

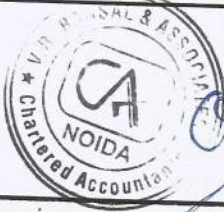
Date: 29/05/2015

FORM B

1.	Name of the Company	Lakshmi Precision Screws Limited		
2.	Annual financial statements for the year ended	31 st March, 2015		
3.	Type of Audit qualification	Qualified		
4.	Frequency of qualification	First time		
	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report	Sl. No	Qualification	Management Response
		1	<i>The Company has accepted deposits of Rs.70000002/- from promoters' friends prior to 01/04/2014. However as per provisions of Section 76 of the Companies Act, 2013 read together with Companies (Acceptance of Deposits) Rules, 2014, the Company is not eligible to accept public deposits, The Company has failed to repay the said deposits by 31/03/2015 and has filed a petition before the Hon'ble Company Law Board seeking extension of time for repayment of Deposits which is pending before the Board. Further the Company has not complied with the provisions of Section 73 of Companies Act, 2013 read together with Companies (Acceptance of Deposits) Rules, 2014. as it has taken advances from customers amounting to Rs. 47759742/- having balance outstanding for more than 365 days.</i>	The outstanding deposits were taken prior to 01.04.2014, which were not in violation of the Companies Act, 1956. However subsequent to the amendment of Companies Act, 1956 with Companies Act 2013, the deposits were not allowed to be retained by the company. The Company has applied to Honourable Company Law Board seeking extension of time for repayment of deposits which is pending. Further, the approval of the depositors for extension of tenure has also been taken from the depositors. The Company is in process of regularization of advance received from the customers.
		2	<i>Certain advances for material and services aggregating to Rs.125136144/- were outstanding as on 31/03/2015.</i>	Scrutiny of advances has already commenced and necessary adjustment will be carried out based on bills

		<p>However, confirmation from parties to whom these advances are given has not been made available to us. Out of such advances, in our opinion, provision for doubtful advance amounting to Rs.31289676/- should be recognized as these are outstanding for a period of three years or more.</p>	<p>and other related documents during financial year 2015-16. If necessary, due provision will be made in the accounts for unrecoverable advance, if any, during financial year 2015-16.</p>
	3	<p>The Company has taken unsecured loans from Companies amounting to Rs. 84313220/- which are outstanding as at the end of the year and the same has been shown under short term borrowings in the Balance Sheet. However, loan agreements in respect of these loans have not been furnished and in absence of the same, the terms of repayment, chargeability of interest and other terms are not verifiable and have not been furnished.</p>	<p>The Company has taken unsecured loans which are repayable on demand. The loan documents are being executed and shall be furnished after such execution.</p>
	4	<p>The Company has made provisions for Income Tax as per section 115JB of the Income Tax Act, 1961 amounting to Rs. 1806163/-. However, the provision has been credited to Reserves and Surplus instead of crediting the same under current liabilities and provisions. Therefore, to the extent of Rs. 1806163/-, the reserves and surplus are overstated and current liabilities and provision are understated. There is no impact on profit for the year.</p>	<p>The accounting entry has been rectified in the accounts of the first quarter of 2015-16.</p>

	<p>5 As per the accounting policy of the Company, the Company is valuing its inventories at lower of cost and net realizable value. As explained to us, since exact cost is not ascertainable, the same is arrived at list price less 57% in case of finished goods and at list price less 66% in case of semi-finished goods and special items have been valued at 31% less in case of semi-finished goods and 22% less in the case of finished goods of the selling price.</p> <p>The same has been worked out on the basis of overall gross margin and not on exact cost basis. Since proper cost records are not maintained, exact cost is not ascertainable, and therefore the impact if any, on account of valuation of inventories on basis of actual cost is not quantifiable and provided for.</p>	<p>Due to large number of items and sizes, it is not feasible to find out item wise cost. Hence, the cost is determined on per metric ton basis based on the cost data or material services and overheads which is compared with the specified percentage of the list price of individual items. The value at specified percentage of list price being lower, the amount has been taken for valuation of inventory on closing date of the year.</p>
	<p>6 The Company has not carried any physical verification in respect of inventories comprising of Raw Material, Work in Progress, Finished Goods, Stock in Trade (Traded goods), Consumables Stores and Spares and Dies and Tools. The Company has obtained a physical verification certificate on an inadequate sample basis from an independent firm of Chartered Accountants. In our opinion the same does not commensurate with size and nature of inventories.</p>	<p>It has been planned that the physical verification of inventory of various categories like RM, WIP, FG, Tools and Dies, consumables will be conducted in a phased manner location wise on perpetual basis from the financial year 2015-16. Based on the physical verification shortage/excess if any will be adjusted in financial accounts of each quarter</p>

		<p>7 As per the accounting policy, the Company is amortising dies and tools on the basis of effective residual remaining life based on technical assessment conducted by the Committee. However, the said technical assessment has not been carried out during the year and dies and tools have been amortised to the Statement of Profit and Loss as and when scrapped. Pending the technical assessment and determination of effective residual values of dies and tools, the impact of amortisation thereof is not ascertainable</p>	<p>The technical assessment of the life of tools and dies will be made in 2015-16 and necessary adjustment will be made in the accounts of 2015-16 and onwards based on the used life of tools and dies.</p>
	<p>Additional comments from the board/audit committee chair:</p>	<p>Nil</p>	
<p>5. To be signed by-</p>	<p><input type="checkbox"/> CEO/Managing Director</p> <p><input type="checkbox"/> CFO/AUP(F)</p> <p><input type="checkbox"/> Auditor of the company</p> <p><input type="checkbox"/> Audit Committee Chairman</p>	<p><i>Kumar Jain</i></p> <hr/> <p><i>[Signature]</i></p> <hr/> <p> <i>[Signature]</i> <i>CS Anur</i></p> <hr/> <p><i>Kumar Rattan</i></p> <hr/>	