

Ref: JAL :SEC:2016

28<sup>th</sup> July, 2016

**BSE Limited**

25th Floor, New Trading Ring,  
Rotunda Building,  
P J Towers, Dalal Street, Fort,  
MUMBAI 400 001

**National Stock Exchange of India Ltd**

“Exchange Plaza”, C-1, Block G,  
Bandra-Kurla Complex,  
Bandra (E),  
Mumbai - 400 051

**BSE Scrip ID : 532532**

**NSE Scrip ID : JPASSOCIAT**

**Sub :- Statement on Impact of Audit Qualifications under Regulation 33/52 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“LODR Regulations”)**

Dear Sirs,

In terms of SEBI Circular No. CIR/CFD/CMD/56/2016 dated 27.05.2016 and NSE Circular No. NSE/CML/2016/09 dated 01.06.2016 to all Listed Companies regarding disclosure of the Impact of Audit Qualifications by the Listed Entities under Regulation 33/52 of SEBI (LODR), (Amendment) Regulations, 2016, kindly find enclosed herewith **“Statement on Impact of Audit Qualifications” for the financial year ended 31<sup>st</sup> March, 2016.**

Thanking you,

Yours faithfully,

For JAIPRAKASH ASSOCIATES LIMITED

  
(MOHINDER PAUL KHARBANDA)

Sr. General Manager &  
Company Secretary

Encl: As above

**JAIPRAKASH ASSOCIATES LIMITED**

**ANNEXURE - I**

**Statement on Impact of Audit Qualifications  
for the Financial Year ended March 31, 2016- STANDALONE RESULTS  
[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]**

I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications) (Rs. in Lacs)	Adjusted Figures (audited figures after adjusting for qualifications) (Rs. in Lacs)
	1	Turnover / Total income	883500	No Change
	2	Total Expenditure	1253308	No Change
	3	Net Profit/(Loss) after tax	(323990)	No Change
	4	Earnings Per Share (Basic after extraordinary item)	(13.32)	No Change
	5	Total Assets	5242954	No Change
	6	Total Liabilities	3729443	No Change
	7	Net Worth	1494224	No Change
	8	Any other financial item(s) (as felt appropriate by the management)	Nil	Nil

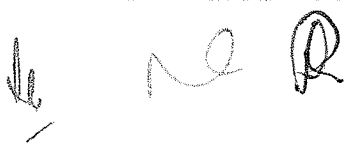
**Audit Qualification (each audit qualification separately)**

II	a	<b>Details of Audit Qualification:</b>	<p><b>Observation: Point No. 1 of Annexure to Independent Auditors' Report on Standalone Financial Results</b></p> <p>“As per records produced before us and according to the information and explanations given to us the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales tax, Service tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it to the appropriate authorities, and there were no arrears of such dues at the end of the year which have remained outstanding for a period of more than six months from the date they became payable, except for electricity duty of Rs. 2468.65 lacs.”</p> <p><b>Observation: Point No. 2 of Annexure to Independent Auditors' Report on Standalone Financial Results</b></p> <p>“Based on our audit procedures and on the information and explanations given by the management, we are of the opinion, that during the year, the Company has defaulted in repayment of loans/borrowings to banks, financial institutions and dues to debenture holders wherein the period of delay ranges from 30 days to 180 days, which have, however, been subsequently made good during the year.</p>
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**JAIPRAKASH ASSOCIATES LIMITED**

		<p>Overdue interest on borrowings amounting to Rs. 83,745 lacs included in Note on "Other Current Liabilities" in the financial statements was outstanding as at 31st March 2016 wherein the period of delay ranges from 1 day to 269 days.</p> <p>Overdue principal repayments of loans/borrowings amounting to Rs. 218,317 lacs included in Note on "Other Current Liabilities" under 'Current Maturities of Long term Debts' in the financial statements, was outstanding as at 31st March 2016 wherein the period of delay ranges from 1 day to 269 days.</p> <p>The Company has not defaulted in repayment of dues to the Government.</p>
b	<p><b>Type of Audit Qualification:</b> Qualified Opinion / Disclaimer of Opinion / Adverse Opinion</p>	Qualified Opinion
c	<p><b>Frequency of qualification:</b> Whether appeared first time / repetitive / since how long continuing</p>	Repetitive (Second time)
d	<p><b>For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views</b></p>	There is no impact of the Audit Qualifications on the audited annual financial results for FY ended 31 <sup>st</sup> March, 2016. Hence not quantified by the Auditor.
c	<p><b>For Audit Qualification(s) where the impact is not quantified by the auditor:</b></p>	<p>There is no impact of the Audit Qualifications on the audited annual financial results for FY ended 31<sup>st</sup> March, 2016.</p> <p><b>Management's Reply on the above stated Audit Qualification:</b></p> <p>The modified opinion of Statutory Auditors as per Annexure of their Report on the <b>Stand-alone Financial Results</b> is pertaining to</p> <ul style="list-style-type: none"> <li>(i) non-payment of some statutory dues</li> <li>(ii) delay in repayment of principal amount of loans/ borrowings/ debentures and interest thereon</li> </ul>




**JAIPRAKASH ASSOCIATES LIMITED**

During the year, due to slowdown in economy which impacted infra-structure companies, recession in real estate sector and due to heavy interest cost, the profitability and cash flows of the Company had been under stress. The delay in payment of these dues was due to lack of sufficient operating cash flows being generated by the Company. The management has been taking active steps including the divestment initiatives such as hiving off of its cement plants, sale of wind power plants, sale of stake in subsidiary company, etc. as reported from time to time to pay its liabilities.

- |       |   |     |
|-------|---|-----|
| (i)   | Management's estimation on the impact of audit qualification:         | Nil |
| (ii)  | If management is unable to estimate the impact, reasons for the same: | N.A |
| (iii) | Auditors' Comments on (i) or (ii) above:                              | N.A |

**II Signatories:**  
 Shri Manoj Gaur  
 Executive Chairman & CEO  
  
 Shri Rahul Kumar  
 Whole time Director & CFO  
  
 Shri R.N. Bhardwaj  
 Chairman - Audit Committee  
  
 Shri R. Nagpal  
 Partner,  
 M/s M.P. Singh & Associates  
 Statutory Auditors  
 Place: New Delhi  
 Date: 04.07.2016

*(Handwritten signatures and stamp)*



**JAIPRAKASH ASSOCIATES LIMITED**

**ANNEXURE - I**

**Statement on Impact of Audit Qualifications  
for the Financial Year ended March 31, 2016-CONSOLIDATED RESULTS  
[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations,  
2016]**

I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications) (Rs. in Lacs)	Adjusted Figures (audited figures after adjusting for qualifications) (Rs. in Lacs)
	1	Turnover / Total income	1740694	No Change
	2	Total Expenditure	2187277	No Change
	3	Net Profit/(Loss) after tax	(334500)	No Change
	4	Earnings Per Share (Basic after extraordinary items)	(13.75)	No Change
	5	Total Assets	9951199	No Change
	6	Total Liabilities	8161876	No Change
	7	Net Worth	1284944	No Change
	8	Any other financial item(s) (as felt appropriate by the management)	Nil	Nil

**Audit Qualification (each audit qualification separately)**

II	a	Details of Audit Qualification:	Observation: Point No. 1 of Annexure to the Independent Auditors' Report on Consolidated Financial Results								
			<p>“As per records produced before us and according to the information and explanations given to us the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales tax, Service tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it to the appropriate authorities, and there were no arrears of such dues at the end of the year which have remained outstanding for a period of more than six months from the date they became payable, except for the following amounts in the respective companies being consolidated:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th align="center">Name of Company</th> <th align="center">(Amount in Rs Lacs)</th> </tr> </thead> <tbody> <tr> <td>Jaiprakash Associates Limited</td> <td align="right">2468.65</td> </tr> <tr> <td>Jaiprakash Power Ventures Limited</td> <td align="right">3640.72</td> </tr> <tr> <td>Jaypee Cement Corporation</td> <td align="right">487.70</td> </tr> </tbody> </table>	Name of Company	(Amount in Rs Lacs)	Jaiprakash Associates Limited	2468.65	Jaiprakash Power Ventures Limited	3640.72	Jaypee Cement Corporation	487.70
Name of Company	(Amount in Rs Lacs)										
Jaiprakash Associates Limited	2468.65										
Jaiprakash Power Ventures Limited	3640.72										
Jaypee Cement Corporation	487.70										



JAIPRAKASH ASSOCIATES LIMITED

Limited	
Kanpur Fertilizers & Cement Limited	0.76
Bhilai Jaypee Cement Limited	924.07

**Observation: Point No. 2 of Annexure to the Independent Auditors' Report on Consolidated Financial Results**

"Based on our audit procedures and on the information and explanations given by the management, we are of the opinion, that during the year, the Company has defaulted in repayment of loans/borrowings to banks, financial institutions and dues to debenture holders wherein the period of delay ranges from 30 days to 180 days, which have, however, been subsequently made good during the year.

Details on Overdue interest on borrowings included in Note on "Other Current Liabilities" in the consolidated financial statements which was outstanding as at 31st March 2016 wherein the period of delay ranges from 1 day to 269 days, are as under for the respective companies being consolidated:

Name of Company	(Amount in Rs Lacs)
Jaiprakash Associates Limited	83,745
Jaiprakash Power Ventures Limited	15,218
Jaypee Cement Corporation Limited	6,313
Jaypee Infratech Limited	19,308
Jaypee Agra Vikas Limited	301
Prayagraj Power Generation Company Limited	30,866
Madhya Pradesh Jaypee Minerals Limited	75
Bhilai Jaypee Cement Limited	67

Details of overdue principal repayments of loans/borrowings included in Note on "Other Current Liabilities" under 'Current Maturities of Long-term Debts' in the financial statements, which was outstanding as at 31st March 2016 wherein the

*[Handwritten signatures and initials]*

**JAIPRAKASH ASSOCIATES LIMITED**

period of delay ranges from 1 day to 269 days, the an under for the respective companies being consolidated:

Name of Company	(Amount in Rs Lacs)
Jaiprakash Associates Limited	218,317
Jaiprakash Power Ventures Limited	68,848
Jaypee Cement Corporation Limited	3,395
Jaypee Infratech Limited	30,000
Jaypee Agra Vikas Limited	313
Bhilai Jaypee Cement Limited	600

**Observation: Point No. 3(a) of Annexure to the Independent Auditors' Report on Consolidated Financial Results**

In the Consolidated Financial statements wherein expenditure incurred during the construction and incidental to setting up of the project by Sangam Power Generation Company Limited (SPGCL) an ultimate subsidiary of the Company, for development of 1320 MW Power Project at Tehsil Karchana, Distt. Allahabad, Uttar Pradesh, have been carried forward as 'Capital Work in progress'. In view of abnormal delay in handing over the possession of land, SPGCL has requested Uttar Pradesh Power Corporation Ltd. (UPPCL) to take over the project and refund of investment made by it. The matter is under consideration of UPPCL. The management does not expect any material adjustment in the carrying value of assets including Capital Work in Progress. The Auditors of SPGCL are unable to comment whether any adjustment is required in the carrying value of assets and liabilities.

**Observation: Point No. 3(b) of Annexure to the Independent Auditors' Report on Consolidated Financial Results**

Sangam Power Generation Company Limited (SPGCL) an ultimate subsidiary of the Company is yet to appoint management person, except Company Secretary, as per the requirement of Section 203 of the Companies Act, 2013. The opinion of the

*[Handwritten signature]*

Auditors of SPGCL is not qualified in respect of this matter.

**Observation: Point No. 4 of Annexure to the Independent Auditors' Report on Consolidated Financial Results**

In respect of Gujarat Jaypee Cement & Infrastructure Limited (GJCIL) a joint Venture company of Jaiprakash Associates Ltd and Gujarat Mineral Development Corporation(GMDC), the Board of Directors of GJCIL have decided to terminate the Share Holder Agreement between the joint venturers, viz. Jaiprakash Associates Ltd and GMDC and initiate winding up of the subsidiary company i.e. GJCIL, once approval for termination from the board of GMDC is received.

**Observation: Point No. 5 of Annexure to the Independent Auditors' Report on Consolidated Financial Results**

In respect of Himalyan Expressway Limited (Subsidiary) the calculation of depreciation on the toll road has been made keeping the Company's request to NHAI for granting extension of the concession period up to 5th October 2029 as against the existing period up to 28th February 2028, which results in charging of depreciation in Profit and Loss Statement at lower value.

**Observation: Point No. 6 of Annexure to the Independent Auditors' Report on Consolidated Financial Results**

In respect of Jaypee Assam Cement Limited (JACL) (subsidiary), its Financial Statements which indicates that the accumulated losses of the company(JACL) as at 31st March, 2016 amounting to Rs.1,03,38,964/- are more than the issued and paid up share capital of the company of Rs.6,30,000/- and thus eroding the net worth of JACL to negative and in view of uncertainties related to future outcome, the company's ability to continue as a going concern is dependent upon its Holding Company commitment to provide continued financial support. However, the financial statement of JACL





JAIPRAKASH ASSOCIATES LIMITED

has been prepared on going concern basis for the reason stated above.

**Observation: Point No. 7 of Annexure to the Independent Auditors' Report on Consolidated Financial Results**

In respect of the following companies Company Secretary as required by section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, has not been appointed or there was no Company Secretary as at 31<sup>st</sup> March 2016.

- a) Jaypee Fertilizers & Industries Lp limited
- b) Kanpur Fertilizers and Cements Limited
- c) Jaypee Meghalaya Power Limited
- d ) Jaiprakash Agri Initiatives Company Limited
- e) Jaypee-Arunachal Power Limited
- f) Jaypee Uttar Bharat Vikas Private Limited

**Observation: Point No. 8 of Annexure to the Independent Auditors' Report on Consolidated Financial Results**

In Consolidated Financial Statements, except for the possible effects of the matters described in the paragraph mentioned 3a,4, 5 and 6 above, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2016, and their consolidated loss and their consolidated cash flows for the year ended on that date.

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

Qualified Opinion

JAIPRAKASH ASSOCIATES LIMITED

<p>Opinion / Adverse Opinion</p> <p>c Frequency of qualification: Whether appeared first time / repetitive / since how long continuing</p>	<p>Repetitive (Second time)</p>
<p>d For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views</p>	<p>There is no impact of the Audit Qualifications on the audited annual financial results for FY ended 31st March, 2016. Hence not quantified by the Auditor.</p>
<p>c For Audit Qualification(s) where the impact is not quantified by the auditor:</p>	<p>There is no impact of the Audit Qualifications on the audited annual financial results for FY ended 31st March, 2016.</p> <p><b>Management's Point wise Reply on the Audit Qualification:</b></p> <p><b>Reply to Point No 1 &amp; 2</b></p> <p>The modified opinion of Statutory Auditors as per Annexure of their Report on the <b>Consolidated Financial Results</b> is pertaining to</p> <p>(i) non-payment of some statutory dues by the Company and some of its subsidiaries &amp; associates viz. Jaiprakash Power Ventures Limited (JPVL), Jaypee Cement Corporation Limited (JCCL), Kanpur Fertilizers &amp; Cement Limited (KFCL) &amp; Bhilai Jaypee Cement Limited (BJCL).</p> <p>(ii) delay in repayment of principal amount of loans/ borrowings/ debentures and interest thereon by the Company and some of its subsidiaries &amp; associates viz. Jaiprakash Power Ventures Limited (JPVL), Jaypee Cement Corporation Limited (JCCL), Jaypee Infratech Limited (JIL), Jaypee Agra Vikas Limited (JAVL), Prayagraj Power Generation Company Limited (PPGCL), Madhya Pradesh Jaypee Minerals Limited (MPJML) &amp; Bhilai Jaypee Cement Limited (BJCL).</p> <p><b>During the year, due to slowdown in economy which impacted infra-structure</b></p>



companies, recession in real estate sector, power sector & other sectors and due to heavy interest cost, the profitability and cash flows of the Company had been under stress. The delay in payment of these dues was due to lack of sufficient operating cash flows being generated by the Company. The management has been taking active steps including the divestment initiatives such as hiving off of its cement plants, hydro power plants, wind power plants, sale of stake in subsidiary company, etc. as reported from time to time to pay its liabilities.

**Reply to Point No 3 (a)**

In respect of Para 3(a), the "Opinion" of the Independent Auditors' in their Report on consolidated Annual Audited Financial Statements pertains to ultimate Subsidiary of the Company i.e. Sangam Power Generation Company Limited (SPGCL), that was incorporated for development of 1320 MW Power Project at Tehsil Karchana, Distt. Allahabad, Uttar Pradesh (U.P.). SPGCL had executed conveyance deeds in respect of the land for the project but physical possession of the land could not be handed over by the District Administration due to continuous agitation by the local villagers. Despite various steps having been taken by SPGCL for implementation of the project, no physical activity could be started on the ground because of non-availability of the land for the reasons beyond the control of the SPGCL. The Directors of Sangam Power Generation Company Limited do not expect any material adjustment in the carrying value of assets including Capital Work in Progress.

**Reply to Point No 3 (b)**

In respect of para 3 (b) relating to Emphasis of matter of their Report on Consolidated Financial Statements, it is stated here that since SPGCL is lying dormant without any source of income, it could not appoint any Key Managerial Personnel except Company Secretary to meet the requirements of Companies Act, 2013.

**Reply to Point No 4**



In respect of Gujarat Jaypee Cement & Infrastructure Corporation Limited (GJICIL) (Subsidiary), termination of the Share Holder Agreement between the joint venturers i.e. JAL & Gujarat Mineral Development Corporation (GMDC) and the winding up thereof would have no significant impact on the carrying value.

**Reply to Point No 5**

In respect of Himalyan Expressway Limited (Subsidiary), the management is pursuing for grant of extension of the concession period and expects that the extension would be granted by National Highway Authority of India.

**Reply to Point No 6**

In respect of Jaypee Assam Cement Limited (JACL) (subsidiary), the Company has consolidated results of Jaypee Assam Cement Limited (JACL). Project undertaken by JACL has been suspended due to adverse security situation. The holding Company will give necessary support at appropriate time.

**Reply to Point No 7**

In respect of Kanpur Fertilizers and Cements Limited, the Company Secretary had left recently and efforts are being made to appoint a Company Secretary. As regards rest of the Companies relating to emphasis of matter, it is stated that said companies are lying dormant without any source of income. Still, these Companies are looking for suitable candidate to be appointed as Company Secretary for compliance of the requirements of Companies Act, 2013.





**Reply to Point No 8**

The statement is general and is covered under the above explanation

	(i) <b>Management's estimation on the impact of audit qualification:</b>	No Significant Impact
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# JAIPRAKASH ASSOCIATES LIMITED

(ii)	If management is unable to estimate the impact, reasons for the same:	N.A
(iii)	Auditors' Comments on (i) or (ii) above:	N.A

II	<b>Signatories:</b>	
	Shri Manoj Gaur Executive Chairman & CEO	
	Shri Rahul Kumar Whole time Director & CFO	
	Shri R.N. Bhardwaj Audit Committee Chairman	
	Shri R. Nagpal Partner, M/s M.P. Singh & Associates Statutory Auditors	
	<b>Place: New Delhi</b>	
	<b>Date: 04.07.2016</b>	

