

INDEPENDENT AUDITORS' REPORT

**To the Members of
Jaiprakash Associates Limited**

Report on the Financial Statements

We have audited the accompanying financial statements of **JAIPRAKASH ASSOCIATES LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act, as applicable. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under section 143 (11) of the Act.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the

financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 state of affairs of the Company as at March 31, 2016, and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements-Refer Note 35 to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses -Refer Note 48 to the financial statements;
 - iii. There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For M. P. SINGH & ASSOCIATES
Chartered Accountants
Firm Registration No. 002183C

(CA. Ravinder Nagpal)
Partner
M.No.081594

Place : Noida
Dated : May 28, 2016

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **JAIPRAKASH ASSOCIATES LIMITED** ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For M. P. SINGH & ASSOCIATES
Chartered Accountants
Firm Registration No. 002183C

(CA. Ravinder Nagpal)
Partner
M.No.081594

Place : Noida
Dated : May 28, 2016

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets. The situation of the moveable assets used in the construction activity keeps on changing from works sites depending upon requirements for a particular contract.
- (b) A substantial portion of the Fixed Assets have been physically verified by the management during the year and to the best of our knowledge and information given to us, no material discrepancies have been noticed on such physical verification.
- (c) According to the information and explanations given to us and the records examined by us, we report that, other than the immovable properties acquired on amalgamations with the Company as per schemes approved by the Hon'ble High Courts in earlier years, the title deeds are held in the name of the Company as at the balance sheet date, except the following:

Description & Location of Property	Gross Book Value (₹ lacs)
Land under Consolidation	48842
Land at Dera Mandi Gaon, New Delhi & building thereon	153
Freehold land at Rangpuri, New Delhi (Compulsorily acquired by the Government)	3

- (ii) (a) As explained to us, the Inventory has been physically verified by the management at reasonable intervals during the year.
- (b) In our opinion and according to the information and explanations given to us, no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act. Hence, the provisions of Clauses 3(iii)(a), 3(iii)(b), and 3(iii)(c) of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, in respect of loans, investments, guarantees, and security, the provisions of section 185 and 186 of the Companies Act, 2013 have been complied with.
- (v) In our opinion and according to the information and explanations given to us the Company has not accepted any deposit during the year. The Company has generally complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013, read with the Orders issued by the New Delhi Bench of the Hon'ble Company Law Board (CLB) from time to time. The CLB has also vide its Order dated 22.12.2015 granted time till 30.06.2016 for repayment of fixed deposits which had attained maturity on 31.03.2015 and for repayment of fixed deposits which had attained/are attaining maturity after 31.03.2015.
- (vi) We have broadly reviewed the accounts and cost records maintained by the segments of the Company where cost records have been prescribed by the Central Government under section 148(1) of the Companies Act, 2013, and are of the opinion that prima-facie the prescribed accounts and records have been maintained. We have, however, not made a detailed examination of the records.
- (vii) (a) 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 ₹ 2468.65 lacs.
- (b) As per records produced before us and according to the information and explanations given to us there are no dues of Income-tax or Sales-tax or Service Tax, or duty of Customs or duty of Excise, or Value Added Tax which have not been deposited on account of any dispute, except for the following:

Name of Statute (Nature of dues)	Period to which amount relates	Forum where dispute is pending				Total
		Commissionerate	Appellate authorities- Tribunal	High Court	Supreme Court	
Central Excise	1988-2015	4,367.56	-	-	-	4,367.56
	1996-2016	-	5,890.47	-	-	5,890.47
	1997-2009	-	-	780.14	-	780.14
Electricity Duty & Cess	1991-2002 & 2006-2016	-	-	12,632.27	-	12,632.27
Sales Tax/VAT	2001-2002 & 2006-2015	3,959.79	-	-	-	3,959.79

Name of Statute (Nature of dues)	Period to which amount relates	Forum where dispute is pending				Total
		Commissionerate	Appellate authorities- Tribunal	High Court	Supreme Court	
	1999-2000 & 2004-2013	-	663.75	-	-	663.75
	1998-2001, 2005-2016	-	-	6,381.71	-	6,381.71
	2002-2008	-	-	-	9,029.24	9,029.24
Entry Tax	2000-2001, 2011-2014	187.91				187.91
	2006-12	-	240.29	-	-	240.29
	2001-2002, 2010-2016	-	-	2,759.75	-	2,759.75
	2007-2016	-	-	-	20,933.99	20,933.99
Royalty on limestone	Upto June 2014	-	-	16,211.03	-	16,211.03
Rural Infrastructure Tax	2005-2016	-	-	-	4,395.37	4,395.37
Tax on transportation of goods in Himachal Pradesh	2010-2016	-	-	-	7,382.36	7,382.36
Service Tax	2005-2013	-	69,529.13	-	-	69,529.13
Levy on transport of limestone	2007-2011	-	-	-	582.70	582.70
Cess under Building and other Construction	2008-2012	-	-	273.98	-	273.98
Water Cess	2003-2013	-	-	1,116.56	-	1,116.56
Customs		-	4,487.03	-	-	4,487.03

(viii) 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.

Overdue interest on borrowings amounting to ₹ 83,745 lacs included in Note on "Other Current Liabilities"

Lender wise details are tabulated below:

Name of Bank	Overdue Principal repayments as at 31.3.2016 (₹ in lacs)	Period of default for overdue principal repayments	Overdue Interest as at 31.3.2016 (₹ in lacs)	Period of default for overdue interest
Allahabad Bank	500	32 days	78	1 day
Axis Bank	4,488	1 - 61 days	1,801	1 - 91 days
Bank of India	526	1 day	70	1 day
Bank of Maharashtra	5,071	1 - 184 days	5,071	1 - 184 days
Canara Bank	-		4,784	1 - 183 days
Central Bank of India	-		54	1 - 31 days
Corporation Bank	1,053	21 - 112 days	512	1 - 112 days
Exim Bank	1,893	1 - 60 days	310	1 - 60 days
HDFC Bank	-		987	61 days
ICICI Bank Ltd.	43,066	4 - 61 days	19,905	4 - 47 days

in the financial statements was outstanding as at 31st March 2016 wherein the period of delay ranges from 1 day to 269 days.

Overdue principal repayments of loans/borrowings amounting to ₹ 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.

Name of Bank	Overdue Principal repayments as at 31.3.2016 (₹ in lacs)	Period of default for overdue principal repayments	Overdue Interest as at 31.3.2016 (₹ in lacs)	Period of default for overdue interest
Karnataka Bank	936	1 - 184 days	1,317	1 - 184 days
Karur Vysya Bank	-		460	1 - 61 days
Lakshmi Vilas Bank	526	1 - 21 days	370	1 - 61 days
Oriental Bank of Commerce	526	1 - 21 days	192	1 - 32 days
Punjab & Sind Bank	2,881	1 - 184 days	693	1 - 153 days
State Bank of Bikaner & Jaipur	375	1 day	-	
Standard Chartered Bank	5,080	5 days	5,488	5 - 123 days
State Bank of Hyderabad	1,125	1 day	333	1 - 32 days
State Bank of India	111,875	1 - 92 days	13,168	1 - 92 days
State Bank of Travancore	938	5 days	132	1 - 61 days
Syndicate Bank	832	1 - 92 days	346	1 - 153 days
The South Indian Bank Ltd	1,625	1 - 61 days	952	1 - 61 days
The Jammu & Kashmir Bank Ltd	938	1 day	94	1 day
Uco Bank	2,916	1 - 92 days	536	1 - 123 days
United Bank of India	1,500	1 - 92 days	704	1 - 92 days
Yes Bank Ltd	4,930	3 - 32 days	3,014	1 - 60 days
IFCI Ltd.	208	77 Days	3,206	1 - 140 days
Yes Bank - NCDs	5,000	86 days	209	86 days
Axis Bank - NCDs	-		2,647	31 days
ECB and Buyer's Credit	19,509	24 - 269 days	1,277	24 - 269 days
Other Including Deferred Payment of Land			15,037	
Totals	218,317		83,745	

The Company has not defaulted in repayment of dues to the Government.

- (ix) The Company has not raised moneys by way of further public offer. Further, in our opinion and according to the information and explanations given to us, the moneys raised by way of debt instruments and term loans have been applied by the Company during the year for the purposes for which they were raised.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions

have been disclosed in the financial statements etc. as required by the applicable accounting standards.

- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary or associate company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For M. P. SINGH & ASSOCIATES
Chartered Accountants
Firm Registration Number 002183C

(CA. Ravinder Nagpal)
Partner
M.No. 081594

Place : Noida
Dated : May 28, 2016