

Independent Auditor's Report

To the Members of THE LAKSHMI MILLS COMPANY LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **THE LAKSHMI MILLS COMPANY LIMITED** ('the Company'), which comprise the Balance Sheet as at **31st March 2015**, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone 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 and presentation of these standalone 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 specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 standalone 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.

We conducted our audit 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, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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 standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 **31st March 2015** and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.

2. 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 standalone financial statements comply with the Accounting Standards specified 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 31 March 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164 (2) of the Act; and

(f) 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 30.1 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



- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For SUBBACHAR & SRINIVASAN

CHARTERED ACCOUNTANTS

Firm Regn. No: 004083S

T.S.V. Rajagopal

[T.S.V. RAJAGOPAL]

Partner

Membership No:200380

Coimbatore

29.05.2015

Annexure to the Independent Auditors' Report

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended **31st March 2015**, we report that:

1. In respect of its Fixed Assets:
 - a. The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b. The company has physically verified fixed assets during the year in accordance with a regular and phased programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals having regard to the size of the company and nature of its assets. According to the information and explanations given to us no material discrepancies were noticed on such verification.
2. In respect of its inventories:
 - a. As explained to us, inventories have been physically verified by the management at regular intervals during the year.
 - b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - c. In our opinion and according to the information and explanations given to us, the company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification as compared to the book records.



3. (a) The company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013, during the financial year. Hence the provisions of Clause 3(iii) of the Companies (Auditor's Report) Order, 2015 is not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and nature of its business for the purchase of inventory, fixed assets and also for the sale of goods and services. During the course of the audit, we have not observed any continuing failure to correct major weaknesses in internal control.
5. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 73 to 76 and other relevant provisions of the Companies Act, 2013 and the Rules framed thereunder wherever applicable with respect to deposits accepted by it.
6. We have broadly reviewed the cost records maintained by the company specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, as applicable to the company, and are of the opinion that prima facie the specified cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
7. According to the information and explanations given to us and on the basis of our examination of the records of the company in respect of the statutory dues:
 - a. The company is regular in depositing undisputed statutory dues including Provident Fund, Employees' State insurance, Income tax, Sales Tax, Wealth tax, Service Tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities during the year. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at **31st March 2015** for a period of more than six months from the date they became payable.
 - b. The details of disputed statutory dues are as under:

Name of statute	Nature of the dues	Amount (₹. In lakhs)	Period to which the amount relates	Forum where dispute is pending
Excise Act 1944 / Service Tax Act	Service Tax	2.95	1997-99	High Court
	Excise Duty	1.61	1995-96	High Court
	Cenvat	1.07	2013-14	Commissioner of Central Excise, Madurai



- c. According to the information and explanations given to us the amounts which were required to be transferred to the investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules there under have been transferred to such fund within time.
8. The company has no accumulated losses and has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.
9. On the basis of our audit procedures, in our opinion and according to the information and explanations given to us the Company has not defaulted in the payment of dues to financial institutions and Banks.
10. According to the information and explanations given to us the company has not given any guarantee for loans taken by others from banks or financial institutions.
11. To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion term loans availed by the Company were, prima facie, applied by the Company for the purpose for which the loans were obtained.
12. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company was noticed or reported during the year that causes the financial statements to be materially misstated.

For SUBBACHAR & SRINIVASAN

CHARTERED ACCOUNTANTS

Firm Regn. No: 004083S

T.S.V. Rajagopal

[T.S.V. RAJAGOPAL]

Partner

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