



# LML LIMITED

**LML**

82, Ground Floor  
Sector 44  
Gurgaon - 122003, India  
Tel. : 91-124-4500500  
Fax : 91-124-4500501

**LML: SH: SE**

24.05.2014

The General Manager  
The UP Stock Exchange Ltd  
Padam Towers, 14/113, Civil Lines,  
**KANPUR - 208 001**

The Manager – Listing  
The BSE Limited  
25<sup>th</sup> Floor, Phiroze Jeejeebhoy Towers,  
Dalal Street,  
**MUMBAI – 400 001**

The Manager, Capital Market (Listing)  
National Stock Exchange of India Ltd  
Exchange Plaza, Bandra-Kurla Complex,  
Bandra (E),  
**MUMBAI – 400 051**

Dear Sirs,

**Sub: Audited Financial Results for the Quarter & Year Ended  
on 31<sup>st</sup> March, 2014 alongwith other matters  
Scrip Code : UPSE- L00004, BSE- 500255 & NSE-LML**

Pursuant to the requirement of the Listing Agreement, we are giving hereunder the details of decisions, taken by the Board of Directors of the Company at its meeting held on 24<sup>th</sup> May, 2014 :-

## 1. Clause 20

(a) Audited Results for Year Ended 31<sup>st</sup> March, 2014

| <b>(Rs. / Crores)</b> |                                              |                                        |                                        |
|-----------------------|----------------------------------------------|----------------------------------------|----------------------------------------|
| S.No.                 | Particulars                                  | F.Y. 2013-14<br>Ended on<br>31.03.2014 | F.Y. 2012-13<br>Ended on<br>31.03.2013 |
| 1                     | Gross Turnover                               | 256.45                                 | 248.13                                 |
| 2                     | Other Income                                 | 7.28                                   | 7.77                                   |
|                       | Total :                                      | 273.73                                 | 255.90                                 |
| 3                     | Gross Profit / (Loss)                        | (60.50)                                | (52.44)                                |
| 4                     | Provision for Depreciation &<br>Amortisation | 12.33                                  | 13.01                                  |
| 5                     | Tax Expense / Provisions                     | -                                      | -                                      |
| 6                     | Net Profit/(Loss)                            | (72.83)                                | (65.45)                                |

(b) In view of losses, no dividend has been recommended for the year.

## 2. Clause 41

We are enclosing herewith the Audited Financial Results alongwith Independent Audit Report for the year ended 31<sup>st</sup> March, 2014. Also attached herewith is Annexure-A for displaying on your web-site.

Contd.....2/

**3. Clause 16**

- (i) The Register of Member and Share Transfer Books of the Company will remain closed from Tuesday, the 16<sup>th</sup> September, 2014 to Tuesday, the 23<sup>rd</sup> September, 2014 (both days inclusive).
- (ii) The Thirty-eighth Annual General Meeting of the Company will be held on Tuesday, the 23<sup>rd</sup> September, 2014 at 11.00 AM at LML Limited, C-10, Panki Industrial Estate, Site-II & III, Kanpur-208 022. (UP)
- (iii) We declare that all the Securities received for transfer 15 days prior to 24<sup>th</sup> May, 2014, have been duly transferred and dispatched to the transferees.
- (iv) We undertake that further Securities lodged for transfer will be transferred and dispatched within a period of 15 days from the date of receipt thereof.

**4. Clause 30**

The following Directors have been appointed/re-appointed on the Board of the Company :-

- (i) Mr Rajendra Kumar Jain has been appointed as an Additional Director (Independent) for 5 years w.e.f. 24th May, 2014, subject to approval of shareholders in ensuring Annual General Meeting of the Company.
- (ii) Mr Deepak Kumar Singhania, Chairman & Managing Director, Mr Anurag Kumar Singhania and Mr R K Srivastava, Whole-time Directors of the Company have been re-appointed, subject to necessary approvals, for their further term of 3 years each w.e.f. 06.10.2013, 28.06.2013 & 08.09.2014 respectively.
- (iii) Mr S K Aggarwal, Mr Shiromani Sharma & Dr V K Agnihotri have been re-appointed as Independent Directors each for 5 consecutive years i.e. upto 31<sup>st</sup> March, 2019, subject to approval of shareholders in ensuring Annual General Meeting of the Company.

Consequently, the Board of Directors of the Company will henceforth consist of the following :-

- |                              |                                |
|------------------------------|--------------------------------|
| 1. Mr Deepak Kumar Singhania | - Chairman & Managing Director |
| 2. Mr Pawan Kumar            | - IFCI Nominee                 |
| 3. Mr Shiromani Sharma       | - Independent Director         |
| 4. Mr S K Aggarwal           | - Independent Director         |
| 5. Dr. V K Agnihotri         | - Independent Director         |
| 6. Mr Rajendra Kumar Jain    | - Independent Director         |
| 7. Mr L K Singhania          | - Wholetime Director           |
| 8. Mr Sanjeev Shriya         | - Wholetime Director           |
| 9. Mr A K Singhania          | - Wholetime Director           |
| 10. Mr R K Srivastava        | - Wholetime Director           |

**(iv) Key Managerial Personnel (KMPs)**

Pursuant to Section 203 of the Companies Act, 2013, Board has appointed the following Whole-time KMPs :

- (i) Mr Deepak Kumar Singhania - Chairman & Managing Director
- (ii) Mr K C Agarwal - Company Secretary
- (iii) Mr Mahesh Kumar Kanodia - Chief Financial Officer

(v) Statutory Auditors

Pursuant to Section 139 of the Companies Act, 2013, Board has approved re-appointment of following Statutory Auditors, subject to approval of shareholders in ensuing Annual General Meeting of the Company :

- (a) M/s Khandelwasl Jain & Co., Chartered Accountants for 3 years i.e. upto FY 2016-17;
- (b) M/s Parikh & Jain, Chartered Accountants for 2 years i.e. upto FY 2015-16.

(vi) Internal Auditors

Pursuant to Section 138 of the Companies Act, 2013, Board has approved re-appointment of M/s Onkar Tandon & Co., Chartered Accountants, as Internal Auditors of the Company for FY 2014-15;

(vii) Secretarial Auditors

Pursuant to Section 204 of the Companies Act, 2013, Board has approved appointment of M/s Adesh Tandon & Co., Practicing Company Secretaries, as Secretarial Auditors of the Company for FY 2014-15.

(viii) Cost Auditors

Pursuant to Section 148 of the Companies Act, 2013, Board has approved re-appointment of M/s J.K. Kabra & Co., Cost Accountants, as Cost Auditors of the Company for FY 2014-15, subject to applicable Rules as may be notified by the Central Government.

**5. Clause 36**

Board noted the termination of Joint Venture Agreement between M/s Trident Auto Components (P) Ltd., M/s MA Associates and the Company w.e.f. 24<sup>th</sup> March, 2014

Kindly bring it to the notice of all concerned.

Thanking you,

Yours faithfully,  
For LML Limited

  
[K C AGARWAL]  
Sr. President (Commercial) &  
Company Secretary

Encl : As above

AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31st MARCH, 2014

| PART I                             |                                                                                                    | (Rs./lacs)                                 |                                            |                                            |                                       |                                       |
|------------------------------------|----------------------------------------------------------------------------------------------------|--------------------------------------------|--------------------------------------------|--------------------------------------------|---------------------------------------|---------------------------------------|
| SL.NO.                             | PARTICULARS                                                                                        | Quarter ended<br>31.03.2014<br>(Unaudited) | Quarter ended<br>31.12.2013<br>(Unaudited) | Quarter ended<br>31.03.2013<br>(Unaudited) | Year ended<br>31.03.2014<br>(Audited) | Year ended<br>31.03.2013<br>(Audited) |
| 1                                  | Sales Volume (Nos)                                                                                 | 12476                                      | 14930                                      | 14095                                      | 51835                                 | 54668                                 |
| 2                                  | Income from Operations:                                                                            |                                            |                                            |                                            |                                       |                                       |
| (a)                                | Net Sales / Income From Operations (net of excise duty)                                            | 6292.94                                    | 7914.85                                    | 6384.58                                    | 25644.63                              | 23654.82                              |
| (b)                                | Other Operating Income                                                                             | 133.38                                     | 192.01                                     | 133.56                                     | 590.39                                | 718.58                                |
|                                    | Total Income from operations (net)                                                                 | 6426.32                                    | 8106.66                                    | 6518.14                                    | 26235.02                              | 24373.40                              |
| 3                                  | Expenses:                                                                                          |                                            |                                            |                                            |                                       |                                       |
| (a)                                | Cost of material consumed                                                                          | 4261.82                                    | 5310.63                                    | 4458.85                                    | 18037.97                              | 15495.56                              |
| (b)                                | Changes in Inventories of finished goods, work-in-progress and stock-in-trade                      | 471.71                                     | (47.21)                                    | 128.81                                     | (866.95)                              | 1320.70                               |
| (c)                                | Employee benefits expenses                                                                         | 919.46                                     | 961.12                                     | 861.00                                     | 3664.78                               | 3225.41                               |
| (d)                                | Depreciation & Amortisation                                                                        | 284.94                                     | 316.78                                     | 322.42                                     | 1233.19                               | 1300.93                               |
| (e)                                | Impairment on Fixed Assets                                                                         | 260.42                                     | -                                          | -                                          | 260.42                                | -                                     |
| (f)                                | Other Expenses                                                                                     | 1285.61                                    | 1840.93                                    | 1567.56                                    | 7269.46                               | 5977.00                               |
|                                    | Total expenses                                                                                     | 7483.96                                    | 8382.25                                    | 7338.64                                    | 29598.87                              | 27319.60                              |
| 4                                  | Profit/(Loss) from Operations before Other Income, finance costs and exceptional items (2-3)       | (1057.64)                                  | (275.59)                                   | (820.50)                                   | (3363.85)                             | (2946.20)                             |
| 5                                  | Other Income                                                                                       | 71.18                                      | 24.52                                      | 11.95                                      | 138.25                                | 58.44                                 |
| 6                                  | Profit/(Loss) from ordinary activities before finance costs and exceptional items (4+5)            | (986.46)                                   | (251.07)                                   | (808.55)                                   | (3225.60)                             | (2887.76)                             |
| 7                                  | Finance costs                                                                                      | 1418.73                                    | 867.86                                     | 934.41                                     | 4057.16                               | 3657.64                               |
| 8                                  | Profit/(Loss) from ordinary activities after finance costs but before exceptional items (6-7)      | (2405.19)                                  | (1118.93)                                  | (1742.96)                                  | (7282.76)                             | (6545.40)                             |
| 9                                  | Exceptional items                                                                                  | -                                          | -                                          | -                                          | -                                     | -                                     |
| 10                                 | Profit/(Loss) from ordinary activities before Tax (8-9)                                            | (2405.19)                                  | (1118.93)                                  | (1742.96)                                  | (7282.76)                             | (6545.40)                             |
| 11                                 | Tax expense                                                                                        | -                                          | -                                          | -                                          | -                                     | -                                     |
| 12                                 | Net Profit/(Loss) from ordinary activities after Tax (10-11)                                       | (2405.19)                                  | (1118.93)                                  | (1742.96)                                  | (7282.76)                             | (6545.40)                             |
| 13                                 | Extra-ordinary item (net of tax expense)                                                           | -                                          | -                                          | -                                          | -                                     | -                                     |
| 14                                 | Net Profit/(Loss) for the period (12-13)                                                           | (2405.19)                                  | (1118.93)                                  | (1742.96)                                  | (7282.76)                             | (6545.40)                             |
| 15                                 | Paid-up Equity Share Capital (Face value of Rs.10 each)                                            | 8198.43                                    | 8198.43                                    | 8198.43                                    | 8198.43                               | 8198.43                               |
| 16                                 | Reserves excluding Revaluation Reserve                                                             |                                            |                                            |                                            |                                       |                                       |
| 17                                 | Earning per Share for the period (Rs.)<br>(Basic & Diluted EPS before & after Extra-ordinary Item) | (2.93)                                     | (1.36)                                     | (2.13)                                     | (69917.97)<br>(8.88)                  | (62635.21)<br>(7.98)                  |
| PART II Information for the period |                                                                                                    |                                            |                                            |                                            |                                       |                                       |
| Sl.No.                             | Particulars                                                                                        | Quarter ended<br>31.03.2014                | Quarter ended<br>31.12.2013                | Quarter ended<br>31.03.2013                | Year ended<br>31.03.2014              | Year ended<br>31.03.2013              |
| A                                  | Particulars of Equity Shareholding:                                                                |                                            |                                            |                                            |                                       |                                       |
| 1                                  | Public shareholding:                                                                               |                                            |                                            |                                            |                                       |                                       |
|                                    | -Number of Shares                                                                                  | 60197649                                   | 60197649                                   | 60197649                                   | 60197649                              | 60197649                              |
|                                    | -Percentage of Shareholding                                                                        | 73.43%                                     | 73.43%                                     | 73.43%                                     | 73.43%                                | 73.43%                                |
| 2                                  | Promoters and Promoter Group Shareholding:                                                         |                                            |                                            |                                            |                                       |                                       |
| a)                                 | Pledged/Encumbered #                                                                               |                                            |                                            |                                            |                                       |                                       |
|                                    | - Number of shares #                                                                               | 11173323                                   | 11173323                                   | 11173323                                   | 11173323                              | 11173323                              |
|                                    | - Percentage of shares (as a % of the total shareholding of promoters and promoter group)          | 51.29%                                     | 51.29%                                     | 51.29%                                     | 51.29%                                | 51.29%                                |
|                                    | - Percentage of shares (as a % of the total share capital of the Company)                          | 13.63%                                     | 13.63%                                     | 13.63%                                     | 13.63%                                | 13.63%                                |
| b)                                 | Non-encumbered                                                                                     |                                            |                                            |                                            |                                       |                                       |
|                                    | - Number of Shares                                                                                 | 10613348                                   | 10613348                                   | 10613348                                   | 10613348                              | 10613348                              |
|                                    | - Percentage of shares (as a % of the total shareholding of promoters and promoter group)          | 48.71%                                     | 48.71%                                     | 48.71%                                     | 48.71%                                | 48.71%                                |
|                                    | - Percentage of shares (as a % of the total share capital of the Company)                          | 12.95%                                     | 12.95%                                     | 12.95%                                     | 12.95%                                | 12.95%                                |
| B                                  | Investor Complaints :                                                                              |                                            |                                            |                                            |                                       |                                       |
|                                    | -Pending at the beginning of the quarter (Nos)                                                     | Nil                                        |                                            |                                            |                                       |                                       |
|                                    | -Received during the quarter (Nos)                                                                 | Nil                                        |                                            |                                            |                                       |                                       |
|                                    | -Disposed off during the quarter (Nos)                                                             | Nil                                        |                                            |                                            |                                       |                                       |
|                                    | -Lying unresolved at the end of the quarter (Nos)                                                  | Nil                                        |                                            |                                            |                                       |                                       |

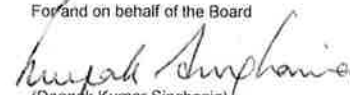
# Non disposal undertaking given to Fls/Banks.

| <b>Notes:</b> |                                            |                                           |                                           |
|---------------|--------------------------------------------|-------------------------------------------|-------------------------------------------|
| <b>1</b>      | <b>Statement of Assets and Liabilities</b> |                                           |                                           |
| <b>Sl.No.</b> | <b>Particulars</b>                         | <b>As at<br/>31.03.2014<br/>(Audited)</b> | <b>As at<br/>31.03.2013<br/>(Audited)</b> |
| <b>I</b>      | <b>EQUITY AND LIABILITY</b>                |                                           |                                           |
| <b>(1)</b>    | <b>Shareholder's Funds</b>                 |                                           |                                           |
|               | (a) Share Capital                          | 20,040.95                                 | 20,040.95                                 |
|               | (b) Reserve & Surplus                      | (69,917.97)                               | (62,635.21)                               |
|               | <b>Sub Total</b>                           | <b>(49,877.02)</b>                        | <b>(42,594.26)</b>                        |
| <b>(2)</b>    | <b>Non- Current Liabilities</b>            |                                           |                                           |
|               | (a) Long Term Borrowings                   | -                                         | -                                         |
|               | (b) Long Term Provision                    | 1,329.54                                  | 1,040.72                                  |
|               | <b>Sub Total</b>                           | <b>1,329.54</b>                           | <b>1,040.72</b>                           |
| <b>(3)</b>    | <b>Current Liabilities</b>                 |                                           |                                           |
|               | (a) Short Term Borrowings                  | 84.37                                     | 109.37                                    |
|               | (b) Trade Payables                         | 15,559.54                                 | 15,180.82                                 |
|               | (c) Other Current Liabilities              | 56,963.73                                 | 49,671.55                                 |
|               | (d) Short Term Provision                   | 475.80                                    | 538.15                                    |
|               | <b>Sub Total</b>                           | <b>73,083.44</b>                          | <b>65,499.89</b>                          |
|               | <b>Total</b>                               | <b>24,535.96</b>                          | <b>23,946.35</b>                          |
| <b>II</b>     | <b>ASSETS</b>                              |                                           |                                           |
| <b>(1)</b>    | <b>Non Current Assets</b>                  |                                           |                                           |
|               | (a) Fixed Assets                           |                                           |                                           |
|               | (i) Tangible Assets                        | 7,458.89                                  | 8,823.14                                  |
|               | (ii) Intangible Assets                     | -                                         | -                                         |
|               | (iii) Capital-Work-in-Process              | 288.77                                    | 297.55                                    |
|               | (b) Non- Current Investments               | 1.23                                      | 0.94                                      |
|               | (c) Long Term Loans & Advances             | 108.17                                    | 97.36                                     |
|               | <b>Sub Total</b>                           | <b>7,857.06</b>                           | <b>9,218.99</b>                           |
| <b>(2)</b>    | <b>Current Assets</b>                      |                                           |                                           |
|               | (a) Inventories                            | 11,581.19                                 | 9,881.41                                  |
|               | (b) Trade Receivables                      | 538.99                                    | 123.05                                    |
|               | (c) Cash & Bank Balances                   | 1,219.90                                  | 1,724.94                                  |
|               | (d) Short-term Loans & Advances            | 3,324.22                                  | 2,980.70                                  |
|               | (e) Other Current Assets                   | 14.60                                     | 17.26                                     |
|               | <b>Sub Total</b>                           | <b>16,678.90</b>                          | <b>14,727.36</b>                          |
|               | <b>Total</b>                               | <b>24,535.96</b>                          | <b>23,946.35</b>                          |

- 2 These results have been reviewed by the Audit Committee and taken on record by the Board of Directors at their meetings held on 24th May, 2014 and Audited the same by the Statutory Auditors of the Company.
- 3 The Company has commenced production and export of 4-stroke CVT (Automatic-gearless) scooters.
- 4 Since the net worth of the Company had become negative, the Company has been registered and declared a Sick Industrial Company by the Board for Industrial and Financial Reconstruction (BIFR) under the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA).
- 5 Segmental information:
  - (a) Primary (Business) Segment - The operations of the Company relate to only one segment viz. Motorised Two-wheelers.
  - (b) Secondary (Geographical) Segment - Secondary segment reporting is on the basis of geographical location of the customers. The Company's revenue during the quarter by geographical markets are: Domestic sales Rs. 1540.75 lacs and Export sales Rs.4752.19 lacs. Geographical segment wise profits and capital employed are not given since the production unit and administrative expenses are common.
- 6 Comments on the Auditors' qualifications relating to the audited Annual Accounts for the year ended 31st March, 2014:
  - (a) Non confirmation of balances of some of the Trade receivables/ payable, Lenders and Loans & Advances.
  - (b) In respect of Accounting Standard 2 (AS-2), Valuation of inventory issued by The Institute of Chartered Accountants of India.
  - (c) The Company's ability to continue, as a going concern is dependent upon successful restructuring and revival of its business. In case the going concern concept is violated, necessary adjustments will be required on the carrying amount of Assets and Liabilities which are presently not ascertainable. The Company is in process of restructuring / revival of its business under the aegis of BIFR and has submitted the Draft Revival Scheme which, inter-alia, includes the proposed product plan. The ascertainment of possible utilisation of slow moving / non moving items of inventory and adjustments in Trade receivables/ payables, if any, will be undertaken upon finalisation of the product plan and approval of the revival scheme. In view of this, the accounts have been prepared on a going concern basis.
  - (d) Non provision for interest under The Micro, Small and Medium Enterprises Development Act, 2006: In absence of information from Trade payables regarding status under The Micro, Small and Medium Enterprises Act, 2006, the liability of interest if any, can not be reliably estimated.
- 7 Previous period figures have been regrouped wherever necessary to make them comparable.

Place: Gurgaon  
Date: 24.05.2014

For and on behalf of the Board

  
(Deepak Kumar Singhania)  
Chairman & Managing Director  
(DIN 00012037)



## **INDEPENDENT AUDITOR'S REPORT**

**To the Members,  
LML Limited**

### **1. Report on the Financial Statements**

We have audited the accompanying financial statements of LML Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **2. Management's Responsibility for the Financial Statements**

Management is responsible for 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 Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control 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.

### **3. Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, 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.

### **4. Basis of Qualified Opinion**

- a) *As mentioned in note 26 of financial statements, the balances of some of the trade receivables, trade payables, lenders and loans and advances are subject to confirmation/ reconciliation and subsequent adjustments, if any. As such, we are unable to express any opinion as to the effect thereof on the financial statements for the year.*



- b) As mentioned in note 27 of financial statements, the Company has valued the inventories except finished goods at cost instead of at cost or realizable value, whichever is lower which is not in compliance with the Accounting Standard 2 – Valuation of Inventories prescribed in the Companies( Accounting Standards) Rules, 2006. As explained to us the process of possible utilization of slow / non-moving items of inventory will be undertaken upon finalization of the product plan and the restructuring/revival plan. Since the realizable value as on 31st March, 2014 has not been determined, we are unable to express any opinion as to the effect thereof if any, on the financial statements for the year.
- c) As mentioned in note 31 of financial statements, the Company has become a Sick Industrial Company due to erosion of its net worth and it's current liabilities have also exceeded its current assets by Rs. 56404.55 lakhs as at Balance Sheet date. These factors, along with other matters as set forth in the said note, raise doubt that the Company will be able to continue as a going concern. The Company is in the process of restructuring/revival of its business under the aegis of BIFR and has submitted the draft revival scheme and as directed by BIFR, the Company has also submitted the updated revival scheme, considering this the accounts have been prepared on a going concern basis. The Company's ability to continue, as a going concern is dependent upon successful restructuring and revival of its business. In case the going concern concept is vitiated, necessary adjustments will be required on the carrying amount of Assets and Liabilities which are not ascertainable.
- d) As mentioned in note no. 39 of financial statements, regarding non compliance of requirements under Micro, Small and Medium Enterprises Development Act, 2006, in the absence of information available with the Company. As such, we are unable to express any opinion as to the effect thereof if any, on the financial statements for the year.

The consequential effect of sub Para (a), (b), (c) and (d) above on assets and liabilities as at 31st March, 2014 and loss for the year ended 31st March, 2014 are not ascertainable.

## 5. Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the effect of the matters described in the Basis of Qualified Opinion paragraph as mentioned above* and read together with the other notes, 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:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.



## 6. Report on Other Legal and Regulatory Requirements

- A. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- B. As required by section 227(3) of the Act, we report that:
- a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. *except for the matter described in the Basis for Qualified Opinion paragraph 4(b)*, in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956, read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013;
  - e. on the basis of written representations received from the Directors as on March 31, 2014, and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2014, from being appointed as a Director in terms of section 164(2) of the Companies Act 2013 (corresponding section 274(1)(g) of the Companies Act, 1956) to the extent applicable.

**For Khandelwal Jain & Co.**  
Chartered Accountants  
Firm Regn. No. 105049W

  
**(Manish Singhal)**  
**(Partner)**  
**M. No. 502570**



Place: Gurgaon  
Date: 24<sup>th</sup> May, 2014

**For PARIKH & JAIN**  
Chartered Accountants  
Firm Regn. No. 001105C

  
**(A. K. Jain)**  
**(Partner)**  
**M. No. 071253**



## ANNEXURE TO THE AUDITORS' REPORT

Annexure referred to in paragraph 6(a) of the Auditors' Report of even date to the Members of **LML Limited** on the accounts for the year ended 31st March, 2014;

- I. (a) The Company has maintained proper records showing full particulars including quantitative details and situations of its Fixed Assets, *however these records are in the process of updation.*

(b) As per the information and explanations given to us, the Company has formulated a programme of physical verification to cover all major categories of fixed assets over a period of three years. Accordingly some categories of the fixed assets have been physically verified during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable, having regard to the size of the Company and nature of its business.

(c) During the year, the Company has not disposed off any substantial part of the fixed assets, which affects the going concern status of the company.

- II. (a) The physical verification of inventories in Company's custody was conducted by the management, wherever practicable, during or at the end of the year, in our opinion, is fairly reasonable. *In case of materials lying with other parties, they are subject to confirmations.*

(b) The procedure of physical verification of inventories followed by the management is, in our opinion, reasonable in relation to the size of the Company and the nature of its business. As explained to us, *Company is in process of restructuring/revival of its business under the aegis of BIFR which, inter alia, includes finalization of the product plan and the restructuring/revival plan. The process of possible utilization of slow/non-moving items of inventory will be undertaken inter-alia upon finalization of the product plan and restructuring/revival plan. The requisite accounting effect, if any, will be given upon such ascertainment / determination and approval of revival plan.*

(c) The Company is maintaining proper records of Inventory. In our opinion, the discrepancies noticed on physical verification of stocks were not material in relation to the operation of the Company and the same have been properly dealt with in the books of account.

- III. (a) As per the information furnished, the Company has not granted any loans, secured or unsecured to and from companies, firms and other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, paragraphs 4(iii) (a), (b), (c) and (d) of the Order are not applicable.

(b) As per the information furnished, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, Clause 4 (iii) (e), (f) and (g) of the said Order is not applicable.



- IV. In our opinion and according to information and explanations given to us, there is an adequate internal control system 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. During the course of our audit, no major weakness has been noticed in the internal controls.
- V. Based on the audit procedure applied by us and according to the information and explanations provided by the management, during the year, there has been no contract or arrangement that needed to be entered into the register maintained under section 301 of the Companies Act, 1956. Accordingly, Clause 4 (v)(b) of the said Order is not applicable.
- VI. The Company has not accepted any deposits from the public within the meaning of the provisions of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956.
- VII. In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
- VIII. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed 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.
- IX. (a) *According to the information and explanations given to us and the records examined by us, undisputed statutory dues including, income tax, sales tax, employees state insurance, provident fund and other statutory dues applicable to it have not been regularly deposited with the appropriate authorities and there have been delays in a number of cases. According to information and explanations given to us, undisputed arrears of statutory dues outstanding as at 31st March, 2014 for a period of more than six months from the date they became payable, are as under: -*

| S.N | Name of the Statute      | Nature of Dues                      | Rs. In Lakhs |
|-----|--------------------------|-------------------------------------|--------------|
| 1)  | Provident Fund           | Employers Contribution              | 142.71       |
|     |                          | Employee Contribution               | 42.34        |
| 2)  | Sales Tax                | Sales Tax Dues                      | 1067.82      |
| 3)  | Employee State Insurance | Employer and Employees Contribution | 23.47        |
| 4)  | Income Tax Act           | Income Tax Deducted at Source       | 92.71        |
|     |                          | Income Tax Collected at Source      | 1.31         |
|     |                          | Fringe Benefit Tax                  | 333.95       |
| 5)  | Professional Tax         | Professional Tax                    | 0.61         |



(b) According to the records of the Company, the details of Statutory Dues, which have not been deposited on account of disputes and the forum where the dispute is pending, are as under:

| S NO | Name of The Statute                                                   | Nature of Due                                                                                       | Amount<br>Rs. in Lakhs) | Period                  | Forum Where<br>Pending                                |
|------|-----------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|-------------------------|-------------------------|-------------------------------------------------------|
| 1    | The Central Excise Act 1944                                           | Modvat credit, duty on off cuts or inputs, valuation, classification & cenvat                       | 452.90                  | 1989-90 to 2006-07      | Commissioner Appeal, Tribunal (CESTAT), Supreme Court |
| 2    | Central Sales Tax Act 1956, Local Sales Tax Act & Local Entry Tax Act | Non- submission of declaration forms, entry tax, penalty, interest, stock transfer and other issues | 12909.08                | 1989-90 to 2007-08      | Appellate Authority, Tribunal, High Court             |
| 3    | Customs Act 1962                                                      | (i) Duty                                                                                            | 12.16                   | 2001-02                 | Reassessment of amount, pending with Customs – Mumbai |
|      |                                                                       | (ii) Valuation & Concession                                                                         | 12.69                   | 1986-87 & 1994-95       | Assistant Commissioner                                |
| 4    | Income-Tax Act, 1961                                                  | Disallowances Disputed in ITAT                                                                      | 3949.98                 | A.Y. 1997-98 to 2006-07 | ITAT                                                  |
|      |                                                                       | Disallowances Disputed in High Court                                                                | 375.24                  | A.Y. 1995-96 & 1996-97  | High Court                                            |

- X. *The accumulated losses of the Company as at 31st March, 2014 are more than fifty percent of its net worth at the end of the financial year. The Company has incurred cash losses during the financial year and also in the immediately preceding financial year.*
- XI. *The Company has executed a Multi-Partite Agreement with Banks and Financial Institutions (Secured Lenders) on March 28, 2005. Based on our audit procedures and the information and explanations given to us, the Company is in default in respect to the payments to the Secured Lenders as given below.*

| <b>Nature of the Dues</b> | <b>Period of Default</b> | <b>Amount (Rs in lakhs)</b> |
|---------------------------|--------------------------|-----------------------------|
| Principal                 | More than 12 months      | 10308.81                    |
| Interest                  | More than 12 months      | 10284.68                    |
| Interest                  | Jun-13                   | 643.17                      |
| Interest                  | Sep-13                   | 670.50                      |
| Interest                  | Dec-13                   | 691.63                      |
| Interest                  | Mar-14                   | 697.21                      |



*The Company is in Default in the payments of Interest to Foreign Currency Convertible Bonds holders:*

| <b>Period of Default</b>   | <b>Amount (Rs in lakhs)</b> |
|----------------------------|-----------------------------|
| <i>More than 12 months</i> | <i>186.33</i>               |

- XII. Based on our examination of the records and information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- XIII. As per the information and explanations given to us the provisions of any Special Statute applicable to Chit Fund do not apply to the Company. The Company is also not a nidhi/mutual benefit fund/society.
- XIV. In our opinion, and according to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- XV. Based on our examination of records and information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- XVI. Based on our examination of the records and information and explanations given to us, no fresh term loan has been obtained by the Company during the year.
- XVII. *As per the information and explanations given to us and on an overall examination of the Balance Sheet of Company, we report that the Company, during the year has used funds by way of increase in current liabilities for long term assets (applications) to the extent of Rs. 135.85 lakhs (Refer Note 32 of the financial statement)*
- XVIII. The Company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under section 301 of the Act.
- XIX. The Company has not issued any secured debentures during the year.
- XX. The Company has not raised any money by public issue during the year ended March 31, 2014.
- XXI. 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 has been noticed or reported during the course of our audit.

**For Khandelwal Jain & Co.**  
Chartered Accountants  
Firm Regn. No. 105049W

  
**(Manish Singhal)**  
**(Partner)**  
**M. No. 502570**



**For PARIKH & JAIN**  
Chartered Accountants  
Firm Regn. No. 001105C

  
**(A. K. Jain)**  
**(Partner)**  
**M. No. 071253**



Place: Gurgaon  
Date: 24<sup>th</sup> May, 2014

**ANNEXURE 'A'**  
**"LML AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED ON**  
**31<sup>st</sup> MARCH, 2014 "**

| <b>Format for Electronic Upload – Financial Results</b>                                        |              |                                                                                                                                                      |
|------------------------------------------------------------------------------------------------|--------------|------------------------------------------------------------------------------------------------------------------------------------------------------|
| Fields                                                                                         | Format       | Checks                                                                                                                                               |
| Symbol                                                                                         | X(10)        | As allotted by the Exchange                                                                                                                          |
| From Date                                                                                      | 01.04.2013   |                                                                                                                                                      |
| To Date                                                                                        | 31.03.2014   |                                                                                                                                                      |
| Result Type                                                                                    | A            | To indicate Audited, Unaudited or Project status                                                                                                     |
| Period Type                                                                                    | AN           | To indicate whether the results are AN (AnnuL), Q1 (1st Qtr.), Q2 (2nd Qtr.), Q3 (3rd Qtr.) Q4 (4th Qtr.), OT (Others), H1 (1st Half), H2 (2nd Half) |
| Cumulative / Non Cumulative                                                                    | C            | To indicate whether the results are cumulative/non-cumulative i.e. Q3 – N will be results for 3 months and not for 9 months                          |
|                                                                                                | Rs. In Lakhs |                                                                                                                                                      |
| 1 (a) Net Sales                                                                                | 25644.63     |                                                                                                                                                      |
| (b) Other Operating Income                                                                     | 590.39       |                                                                                                                                                      |
| 2 Expenditure                                                                                  |              |                                                                                                                                                      |
| a) (Increase)/Decrease in Stock in Trade and work in Process                                   | (866.95)     |                                                                                                                                                      |
| b) Consumption of Raw Materials & Components                                                   | 18037.97     |                                                                                                                                                      |
| c) Employee Benefits Expenses                                                                  | 3664.78      |                                                                                                                                                      |
| d) Depreciation & Amortisation                                                                 | 1233.19      |                                                                                                                                                      |
| e) Impairment of Fixed Assets                                                                  | 260.42       |                                                                                                                                                      |
| f) Other Expenditure                                                                           | 7269.46      |                                                                                                                                                      |
| 3 Profit/(Loss) from Operations before Other Income, Interest and Exceptional Items (1-2)      | (3363.85)    |                                                                                                                                                      |
| 4 Other Income                                                                                 | 138.25       |                                                                                                                                                      |
| 5 Profit/(Loss) before Interest and Exceptional Items (3+4)                                    | (3225.60)    |                                                                                                                                                      |
| 6 Interest / Finance Cost                                                                      | 4057.16      |                                                                                                                                                      |
| 7 Profit/(Loss) after Interest but before Exceptional Items (5-6)                              | (7282.76)    |                                                                                                                                                      |
| 8 Exceptional Items                                                                            | -            |                                                                                                                                                      |
| 9 Profit/(Loss) from Ordinary Activities before Tax (7-8)                                      | (7282.76)    |                                                                                                                                                      |
| 10 Tax expense (FBT)                                                                           | -            |                                                                                                                                                      |
| 11 Profit/(Loss) from Ordinary Activities after Tax (9-10)                                     | (7282.76)    |                                                                                                                                                      |
| 12 Extraordinary item (net of tax expense)                                                     | -            |                                                                                                                                                      |
| 13 Net Profit/(Loss) for the period (11-12)                                                    | (7282.76)    |                                                                                                                                                      |
| 14 Paid-up Equity Share Capital (Face value of Rs. 10 each)                                    | 8198.43      |                                                                                                                                                      |
| 15 Reserves excluding Revaluation reserves                                                     | (69917.97)   |                                                                                                                                                      |
| 16 Earning per share for the period (Rs.) (Basic & Diluted before & after Extra-ordinary Item) | (8.88)       |                                                                                                                                                      |