

INDEPENDENT AUDITOR'S REPORT

To The Member of Ramco Industries Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of M/s. **RAMCO INDUSTRIES LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") its associates, comprising of the Consolidated Balance Sheet as at 31st March, 2015, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Associates 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. The respective Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated 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 Holding Company has an adequate internal financial controls system over financial reporting in place 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 Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, 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 and its associates as at 31st March, 2015, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matter Paragraph


1. We did not audit the financial statements / consolidated financial statements of a subsidiary, whose financial statements / financial information reflect total assets of Rs.11,946.86 lakhs as at 31st March, 2015 and total revenues of Rs.16,181.22 lakhs and the net cash flows amounting to Rs.240.71 lakhs for the year ended on that date, as considered in the consolidated financial statements.
2. The financial statements / financial information of a subsidiary, were audited by one of us of which the accompanying consolidated financial statements reflect total assets of Rs.1,288.24 lakhs as at 31st March 2015, total revenues of Rs.29.83 lakhs and net cash flows amounting to Rs. 0.81 lakhs during the year.
3. The financial statements / financial information of an associate, were audited by one of us of which the accompanying financial statements reflect the share of profit of the group is Rs. 283.98 Lakhs for the year ended 31st March 2015.
4. Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements/ financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

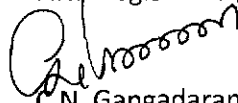
1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditors' reports of the Holding company, subsidiary companies and associate companies, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
 - 2.1. 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 of the aforesaid consolidated financial statements.
 - 2.2. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
 - 2.3. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

- 2.4. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- 2.5. On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2015 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and associate companies, none of the directors of the Group companies, its associate companies is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- 2.6. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- 2.6.1 The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates – Refer Note 4.1.II to 4.1.VII in the consolidated financial statements.
- 2.6.2 The Group and its associates did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
- 2.6.3 There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies and associate company.

For M.S. Jagannathan & N. Krishnaswami
Chartered Accountants
Firm registration No. 001208S


K. Srinivasan
Partner
Membership No. 021510

For CNGSN & Associates LLP
Chartered Accountants
Firm Registration No. 004915S


C.N. Gangadaran
Partner
Membership No. 011205

Chennai
26-May-2015

INDEPENDENT AUDITOR'S REPORT

To The Member of Ramco Industries Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **Ramco Industries Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2015, and 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 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 of 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. 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:
 - 2.1. 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.
 - 2.2. 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
 - 2.3. 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 accounts.
 - 2.4. 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.
 - 2.5. On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.


2.6. 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:

2.6.1. The details of the pending litigations and its impact on the Financial statements have been disclosed in the Note No.25.1.II to 25.1.VII and Note No.25.6

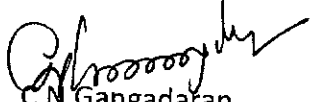
2.6.2. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

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

For M.S.Jagannathan & N.Krishnaswami
Chartered Accountants
Firm registration No. 001208S


K.Srinivasan
Partner
Membership No. 021510

For CNGSN & Associates LLP
Chartered Accountants
Firm Registration No. 004915S


C.N.Gangadaran
Partner
Membership No. 011205

Chennai
29-May-2015

ANNEXURE TO THE AUDITOR'S REPORT

Annexure referred to item no. 1 of paragraph 'Report on Other Legal and Regulatory Requirements'.

In our opinion and to the best of knowledge and belief and as per the information and explanation given to us and on the basis of books and records examined by us in the normal course of audit, we report that:

1. Fixed Assets
 - 1.1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - 1.2. The management at reasonable intervals has physically verified the fixed assets of the company and no material discrepancies were noticed on such verification.

2. Inventories
 - 2.1. Management has conducted physical verification of its inventory at reasonable intervals.
 - 2.2. The procedure for physical verification of inventory followed by the management is reasonable and is adequate in relation to the size of the company and the nature of its business.
 - 2.3. On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.

3. Loans and Advances
 - 3.1. The Company has granted loan to a party listed in the Register maintained under Section 189 of the Companies Act, 2013. The maximum outstanding at any time during the year Rs. 631.31 (PY Rs. 663.89 lakhs) and the amount outstanding as on 31-Mar-15 is Rs.602.45 (PY Rs. 631.33 lakhs).
 - 3.2. The payment of the Principal amounts and the Interest wherever applicable are regular.


4. There are no overdue amounts in respect of the loans granted to the parties listed in the Register maintained under Section 189 of the Act. There are adequate internal control systems commensurate with the size of the company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and services. We have not observed any major weakness in the internal control system during the course of the audit.

5. The company has not accepted any deposits within the meaning of Companies (Acceptance of Deposits) Rules 2014, from the public during the year. The Deposits accepted by the Company before the Commencement of the Companies Act 2013 have been repaid as per the provisions of Section 74 of the Act. No order has been passed by the Company Law Board or the National Company Law Tribunal or by any court or by any other Tribunal against the Company.
6. The Company is maintaining the accounts and records which have been specified by the Central Government under of Section 148(1) of the Companies Act, 2013.
7. Undisputed and disputed taxes and duties
- 7.1. The company is regular in depositing undisputed statutory dues including provident fund, employee's state insurance, income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employee's state insurance, income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues were in arrears as at 31st March, 2015 for a period of more than six months from the date they become payable.
- 7.2. The Disputed Statutory dues aggregating to Rs. 3843.38 Lakhs (P.Y Rs. 2000.44 Lakhs) that have not been deposited on account of matters pending before appropriate authorities are as under:

Sl No.	Name of the Statute	Forum where dispute is pending	Amount (Rs. In lakhs)
1	Income Tax Act	Deputy Commissioner	15.25
		Commissioner Appeal	2712.83
		High Court	399.06
2	CST Act	Appellate Authority	0.69
		Assistant/Deputy/Joint Commissioner Appeal	110.66
		Tribunna Court	18.45
3	Entry Tax Act	Assistant/Deputy/Joint Commissioner Appeal	9.41
4	Sales Tax Act	Appellate Authority	72.45
5	VAT Act	Appellate Authority	1.71
		Assistant/Deputy/Joint Commissioner Appeal	24.38
		Tribunna Court	50.32
6	Central Excise Act and Cenvat Credit Rules	Appellate Authority	65.28
7	Electricity Act	High Court	362.89
Total			3843.38

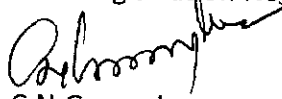
- 7.3. The amounts which were required to be transferred to the investor education and protection fund in accordance with the relevant provisions of the Companies Act 1956 (1 of 1956) and rules there under has been transferred to such fund within time.
8. The company does not have any accumulated losses at the end of the financial year and has not incurred any cash losses during the financial year and in the immediately preceding financial year.
9. The Company has not defaulted in repayment of dues to financial institutions or banks and the Company has not issued any debenture during the year.
- 9.1. Based on the information and explanation given to us, the terms and conditions of the guarantee given by the Company to others ([Ramco Systems Limited – Guarantee given Rs.3550.00 Lakhs (P.Y Rs.6550.00 Lakhs) - Loans outstanding Rs. 440.27 lakhs (P.Y Rs. 4260.42 Lakhs)] (Sri Harini Textiles Limited – Guarantee given Rs.3629.00 Lakhs (PY Rs. 3629.00 lakhs)), Loans outstanding Rs. 1747.25 lakhs (P.Y. Rs. 2233.61 Lakhs) to secure loans availed from banks by the respective Companies, are not prejudicial to the interest of the Company.
- 9.2. The Company has raised Term loans during the year and these have been applied for the purposes for which they were raised.
- 9.3. No material fraud on or by the Company has been noticed or reported during the course of audit.

For M.S.Jagannathan & N.Krishnaswami
Chartered Accountants
Firm registration No. 001208S


K.Srinivasan
Partner
Membership No. 021510

Chennai
29-May-2015

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