



## JAGATJIT INDUSTRIES LIMITED

4th Floor, Bhandari House, 91, Nehru Place, New Delhi - 110019

Tel. (011) 264432641-42, 26424823, Fax : (011) 26441850

JIL\SCY\2017 – 18/

14<sup>th</sup> July, 2017

The Department of Corporate Services,  
The Bombay Stock Exchange Ltd.,  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai 400 001

Sub : Audited Financial Results for the Quarter and  
year ended on 31<sup>st</sup> March, 2017

Scrip Code No.: 507155

Dear Sir,

We are sending herewith copy of the Audited Financial Results of the Company (both standalone and consolidated) for the Quarter and year ended on 31<sup>st</sup> March, 2017, which have been approved by the Board of Directors in their meeting held on 30<sup>th</sup> May, 2017. The report of the Statutory Auditors is also enclosed.

We are also enclosing herewith Statement on impact of Audit qualifications (for audit report with modified opinion) as annexure-I.

We regret the inconvenience caused.

Thanking you,

Yours faithfully,  
for JAGATJIT INDUSTRIES LIMITED

Authorised Signatory

**Regd. office :** P.O. Jagatjit Nagar-144802, Distt. Kapurthala (Punjab)

Corporate Identity Number : L15520PB1944PLC001970

**Phone :** (0181) 2783112 **Fax :** (0181) 2783118 **E-mail :** jil@jagatjit.com; **Website :** www.jagatjit.com

**MITTAL CHAUDHRY & CO.**  
CHARTERED ACCOUNTANTS

R-265D, GREATER KAILASH-I,  
NEW DELHI - 110048  
PHONE: +91 11 2621 4981, +91 11 46526682  
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S-108, GREATER KAILASH-I,  
NEW DELHI - 110048  
PHONE: +91 11 2923 8691  
FAX No. : +91 11 4100 4491

**Auditor's Report on Standalone Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015**

To  
**The Board of Directors of  
Jagatjit Industries Limited**

1. We have audited the standalone financial results of **Jagatjit Industries Limited** ("the Company") for the quarter ended March 31, 2017 and year ended March 31, 2017, attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Attention is drawn to note 2 in the financial results regarding the figures for the quarter ended March 31, 2017 as reported in these standalone financial results, which are the balancing figures between audited standalone figures in respect of the full financial year and the published standalone year to date figures upto the end of the third quarter of the financial year. Also, the figures upto the end of the third quarter had only been reviewed and not subjected to audit. These standalone financial results are based on the standalone financial statements for the year ended March 31, 2017 prepared in accordance with the accounting principles generally accepted in India, including Accounting Standards ('AS') prescribed under Section 133 of the Companies Act, 2013 ('the Act'), read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) and published standalone year to date figures upto the end of the third quarter of the financial year prepared in accordance with the recognition and measurement principles laid down in Accounting Standard (AS) 25, Interim Financial Reporting, prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) and SEBI Circulars CIR/CFD/CMD/15/2015 dated 30 November 2015 and CIR/CFD/FAC/62/2016 dated 5 July 2016, which are the responsibility of the Company's management. Our responsibility is to express an opinion on these standalone financial results based on our audit of the standalone financial statements for the year ended March 31, 2017 and our review of standalone financial results for the nine months period ended 31 December 2016.



2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the standalone financial results are free of material misstatement(s). An audit includes examining, on a test basis, evidence supporting the amounts disclosed as standalone financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

**3. Basis for qualified opinion**

- (i) In the opinion of the management, Accounts Receivable & Loans and Advances have a value on realization in the ordinary course of business, at least equal to the amount at which they are stated in the Balance sheet.

During the financial year ended March 31, 2017 confirmatory letters have been sent to the sundry creditors, suppliers and sundry debtors requesting them to confirm and reconcile the account balances as on March 31, 2017. A number of parties have not yet confirmed/reconciled the balances as on the date of signing of the financial statements.

Accordingly, Trade Payables, Loans and Advances and balances appearing under Trade Receivables are subject to reconciliation & confirmation. The financial impact of this is not ascertainable and to that extent we do not have any information in respect of such balances.

- (ii) An amount of Rs. 2,977 lacs is outstanding in books of accounts of the Company, being an advance to its wholly owned subsidiary M/s S.R.K. Investments Pvt. Ltd, since 2010-11. No recovery of this amount has been made since disbursal of advance, to the aforementioned subsidiary.

The Company's management, based on internal assessments and evaluations, have represented that the balance outstanding advances are recoverable and that no accrual for diminution of advances is necessary as at balance sheet date. The Company has received confirmation from the aforementioned subsidiary on March 31, 2017.

The Company has not created a provision against this advance in its books of accounts. In our opinion, there is significant uncertainty and doubt about the recovery of this advance from the subsidiary, as considerable period of time has elapsed from grant of advance and therefore, a provision for doubtful advance should have been accounted for in the financial statements for the year ended March 31, 2017.



Consequently, the loss for the year ended March 31, 2017 is understated and reserves and surplus as at March 31, 2017 are overstated to the extent of Rs. 2,977 lacs.

4. In our opinion and to the best of our information and according to the explanations given to us, these standalone financial results, except for the possible effects of the matters described in paragraph 3 above 'Basis for qualified opinion':

- i) are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circulars CIR/CFD/CMD/15/2015 dated 30 November 2015 and CIR/CFD/FAC/62/2016 dated 5 July 2016, in this regard; and
- ii) give a true and fair view of the net loss and other financial information for the quarter ended March 31, 2017 and for the year ended March 31, 2017.

#### 5. Emphasis of Matter

Attention is invited to Note No. 6 of financial results regarding Gas Sales Agreement with Gail (India) Limited, referring to non utilisation of RLNG for contract year 2014, 2015 and 2016. On this account for these years, the company received demands from supplier aggregating to Rs. 9,933 lacs towards Annual Take or Pay Deficiency basis.

The company has denied the liability in this regard to the supplier and the management is confident that there will be no material amount on resolution. In view of this, no effect of the same has been given in these accounts. The said amount has been considered as contingent liability. Our opinion is not qualified in respect of this matter.

For Mittal Chaudhry & Co.

Chartered Accountants

Firm Registration No. 002336N



A handwritten signature in blue ink, appearing to read "Chaudhry", with a horizontal line underneath.

Nitin Chaudhry

Partner

Membership No. 091463

Place : New Delhi

Date : 30.05.2017

**MITTAL CHAUDHRY & CO.**  
CHARTERED ACCOUNTANTS

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**Auditor's Report On Consolidated Financial Results of the Company Pursuant to the Regulation 33  
of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015**

**To**  
**The Board of Directors of**  
**Jagatjit Industries Limited**

1. We have audited the consolidated financial results of **Jagatjit Industries Limited** ('The Company'), its subsidiaries and an associate ('the group') for the year ended March 31, 2017, attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. These consolidated financial results are based on the consolidated financial statements for the year ended March 31, 2017 prepared in accordance with the accounting principles generally accepted in India, including Accounting Standards ('AS') prescribed under Section 133 of the Companies Act, 2013 ('the Act'), read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) and SEBI Circulars CIR/CFD/CMD/15/2015 dated 30 November 2015 and CIR/CFD/FAC/62/2016 dated 5 July 2016, which are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial results based on our audit of the consolidated financial statements for the year ended March 31, 2017.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial results are free of material misstatement (s). An audit includes examining, on a test basis, evidence supporting the amounts disclosed as consolidated financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.



### 3. Basis for qualified opinion

- (i) In the opinion of the management The Company, Accounts Receivable & Loans and Advances have a value on realization in the ordinary course of business, at least equal to the amount at which they are stated in the Balance sheet.

During the financial year ended March 31, 2017 confirmatory letters have been sent by The Company to the sundry creditors, suppliers and sundry debtors requesting them to confirm and reconcile the account balances as on March 31, 2017. A number of parties have not yet confirmed/reconciled the balances as on the date of signing of the financial statements.

Accordingly, Trade Payables, Loans and Advances and balances appearing under Trade Receivables of The Company are subject to reconciliation & confirmation. The financial impact of this is not ascertainable and to that extent we do not have any information in respect of such balances.

- (ii) An amount of Rs.2,977 lacs is outstanding in books of accounts of The Company, being an advance to its wholly owned subsidiary M/s S.R.K. Investments Pvt. Ltd, since 2010-11. No recovery of this amount has been made since disbursal of advance, to the aforementioned subsidiary.

The Company's management, based on internal assessments and evaluations, have represented that the balance outstanding advances are recoverable and that no accrual for diminution of advances is necessary as at balance sheet date. The Company has received confirmation from the aforementioned subsidiary on March 31, 2017.

The Company has not created a provision against this advance in its books of accounts. In our opinion, there is significant uncertainty and doubt about the recovery of this advance from the subsidiary, as considerable period of time has elapsed from grant of advance and therefore, a provision for doubtful advance should have been accounted for in the financial statements of The Company for the year ended March 31, 2017.

Consequently, the consolidated loss for the year ended March 31, 2017 is understated and consolidated reserves and surplus as at March 31, 2017 are overstated to the extent of Rs. 2,977 lacs.



4. We did not audit the annual financial results of four subsidiaries included in the consolidated financial results, whose financial results reflect total revenue (after eliminating intra-group transactions) of Rs.1 lac for the year ended March 31, 2017 and total assets (after eliminating intra-group transactions) of Rs. 3,076 lacs as at March 31, 2017. The consolidated financial results also includes the Group's share of net loss of Rs. 148 lacs for the year ended March 31, 2017 as considered in the consolidated financial results in respect of one associate, whose financial results have not been audited by us. These annual financial results and other information have been audited by other auditors whose audit reports have been furnished to us, and our opinion in respect thereof is based solely on the audit reports of such other auditors. Our opinion is not qualified in respect of this matter.
5. In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in paragraph 3 above 'Basis for qualified opinion', and based on the consideration of the reports of other auditors on separate financial statements and on other financial information of these subsidiaries and an associate company referred to in paragraph 4 above, the consolidated financial results for the year:
- i) Include the financial results of the following entities:
- Subsidiary Company**
- a. JIL Trading Pvt. Ltd.
  - b. S.R.K. Investments Pvt. Ltd.
  - c. Sea Bird Securities Pvt. Ltd.
  - d. L.P. Investments Ltd.
- Associate Company**
- a. Hyderabad Distilleries & Wineries Pvt. Ltd.
- ii) are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 read with SEBI Circulars CIR/CFD/CMD/15/2015 dated 30 November 2015 and CIR/CFD/FAC/62/2016 dated 5 July 2016, in this regard; and
- iii) give a true and fair view of the consolidated net loss and other financial information for the year ended March 31, 2017.



## 6. Emphasis of Matter

Attention is invited to Note No. 6 of financial results regarding Gas Sales Agreement of The Company with Gail (India) Limited, referring to non utilisation of RLNG for contract year 2014, 2015 and 2016. On this account for these years, The Company received demands from supplier aggregating to Rs. 9,933 lacs towards Annual Take or Pay Deficiency basis.

The Company has denied the liability in this regard to the supplier and the management of The Company is confident that there will be no material amount on resolution. In view of this, no effect of the same has been given in these accounts. The said amount has been considered as contingent liability. Our opinion is not qualified in respect of this matter.

For Mittal Chaudhry & Co.

Chartered Accountants

Firm Registration No. 002336N



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Nitin Chaudhry

Partner

Membership No. 091463

Place : New Delhi

Date : 30.05.2017



# JAGATJIT INDUSTRIES LIMITED

Regd. Office: Jagatjit Nagar – 144 802, Distt. Kapurthala (Punjab)

Corporate Identity Number : L15520PB1944PLC001970

Phones: (0181) 2783112 Fax: (0181) 2783118 E-mail: jil @jagatjit.com Website: www.Jagatjit.com

AUDITED FINANCIAL RESULTS FOR THE QUARTER & YEAR ENDED MARCH 31, 2017

(Rupees in lacs)

	Particulars	Standalone					Consolidated	
		Quarter Ended 31.03.2017	Quarter Ended 31.12.2016	Quarter Ended 31.03.2016	Year Ended 31.03.2017	Year Ended 31.03.2016	Year Ended 31.03.2017	Year Ended 31.03.2016
		(Audited)	(After Limited Review)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Income from operations							
	(a) Net Sales/Income from Operations	19,528	20,070	27,438	83,919	114,951	83,920	114,951
	Less : Excise Duty	7,279	7,935	11,145	32,825	46,148	32,825	46,148
	Net Sales(after Excise Duty) /Income from operations	12,249	12,135	16,293	51,094	68,803	51,095	68,803
	(b) Other Income	627	49	271	721	400	721	400
	Total income	12,876	12,184	16,564	51,815	69,203	51,816	69,203
2	Expenses							
	a. Cost of materials consumed	5,809	5,574	7,260	23,189	31,778	23,189	31,778
	b. Purchase of stock-in-trade	279	368	376	1,613	2,219	1,613	2,219
	c. Change in inventories of finished goods, work in progress and stock in trade	98	80	836	1,095	597	1,095	597
	d. Employees benefits expense	2,269	1,678	1,586	7,610	7,129	7,610	7,129
	e. Depreciation and amortisation Expense	307	304	316	1,229	1,271	1,229	1,271
	f. Other Expenses	6,102	2,772	6,521	15,879	19,809	15,881	19,810
	g. Selling Expenses	1,183	1,746	2,709	6,385	9,195	6,385	9,195
	h. Finance costs	1,662	1170	1077	5,080	4,063	5,080	4,063
	Total Expenses	17,709	13,692	20,681	62,080	76,061	62,082	76,062
3	Profit/(Loss) from Operations before Other Exceptional Items(1-2)	(4833)	(1508)	(4117)	(10265)	(6858)	(10266)	(6859)
4	Exceptional Items	-	-	-	-	-	-	-
5	Profit /(Loss) from Ordinary Activities before tax (3+4)	(4833)	(1508)	(4117)	(10265)	(6858)	(10266)	(6859)
6	Extraordinary item					-		
7	Profit / ( Loss) before tax (5-6)	(4833)	(1508)	(4117)	(10265)	(6858)	(10266)	(6859)
8	Tax Expense							
	Current Tax- For the year	-	-	-	-	-	-	-
	Deferred Tax	233	-	(159)	233	(159)	233	(159)
	MAT Credit Reversal	99	-	-	99	-	99	-
	Previous Year Tax Adjustment	(447)			(447)		(447)	
9	Net Profit/(Loss) for the period from Continuing Operations	(4718)	(1508)	(3958)	(10150)	(6699)	(10151)	(6700)
10	Net Profit/(Loss) for the period from discontinuing Operations	65	(379)	288	(1756)	142	(1756)	142
11	Tax Expense of discontinuing operations	3		8	3	8	3	8
12	Net Profit/(Loss) for the period from discontinuing operations (after tax) (10-11)	62	(379)	280	(1759)	134	(1759)	134
13	Share of Profit/(Loss) of associates	-	-	-	-	-	(148)	(10)
14	Minority Interest	-	-	-	-	-	-	-
15	Net Profit/(Loss) after taxes, minority interest and share of Profit/(Loss) of associates(9+12+13+14)	(4656)	(1887)	(3678)	(11909)	(6565)	(12058)	(6576)
16	Paid-up Equity Share Capital (Face value Rs.10/- per share)	4,615	4,615	4,615	4,615	4,615	4,615	4,615
17	Reserves excluding revaluation reserve (as per balance sheet of previous accounting year)				(8013)	3,896	(7920)	4,137



✓

18	Earning Per Share (Rs. 10/-each )	(not annualised)	(not annualised)	(not annualised)				
	(a) Basic	(10.67)	(4.32)	(8.43)	(27.28)	(15.04)	(27.63)	(15.07)
	(b) Diluted	(10.67)	(4.32)	(8.43)	(27.28)	(15.04)	(27.63)	(15.07)

### Segment wise Revenue, Results and Capital Employed

(Rupees in lacs)

Particulars	Standalone					Consolidated		
	Quarter Ended 31.03.2017	Quarter Ended 31.12.2016 (After Limited Review)	Quarter Ended 31.03.2016	Year Ended 31.03.2017	Year Ended 31.03.2016	Year Ended 31.03.2017	Year Ended 31.03.2016	
	(Audited)		(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
1. Segment Revenue(net of Excise Duty)								
A. Beverages	9,495	9,537	13,017	39,556	55,864	39,556	55,864	
B. Food	3,305	2,378	3,167	10,710	11,607	10,710	11,607	
C. Others	37	267	363	1,483	1,622	1,484	1,622	
Total	12,837	12,182	16,547	51,749	69,093	51,750	69,093	
2. Segment Results								
A. Beverages	(317)	(60)	(2529)	(2460)	(1133)	(2460)	(1133)	
B. Food	(296)	734	729	1172	1709	1172	1709	
C. Others	(290)	130	(165)	35	(140)	34	(131)	
Total	(903)	804	(1965)	(1253)	436	(1254)	445	
Less : i) Interest (net)	1,593	1,147	1,047	4,952	3,951	4,952	3,961	
ii) Other un-allocable expenditure Net of un- allocable income	2,272	1,544	817	5,816	3,201	5,816	3,201	
Total Profit/(Loss) Before Tax	(4768)	(1887)	(3829)	(12021)	(6716)	(12022)	(6717)	
3. Capital Employed (Segment Assets-Segment Current Liabilities)								
A. Beverages	15,295	21,488	26,035	15,295	26,035	15,295	26,035	
B. Food	8,357	10,602	9,245	8,357	9,245	8,357	9,245	
C. Others Unallocable	25,698	5,516	2,464	25,698	2,464	25,875	2,789	
Total Capital Employed	49,350	37,606	37,744	49,350	37,744	49,527	38,069	



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**Statement of Assets & Liabilities**

(Rupees in Lacs)

	Particulars	Standalone		Consolidated	
		As at 31.03.2017 Audited	As at 31.03.2016 Audited	As at 31.03.2017 Audited	As at 31.03.2016 Audited
A.	<b>EQUITY AND LIABILITIES</b>				
	<b>Shareholders' Funds</b>				
	Share Capital	4,615	4,615	4,615	4,615
	Reserves and Surplus	18,724	15,355	18,817	15,596
	<b>Non-Current Liabilities</b>				
	Long Term Borrowings	22,010	14,900	22,094	14,983
	Deferred Tax Liabilities (Net)	869	633	869	633
	Other Long Term Liabilities	830	258	830	258
	Long Term Provisions	2,302	1,983	2,302	1,983
	<b>Current Liabilities</b>				
	Short Term Borrowings	3,063	10,397	3,063	10,397
	Trade Payables			-	
	- Outstanding dues to micro and small enterprises	137	105	137	105
	- Outstanding dues to Creditors other than micro and small enterprises	12,834	12,287	12,834	12,287
	Other Current Liabilities	11,714	13,553	11,719	13,559
	Short Term Provisions	474	452	474	452
	<b>TOTAL</b>	<b>77,572</b>	<b>74,538</b>	<b>77,754</b>	<b>74,868</b>
B.	<b>ASSETS</b>				
	<b>Non-Current Assets</b>				
	Fixed Assets				
	Tangible Assets	42,328	28,642	42,328	28,642
	Intangible Assets	7	10	1,256	1,259
	Capital Work-in-Progress	57	49	57	49
	Non-Current Investments	3,051	1,249	2,156	503
	Long-Term Loans and Advances	4,122	4,182	3,947	3,996
	Other Non-Current Assets	1,372	1,868	1,372	1,879
	<b>Current Assets</b>				
	Current Investments	15	15	15	15
	Inventories	7,917	10,353	7,917	10,353
	Trade Receivables	13,984	18,811	13,984	18,811
	Cash and Bank Balances	786	1,051	788	1,053
	Short-Term Loans and Advances	3,690	4,290	3,691	4,290
	Other Current Assets	243	4,018	243	4,018
	<b>TOTAL</b>	<b>77,572</b>	<b>74,538</b>	<b>77,754</b>	<b>74,868</b>

**NOTES:**

- The above results were reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on 30th May, 2017 and have been audited by the Statutory Auditors of the Company.
- The figures for the quarter ended 31st March 2017 are balancing figures between the audited figures for the full financial year and the published year to date figures upto the third quarter for the current financial year.



- 3 Segment revenue and results of Beverages segment for the quarter and year ended 31st March, 2017 include rental income of Rs 647 lacs and Rs. 503 lacs and Rs. 2,604 lacs and Rs. 1,810 lacs respectively from the surplus properties of the company.
- 4 Unallocable expenditure net of unallocable income for the period ended 31st March, 2017 includes income of Rs. 61 lacs & expenses of Rs. 1817 lacs on account of discontinued operation of packaging business. The expenses for the period ended 31st March, 2017 includes a sum of Rs. 1643 lacs on account of sale of fixed assets. Capital employed on account of discontinuing operations is Rs. 309 lacs as on 31st March, 2017.
- 5 The balances of the Trade Payable, Trade Receivables and Loans and Advances are in the process of reconciliation.
- 6 In terms of Gas Sales Agreement dated 27.12.2008 between GAIL (India) Limited (Supplier) and the company, for the supply of RLNG by former, the company has not utilised the minimum stipulated quantity of RLNG, due to closure of Glass unit situated at Sahibabad (UP). The supplier has raised demand towards Annual Take or Pay deficiency basis for the contract year 2014, amounting to Rs. 1,746 lacs, for contract year 2015, amounting to Rs. 5,269 lacs and for contract year 2016, amounting to Rs. 2,918 lacs aggregating to Rs. 9,933 lacs. The company has represented to the supplier, that due to reasons beyond their control, the Glass unit had to be closed down permanently and production discontinued. Consequently, as there is no longer any requirement of gas the parties may be treated as discharged in this regard. Further, Management is confident that there will not be any material amount on resolution/ settlement.
- 7 In accordance with AS-13 ( Accounting for Investments) the company has re-classified its fixed assets comprising of freehold land and buildings of company that are leased out to earn rental income. These are being disclosed as Investment Properties under Non-Current Investments.
- 8 The company revalued Land, Building and Plant & Machinery at its various locations as on 31<sup>st</sup> March 1998. In compliance with AS-10 (Property, Plant & Equipment) the balance in Revaluation Reserve as on 1st April, 2016 amounting to Rs 11,459 lacs has been reversed and adjusted with the revalued assets. On 1st April, 2016 the company has carried out fresh revaluation of Land owned by the company as Fixed Assets. The Revaluation has been carried out by an independent valuer on fair market value basis. Consequently the fresh Revaluation Reserve amounting to Rs. 26,779 lacs has been created as on 1st April, 2016.
- 9 Figures of the previous period have been regrouped / reclassified, wherever necessary to make them comparable.

For JAGATJIT INDUSTRIES LIMITED

  
RAVI MANCHANDA  
MANAGING DIRECTOR

Place: New Delhi  
Date : 30-05-2017





## ANNEXURE I

### Statement on Impact of Audit Qualifications (for audit report with modified opinion)

(Rupees in lacs)

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2017						
I.	Sl. No.	Particulars	STANDALONE		CONSOLIDATED	
			Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1	Turnover / Total income	51815	51815	51816	51816
	2	Total Expenditure	62080	65057	62082	65059
	3	Net Profit/(Loss) After Tax	(11909)	(14886)	(12058)	(15035)
	4	Earnings Per Share	(27.28)	(34.10)	(27.63)	(34.45)
	5	Total Assets	77572	74595	77754	74777
	6	Total Liabilities	54233	54233	54322	54322
	7	Net Worth	23339	20362	23432	20455
	8	Any other financial item(s) (as felt appropriate by the	-	-	-	-
II.	<b><u>Audit Qualifications (each audit qualification separately):</u></b>					
	<b>Sl. No. 1</b>					
	<b>a. Details of Audit Qualification :</b>					
	<p>In the opinion of the management, Accounts Receivable &amp; Loans and Advances have a value on realization in the ordinary course of business, at least equal to the amount at which they are stated in the Balance sheet.</p> <p>During the financial year ended March 31, 2017 confirmatory letters have been sent to the sundry creditors, suppliers and sundry debtors requesting them to confirm and reconcile the account balances as on March 31, 2017. A number of parties have not yet confirmed/reconciled the balances as on the date of signing of the financial statements.</p> <p>Accordingly, Trade Payables, Loans and Advances and balances appearing under Trade Receivables are subject to reconciliation &amp; confirmation. The financial impact of this is not ascertainable and to that extent we do not have any information in respect of such balances.</p>					
	<b>b. Type of Audit Qualification : Qualified Opinion</b>					
	<b>c. Frequency of qualification : Yearly</b>					
	<b>d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views : Unable to estimate</b>					
	<b>e. For Audit Qualification(s) where the impact is not quantified by the auditor :</b>					
	<b>(i) Management's estimation on the impact of audit qualification : Unable to ascertain</b>					

- (ii) **If management is unable to estimate the impact, reasons for the same :**  
The impact, if any, can be quantified only after receipt of confirmation/ reconciliation from balance parties.
- (iii) **Auditors' Comments on (i) or (ii) above :**  
The above comments of the management are self explanatory and satisfactory.

**Sl. No. 2**

**a. Details of Audit Qualification :**

An amount of Rs.2,977 lacs is outstanding in books of accounts of the Company, being an advance to its wholly owned subsidiary M/s S.R.K. Investments Pvt. Ltd, since 2010-11. No recovery of this amount has been made since disbursal of advance, to the aforementioned subsidiary.

The management, based on internal assessments and evaluations, have represented that the balance outstanding advances are recoverable and that no accrual for diminution of advances is necessary as at balance sheet date. The Company has received confirmation from the aforementioned subsidiary on March 31, 2017.

The Company has not created a provision against this advance in its books of accounts. In our opinion, there is significant uncertainty and doubt about the recovery of this advance from the subsidiary, as considerable period of time has elapsed from grant of advance and therefore, a provision for doubtful advance should have been accounted for in the financial statements for the year ended March 31, 2017.

Consequently, the loss for the year ended March 31, 2017 is understated and reserves as at March 31, 2017 are overstated to the extent of Rs.2,977lacs.

**b. Type of Audit Qualification : Qualified Opinion**

**c. Frequency of qualification : Appeared first time**

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

The advance referred to by the Auditors pertains to an amount of Rs. 2977 lacs advanced by the Company to its wholly owned subsidiary company M/s S.R.K. Investments Private Limited (SRK) for purchase of a property in Mumbai. SRK has advanced the amount to the builder towards purchase of the property, who has agreed to handover the property on completion of the construction. The construction of the said property is not yet completed. The Management is continuously pursuing the matter with the builder and a suitable arrangement has been arrived at vide which construction will be completed as per the revised arrangement. The parties are in the process of converting this revised arrangement into a legally binding contract.

Accordingly, the Management is of the view that the outstanding advances are recoverable and that no diminution of the advances is necessary as the balance sheet date .

**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

III.

Signatories :

  
Managing Director

CFO



Audit Committee Chairman



  
Statutory Auditor



Place : New Delhi  
Date : 30.05.2017