

03rd June, 2017

Listing Department
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai 400 001.
BSE Code: 532718

Listing Department
National Stock Exchange of India Limited
Exchange Plaza,
Bandra Kurla Complex,
Bandra (E) , Mumbai – 400 051.
NSE Code: PRATIBHA

Dear Sirs,

Sub. : Statement on Impact of Audit Qualifications for the Audited consolidated and Standalone financial results for the year ended 31st March, 2017.

With reference to the captioned subject, please find enclosed herewith Statement on Impact of Audit Qualifications in respect of Audited Consolidated and Standalone Financial Results for the year ended 31st March, 2017.

Kindly take the same on record.

Thanking you,

Yours truly,
For **Pratibha Industries Limited**


Sharad P. Deshpande
Whole Time Director
DIN: 06507698



Encl.: as above

Pratibha Industries Limited

CIN : L45200MH1995PLC090760

Head Office : Unit No. 1/B-56 & 1/B-57, Phoenix Paragon Plaza, Phoenix Market City, LBS Marg, Kurla (W), Mumbai - 400 070. Maharashtra-India

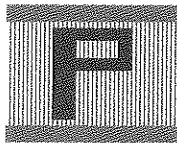
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Email : info@pratibhagroup.com

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ANNEXURE-I

(Rs. In Crores)

Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-
with Annual Audited Consolidated Financial Results for 31st March, 2017

I.	Sl. No	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1	Turnover / Total income	1730.02	1730.02
			2666.60	2772.98
	2	Total Expenditure		
			(838.36)	(944.74)
	3	Net Profit/(Loss)		
			(62.78)	(62.78)
	4	Earnings Per Share		
			6056.35	6056.35
	5	Total Assets		
			6056.35	6056.35
	6	Total Liabilities		
			241.60	241.60
	7	Net Worth		
			241.60	241.60
	8	Any other financial item(s) (as felt appropriate by the management)	NIL	NIL

II Audit Qualification:

1

a. **Details of Audit Qualification:**

The Management has not provided us with the detailed working of Construction Work in Progress (WIP) totaling to Rs. 3257.52 Crore, Cost to Completion and consequent profitability and/or losses on projects which are pending execution. In absence of these details, it is not possible for us to ascertain whether the WIP has been valued and stated correctly or not. The consequential impact, if any, on the standalone financial statements is therefore not ascertainable.

b. **Type of Audit Qualification :** Qualified Opinion / Disclaimer of Opinion / Adverse Opinion
Qualified opinion

c. **Frequency of qualification:** whether appeared for the first time/repetitive/since how long continuing
Repetitive since financial year 2015-16

d. **For Audit Qualification(s) where the impact is quantified by the Auditors, Management's Views:**
N.A.

e. **For Audit Qualification(s) where the impact is not quantified by the Auditors:**
i. **Management's estimation on the impact of audit qualification:**



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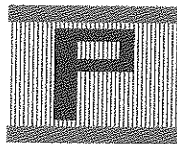
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	As per management's estimation, there is NIL impact of the audit qualification. The company is executing mega projects In Water segment including micro tunnelling for sewerage project and Urban Infra Projects (Underground metro). These projects are being monitored on a regular basis by appointment of Lenders Independent Engineer (LIE) / Project management team. The WIP is determined on the basis of completion of work which is regularly determined by LIE / Project Management Team. These reports present fair view on WIP at sites. The cost incurred towards WIP is already considered in the expenses, thus WIP reporting will not have impact on profitability of the organisation. ii. If Management is unable to estimate the impact, reasons for the same: Not applicable iii. Auditors' Comments on (i) or (ii) above: In absence of complete details, we cannot comment on Management's reply.
2	a. Details of Audit Qualification: Remuneration to Managerial Personnel is provided in excess of the limit provided under Schedule V of the Companies Act, 2013. Rs. 4.26 crore has been provided in excess of the limit. Approval of Central Government is not obtained in accordance with Section 196, 197 and other applicable provisions of the Companies Act, 2013 read with Schedule V thereof. b. Type of Audit Qualification : Qualified Opinion / Disclaimer of Opinion / Adverse Opinion Qualified opinion c. Frequency of qualification: whether appeared for the first time/repetitive/since how long continuing First Time this year. d. For Audit Qualification(s) where the impact is quantified by the Auditors, Management's Views: The provision is created on the basis of shareholders' approval received for payment managerial remuneration. The Company is in the process of obtaining necessary approvals from the Central Government. Pending such approval, the Company has not made any payment of remuneration to its Managerial Personnel. The excess provision will be reversed upon receipt of approval, if received, from the Central Government. e. For Audit Qualification(s) where the impact is not quantified by the Auditors: i. Management's estimation on the impact of audit qualification: The management does not expect any impact due to the audit qualification



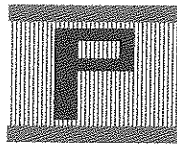
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	ii. If management is unable to estimate the impact, reasons for the same: Not Applicable iii. Auditors' Comments on (i) or (ii) above: In case of non-receipt of Government approval, entire amount i.e. 4.2 crore of provision shall have to be reversed. The expenses, net loss and provision shall decrease and reserve shall increase to the extent of reversal.
3	a. Details of Audit Qualification: There are many foreign creditors, having credit balance aggregating to Rs. 46.55 Crore and advance paid aggregating to Rs. 10.15 Crore, whose balance in foreign currency could not be ascertained as at Balance sheet date. As a result, these balances could not be translated as required under IND AS 21. In absence of details of closing balance in foreign currency, consequential impact, if any, on the Standalone financial statements is not ascertainable. b. Type of Audit Qualification : Qualified Opinion / Disclaimer of Opinion / Adverse Opinion Qualified opinion Qualified Opinion c. Frequency of qualification: whether appeared for the first time/repetitive/since how long continuing First Time d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Not Applicable e. For Audit Qualification(s) where the impact is not quantified by the auditor: i. Management's estimation on the impact of audit qualification: Despite the best of efforts, the Company could not get balance confirmation from the foreign creditors before finalisation of financial statements. The management feels no major variation on account of foreign exchange fluctuation and other misc. charges. ii. If management is unable to estimate the impact, reasons for the same: Not Applicable iii. Auditors' Comments on (i) or (ii) above: In absence of complete details, we cannot comment on Management's reply.



Pratibha Industries Limited

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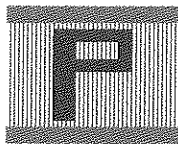
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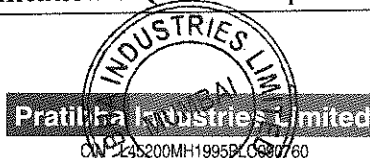
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4	a. Details of Audit Qualification: As per second Proviso to Section 149(1) read with Rule 3 of the Companies (Appointment and Qualification of directors) Rules, 2014, the Company is required to have a woman director on board and fill casual vacancy within period of 90 days. Casual vacancy created in the month of August 2016, on account of death of a director, has not been filled in and no woman director has been appointed on board of the company. This is violation of the provisions of the Act. b. Type of Audit Qualification : Qualified Opinion / Disclaimer of Opinion / Adverse Opinion Qualified opinion c. Frequency of qualification: whether appeared for the first time/repetitive/since how long continuing First time this year d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Not applicable e. For Audit Qualification(s) where the impact is not quantified by the auditor: i. Management's estimation on the impact of audit qualification: Not applicable ii. If management is unable to estimate the impact, reasons for the same: Impact of this audit qualification is not quantifiable due to very nature of the observation. The Company has been taking efforts to appoint a competent woman director on the Board. iii. Auditors' Comments on (i) or (ii) above: Company need to appoint woman director as per the requirement of provisions of the Company Act 2013
5	a. Details of Audit Qualification: The Company has not provided for interest on various loans from Banks to the extent of 110.64 Crore. To that extent interest expense, interest liability and loss are understated and reserve in Standalone Financial Statement is overstated. The management is of the view that since the company is under Strategic Debt Restructuring scheme and banks have reversed these interest in their respective loan statements, interest will not be payable in future. b. Type of Audit Qualification : Qualified Opinion / Disclaimer of Opinion / Adverse



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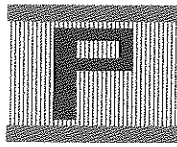
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Opinion
Qualified opinion

Qualified Opinion

c. **Frequency of qualification:** whether appeared for the first time/repetitive/since how long continuing
Appearing for the first time

d. **For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:**

The Company initially provided total interest in the books. However, since the banks have reversed the interest, the Company also reversed interest in order to maintain parity with bank.

e. **For Audit Qualification(s) where the impact is not quantified by the auditor:**

i. **Management's estimation on the impact of audit qualification:**
Not applicable.

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

iii. **Auditors' Comments on (i) or (ii) above:**
Not applicable

6

a. **Details of Audit Qualification:**

The Company has not updated location of assets in fixed asset register.

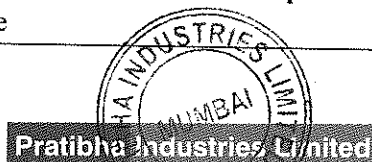
b. **Type of Audit Qualification :** Qualified Opinion / Disclaimer of Opinion / Adverse Opinion
Qualified opinion

c. **Frequency of qualification:** whether appeared for the first time/repetitive/since how long continuing
Repetitive since financial year 2015-16

d. **For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:**
Not Applicable

e. **For Audit Qualification(s) where the impact is not quantified by the auditor:**

i. **Management's estimation on the impact of audit qualification:**
Not applicable



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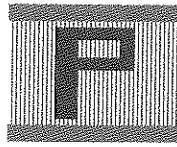
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	ii. If management is unable to estimate the impact, reasons for the same: Being EPC Company, majority of assets are situated at work sites and such locations are updated on an on-going basis. iii. Auditors' Comments on (i) or (ii) above Management need to update location of all assets in the Fixed Asset register.
7	a. Details of Audit Qualification: As per the requirement of the order passed by Company Law Board under section 74 (2) of the Companies Act 2013 and section 74 (3) of the Act, the Company has failed to repay deposits amounting to Rs. 2051.50 Lakhs and interest thereon amounting to Rs. 673.22 Lakhs within the stipulated time. b. Type of Audit Qualification : Qualified Opinion / Disclaimer of Opinion / Adverse Opinion Qualified opinion c. Frequency of qualification: whether appeared for the first time/repetitive/since how long continuing Repetitive since financial year 2015-16 d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: The Company is under severe liquidity problem due to which the Company could not meet the financial obligations including repayment of deposits accepted from the public. The Company is in the process to approach National Company Law to seek appropriate and necessary relief for extension of time for repayment. e. For Audit Qualification(s) where the impact is not quantified by the auditor: i. Management's estimation on the impact of audit qualification: Not Applicable ii. If management is unable to estimate the impact, reasons for the same: Not Applicable iii. Auditors' Comments on (i) or (ii) above Not applicable
8	a. Details of Audit Qualification: The company has not been regular in depositing statutory dues with the appropriate authorities and there have been significant delays in payment of dues. Further, as at Balance



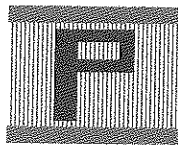
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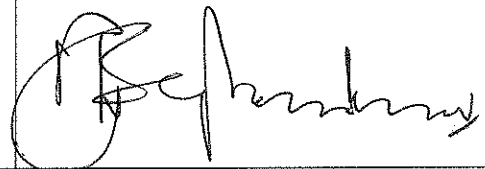
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	sheet date, there were many dues which were outstanding for a period exceeding six months. b. Type of Audit Qualification : Qualified Opinion / Disclaimer of Opinion / Adverse Opinion Qualified opinion c. Frequency of qualification: whether appeared for the first time/repetitive/since how long continuing Repetitive since financial year 2015-16 d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Not Applicable e. For Audit Qualification(s) where the impact is not quantified by the auditor: i. Management's estimation on the impact of audit qualification: ii. If management is unable to estimate the impact, reasons for the same: All the statutory dues have been provided for. Due to default in payments, interest and penalty shall be levied which could not be quantified. In The Company is under severe liquidity problem due to which the Company could not pay statutory dues on timely basis. However, the Company is making every effort to arrange required funds at the earliest to discharge all the statutory liability. iii. Auditors' Comments on (i) or (ii) above NIL
III	
	Sharad P. Deshpande Whole Time Director 
	K. H. Sethuraman 



CIN : 422001MH1395PLC090760

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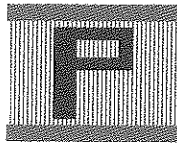
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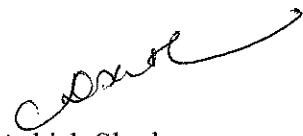
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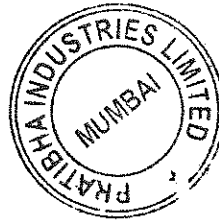
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	CFO	
	Shrikant Gadre Independent Director Audit Committee Chairman	
	Statutory Auditor	For, Jayesh Sanghrajka & Co. LLP Chartered Accounts (Firm Regn. No. 104184W/W100075)  Ashish Sheth M. No. 107162

Date: 30/5/2017

Place: MUMBAI



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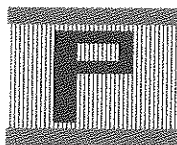
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ANNEXURE-I

(Rs. In Crores)

Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Standalone Financial Results for 31st March, 2017

I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1	Turnover / Total income	1102.35	1102.35
	2	Total Expenditure	2025.14	2131.52
	3	Net Profit/(Loss)	(823.55)	(929.93)
	4	Earnings Per Share	(61.76)	(61.76)
	5	Total Assets	5479.50	5479.50
	6	Total Liabilities	5479.50	5479.50
	7	Net Worth	337.63	337.63
	8	Any other financial item(s) (as felt appropriate by the management)	NIL	NIL

II Audit Qualification:

- 1 a. **Details of Audit Qualification:**
The Management has not provided us with the detailed working of Construction Work in Progress (WIP) totalling to Rs. 1641.65 Crore, Cost to Completion and consequent profitability and/or losses on projects which are pending execution. In absence of these details, it is not possible for us to ascertain whether the WIP has been valued and stated correctly or not. The consequential impact, if any, on the standalone financial statements is therefore not ascertainable.
- b. **Type of Audit Qualification :** Qualified Opinion / Disclaimer of Opinion / Adverse Opinion

Qualified opinion
- c. **Frequency of qualification:** whether appeared for the first time/repetitive/since how long continuing
Repetitive since financial year 2015-16
- d. **For Audit Qualification(s) where the impact is quantified by the Auditors, Management's Views:**
N.A.



Pratibha Industries Limited

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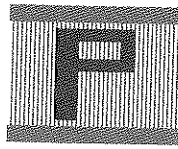
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e. **For Audit Qualification(s) where the impact is not quantified by the Auditors:**

i. **Management's estimation on the impact of audit qualification:**

As per management's estimation, there is NIL impact of the audit qualification. The company is executing mega projects In Water segment including micro tunnelling for sewerage project and Urban Infra Projects (Underground metro). These projects are being monitored on a regular basis by appointment of Lenders Independent Engineer (LIE) / Project management team. The WIP is determined on the basis of completion of work which is regularly determined by LIE / Project Management Team. These reports present fair view on WIP at sites. The cost incurred towards WIP is already considered in the expenses, thus WIP reporting will not have impact on profitability of the organisation.

ii. **If Management is unable to estimate the impact, reasons for the same:**

Not applicable

iii. **Auditors' Comments on (i) or (ii) above:**

In absence of complete details, we cannot comment on Management's reply.

2

a. **Details of Audit Qualification:**

Remuneration to Managerial Personnel is provided in excess of the limit provided under Schedule V of the Companies Act, 2013. Rs. 4.26 crore has been provided in excess of the limit. Approval of Central Government is not obtained in accordance with Section 196, 197 and other applicable provisions of the Companies Act, 2013 read with Schedule V thereof.

b. **Type of Audit Qualification :** Qualified Opinion / Disclaimer of Opinion / Adverse Opinion

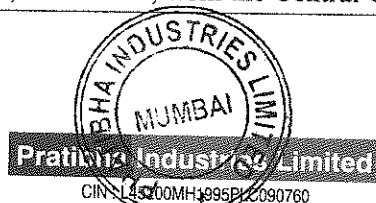
Qualified opinion

c. **Frequency of qualification:** whether appeared for the first time/repetitive/since how long continuing

First Time this year.

d. **For Audit Qualification(s) where the impact is quantified by the Auditors, Management's Views:**

The provision is created on the basis of shareholders' approval received for payment managerial remuneration. The Company is in the process of obtaining necessary approvals from the Central Government. Pending such approval, the Company has not made any payment of remuneration to its Managerial Personnel. The excess provision will be reversed upon receipt of approval, if received, from the Central Government.



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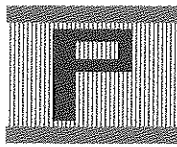
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e. **For Audit Qualification(s) where the impact is not quantified by the Auditors:**

i. **Management's estimation on the impact of audit qualification:**

The management does not expect any impact due to the audit qualification

ii. **If management is unable to estimate the impact, reasons for the same:**
Not Applicable

iii. **Auditors' Comments on (i) or (ii) above:**

In case of non-receipt of Government approval, entire amount i.e. 4.2 crore of provision shall have to be reversed. The expenses, net loss and provision shall decrease and reserve shall increase to the extent of reversal.

3

a. **Details of Audit Qualification:**

There are many foreign creditors, having credit balance aggregating to Rs. 46.55 Crore and advance paid aggregating to Rs. 10.15 Crore, whose balance in foreign currency could not be ascertained as at Balance sheet date. As a result, these balances could not be translated as required under IND AS 21. In absence of details of closing balance in foreign currency, consequential impact, if any, on the Standalone financial statements is not ascertainable.

b. **Type of Audit Qualification :** Qualified Opinion / Disclaimer of Opinion / Adverse Opinion

Qualified opinion

Qualified Opinion

c. **Frequency of qualification:** whether appeared for the first time/repetitive/since how long continuing

First Time

d. **For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:**

Not Applicable

e. **For Audit Qualification(s) where the impact is not quantified by the auditor:**

i. **Management's estimation on the impact of audit qualification:**

Despite the best of efforts, the Company could not get balance confirmation from the foreign creditors before finalisation of financial statements. The management feels no major variation on account of foreign exchange fluctuation and other misc. charges.



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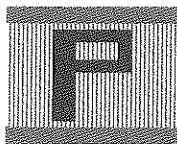
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	ii. If management is unable to estimate the impact, reasons for the same: Not Applicable iii. Auditors' Comments on (i) or (ii) above: In absence of complete details, we cannot comment on Management's reply.
4	a. Details of Audit Qualification: As per second Proviso to Section 149(1) read with Rule 3 of the Companies (Appointment and Qualification of directors) Rules, 2014, the Company is required to have a woman director on board and fill casual vacancy within period of 90 days. Casual vacancy created in the month of August 2016, on account of death of a director, has not been filled in and no woman director has been appointed on board of the company. This is violation of the provisions of the Act. b. Type of Audit Qualification : Qualified Opinion / Disclaimer of Opinion / Adverse Opinion Qualified opinion c. Frequency of qualification: whether appeared for the first time/repetitive/since how long continuing First time this year d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Not applicable e. For Audit Qualification(s) where the impact is not quantified by the auditor: i. Management's estimation on the impact of audit qualification: Not applicable ii. If management is unable to estimate the impact, reasons for the same: Impact of this audit qualification is not quantifiable due to very nature of the observation. The Company has been taking efforts to appoint a competent woman director on the Board. iii. Auditors' Comments on (i) or (ii) above: Company need to appoint woman director as per the requirement of provisions of the Company Act 2013



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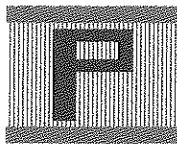
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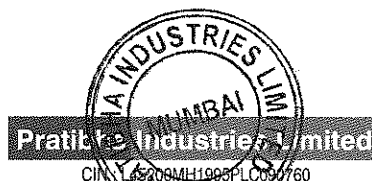
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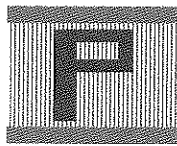
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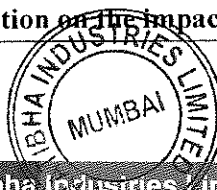


5	a. Details of Audit Qualification: The Company has not provided for interest on various loans from Banks to the extent of 110.64 Crore. To that extent interest expense, interest liability and loss are understated and reserve in Standalone Financial Statement is overstated. The management is of the view that since the company is under Strategic Debt Restructuring scheme and banks have reversed these interest in their respective loan statements, interest will not be payable in future. b. Type of Audit Qualification : Qualified Opinion / Disclaimer of Opinion / Adverse Opinion Qualified opinion Qualified Opinion c. Frequency of qualification: whether appeared for the first time/repetitive/since how long continuing Appearing for the first time d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: The Company initially provided total interest in the books. However, since the banks have reversed the interest, the Company also reversed interest in order to maintain parity with bank. e. For Audit Qualification(s) where the impact is not quantified by the auditor: i. Management's estimation on the impact of audit qualification: Not applicable. ii. If management is unable to estimate the impact, reasons for the same: Not applicable iii. Auditors' Comments on (i) or (ii) above: Not applicable
6	a. Details of Audit Qualification: The Company has not updated location of assets in fixed asset register. b. Type of Audit Qualification : Qualified Opinion / Disclaimer of Opinion / Adverse Opinion Qualified opinion c. Frequency of qualification: whether appeared for the first time/repetitive/since how long





	Repetitive since financial year 2015-16 d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Not Applicable e. For Audit Qualification(s) where the impact is not quantified by the auditor: i. Management's estimation on the impact of audit qualification: Not applicable ii. If management is unable to estimate the impact, reasons for the same: Being EPC Company, majority of assets are situated at work sites and such locations are updated on an on-going basis. iii. Auditors' Comments on (i) or (ii) above Management need to update location of all assets in the Fixed Asset register.
7	a. Details of Audit Qualification: As per the requirement of the order passed by Company Law Board under section 74 (2) of the Companies Act 2013 and section 74 (3) of the Act, the Company has failed to repay deposits amounting to Rs. 2051.50 Lakhs and interest thereon amounting to Rs. 673.22 Lakhs within the stipulated time. b. Type of Audit Qualification : Qualified Opinion / Disclaimer of Opinion / Adverse Opinion Qualified opinion c. Frequency of qualification: whether appeared for the first time/repetitive/since how long continuing Repetitive since financial year 2015-16 d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: The Company is under severe liquidity problem due to which the Company could not meet the financial obligations including repayment of deposits accepted from the public. The Company is in the process to approach National Company Law to seek appropriate and necessary relief for extension of time for repayment. e. For Audit Qualification(s) where the impact is not quantified by the auditor: i. Management's estimation on the impact of audit qualification:



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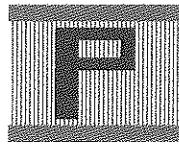
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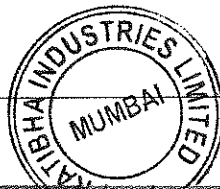
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	Not Applicable ii. If management is unable to estimate the impact, reasons for the same: Not Applicable iii. Auditors' Comments on (i) or (ii) above Not applicable
8	a. Details of Audit Qualification: The company has not been regular in depositing statutory dues with the appropriate authorities and there have been significant delays in payment of dues. Further, as at Balance sheet date, there were many dues which were outstanding for a period exceeding six months. b. Type of Audit Qualification : Qualified Opinion / Disclaimer of Opinion / Adverse Opinion Qualified opinion c. Frequency of qualification: whether appeared for the first time/repetitive/since how long continuing Repetitive since financial year 2015-16 d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Not Applicable e. For Audit Qualification(s) where the impact is not quantified by the auditor: i. Management's estimation on the impact of audit qualification: ii. If management is unable to estimate the impact, reasons for the same: All the statutory dues have been provided for. Due to default in payments, interest and penalty shall be levied which could not be quantified. The Company is under severe liquidity problem due to which the Company could not pay statutory dues on timely basis. However, the Company is making every effort to arrange required funds at the earliest to discharge all the statutory liability. iii. Auditors' Comments on (i) or (ii) above NIL



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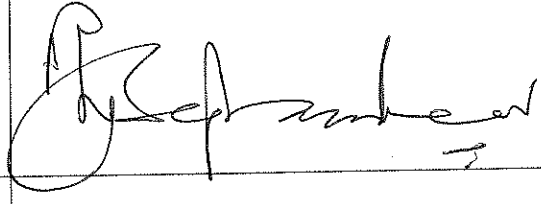
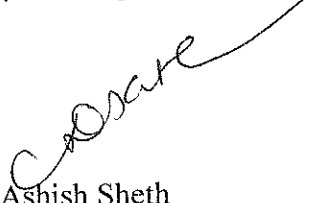
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III		
	Sharad P. Deshpande Whole Time Director	
	K. H. Sethuraman CFO	
	Shrikant Gadre Independent Director Audit Committee Chairman	
	Statutory Auditor	For, Jayesh Sanghrajka & Co. LLP Chartered Accounts (Firm Regn No. 104184W/W100075)  Ashish Sheth M. No. 107162

Date: 30/5/2017

Place: MUMBAI

