

Jagatjit Industries Limited

4th Floor, Bhandari House 91,
Nehru Place, New Delhi - 110019
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30th May, 2019

To,

The BSE Limited
Corporate Relationship Department,
1st Floor, New Trading Ring,
Rotunda Building, P J Towers, Dalal Street,
Fort, Mumbai - 400 001
022-2272 3121, 2037, 2061
corp.relations@bseindia.com

Security Code No. 507155

Subject : 1. Regulation 30: Outcome of the Board Meeting and disclosure of material events under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; and
 2. Regulations 33: Audited Financial Results of the Company for the quarter and year ended on 31st March, 2019.

Dear Sir/Madam,

The Board of Directors at their meeting held today i.e. 30th May, 2019 considered and approved the Audited, Standalone and Consolidated, Financial Results of the Company for the quarter and year ended on 31st March, 2019. Copy of the same along-with Audit Report issued by M/s. Madan & Associates, Chartered Accountants, Statutory Auditors of the Company, alongwith a Statement on Impact of Audit Qualifications (for Audit Report with modified opinion) are attached and the same are being uploaded on the website of the Company at www.jagatjit.com.

You are requested to kindly take the above on record.

Yours faithfully,
For Jagatjit Industries Limited



K.K. Kohli
Sr. Vice President - Legal & Company Secretary

Encl: as above

JAGATJIT INDUSTRIES LIMITED

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

Corporate Identity Number : L15520PB1944PLC001970

Phones: (0181) 2783117 Fax: (0181) 2783118 E-mail: jil@jagatjit.com Website: www.Jagatjit.com

AUDITED FINANCIAL RESULTS (STANDALONE AND CONSOLIDATED)

FOR THE QUARTER AND YEAR ENDED MARCH 31, 2019

(Rs. In Lacs)

	Particulars	STANDALONE					CONSOLIDATED	
		Quarter Ended		Year Ended			Year Ended	
		31.03.2019 (Audited)	31.12.2018 (Unaudited)	31.03.2018 (Audited)	31.03.2019 (Audited)	31.03.2018 (Audited)	31.03.2019 (Audited)	31.03.2018 (Audited)
	1	2	3	4	5	6	7	
1	Income from operations							
	(a) Revenue from operations	5,889	5,913	13,077	24,925	53,386	24,925	53,386
	(b) Other income	3,089	734	1,713	5,462	3,324	5,462	3,324
	Total income	8,978	6,647	14,790	30,387	56,710	30,387	56,710
2	Expenses							
	(a) Cost of materials consumed	1,306	1,786	3,748	6,993	15,695	6,993	15,695
	(b) Purchase of stock in trade	77	12	309	478	1,374	478	1,374
	(c) Changes in inventories of finished goods, work- in-progress and stock-in-trade	656	(72)	1,085	1,411	470	1,411	470
	(d) Excise duty	362	399	3,960	2,499	16,993	2,499	16,993
	(e) Employee benefits expense	1,682	1,682	2,573	6,860	7,650	6,860	7,650
	(f) Finance cost	2,939	1,687	1,331	7,259	5,509	7,259	5,509
	(g) Depreciation and amortisation expense	245	255	289	1,044	1,212	1,044	1,212
	(h) Other expenses	3,234	2,675	4,263	10,830	15,170	10,835	15,171
	Total expenses	10,501	8,424	17,558	37,374	64,073	37,378	64,074
3	Profit/(Loss) before exceptional items and Taxes (1-2)	(1,523)	(1,777)	(2,768)	(6,987)	(7,363)	(6,992)	(7,364)
4	Exceptional Items: Income	28	345		373		373	-
5	Profit/(Loss) after exceptional items (3-4)	(1,495)	(1,432)	(2,768)	(6,614)	(7,363)	(6,619)	(7,364)
6	Tax expense							
	Deferred Tax charged/(credit)	(234)		(370)	(234)	(357)	(234)	(357)
	Previous year tax adjustment	92		5	92	5	92	5
7	Net Profit / (Loss) after Tax (5+6) from continuing operations	(1,353)	(1,432)	(2,403)	(6,472)	(7,011)	(6,477)	(7,012)
8	Net Profit / (Loss) from discontinuing operations	(49)	(27)	(346)	(116)	(396)	(116)	(396)
9	Net Profit / (Loss) after Tax (7+8) from discontinuing operations	(49)	(27)	(346)	(116)	(396)	(116)	(396)
10	Share of Profit/(Loss) of associates	-	-	-	-	-	-	(48)
11	Minority Interest	-	-	-	-	-	-	-
12	Net Profit / (Loss) after Tax, minority interest and share of Profit/(Loss) from associates	(1,402)	(1,459)	(2,749)	(6,588)	(7,407)	(6,593)	(7,456)
13	Other Comprehensive Income / (Loss)							
	Items that will not be reclassified to profit or loss	(30)	(10)	266	(60)	(39)	(60)	(39)
	Income Tax related to above	21			21	13	21	13
		(9)	(10)	266	(39)	(26)	(39)	(26)
14	Total Comprehensive Income for the period	(1,411)	(1,469)	(2,483)	(6,627)	(7,433)	(6,632)	(7,482)
15	Paid-up Equity Share Capital (Face Value of the Share is Rs.10/- each)	4615	4615	4615	4615	4615	4615	4615
16	Other Equity (excluding Revaluation Reserves)				(21,849)	(15,222)	(21,806)	(15,174)
17.i	Earnings per share (for continuing operations) (of Rs. 10/- each) (not annualised for the quarter):							
	(a) Basic	(3.10)	(3.28)	(5.51)	(14.83)	(16.06)	(14.84)	(16.18)
	(b) Diluted	(3.10)	(3.28)	(5.51)	(14.83)	(16.06)	(14.84)	(16.18)
17.ii	Earnings per share (for discontinuing operations) (of Rs. 10/- each) (not annualised for the quarter):							
	(a) Basic	(0.11)	(0.06)	(0.79)	(0.27)	(0.91)	(0.27)	(0.91)
	(b) Diluted	(0.11)	(0.06)	(0.79)	(0.27)	(0.91)	(0.27)	(0.91)
17.iii	Earnings per share (of Rs. 10/- each) (not annualised for the quarter):							
	(a) Basic	(3.21)	(3.34)	(6.30)	(15.09)	(16.97)	(15.10)	(17.08)
	(b) Diluted	(3.21)	(3.34)	(6.30)	(15.09)	(16.97)	(15.10)	(17.08)



(Rs in lacs)

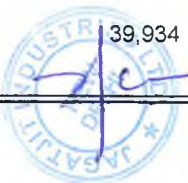
Balance Sheet as at 31 March, 2019		STANDALONE		CONSOLIDATED	
		31.03.2019 (Audited)	31.03.2018 (Audited)	31.03.2019 (Audited)	31.03.2018 (Audited)
	Particulars				
A	ASSETS				
1	Non-current assets				
	Property, Plant and Equipment	38,046	41,296	38,046	41,296
	Capital work in progress	22	33	22	33
	Other Intangible Assets	2	4	1,251	1,253
	Investment Properties	1,837	1,764	1,837	1,764
	Financial assets				
	- Investments	1,798	1,291	855	346
	- loans	1,988	3,477	10	317
	-Other Financial Assets	1,513	732	1,511	732
	Other non-current assets	1,167	2,437	4,149	5,419
	Total Non - Current Assets	46,373	51,034	47,681	51,160
2	Current assets				
	Inventories	3,942	5,611	3,942	5,611
	Financial assets				
	- Investments				
	- Trade receivables	7,990	13,452	7,990	13,452
	- Cash and cash equivalents	950	1,321	953	1,324
	- Loans	967	880	966	880
	- Others	322	455	322	455
	Other current assets	2,446	3,930	2,446	3,930
	Assets Classified as held for sale	1,938	45	1,938	45
	Total Current Assets	18,555	25,694	18,557	25,697
	TOTAL ASSETS	64,928	76,728	66,238	76,857
B	EQUITY AND LIABILITIES				
1	Shareholders' funds				
	Equity Share capital	4,615	4,615	4,615	4,615
	Other Equity	4,585	11,557	4,628	11,605
	Total Equity attributable to Equity holders of the company	9,200	16,172	9,243	16,220
	Non Controlling Interest			(4)	(4)
	Total Equity	9,200	16,172	9,239	16,216
2	Non-current liabilities				
	Financial liabilities				
	- Borrowings	20,432	23,802	21,690	23,886
	- Other financial liabilities	3,647	706	3,647	706
	Other Long Term Liabilities	434	66	434	66
	Deferred Tax Liabilities (Net)	244	499	244	499
	Provisions	2,245	2,169	2,245	2,169
	Total Non - Current Liabilities	27,002	27,242	28,260	27,326
3	Current liabilities				
	Financial liabilities				
	- Borrowings	1	3,233	1	3,233
	- Trade payables	8,757	11,906	8,757	11,906
	- Other financial liabilities	11,348	12,727	11,348	12,727
	Other current liabilities	8,196	4,972	8,209	4,973
	Provisions	424	476	424	476
	Total Current Liabilities	28,726	33,314	28,739	33,315
	TOTAL EQUITY & LIABILITIES	64,928	76,728	66,238	76,857



Segment wise Revenue, Results and Capital Employed

(Rupees in lacs)

	Standalone					Consolidated		
		Quarter Ended 31.03.2019	Quarter Ended 31.12.2018	Quarter Ended 31.03.2018	Year Ended 31.03.2019	Year Ended 31.03.2018	Year Ended 31.03.2019	Year Ended 31.03.2018
	Particulars	(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
(1)	(2)	(3)	(4)	(6)	(7)	(6)	(7)	
1. Segment Revenue(Inclusive Of Excise Duty)								
A. Beverages	5,756	2,123	10,730	13,310	40,765	13,310	40,765	
B. Food	3,783	3,565	3,165	13,231	12,242	13,231	12,242	
C. Rental Income	0	0	-	-	-	-	-	
D. Others	69	46	223	484	981	484	981	
Total	9,608	5,734	14,118	27,025	53,988	27,025	53,988	
2. Segment Results								
A. Beverages	411	(142)	(1,553)	(445)	(2,069)	(445)	(2,069)	
B. Food	360	391	433	924	1897	924	1897	
C. Rental Income	0	0	0	0	0	0	0	
D. Others	(3)	(3)	5	(7)	11	(7)	11	
Total	768	246	(1,115)	472	(161)	472	(161)	
Less : i) Interest (net)	2,704	1,464	1,398	6,729	4,242	6,729	4,242	
ii) Other un-allocable expenditure Net of un- allocable income (Included Losses of discontinuing operations & rental income)	(392)	241	601	473	3,356	478	3,357	
Total Profit/(Loss) Before Tax	(1,544)	(1,459)	(3,114)	(6,730)	(7,759)*	(6,735)	(7,760)	
3. Capital Employed (Segment Assets-Segment Current Liabilities)								
A. Beverages	10,108	9,599	12,790	10,108	12,790	10,108	12,790	
B. Food	4,991	5,586	7,548	4,991	7,548	4,991	7,548	
C. Rental	-	-	-	-	-	-	-	
D. Others Unallocable	21,105	24,749	23,396	21,105	23,396	22,402	23,476	
Total Capital Employed	36,204	39,934	43,734	36,204	43,734	37,501	43,814	



Notes

- 1 The audited financial results of the Company for the quarter and year ended 31 March 2019 have been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on 30 May 2019
- 2 The financial results of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016.
- 3 Ind AS 115 Revenue from Contracts with Customers are mandatory for reporting periods beginning on or after April 01, 2018 to replace existing revenue recognition requirements. Under the modified retrospective approach there were no significant adjustments required to the retained earnings as at April 01, 2018. Also the application of Ind AS 115 did not have any significant impact on recognition and measurement of revenue and related items in the financial results for the year ended March 31, 2019.
- 4 Contingent Liabilities - Claims against the company not acknowledged as debts - Rs. 1148 Lacs as on March 31, 2019 (March 31, 2018 : Rs 1095 Lacs).
- 5 Unallocable expenditure net of unallocable income for the year ended March 31, 2019 includes income of Rs 29 lac & expenses of Rs. 144 Lacs on account of discontinued operation. Further, management is confident that there will not be any material amount of financial obligations on resolution/settlement.
- 6 Other expenses during the year ended March 31, 2019 are net of reversal of excise duty of Rs. 237 Lacs (Difference in excise provision on valuation of opening and closing inventory) on account of inventory transfer from Sikandrabad unit to Hamira unit after taking permission of excise department of state of Panjab and Uttar Pradesh resulting in corresponding increase in change in inventory.
- 7 In pursuance of Resolution of Board meeting dated 20th Sept 2018, Company has entered upon an agreement to sell (Dated 24th Sept 2018) its immovable property alongwith building & plant & machinery installed thereat admeasuring 55680.67 sq. mtr situated at Industrial Area Sikandarabad, Bulandshahr, Uttar Pradesh for a total consideration of Rs. 19 crores and has received entire consideration. Recognition of revenue has been deferred, pending approval from the lessor (UPSIDC) and sale thereafter. This plant is treated as discontinued operation w.e.f. Sep 25, 2018.
- 8 During the year ended March 31, 2019 Company has entered in to supply agreement with few parties. Under the agreement parties will manufacture at their own cost under the supervision of the company and sell the same to retailers (licencees) on behalf of the company. Revenue is recognised net of cost of goods sold. The gors revenue and cost of goods sold reported as under:

(in LACS)

PARTICULARS	STANDALONE					CONSOLIDATED	
	Quarter Ended		Year Ended			Year Ended	
	31.03.2019 (Audited)	31.12.2018 (Unaudited)	31.03.2018 (Audited)	31.03.2019 (Audited)	31.03.2018 (Audited)	31.03.2019 (Audited)	31.03.2018 (Audited)
Revenue from operation including sales under supply agreement	8,630	8,454	13,077	31,077	53,386	31,077	53,386
Other Income	3,089	734	1,713	5,462	3,324	5,462	3,324
Gross Revenue	11,718	9,188	14,790	36,539	56,710	36,539	56,710
Less: Cost of goods sold from third party supply agreement	2,740	2,541	-	6,152	-	6,152	-
Total Income	8,978	6,647	14,790	30,387	56,710	30,387	56,710

- 9 Exceptional Income pertains to profit on sale of fixed assets.
- 10 During financial year 2017-18 Company entered in to an agreement of sale for development and disposal thereafter a part of Leasehold land of Glass division at Sahibabad due to discontinuity of operations. In pursuance of the same agreement company has received a sum of Rs 40 crores which is shown as advance from customers. Recognition of revenue has been deferred, pending approval from the lessor (UPSIDC) and sale thereafter.
- 11 Finance cost includes preclosure charges of Rs 1716 lacs of India Bulls Term Loan
- 12 Other income includes Rs 32 lacs written back of unidentified credits.
- 13 The figures of the last quarter ended March 31, 2019 / 2018 are the balancing figures between audited figures in respect of the full financial year up to March 31, 2019 / 2018 and the unaudited published year-to-date figures up to December 31, 2018 / 2017 being the date of the end of the third quarter of the financial year. which were subjected to limited review
- 14 Figures for the previous quarters/periods have been regrouped/reclassified, wherever necessary, to correspond with the current period classification/disclosures.
- 15 During the year company has made reconciliation with various parties and accordingly a sum of Rs 123 lacs (net) including pertaining to earlier year has been debited to other expenses

FOR AND ON BEHALF OF JAGATJIT INDUSTRIES LIMITED

DATE : 30.05.2019
PLACE : NEW DELHI



Ravi Manchanda
RAVI MANCHANDA
(MANAGING DIRECTOR)





MADAN & ASSOCIATES
CHARTERED ACCOUNTANTS

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PAN: AAAPM5122B
e-mail: mk_madaan@yahoo.com

Auditor's Report on Quarterly Standalone Financial Results and Year to Date Results of the Company pursuant to the Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirement) Regulations 2015, as amended

To
The Board of Directors,
Jagatjit Industries Limited,
4th Floor, Bhandari House,
91, Nehru Place,
New Delhi-110019

1. We have audited the accompanying statement of quarterly standalone Ind AS financial results of **Jagatjit Industries Limited** ("the Company") for the quarter ended March 31, 2019 and for the year ended March 31, 2019 ("the Statement"), attached herewith, being submitted by the company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirement) Regulation 2015, as amended ("the Regulation"), read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016 ("the Circular"). The standalone Ind AS financial results for the quarter ended March 31, 2019 and year ended March 31, 2019 have been prepared on the basis of the standalone Ind AS financial results for the nine-month period ended December 31, 2018, the audited annual standalone Ind AS financial statement as at and for the year ended March, 31 2019, and the relevant requirements of the Regulation read with the Circular, which are the responsibility of the Company's management and have been approved by the Board of Directors of the Company. Our responsibility is to express an opinion on these standalone Ind AS financial results based on our review of the standalone Ind AS financial results for the nine-month period ended



December 31, 2018 which was prepared in accordance with the recognition and measurement principles laid down in India Accounting Standard (Ind AS) 34 Interim financial reporting, specified under section 133 of the Companies Act 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India; our audit of the annual standalone Ind AS financial statements as at and for the year ended March 31, 2019, and the relevant requirement of the Regulation and the Circular.

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 financial results are free of material misstatement(s). An audit includes examining, on a test basis, evidence supporting the amounts disclosed as 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, Trade Receivable and Loans & Advances have a value on realization in the ordinary course of business, at least equal to the carrying amount in the books.

Company has a policy of providing for (a) all debts outstanding beyond 3 years or (b) where recovery is considered doubtful irrespective of the fact that legal action has been initiated or not, instead on the method prescribed under IND AS 109. Company does not have effective system of obtention of confirmations from Trade Receivables/ Payables and other Advances. The financial impact of this is not ascertainable and to that extent we cannot comment upon the adequacy of provision for Expected Credit loss/doubtful debts. However, non-moving debts outstanding beyond 1 year are to the extent of Rs. 1135 Lacs (PY 750 Lacs) for which confirmations and reconciliations are not available and have not been provided for.



Further, Trade payables, Loan & advance and trade receivable (other than above) are subject to reconciliation & confirmation. The financial impact of all this is not ascertainable and to the extent we do not have any information in respect of such balances.

(ii) An amount of Rs.1,803 Lacs (P.Y. 2977 Lacs) is outstanding in the 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. Subsequent to 31st March company has further received a sum of Rs.300 Lacs.

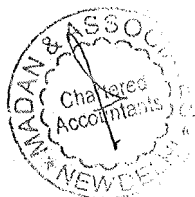
The Company's management, based on Internal assessments and evaluations, have represented that the balance outstanding advances are recoverable and that no accrual for diminution of advances is necessary as at balance sheet date. The company has received confirmation from the aforementioned subsidiary on March 31, 2019.

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, 2019.

Consequently, the loss for the year ended March 31, 2019 is understated and Reserves and Surplus (other equity) as at March 31, 2019 are overstated to the extent of Rs.2638 Lacs.

It may be noted that modified opinion was given in respect of the above two matters by us on the Financial Statements for the period ended 31st March, 2018. We have also given modified opinion vide report (dated 14th February, 2019) in pursuance of Regulation 33 of SEBI (listing obligations).

4. In our opinion and to the best of our information and according to the explanations given to us and read with the notes accompanying the Statement and except for the possible



effects of qualification as described in the previous paragraph, these quarterly standalone Ind AS financial results as well as the year to date results:

- (i) are presented in accordance with the requirements of the Regulation read with the Circular, in this regard; and
- (ii) give a true and fair view of the net profit including other comprehensive income and other financial information for the quarter ended March 31, 2019 and for the year ended March 31, 2019.

5. Emphasis of Matter

(i) **Going Concern:**

The accounts have been prepared on Going concern Basis. The Company has been suffering losses for more than five years and the net working capital of the company is negative. The turnover of the company has also substantially declined as compared to previous year. During the year ended March 31, 2019 Company suffered net loss of Rs. 6626 Lacs. These conditions indicate the existence of a material uncertainty and cast significant doubt about the company's ability to continue as a going concern. Management has represented to us that the company has sufficient resources to survive and curb the losses and there is no intention of the management to liquidate the entity. Further management has stated that the company has undertaken various steps to curtail losses and make working capital positive i.e.

- (a) Entering in to new business model through third party business operations. This was effective from June 2018 and full effect of this will be visible by March 2020.
- (b) Company has entered upon the agreement of sale/agreement for sub-division and sale thereafter of immovable properties and have received part consideration of Rs. 6400 Lacs for which revenue is yet to be recognized in Statement of profit and loss. It is expected that sale will be completed during 2019-20 and revenue will be recognized accordingly.



- (c) During the year Finance cost of company has increased due to Premature repayment of high cost loan. Effect of this will be visible in March 2020.

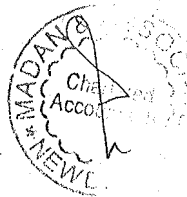
Company is of the view that in terms of various steps undertaken full effect of the same will be visible by March 2020 and company will be able to curtail losses.

As per the assessment of the management the going concern assumption is not affected and no material uncertainty exists in this regard. We have relied upon the assertion of the management.

- (ii) Bifurcation of Loan & advances, security deposit taken & given into current / non-current is based upon the assertions of management and we have relied upon the same.

Our opinion is not modified in respect of this matter.

6. Further, read with paragraph 1 above, we report that the figures for the quarter ended March 31, 2019 represent the derived figures between the audited figures in respect of the financial year ended March 31, 2019 and the published year to date figures up to December 31, 2018, being the date of the end of the third quarter of the current financial year, which were subjected to a limited review as stated in paragraph 1 above, as required under the Regulation and the Circular.



for Madan & Associates
Chartered Accountants

FRN: 000185N

M. K. Madan

M. K. Madan
Proprietor

Membership number: 082214

Place: New Delhi

Date: May 30, 2019



MADAN & ASSOCIATES
CHARTERED ACCOUNTANTS

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Auditor's Report on Consolidated Year to Date Financial Results of the Company pursuant to the Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirement) Regulations 2015, as amended

To
The Board of Directors,
Jagatjit Industries Limited,
4th Floor, Bhandari House,
91, Nehru Place,
New Delhi-110019

1. We have audited the accompanying statement of consolidated Ind AS financial results of **Jagatjit Industries Limited** ("the Company") comprising its subsidiaries and an associate (together, "the Group") for the year ended 31st March, 2019 ("the Statement"), attached herewith, being submitted by the company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirement) Regulation 2015, as amended ("the Regulation"), read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016 ("the Circular"). The consolidated Ind AS Financial results for the year ended March 31, 2019 have been prepared on the basis of the audited annual consolidated Ind AS Financial Statement as at and for the year ended March, 31 2019, and the relevant requirements of the Regulation read with the Circular, which are the responsibility of the Company's management and have been approved by the Board of Directors of the Company. Our responsibility is to express an opinion on these consolidated financial results based on our audit of the annual consolidated Ind AS financial statements as at and for the year ended March 31, 2019, which was prepared in accordance with the applicable Indian Accounting



Standards and other accounting principles generally accepted in India and the relevant requirements of the Regulation and the Circular.

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 financial results are free of material misstatement(s). An audit includes examining, on a test basis, evidence supporting the amounts disclosed as 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, Trade Receivable and Loans & Advances have a value on realization in the ordinary course of business, at least equal to the carrying amount in the books.*

Company has a policy of providing for (a) all debts outstanding beyond 3 years or (b) where recovery is considered doubtful irrespective of the fact that legal action has been initiated or not, instead on the method prescribed under IND AS 109. Company does not have effective system of obtention of confirmations from Trade Receivables/ Payables and other Advances. The financial impact of this is not ascertainable and to that extent we cannot comment upon the adequacy of provision for Expected Credit loss/doubtful debts. However, non-moving debts outstanding beyond 1 year are to the extent of Rs. 1135 Lacs (PY Rs. 750 Lacs) for which confirmations and reconciliations are not available and have not been provided for.

Further, Trade payables, Loan & advance and trade receivable (other than above) are subject to reconciliation & confirmation. The financial impact of all this is not ascertainable and to the extent we do not have any information in respect of such balances.



(ii) *An amount of Rs.2970 Lacs (P.Y. 2970 Lacs) is outstanding in the consolidated books of accounts of the Company, being an advance to third part through 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, by the subsidiary.*

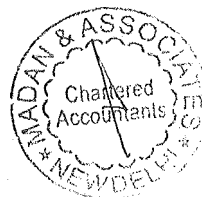
The Holding Company's management, based on Internal assessments and evaluations, have represented that the balance outstanding advances are recoverable and that no accrual for diminution of advances is necessary as at balance sheet date.

The group 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 third party, 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, 2019.

Consequently, the loss for the year ended March 31, 2019 is understated and Reserves and Surplus (other equity) as at March 31, 2019 are overstated to the extent of Rs.4105 Lacs.

It may be noted that modified opinion was given in respect of the above two matters by us on the Financial Statements for the period ended 31st March, 2018. We have also given modified opinion vide report (dated 14th February, 2019) in pursuance of Regulation 33 of SEBI (listing obligations)

4. In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the report of other Auditors on separate financial statements and the other financial information of subsidiary, these consolidated Ind AS financial results for the year:



(i) includes the year-to-date results of the company and its following entities:

Subsidiary Company

- (a) JIL Trading Pvt. Ltd.
- (b) S.R.K. Investment Pvt. Ltd.
- (c) Sea Bird Securities Pvt. Ltd.
- (d) L.P. Investments Ltd.
- (e) Yoofy Computech Pvt. Ltd.

Associate Company

Hydrabad Distilleries and Wineries Pvt. Ltd.

- (ii) are presented in accordance with the requirements of the Regulation read with the Circular, in this regard; and
- (iii) give a true and fair view of the consolidated net profit including consolidated other comprehensive income and consolidated other financial information for the year ended March 31, 2019.

5. Emphasis of Matter

(i) Going Concern:

The accounts have been prepared on Going concern Basis. The Holding Company has been suffering losses for more than five years and the net working capital of the company is negative. The turnover of the company has also substantially declined as compared to previous year. During the year ended March 31, 2019 Company suffered net loss of Rs. 6626 Lacs. These conditions indicate the existence of a material uncertainty and cast significant doubt about the company's ability to continue as a going concern. Management has represented to us that the company has sufficient resources to survive and curb the losses and there is no intention of the management to liquidate the entity. Further management has stated that the company has undertaken various steps to curtail losses and make working capital positive i.e.



- (a) Entering in to new business model through third party business operations. This was effective from June 2018 and full effect of this will be visible by March 2020.
- (b) Company has entered upon the agreement of sale/agreement for sub-division and sale thereafter of immovable properties and have received part consideration of Rs. 6400 Lacs for which revenue is yet to be recognized in Statement of profit and loss. It is expected that sale will be completed during 2019-20 and revenue will be recognized accordingly.
- (c) During the year Finance cost of company has increased due to Premature repayment of high cost loan. Effect of this will be visible in March 2020.

Company is of the view that in terms of various steps undertaken full effect of the same will be visible by March 2020 and company will be able to curtail losses.

As per the assessment of the management the going concern assumption is not affected and no material uncertainty exists in this regard. We have relied upon the assertion of the management.

- (ii) Bifurcation of Loan & advances, security deposit taken & given into current / non-current is based upon the assertions of management and we have relied upon the same.

Our opinion is not modified in respect of this matter.

- 6. We did not audit the financial statements and other financial information, in respect of a subsidiary, whose Ind AS financial statements include total assets Rs. 3078 Lacs (March 31, 2018 – Rs. 3076) as at March 31, 2019 and total revenues Nil (March 31, 2018: Nil) for the year ended on that date. These Ind AS financial statements and other financial information have been audited by other Auditors, which financial statements , other financial information



and auditor's report have been furnished to us by the management. Our opinion, in so far as it relates to the affairs of such subsidiary is based solely on the report of other auditors. Our opinion is not modified in respect of this matter.



for Madan & Associates
Chartered Accountants

FRN: 000185N

M. K. Madan

M. K. Madan
Proprietor

Membership number: 082214

Place: New Delhi

Date: May 30, 2019

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, 2019						
			STANDALONE		CONSOLIDATED	
I.	Sl. No.	Particulars	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	30760	30760	30760	30760
	2	Total Expenditure	37387	40025	37392	41497
	3	Net Profit/(Loss) After Tax	(6627)	(9265)	(6632)	(10737)
	4	Earnings Per Share	(15.09)	(21.23)	(15.10)	(24.60)
	5	Total Assets	64928	62290	66238	62133
	6	Total Liabilities	55728	55728	56999	56999
	7	Net Worth	9200	6562	9239	5134
	8	Any other financial item(s) (as felt appropriate by the	-	-	-	-
II.	Audit Qualifications (each audit qualification separately):					
	Sl. No. 1					
	a. Details of Audit Qualification :					
	<p>Company has a policy of providing for (a) all debts outstanding beyond 3 years or (b) where recovery is considered doubtful irrespective of the fact that legal action has been initiated or not, instead on the method prescribed under IND AS 109. Company does not have effective system of obtention of confirmations from Trade Receivables/ Payables and other Advances. The financial impact of this is not ascertainable and to that extent we cannot comment upon the adequacy of provision for Expected Credit loss/doubtful debts. However, non-moving debts outstanding beyond 1 year are to the extent of Rs. 1135 Lacs (PY 750 Lacs) for which confirmations and reconciliations are not available and have not been provided for.</p> <p>Further, Trade payables, Loan & advance and trade receivable (other than above) are subject to reconciliation & confirmation. The financial impact of all this is not ascertainable and to the extent we do not have any information in respect of such balances.</p>					
	b. Type of Audit Qualification : Qualified Opinion					
	c. Frequency of qualification : Quarterly					
	d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views : Unable to estimate					
	e. For Audit Qualification(s) where the impact is not quantified by the auditor :					
	(i) Management's estimation on the impact of audit qualification : Unable to ascertain					

- (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 remaining 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.1,803 Lacs (P.Y. 2977 Lacs) is outstanding in the 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. Subsequent to 31st March company has further received a sum of Rs. 300 Lacs.

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, 2019.

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, 2019.

Consequently, the loss for the year ended March 31, 2019 is understated and reserves as at March 31, 2019 are overstated to the extent of Rs.1,503 Lacs.

b. Type of Audit Qualification : Qualified Opinion

c. Frequency of qualification : Quarterly

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. 1503 Lacs (previous year 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. During the year under review and subsequent to the balance sheet SRK has paid back Rs. 1474 Lacs. The Company expects that the balance amount will also be paid back by SRK shortly.

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 : 30.05.2019