



# **JYOTI STRUCTURES LIMITED**

**ANNUAL REPORT  
2018-19**

## \*BOARD OF DIRECTORS

\*Mr. Rajendra P. Singh Independent Director

(\*Mr. Rajendra Prasad Singh (DIN:00004812), who was appointed as an Additional Director of the Company with effect from August 21, 2019 under Section 161 of the Companies Act, 2013 to hold the office till the date of ensuing Annual General Meeting, be and is hereby appointed as an Independent Director of the Company, not to retire by rotation, to hold office for a term upto three consecutive years from the date of ensuing Annual General Meeting.)

\*Note: The Company had defaulted for repayment of deposits and interest thereon with effect from June 27, 2016, Mr. S D Kshirsagar, Mr. K R Thakur, Mr. R C Rawal & Mrs. Jyostna Jamkhandi (Deceased), all these directors of the Company disqualified as per the provisions of section 164(2)(b) of the Companies Act 2013.

## RESOLUTION PROFESSIONAL

Ms. Vandana Garg

Erstwhile Resolution Professional

IP Registration no :IBBI/IPA-001/IP-P00025/2016-17/10058

## COMPANY SECRETARY

Sanjeevlata Samdani

(\*Resignation accepted October 03, 2019)

Sonali K. Gaikwad Appointed w.e.f. October 11, 2019)

\*Note: Resignation of Ms. Sanjeevlata Samdani as Company Secretary of the Company was accepted with effect from October 3, 2019 in Board Meeting held on December 16, 2019 and appointment of Ms. Sonali Gaikwad as Company Secretary and Compliance Officer.

## STATUTORY AUDITORS

M/s MKPS & Associates

Chartered Accountants

## BANKERS

Allahabad Bank (Merged with Indian Bank w.e.f April 1, 2020)

Bank of India

Bank of Maharashtra

Canara Bank

Central Bank of India

Corporation Bank (merged with Union Bank of India

w.e.f April 1, 2020)

Dena Bank (merged with Bank of Baroda w.e.f April 1, 2019)

EXIM Bank

ICICI Bank

IDBI Bank

Indian Bank

Indusind Bank

Standard Chartered Bank

State Bank of India

Syndicate Bank (merged with Canara Bank w.e.f April 1, 2020)

UCO Bank

Union Bank of India

Vijaya Bank (merged with Bank of Baroda w.e.f April 1, 2019)

Phoenix ARC Private Limited. (South Indian Bank)

Assets Care & Reconstruction Enterprises Ltd

DBS Bank(merged with DBS Bank India w.e.f March 1,2019)

## REGISTERED OFFICE

Valecha Chambers, 6th Floor, New Link Road,

Andheri (West), Mumbai-400 053

Maharashtra State, India

Tel. : +91 22 4091 5000 Fax. : +91 22 4091 5014/15

Email : [investor@jisl.co.in](mailto:investor@jisl.co.in)

Website : [www.jyotistructures.in](http://www.jyotistructures.in)

## REGISTRARS & SHARE TRANSFER AGENTS

Big Share Services Private Limited

1st Floor Bharat Tin Works Building, Opp.Vasant Oasis,

Makwana Road, Marol, Andheri (East), Mumbai 400059

Tel: +91 22 62638200 | Fax: +91 22 62638299

Email: [info@bigshareonline.com](mailto:info@bigshareonline.com)

## 44<sup>th</sup> ANNUAL GENERAL MEETING

Day : Friday

Date : February 5, 2021

Time : 11.00 PM through video Conferencing

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# JYOTI STRUCTURES LIMITED

## DIRECTORS' REPORT

Dear Members,

### Jyoti Structures Limited

In exercise of powers of the Board of Directors of Jyoti Structures Limited, as per section 17 (1) (a)& (b) of the Insolvency and Bankruptcy Code, 2016 (the “**Code**”) the Erstwhile Resolution Professional (“**ERP**”) of Jyoti Structures Limited (“**the Company**”/ “**JSL**”) hereby presents the 44<sup>th</sup> Annual Report on business and operations of the Company along with Standalone and Consolidated Audited Financial Statements for the year ended March 31, 2019.

State Bank of India had filed application under section 7 of the Code for initiation of corporate insolvency resolution process (“**CIRP**”) of the Company before Hon'ble National Company Law Tribunal, Mumbai Bench (“**Hon'ble NCLT**”). Pursuant to the Order dated July 4, 2017 of the Hon'ble NCLT (the “**Order**”), CIRP was initiated in respect of the Company, under the provisions of the Code and Ms. Vandana Garg was appointed as the interim resolution professional (“**IRP**”) of the Company. Subsequently, on August 12, 2017, the IRP was appointed as the resolution professional (“**RP**”) of the Company by the committee of creditors by e-voting, pursuant to the first meeting of the committee of creditors held on August 10, 2017. As per the provisions of the Code, the management of affairs of the Company and powers of the Board of Directors of the Company were vested in the RP. The RP is being assisted in managing the day to day affairs of the Company by the existing erstwhile management team of the Company and Insolvency Professional Entity team of BDO Restructuring Advisory LLP.

The resolution plan submitted by the successful resolution applicant was approved by Hon'ble NCLT vide its order dated March 27, 2019. In terms of the approved resolution plan, the management of the affairs of the Company has been vested with the ERP until the date of transfer of control of the Company to the successful resolution applicant/ proposed investors. As on the date of finalization of the financials and Annual Report for the financial year 2018-19, the ERP is managing the Company and the successful resolution applicant is in the process to begin the implementation of the approved resolution plan and accordingly, to take over management and control of the Company from the ERP.

### FINANCIAL RESULTS

Performance of the Company, on standalone basis, for the financial year ended March 31, 2019 is as summarized below:

(Rs. in Crores)

Particulars	Financial Year Ended 31 <sup>st</sup> March 2019	Financial Year Ended 31 <sup>st</sup> March 2018
Income from Operations	98.22	255.98
Profit before Interest and Depreciation	(626.48)	(3129.57)
Financial Cost	1103.52	1010.01
Depreciation and Amortization (Net)	20.00	27.08
Profit / (Loss) before tax	(1750.83)	(4166.66)
Tax Expenses	-	-
Profit/(Loss) after tax	(1750.83)	(4166.66)

Note:

1. The above figures are extracted from the audited Standalone Financial Statements as per Indian Accounting Standards (“**Ind AS**”). For the purpose of transaction to Ind AS, the Company has followed the guidance as prescribed in Ind AS 101 -First Time Adoption of Indian Accounting Standards, with April 1, 2015 as the transition date and IGAAP as the previous GAAP.
2. The statement includes the unaudited figures / amounts for the year ended on date in respect of its eleven branches at Bangladesh, Bhutan I, Bhutan II, Kenya, Tanzania, Tajikistan, Georgia, Rwanda, Tunisia, South Africa and Uganda; unaudited figures for the period till December 31, 2017 in respect of its three branches at Dubai, Egypt & Kuwait. During 2017-18, the Company had incorporated financial statements of five branches

for the period till December 31, 2017. During the current year, unaudited financial statements for 2018-19 is available, however details w.r.t. intervening period from 01.01.2018 to 31.03.2018 is not available and hence net opening difference aggregating to Rs. 356.49 lacs have been debited to Reserves and Surplus. In the absence of documentary supporting of the transactions, the branch accounts are incorporated in the above statement based on the transactions available in the books of the branches maintained in the Tally accounting package of the respective branches without any prejudice, confirmation, verification of their correctness but by placing good faith on Company's management compiling and certifying the said financial statements of the Branches.

### **INDIAN ACCOUNTING STANDARDS**

The Ministry of Corporate Affairs ("**MCA**"), vide its notification in the official Gazette dated February 16, 2015 notified the Indian Accounting Standards (Ind AS) according to which, certain class of companies, which, inter alia, included all listed companies whose accounting period begins on or after April 1, 2016, are required to comply with Ind AS. Ind AS has replaced the existing Indian GAAP prescribed under Section 133 of the Companies Act, 2013 ("**Act**"), read with Rule 7 of the Companies (Accounts) Rules, 2014. For the Company Ind AS is applicable from April 1, 2016, with a transition date of April 1, 2015 and IGAAP as the previous GAAP.

Accordingly, Standalone and Consolidated Financial Statements of the Company for the Financial Year 2018-19 have been prepared as per the IND AS.

The following are the area which had an impact on account of transition to Ind AS:

Business combinations including recording of intangibles and deferred taxes and accounting for common control transactions.

- Fair Valuation of certain financial instruments
- Employee costs pertaining to defined benefit obligations
- Discounting of certain long-term liabilities
- Share-based payments

The reconciliations and descriptions of the effect of the transition from IGAAP to Ind AS have been provided in the notes of accounts in the standalone and consolidated financial statements.

### **PERFORMANCE HIGHLIGHTS**

At standalone level, the gross revenue from operations stood at Rs. 98.22 Crores during FY 2018-19, as compared to Rs. 255.98 Crores in the previous year. The operating loss before tax stood at Rs. 626.48 Crores during FY 2018-19, as compared to operating loss before tax of Rs. 3129.57 Crores in the previous year. The net loss for the FY 2018-19 stood at Rs. 1750.83 Crores, as compared to net loss of Rs. 4166.66 Crores in the previous year.

During the year under review, the Company experienced various challenges including tight liquidity in execution of the projects and initiation of CIRP against the Company by the secured financial creditor. The Company took necessary and rigorous steps to the best of its ability and available means of finance for closing projects which impacted the margins due to cost associated with project closure.

### **TRANSFER TO RESERVES**

In view of losses incurred by the Company during the financial year, no amount has been transferred to the General Reserve.

### **MATERIAL CHANGES AND COMMITMENT AFFECTING FINANCIAL POSITION OF YOUR COMPANY**

There has been no change in the business of the Company. However, this is to bring to your notice as stated above that State Bank of India in June 2017 preferred an application for commencement of CIRP of the Company before Hon'ble NCLT, which through its order dated July 4, 2017 ordered initiation of CIRP of the Company and Ms. Vandana Garg was appointed as the IRP for the Company. The appointment of Ms. Vandana Garg was confirmed/ approved as the RP of the Company by the Committee of Creditors ("**CoC**") w.e.f. August 12, 2017. Subsequently, the CIRP period of the Company was extended by a further period of 90 (ninety) days beyond the initial 180 (one hundred and eighty) days by Hon'ble NCLT vide its order dated December 22, 2017.



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In terms of Section 30 of the Code, the resolution applicant had submitted a resolution plan for the Company on March 25, 2018. Subsequently, the CoC approved the Resolution Plan, and the RP filed an application before Hon'ble NCLT on April 06, 2018 seeking approval of the Resolution Plan as submitted by the Resolution Applicant and approved by the CoC. Hon'ble NCLT by its order pronounced on July 25, 2018 rejected the application filed by the RP for approval of the Resolution Plan proposed for the Company. Thereafter, the said impugned order rejecting the application filed by the RP was appealed before Hon'ble National Company Law Appellate Tribunal ("**Hon'ble NCLAT**"), New Delhi by the Resolution Applicant, the employees of Company and a group of Financial Creditors by way of separate applications. Hon'ble NCLAT pursuant to its order dated August 20, 2018, stayed the passing of liquidation order by Hon'ble NCLT, Mumbai bench until further orders by Hon'ble NCLAT in this matter and directed the RP to continue running the Company as a going concern.

Subsequently, Hon'ble NCLAT, by its Order dated March 19, 2019 remanded the matter back to Hon'ble NCLT to approve the resolution plan as submitted by the Resolution Applicant on March 25, 2018, with some modifications. Pursuant to Section 31 of the Code, Hon'ble NCLT has by its Order dated March 27, 2019 ("**Plan Approval Order**") approved the Resolution Plan submitted by the resolution applicant.

The process of taking over by the successful resolution applicant is going on. However, present pandemic COVID-19 lockdown situation would have slowing impact on the takeover process. The payments against the accepted claims shall be made in accordance with the terms of the Approved Plan by the Resolution Applicant, when they begin implementation of the Plan after takeover. Hence, request to bear with us till the successful resolution applicant takes over control and management of JSL and begins implementation of the plan. Your patient and cooperation shall be highly appreciated.

In terms of the Approved Resolution Plan, till the date of transfer of control of the Company to the proposed investors, the Company is being managed and controlled by the RP under the guidance of the Secured Financial Creditors, in close co-ordination with the proposed investors. During this period the RP shall perform the same duties (as it is required to discharge and as may be further stipulated by the monitoring committee) and have the same powers (which she has) during the CIRP and all rights, powers, duties and privileges of the board of directors of the Company.

During the financial year under consideration, the RP has filed following applications with Hon'ble NCLT:

Sr. No.	Particulars	Date of filing	Status as on date
1.	Application under Section 66 for fraudulent transaction filed by the RP against the suspended director	March 14, 2018	Pending
2	Application under Section 19 for seeking directions against non-co-operating personnel	November 26, 2018	Pending
3.	Application for approval of Resolution Plan Application	April 2, 2018	Approved on March 27, 2019

## DIVIDEND

The Company being under CIRP and in view of losses incurred during the period under review, the ERP does not recommend any dividend on the equity shares for the financial year ended March 31, 2019.

## SHARE CAPITAL AND LISTING OF SHARES

During the year under review, the authorized share capital of the Company as on March 31, 2019 was Rs.85,00,00,000/- (Rupees Eighty Five Crores only) divided into 30,00,00,000 (Thirty Crores) numbers of equity shares of Rs. 2/- (Rupees Two) each and 25,00,000 (Twenty Five Lakhs) numbers of preference shares of Rs.100/- (Rupees One Hundred) each. The authorized share capital structure remained unchanged during the financial year under review.

The paid-up Share Capital of the Company as on March 31, 2019 was Rs.46,90,55,420/- (Rupees Forty Six Crores Ninety Lakhs Fifty Five Thousand Four Hundred and Twenty only) and remained unchanged during the financial year under review.

The equity shares of the Company are listed and traded in compulsory dematerialized form on the Bombay Stock Exchange (“**BSE**”) Limited and the National Stock Exchange (“**NSE**”) of India Limited. Your Company has delayed in payment of annual listing fees to the Stock Exchanges for FY 2018-19.

Ms. Sanjeevlata Samdani, Company Secretary of JSL resigned from her post vide resignation letter dated May 18, 2018, without serving notice period, with no handover of work/ details/ relevant passwords and documents. Due to no handover of documents and other relevant details, the RP refused to accept her resignation. During her tenure, the Company defaulted in filing of financial results under Regulation 33 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI LODR**”) for quarter ended September 2017 and December 2017. The Company also defaulted in filing of Corporate Governance Report for quarter ended March 2018 and June 2018. The Company also defaulted in convening Annual General Meeting to adopt financial statements for financial year ended March 31, 2017

Due to irregularities in payment to the intermediaries like Depositories and Transfer Agents, the Company was unable to file the shareholding pattern with the Stock Exchanges on the due dates as Depositories declined to provide the required information.

During the year the Company has received various letters from **NSE** and **BSE** for the Non filing of Compliances under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI LODR**”). Later BSE vide its letter dated April 17, 2018 Ref No. LIST/COMP/Reg.33 Sep-17 & Dec-17/513250/8/2018-19 and NSE vide its letter dated August 17, 2018 Ref No. NSE/LIST/57616 had moved the Company to “Z” category with effect from April 2, 2018 and August 17, 2018 respectively.

The Company faced many internal challenges during the financial year under review, inter alia, significant limitation in present systems, sub-optimal utilisation of SAP, manual records & reporting are potentially prone to errors, limited decision making, lack of competent personnel, absence of CFO, delays in execution of contracts, non-payment of salaries, loss of reputation, absence of efficient monitoring mechanism & ongoing attrition of employees of the Company along with external factors like competition, financial position, market sentiments.

In present scenario the Company has completed all its pending compliances since March, 2018 to March, 2020 (Except Filing of Annual Accounts for F.Y. 17-18 and F.Y.2018-19) pertaining to regulations of SEBI LODR.

### SUBSIDIARY COMPANIES

We understand that as per Section 129 of the Act, if the Company has any subsidiary(ies) and associate company(ies), the Company along with its Standalone Financial Statements is required to provide Audited Consolidated Financial statements to its shareholders in the Annual General Meeting.

Considering the above, the ERP makes following disclosure for records of members and other stakeholders.

Section 18 of the Code, we also understand that the ERP shall perform the following duties, namely: -

- (a) collect all information relating to the assets, finances and operations of the corporate debtor for determining the financial position of the corporate debtor, including information relating to -
  - (i) business operations for the previous two years;
  - (ii) financial and operational payments for the previous two years;
  - (iii) list of assets and liabilities as on the initiation date; and
  - (iv) such other matters as may be specified;
- (b) receive and collate all the claims submitted by creditors to ERP, pursuant to the public announcement made under sections 13 and 15;
- (c) constitute a committee of creditors;
- (d) monitor the assets of the corporate debtor and manage its operations until a ERP is appointed by the committee of creditors;
- (e) file information collected with the information utility, if necessary; and

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- (f) take control and custody of any asset over which the corporate debtor has ownership rights as recorded in the balance sheet of the corporate debtor, or with information utility or the depository of securities or any other registry that records the ownership of assets including -
  - (i) assets over which the corporate debtor has ownership rights which may be located in a foreign country;
  - (ii) assets that may or may not be in possession of the corporate debtor;
  - (iii) tangible assets, whether movable or immovable;
  - (iv) intangible assets including intellectual property;
  - (v) securities including shares held in any subsidiary of the corporate debtor; financial instruments, insurance policies;
  - (vi) assets subject to the determination of ownership by a court or authority;
- (g) to perform such other duties as may be specified by the Board.

Explanation. – For the purposes of this section, the term “assets” shall not include the following, namely: -

- (a) assets owned by a third party in possession of the corporate debtor held under trust or under contractual arrangements including bailment;
- (b) **assets of any Indian or foreign subsidiary of the corporate debtor; and**
- (c) such other assets as may be notified by the Central Government in consultation with any financial sector regulator.

As per the Code the management of the affairs of the Company has been vested in the IRP, and not the management or operations of the Indian or foreign subsidiaries of the Company. However, the IRP made multiple attempts to obtain from the Directors or erstwhile Management of Company's subsidiaries and associate companies their respective audited financial results for consolidation purposes.

After all the persistent efforts, financial statements of few subsidiaries were made available and as a result the consolidated financial statements includes audited financials of only one subsidiary and unaudited financials of three subsidiaries (including step down subsidiaries) out of total six subsidiaries (including three step down subsidiaries) and two joint ventures for the year ended March 31, 2019. Further, the alignment of accounting policies of foreign subsidiaries has not been done in the absence of appropriate information. In the absence of documentary supporting of the transactions, the subsidiary accounts are incorporated in the financial statements based on the transactions available in the books of the subsidiaries maintained in the accounting package of the respective subsidiaries. While facilitating the collection and dissemination of the said information, the RP has relied upon and assumed the accuracy /veracity of information provided without confirmation or verification of their correctness, by placing good faith on Company's/ subsidiary companies' management compiling and providing the said financial statements of the subsidiaries.

In compliance with applicable provisions of the Act, a statement containing the salient features of the financial statements of the subsidiaries/ associates /joint ventures companies is provided in Form AOC-1 for the year ended March 31, 2019, is annexed and forms part of this Report.

Further, pursuant to the provisions of Section 136 of the Act, the financial statements of the Company, consolidated financial statements along with relevant documents are available on the website of the Company <http://jyotisttructures.in/investor.html>

The audited consolidated financial statements prepared in accordance with the prescribed accounting standards, form part of this Annual Report.

## DIRECTORS & KEY MANAGERIAL PERSONNEL

Owning the default in repayment of deposits and redemption of debentures including interest thereon, repayment of deposits and interest thereon, the erstwhile Directors before the initiation of CIRP were disqualified with effect from June 27, 2017 as per the provisions of section 164(2)(b) of the Act.

The powers of the Board of Directors were suspended by virtue of Hon'ble NCLT Order dated July 4, 2017 and stood vested in the IRP/RP. The appointment of Ms. Vandana Garg was approved as the RP of the Company by the Committee of Creditors with effect from August 12, 2017.

As such there was no Director on the Board except the RP for the financial year under consideration.

Ms. Sanjeevlata Samdani resignation as Company Secretary of the Company tendered on May 18, 2018 was accepted with effect from October 3, 2019 in Board Meeting (ERP) held on December 16, 2019.

Mr. Anil Mishra was appointed as Interim Chief Financial Officer by the RP in the Board Meeting (RP) dated August 29, 2017.

Appointment of Ms. Sonali Gaikwad as Company Secretary and Compliance officer was confirmed by the Board in its meeting held on December 16, 2019.

### **BOARD EVALUATION**

Since the powers of the Board of Directors has been suspended with effect from July 4, 2017 pursuant to Hon'ble NCLT Order dated July 4, 2017, evaluation of Board has not taken place during the year under review.

### **MEETINGS**

Five meetings of the Board of Directors (RP) were held on April 18, 2018, July 30, 2018, September 26, 2018, December 21, 2018 and March 27, 2019 during the year under review.

The intervening gap between the Meetings was within the period prescribed under the Act and SEBI LODR.

### **COMMITTEES OF THE BOARD**

The erstwhile directors before the initiation of CIRP were disqualified with effect from June 27, 2017 for default in repayment of deposits and redemption of debenture including interest thereon.

Post the initiation of CIRP, the powers of the Board of Directors were suspended and stood vested in Ms. Vandana Garg as IRP/RP with effect from July 4, 2017.

During the financial year under review the Company did not have any constituted Committee of Board.

### **REMUNERATION POLICY**

The Company has a policy which lays down a framework in relation to remuneration of Directors, Key Managerial Personnel and other employees. The policy also lays down criteria for selection and appointment of Board Members.

The details of this policy are given in the Corporate Governance Report which forms part of this Annual Report.

However, the Company has not paid any remuneration to any Directors but made provision for the same during the financial year under consideration.

### **CORPORATE SOCIAL RESPONSIBILITY**

With the disqualification of erstwhile directors and suspension of powers of the board w.e.f. July 4, 2017, the powers of Corporate Social Responsibility Committee ("**CSR Committee**") were also suspended. As such, during the financial year under review the Company did not have any constituted CSR Committee.

However, please take a note that as the Company does not have average net profits for the three years immediately preceding financial years, the Company was not required to make any expenditure on CSR activities during financial year 2018-19 as specified under Section 135(5) of the Act.

The Annual Report on CSR containing the particulars specified in the Annexure I to the Companies (CSR Policy) rules 2014 is annexed and forms part of this Report.

The Company's Policy on CSR is available on the Company's website [www.jyotisttructures.in](http://www.jyotisttructures.in).

### **RISK MANAGEMENT**

Post the suspension of powers of the Board w.e.f. July 4, 2017, the Company has not constituted a Risk Management Committee as required under regulation 21 of SEBI LODR.

The ERP did not find Enterprise Risk Management framework across the organization.

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The Company runs the risk of breakdown of supplies, higher prices and interest charged by various parties due to severe financial constraints and no negotiation capability. If this trend is continued going forward, sustainability of operations cannot be ensured in long run on concentrated supply levels. The procurement policy and decisions pertaining to such matters needs to be revisited to mitigate the risk of over dependency on few vendors/suppliers etc.

The ERP has observed various lapses in proper risk assessment and risk mitigation across departments/functions. For example, the vendor/tax/debtors reconciliation statements were not maintained or monitored in order to de-risk duplication, excess bookings etc. Therefore, claims accepted might be subject to change based on actuals.

## RELATED PARTY TRANSACTIONS

There were no material related party transactions during the CIRP hence, no disclosure is made in respect of related party transactions. Related party transactions during April 1, 2018 to March 31, 2019 are reported in financial statements of the Company.

The Company's policy on related party transaction which is available on the Company's website [www.jyotisttructures.in](http://www.jyotisttructures.in).

## AUDITORS

### Statutory Auditors

Pursuant to the provisions of the Section 139 of the Act and the Rules made thereunder M/s MKPS & Associates were appointed as Statutory Auditor for a period of 2 (two) years for the FY 2018-19 and FY 2019-20. The appointment and remuneration of Statutory Auditor has been duly approved by the lenders. Accordingly, a resolution seeking shareholders' approval for the aforesaid appointment is included in the notice convening the Annual General Meeting

### Management Comment on auditor qualifications to be provided:

#### I. Audit qualification(s) where impact is quantified by the Auditor and Management

- There are debits and credits aggregating to Rs.16.98 lacs and Rs.1.60 lacs respectively in bank statements of which no details w.r.t the said entry in bank statement was made available to us and the Company has not taken the effect the same in books of accounts.

In the absence of details, we are unable to comment on the effect of such entries in the financial results of the Company.

Management's Comment:

ERP has requested respective banks to provide further details of entries posted in the bank statement meanwhile the same is reported as bank reconciliation item. As and when the bank provides details of the same, appropriate entries will be passed in the books of accounts.

- Revenue from operations of Rs. 9,822.49 lacs includes Revenue from operations pertaining to foreign branches of Rs.9,097.86 lacs, which is as provided by the management and no details are made available w.r.t the same.

Management's Comment:

All the foreign branches are managed by the overseas based employees of the Company. The ERP has made all the efforts to arrange for the relevant information/details of branch accounts. The ERP has made available all the details received from the overseas employees and accounts and taxations head of the Company. However, supporting documents could not be received. In future, if details are received, the effect of the same would be incorporated in the books of accounts suitably.

- a) There are no inventory records / stock ledger (being part of books of accounts) available due to which we are unable to trace / reconcile the movement in the same through purchase, sales, consumption etc. and comment on the provision, if any, required based on the condition and usability of the stocks. Further, the physical verification of inventories was not carried out during the quarter under review. In view of these, we are unable to comment on the impact, if any, on the unaudited standalone financial results.



b) In one case of free supplies against shortage quantity to one of its customer, the company has accounted for materials supplied amounting to Rs. 1466.43 Lacs, against which material amounting to Rs. 1131.43 Lacs has been acknowledged by customer. However, corresponding approvals from management is for Rs. 658 Lacs only. In the absence of reconciliation / requisite approval, we are unable to comment in respect of the transaction.

Management's Comment:

In the absence of availability of module wise database of SAP ERP System and full control of the same for the period prior to 4th July 2017 these details could not be made available for the period prior to 4th July 2017 by ERP, however post that all the details have been duly shared with the auditors. ERP has filed Complaint at Hon'ble NCLT, Mumbai against Mr. Joseph Selvin (IT head of JSL); for his non - cooperation with RP to conduct her roles and responsibility.

- In respect of its expenses:
  - a) The details for cross checking the employee costs, such as employee wise HR data, grade, scale, attendance records, payroll details etc. are not available due to which we are unable to check the amount of Employee Costs debited to statement of profit and loss for the year ended March 31, 2019 amounting to Rs. 8,616.65 lacs.
  - b) Similarly, the liability for statutory payments pertaining to employees such as Provident fund, Bonus, ESI, etc. could not be checked.

Management's Comment:

The ERP possess all the necessary supporting/documents with respect to transactions entered in the books of accounts post 4th July 2017. However, the ERP does not possess all the details/documents with respect to pre-CIRP period transactions as well as opening balance related transactions and also HR module database could not be extracted from SAP system. ERP has filed Complaint at Hon'ble NCLT, Mumbai against Joseph Selvin (IT head of JSL); for his non - cooperation with ERP to conduct her roles and responsibility.

- The details, break up, working papers in respect of most of the amount of assets, liability income and expenses for the amount stated therein pertaining to the period prior to the initiation of CIRP are not available and hence we are unable to comment in respect of such balances / amounts appearing in the statement.

Management's Comment:

The ERP does not possess all the details/documents with respect to pre-CIRP period transactions as well as opening balances of assets and liabilities. Fixed Asset module could not be extracted from SAP system. ERP has filed Complaint at Hon'ble NCLT, Mumbai against Joseph Selvin (IT head of JSL); for his non - cooperation with ERP to conduct her roles and responsibility.

- In the absence of party wise details/ contracts of foreign receivables/ payables (including of foreign branches), we are unable to verify the foreign exchange gain (net of loss) of Rs.4401.33 lacs.

Management's Comment:

All the foreign branches are managed by the overseas based employees of the Company. The ERP has made all the efforts to arrange for the relevant information/details of branch accounts. The ERP has made available all the details received from the overseas employees and accounts and taxations head of the Company. However, supporting documents could not be received. In future, if details are received, the effect of the same would be incorporated in the books of accounts suitably.

- During the year Bank Guarantees encashed amounting to Rs. 21,302.12 Lacs have been charged off and Rs. 4,474.23 Lacs have been debited to receivables for which the supporting documents / details were not made available and hence could not be verified.

In view of these details not being available, we are unable to comment, of the impact on the unaudited standalone financial results.