditor, Management Views	Managements estimation on impact of audit qualification	If management is unable to estimate the impact, reasons for the same	Auditors Comments
xi)(k)(4)	The compliances w.r.t. various filings with the Ministry of Corporate Affairs and entries / up-dation of various registers / forms as required under the Companies Act, 2013 have not been done.	Disclaimer	Second Time		Impact	Payment of public deposits, etc. is done in the various forms with ROC.	Comments
xi)(k)(5)	There have been default in conduct of general meeting in a timely manner.						
xi)(j)(1)	Related Party: As at the year end, outstanding advances / loans / ICD to parties (including related parties) for which the required documents providing the detail terms and conditions are not available due to which we are unable to comment on the recoverability and other aspects, including whether the same are prejudicial to the interest of the Company or not, of such loans / advances.	Disclaimer	Second Time		Unable to estimate the impact	In the absence of due co-operation from employees and erstwhile management of the Company, insufficient records/database of the Company, the RP has provided all the available information to the auditor and also made the best effort to get the information from the previous statutory auditor of the Company.	No further comments
xi)(j)(2)	Outstanding loans and advances to related parties including subsidiaries and joint ventures against which the aggregate amount receivable as on 31 Mar 2019 amounted to Rs. 345.35 Crore. In the absence of the documents pertaining to such advances, confirmation of balances, financial statements / other information of these companies and independent evaluation of recoverability of these amounts, we are unable to comment on the adequacy of the adhoc provision of Rs. 302.35 Crore made against such advances.	Disclaimer	Second Time	Based on the best estimates and judgments, the RP has provided for loans and advances to related parties to the extent Rs.302 lac. Reconciliation between loans and advances to related parties is in process and therefore, based on actual position further provision will be made in subsequent periods, if required.			No further comments
xi)(j)(3)	The basis / premise for determining the amount at which the transactions are being entered into with related parties till the period 4 July 2017 are not available and hence we are unable to comment on the reasonableness / genuineness of the same and the corresponding compliances of the Companies Act, 2013 in respect thereof.	Disclaimer	Second Time		Unable to estimate the impact	In the absence of due co-operation from employees and erstwhile management of the Company, insufficient records/database of the Company, the RP has provided all the available information to the auditor and also made the best effort to get the information from the previous statutory auditor of the Company.	No further comments
xi)(m)(a)	Details not available either fully or partially: a) In respect of the following items the same status is continued as was existing on March 31, 2017 or December 31, 2017 for which no details / documents are available, in the absence of which we are unable to comment on the impact on the same: 1) Provision made for Impairment of Investments of Rs. 1642.77 Lacs; Advances to Related parties of Rs. 30,235 Lacs as at December 31, 2017 are continuing without any up-dation / reassessment thereto. In the absence of related working papers, we are unable to comment on the adequacy of such provisions; 2) Provision for Onerous contracts - same provision continuing as on December 31, 2017 - Rs. 17 Crore, for which no details / basis is available; 3) Unbilled Revenue of Rs. 48.45 Crore is continuing as such since 1-Apr-2017, the amount has slightly reduced from Rs. 52.42 Crore as on 31 Apr 2017. However, no details as to the party wise details, basis, work wise details etc. are available; 4) Retainership Charges payable - Rs. 6.11 Crore; 5) Director remuneration- Rs. 63.13 lacs; 6) Dividend payable- Rs. 17.70 lacs.	Disclaimer	Second Time	Based on the best estimates and judgments, the RP has made relevant provisions. As far as opening balances are concerned, the RP has sought details from previous auditor as well but no revert from the erstwhile auditor, hence the RP has continued to carry forward the same in books of accounts and relying on the audited statements in the absence of further details/informations for the same.	Unable to estimate the impact		No further comments
xi)(m)(b)	The statement includes assets, liabilities, income and expenditure in respect of 11 branches out of total 14 branches for the year ended March 31, 2019 and in respect of 3 branches, balances are as on December 31, 2017. These statements have been included based on management accounts of these 14 branches. The same are subject to changes on completion of audit, in the absence of details, we are unable to comment on the impact, it may have on the statement. Amount w.r.t. un-audited branches which are incorporated in financial statements are Total assets and liabilities as on March 31, 2019 of Rs. 8738.77 Lacs & Rs. 8538.66 Lacs respectively, Total Income of Rs. 9105.66 Lacs and Total Profit (Nett of losses) including Other Comprehensive Income of Rs. 200.10 Lacs for the year then ended. Further, the foreign currency exchange rates considered for translating the items in statement of profit and loss account is simple average of opening and closing during the year to date of reporting period, however daily moving average should have been considered for conversion of the same.	Disclaimer	Second Time	All the foreign branches are managed by the overseas based employees of the Company. The RP has made all the efforts to arrange for the relevant information/details of branch accounts. The RP has made available all the details received from the overseas employees and accounts and taxation head of the Company. However, supporting documents could not be received. In future, if details are received, the effect of the same would be incorporated in the books of accounts suitably.	Unable to estimate the impact		No further comments
xi)(m)(c)	During 2017-18, the company had incorporated financial statements of five branches for the period till December 31, 2017. During current year, unaudited financial statements for 2018-19 is available, however details w.r.t. intervening period from 01.01.2018 to 31.03.2018 is not available and hence net opening difference aggregating to Rs. 390.58 lacs have been debited to Reserves and Surplus. This has also resulted in the corresponding period figures not being comparable.	Disclaimer	Second Time	All the foreign branches are managed by the overseas based employees of the Company. The RP has made all the efforts to arrange for the relevant information/details of branch accounts. The RP has made available all the details received from the overseas employees and accounts and taxation head of the Company. However, supporting documents could not be received. In future, if details are received, the effect of the same would be incorporated in the books of accounts suitably.			No further comments



Sr No	Details of Audit Qualification	Type of Qualification	Frequency of Qualification	For Audit qualification(s) where Impact is quantified by the Auditor, Management Views	Managements estimation on impact of audit qualification	If management is unable to estimate the impact, reasons for the same	Auditors Comments
xi)(m)d	We understand that the company had been subject to forensic audit, the report of which is not available for our perusal. In the absence of the same, we are unable to comment on the impact of the same, if any, on the statement.	Disclaimer	Second Time		Unable to estimate the impact	Forensic auditor has been appointed independently by the lenders of the Company, hence the forensic report would not be shared with the RP and the Company, hence the RP could not provide the forensic report to auditors for their opinion and verification.	No further comments
xi)(m)e	In view of pending confirmations/reconciliation from certain banks and financial institutions for different types of accounts and loans including non-fund based limits, we are unable to comment on the impact, if any, on the statement arising out of such pending confirmations / reconciliation.	Disclaimer	Second Time		Unable to estimate the impact	RP has already approached all the banks/financial institutions for statements/confirmations. All the available statements/confirmations which have been received from the banks/financials institution, were shared with the auditors. Due to delayed response of few lenders, some of the statements/confirmations could not be made available to the auditors. Also based on the sanction letters of each lenders the effect of interest, commission, financials charges has been provided in books of accounts.	No further comments
xi)(m)f	The Company is carrying Rs.934.30 lacs as prepaid expenses as on 31.03.2019 (PY Rs.1251.32 lacs). No details w.r.t the same made available and hence we are unable to check whether there the same has been adequately charged off or being carried forward.	Disclaimer	Second Time	It pertains to pre-CIRP period and hence, all the decisions has been taken by the erstwhile management and all the information/details are not shared with the RP.			No further comments
xi)(n)1	Others: The statement / confirmation for certain WCDD, Overdraft, External Commercial Borrowing, Term Loan, B/Ls, Hire Purchase, LC Debitment are not available and hence we are unable to cross check / verify the outstanding amount as reported in the statement.	Disclaimer	Second Time		Unable to estimate the impact	The RP has already approached all the banks/financial institutions for statements/confirmations shared with the auditor all the available statements/confirmations which has received from the banks/financials institution. Also based on the sanction letters of each lenders the effect of interest, commission, financials charges has been provided in books of accounts.	No further comments
xi)(n)2	The internal controls in the company needs to be significantly strengthened considering the following, the impact of which, if any, cannot be commented upon: 1)The company does not have an Internal Audit system for the period under audit despite the same being a mandatory requirement under section 138 of the Companies Act, 2013; 2)The accounting software used is Tally which is an independent standalone accounting system with no integration with various other operational aspects such as Inventory, HR, Production, Sales etc, which in our view is a serious control deficiencies having regard to the fact that sufficient details for the same manually are also not available; 3)There is no system of Risk Control Matrix / Process Controls in place to check the adherence to guidelines, wherever framed by company and to monitor deviations, if any, with respect to prior to CIRP period; 4)The underlying records for monitoring the progress of work for billing such as Measurement book and reconciliation of the same with invoices raised / WIP are not available, which is an important control documents for revenue from such activities. 5)There are instances observed during pre CIRP period, where the expenses are not supported by Purchase orders, invoices are With respect to disclosure requirements of Schedule - III to the Companies Act, 2013, identified non-compliances or non-availability of details are as under: 1)Bifurcation of interest payable on loan is not being done properly, in view of some part of it being included with principal and part of it being disclosed under Interest Payable. 2)The entire amount of trade receivables have been classified as current notwithstanding the contracted terms with the respective customers; 3)The additional disclosures as required under schedule - III as reported are as compiled by the management and have been provided to the extent details are available with the management. In the absence of underlying details, we are unable to verify and comment in respect of the same; 4)Classification as current and non-current for various items of assets and liabilities has not been done as per contracted terms as	Disclaimer	Second Time		Unable to estimate the impact	In the absence of due co-operation from employees and erstwhile management of the Company, insufficient records/cashbase of the Company, the RP has provided all the available information to the auditor and also made the best effort to get the information from the previous statutory auditor of the Company. Severe crisis of fund constrained the RP to make any improvement in control and monitoring mechanism. However, the RP has been trying her best in keeping control and monitoring on the affairs of the Company during CIRP through her team. But, vast spread of Company's projects across India and overseas make it difficult to control and monitor all aspects.	No further comments
xi)(n)3		Disclaimer	Second Time				No further comments
	The Group has not disclosed the information pursuant to the requirement of Ind AS -108 on Segment Reporting in respect of its geographical segments (viz. within India & Outside India), the same is also not in compliance with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.	Qualified	Second Time		NIL	Considering the nature of EPC business of the Company wherein long distance transmission lines are laid, hence geographical segments wise reporting is not required.	No further comments



Sr No	Details of Audit Qualification	Type of Qualification	Frequency of Qualification	For Audit qualification(s) where Impact is quantified by the Auditor, Management Views	Managements estimation on impact of audit qualification	If management is unable to estimate the impact, reasons for the same	Auditors Comments
ii)	In August 2013, Jyoti International Inc., a subsidiary company, has issued subordinated debt of USD 1,30,00,000 and preferred stock Series A of USD 1,00,00,000. In April 2014, the company issued additional 47 shares of Series A preferred stock, at USD 4,00,000 per share, for additional gross proceeds of USD 1,88,00,000. Cumulative dividend accrues on these preferred stocks of Series A, on a daily basis at the rate of 0.01% per year on the original purchase price, per share. The said subsidiary company has a contingent liability of USD 3,42,00,000 for above mentioned preferred stock variable return along with its accretion of USD 1,14,53,076 for the year ended 31st March, 2016. As per preferred stock agreement, that Company and the Holding company, planned to settle the variable return due on 28th August, 2016 through the issuance of common stock of the Holding company. However, no details are available whether the parties have exercised the right, hence we are unable to comment on the same.	Qualified	Second Time		NIL		No further comments
iii)	In respect of its holding company : a) In respect of its Fixed Assets-fixed assets register providing inter-alia details of the assets, location, identification number, useful life etc. is not available, in the absence of which we are unable to comment on the maintenance of adequate records w.r.t. fixed assets. Further, the assets have not been physically verified during the year under audit.	Qualified	Second Time		Unable to estimate the impact	In the absence of due co-operation from employees and erstwhile management of the Company, insufficient records/database of the Company, the RP has provided all the available information to the auditor and also made the best effort to get the information from the previous statutory auditor of the Company. Severe crisis of fund constrained the RP to make any improvement in control and monitoring mechanism. However, the RP has been trying his best in keeping control and monitoring on the affairs of the Coany during CIRP through his team. But, vast spread of Company's projects across India and overseas make it difficult to control and monitor all aspects.	No further comments
iii)b)1)	In respect of its Investments: The original share certificates / holding statement (viz. from OP / other sources) to substantiate the ownership of the company towards equity and other investments in subsidiaries / associates / others amounting to aggregate carrying value Rs. 572.04 Lacs are not available due to which are unable to comment on the existence, title and carrying amount of such investments under Non-current assets.						
iii)b)2)	There are no documents / working available for assessment of carrying value of these investments in the absence of which we are unable to comment on the adequacy of impairment loss of Rs. 1647.77 Lacs for the year and carrying amount of investments as at 31-Mar-2019.	Qualified	Second Time	Based on the best estimates and judgments and information made available about the entities wherein investments were made, the RP has made relevant provisions.			No further comments
iii)c)	Inventories as on 31-Mar-2019 of Rs. 4163.14 Lacs includes stocks (including WIP) with third parties for which neither confirmation from third parties are available nor have they been physically verified. The impact on verification/ confirmation, if any, is not presently ascertainable.	Qualified	Second Time	Due to non payment to vendors, employees, premises owner and unsatisfactory project progress, access to the RP and auditor for physical verification was not allowed by the parties.			No further comments
iii)d)	As against the total amount of Trade Receivables of Rs. 436,848.25 Lacs as at March 31, 2019, Provision for Rs. 225,294.01 Lacs (including Rs. 36,074.62 lacs provided during current year) has been made till March 31, 2019. In the absence of basis for such provisions, we are unable to comment on the adequacy of the existing provision, which may be required to be modified based on updated status.	Qualified	Second Time	Based on the best estimates and judgments and discussion with the erstwhile management on these long outstanding receivables, the RP has made relevant provisions after assessing the probability of recovery, risk assessment etc. of each customers/client/debtor.			No further comments
iii)e)	The Company could not provide us the contact details of the debtors/ creditors/ loan and advances given/ taken etc. and in the absence of contact details, we could not seek confirmations from them as required under SA-505 issued by ICAI.	Qualified	Second Time		Unable to estimate the impact	The confirmation letters or communication efforts were made during the year to obtain confirmations from various parties at respective sites of the Company. However, these could not be received from any debtor(s)/creditor(s)/loans and advances. The RP has also sought balance confirmation from the parties, but could not receive their confirmation.	No further comments
iii)f)	The company has booked income and expenses pertaining to earlier year(s) during the current year instead of restating the reported figures of the preceding year(s) and presenting a third balance sheet as required under Ind AS 1 and Ind AS 8 issued by ICAI. In the absence of full details being available considering the Disclaimer of Opinion issued in the current as well as previous financial year(s), the impact of the same is not ascertainable.	Qualified	First Time		Unable to estimate the impact	Income and expenses have been booked as per available information/invoices/details etc., in the absence of previous period information (Pre CIRP period), the financials has not been restated.	No further comments
iii)g)	The company has not disclosed the information pursuant to the requirement of Ind AS - 108 on Segment Reporting in respect of its geographical segments (viz. within India & Outside India), the same is also not in compliance with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.	Qualified	Second Time		Unable to estimate the impact	Considering the nature of EPC business of the Company wherein long distance transmission lines are laid, hence geographical segments wise reporting is not required.	No further comments



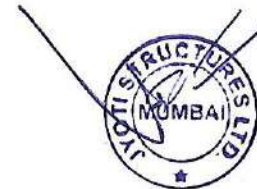
Sr No	Details of Audit Qualification	Type of Qualification	Frequency of Qualification	For Audit qualification(s) where impact is quantified by the Auditor, Management Views	Managements estimation on impact of audit qualification	If management is unable to estimate the impact, reasons for the same	Auditors Comments
iii)h)1)	Contingent Liabilities: The company has Rs.54,181.18 lacs under contingent liabilities for Bank Guarantees. However, as per details shared with us, Bank Guarantees of Rs.29,548.25 lacs are live, bank guarantees of Rs.14,058.08 lacs has been expired and Rs.10,574.85 lacs have been cancelled. The same has been confirmed by banks also. However, the Company is continuing to show the expired and cancelled Bank Guarantees aggregating to Rs. 24,632.93 lacs as Contingent liability. Further, no provision for 65 commission has been booked against the aforesaid expired/ cancelled bank guarantee, despite the same being considered as outstanding bank guarantees.	Qualified	Second Time		Unable to estimate the impact	The financial statements and other operating details in respect of these subsidiary/associate companies are not made available to the Resolution Professional by their management despite the rigorous efforts by the Resolution Professional to get the same. Based on the prudence, the RP has taken best judgement and provided the accounting effect in the books. The claim in relation to corporate guarantee to the extent not admitted is on account of such claim arising/ invoked after the insolvency commencement date, i.e., 4th July 2017 and the correctness of the treatment has been confirmed by the legal counsel based on various settled judgements. In future, post the reconciliations of due and recovery the effect of the same would be incorporated in the books of accounts suitability as and when it gets completed/assessed.	No further comments
iii)h)2)	The company had in the past given corporate guarantees of Rs. 32,401.03 lacs for its subsidiary / associate company for loans and other matters. The financial statements and other operating details in respect of these companies are not available. The liability of these corporate guarantee, if invoked by lender has not been ascertained in the absence of which we are unable to comment whether any provision in respect of the same is required or not.	Qualified	Second Time		Unable to estimate the impact	Debtors, creditors reconciliation between books vis-à-vis statutory returns/liabilities are under progress and due to limited data availability, lack of manpower & non-cooperation. The has made provisions based on the best estimate and judgement. Hence, provisions or recovery may vary in actual on completion of reconciliation and the effect of the same would be incorporated in the books of accounts suitability as and when it gets completed/assessed.	No further comments
iii)j)	Balances with banks, trade and other receivables, advances, TDS and other deposits and various payables are subject to confirmation and reconciliation and consequential adjustments, if any. In absence of alternative corroborative evidence, we are unable to comment on the extent to which such balances are recoverable. Impact whereof on the statement, if any is not presently ascertainable.	Qualified	Second Time		Unable to estimate the impact	Debtors, creditors reconciliation between books vis-à-vis statutory returns/liabilities are under progress and due to limited data availability, lack of manpower & non-cooperation. The has made provisions based on the best estimate and judgement. Hence, provisions or recovery may vary in actual on completion of reconciliation and the effect of the same would be incorporated in the books of accounts suitability as and when it gets completed/assessed.	No further comments
iii)j)	The company had issued preference shares of face value of Rs.2500 Lacs which were repayable along with 50% redemption premium i.e., Rs.1725 lacs on 14.03.2018, the company was not able to redeem the same and liability of Rs.4225 lacs is in books of accounts.	Qualified	Second Time		Unable to estimate the impact	The Resolution Professional has provided information to the statutory auditors in this regard whatever was made available by Company's erstwhile management. Due to non availability of details of premium payable, the same could not quantified and hence no provision was made in the books of accounts.	No further comments
iii)k)	Bank statements / confirmation directly from banks in respect of borrowings as well as current and deposit accounts are not available in many cases. In the absence of which, it is not possible to confirm the balances as reported in the financials and as per bank. Bank wise details for statements available and period for which available have been shared separately.	Qualified	Second Time		Unable to estimate the impact	The Resolution Professional has already approached all the banks/ financial institutions for statements/ confirmations. However, due to delayed response from banks/ financial institutions few of the statements/ confirmations could not been made available.	No further comments
iii)l)	In connection with the existence of material uncertainties over the realiability of bank guarantees encashed by customers, unbilled revenue, trade receivables and withheld amount included in financial and other assets which are past due/ subject matters of various disputes (arbitration proceedings)/ negotiations with the customers and contractors due to termination / foreclosure of contracts and other disputes. The management is yet to assess the change in risk of default and resultant expected credit loss allowance on such assets. Pending such determination, the impact on statement cannot be ascertained.	Qualified	Second Time		Unable to estimate the impact	Since the RP was unable to complete the assessment of contractual obligations, impact on receivables, revenues, bank guarantee etc due to varied reasons such as limited access to proper documents, non cooperation, unavailability of adequate vendor reconciliations, the impact of such open items & definite assessment could not be finally ascertained and the effect of the same would be incorporated in the books of accounts suitability as and when it gets completed/ assessed.	No further comments
iii)m)	Notwithstanding the legal / arbitral steps being initiated by the company, performance guarantees invoked by the banks aggregating to Rs. 21,302.12 lacs have been charged off during the year. Necessary impact on recovery of the same shall be accounted for in the year the amount is received. Impact whereof is not presently ascertainable.	Qualified	Second Time		Unable to estimate the impact	The necessary impact could be ascertained only when project completion/ closure activities/ arbitral and legal orders from the appropriate authority/ debtor reconciliation would take place. Hence, the effect of the same would be incorporated in the books of accounts suitability as and when it gets completed/assessed.	No further comments

For Jyoti Structures Limited



ANIL MISHRA
Insolvency Resolution Professional
IRP/UPH-001/RP-P0025/2015-2017/19058

ANIL MISHRA
Interim Chief Financial Officer



For MKPS & Associates
Chartered Accountants
Firm's Registration Number: 302014E

Narendra Khandal
Partner
Membership No. 065023

Place : Mumbai
Date : 14th March 2020