

INDEPENDENT AUDITOR'S REPORT
To the Members of
Ramsarup Industries Limited.

Report on the Financial Statements

We have audited the accompanying financial statements of **Ramsarup Industries Limited**, which comprise the Balance Sheet as at March 31, 2016, 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.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards 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 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 there under.

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 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 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 whether the company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of 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 on the financial statements.

Basis for Qualified opinion:-

- 1) The Company has four manufacturing units at Kalyani, Shyamnagar, Kharagpur, and Durgapur, all of which are under the suspension of work for the last few years and they are under the symbolic /physical possession of lenders due to default of payment of the outstanding loans. Detail physical verifications of fixed assets and inventories could not be conducted by the management. We have also not been able to obtain sufficient appropriate audit evidences (SAAE) in respect of existence and valuation of fixed assets and inventories lying at these factories.
- 2) Since manufacturing activity in the company has been suspended in all its manufacturing units (except generation of power in wind mills). There are indication which suggest impairment in the value of Plant & Machinery and other Fixed Assets of the company which has not been done.
- 3) Borrowings from banks and financial institutions have been classified as nonperforming assets by the lenders. No balance confirmation of the outstanding loan could be obtained nor any bank statement has been provided by them. In absence of the same, we are unable to confirm the accuracy of the balances appearing in the books of account. As the borrowings have been considered as NPA, no interest has been charged by the banks since then. The company has not provided interest on these borrowings from 1st July 2014 to 31.03.2016 which amounts to Rs. 998.80 Crores (previous period Rs. 395.84 from 1st July, 2014 to 31st March, 2015).
- 4) The net worth of the company has been fully eroded and therefore the company filed an application before the Ld. BIFR which is still pending. The Company's ability to continue the business as going concern is significantly dependent upon the viability of the restructuring plan to be approved by the Ld. BIFR.
- 5) As explained to us although necessary Security / Watch & Ward arrangements have been made for safety of the plant by the company, its lenders or ARC at its various manufacturing units yet precautionary safety action against risk of fire, burglary or natural calamity needs to be taken.



Qualified Opinion:-

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the basis for qualified opinion paragraph, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principle generally accepted in India of the state of affairs of the company as at 31st March 2016, and its Loss and its Cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by 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 paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
 - a) We have sought and obtained and *except for the matters described in the basis for Qualified Opinion paragraph*, all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) *Except for the possible effects of the matter described in the basis for Qualified Opinion Paragraph* above, 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 possible effects of the matter described in the basis for Qualified Opinion Paragraph, in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - e) The matter described in the basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
 - f) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of Section 164(2) of the Act.
 - g) The Qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the basis for qualified opinion paragraph above.
 - h) With respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rule 2014, in our opinion and to the best of our information and according to the explanations given to us:

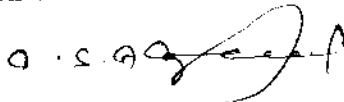


- i) A number of litigations have been filed by some of the lender banks and creditors of the company against which primary liabilities stands provided in the books except for other claims and interest thereon. Apart from these various statutory / non-statutory liabilities as stated in Note no 33 of financial statement have not been provided for although the financial impact thereon have been disclosed..
- ii) The Company is carrying on infrastructure work at Rajasthan wherein substantial delay has happened for various reasons in execution of the contract. This leads to cancellation of contract and losses so incurred will be ascertained at the relevant time. Total outstanding work contract is not ascertainable at present in view of contracts being cancelled for non completion but against all the pending contracts bank guarantee have been provided of Rs. 1.37 crore.

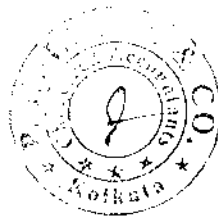
There are no outstanding derivative contracts in the Company.

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

For P. K. Lilha & Co.
Chartered Accountants
FRN: 307008E



C.A. C.S. Agrawal
~Partner
Membership No. : 059534
Place: Kolkata
Date:03.05.2016



"ANNEXURE A" - TO THE INDEPENDENT AUDITOR'S REPORT

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31st March 2016,

We report that:

- i) In respect of its Fixed Assets:
 - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) It has been confirmed by the Management that all the Title Deeds in respect immovable properties of both lease hold / free hold land are in the name of the company.
 - c) As explained to us due to suspension of work in all its manufacturing units, some of which are in symbolic / physical possession of banks / Asset Reconstruction Company (ARC). As such it has not been possible for the company to have physical verification done and as such discrepancy if any could not be ascertained.
- ii) In respect of its Inventories:
 - a) As explained to us the Inventories could not be physically verified by the management due to suspension of its manufacturing units, some of which are in symbolic / physical possession of banks / Asset Reconstruction Company (ARC). The Stock has been taken on the basis of previous year at the same estimated realizable value as the status of material could not be verified.
 - b) The Company has been maintaining proper records of its inventories at the respective works but in absence of physical verifications of inventories, actual comparison with book records have not been possible.
- iii) As informed to us , the Company during the year has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnership or other parties covered in register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of sub clause (iii) (b) & (c) of the Companies (Auditors Report) order, 2013 (as amended) are not applicable.
- iv) In respect of loans, investments, guarantees and security, provisions of section 185 and 186 of the Companies Act 2013 have been complied with. However, the company during the year, has not given loan or provided guarantee or security to any person or other body corporate and not made any investment.



v) According to the information and explanation given to us, the Company has not accepted any deposit from the public; therefore the provisions of clause (v) of the order are not applicable to the company.

vi) We have broadly reviewed the Books of Accounts maintained by the company in respect of generation of electricity where pursuant to the rules made by the Central Government of India, the maintenance of Cost Records have been prescribed U/s 148(1) of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

vii) In respect of Statutory Dues:-

a) According to the information and explanations given to us and on the basis of records of the Company, amount deducted / accrued in the books of accounts in respect of undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other material statutory dues have been regularly deposited with appropriate authorities during the year except the delays as below:

Statement of arrears of Statutory Dues outstanding for more than six months from the date they become payable up to 31.03.2016:

Sl. No.	Name of Statute	Amount (Rs in lacs)
i)	Excise Duty Demand for F.Y. 2010-11	307.50
ii)	ESI Contribution	6.54
iii)	Professional Tax	1.41
	Total	315.45

b) The disputed statutory dues that have not been deposited {Net of Amount Paid Under Protest} on account of disputed matter pending before appropriate authorities are as under:

Sl. No.	Name of Statute	Nature of Dues	Amount (Rs. in Lacs)	Period to which amount relates	Forum where dispute is pending
1	West Bengal Sales Tax Act, 1994	Sales Tax	59.41	Various Years from 1994-95 to 1999-00	Appellate & Revisional Board
2	West Bengal Sales Tax Act, 1994	Sales Tax	3,576.58	2004-05	Appellate & Revisional Board
3	West Bengal VAT Tax Act, 2003	VAT	4,015.57	2005-06	Appellate & Revisional Board
4	West Bengal VAT Tax Act, 2003	VAT	16.24	2006-07	Appellate & Revisional Board
5	West Bengal VAT Tax Act, 2003	VAT	701.99	2007-08	Appellate & Revisional Board



6	West Bengal VAT Tax Act, 2003	VAT	696.60	2008-09	Appellate & Revisional Board
7	West Bengal VAT Tax Act, 2003	VAT	1,433.79	2009-10	Appellate & Revisional Board
8	West Bengal VAT Tax Act, 2003	VAT	2,613.51	2010-11	Appellate & Revisional Board
9	West Bengal VAT Tax Act, 2003	VAT	1,550.63	2011-12	Appellate Forum CD-01
10	Central Sales Tax Act, 1956	Sales Tax	51.68	Various Years from 1994-95 to 1999-00	Appellate & Revisional Board
11	Central Sales Tax Act, 1956	Sales Tax	200.63	Various Years from 2000-01 to 2003-04	Kolkata High Court
12	Central Sales Tax Act, 1956	Sales Tax	306.17	2004-05 & 2005-06	Appellate & Revisional Board
13	Central Sales Tax Act, 1956	Sales Tax	1,033.76	2006-07 & 2007-08	Appellate & Revisional Board
14	Central Sales Tax Act, 1956	Sales Tax	865.41	2008-09	Appellate & Revisional Board
15	Central Sales Tax Act, 1956	Sales Tax	71.23	2009-10	Appellate & Revisional Board
16	Central Sales Tax Act, 1956	Sales Tax	172.03	2010-11	Appellate & Revisional Board
17	Central Sales Tax Act, 1956	Sales Tax	5.63	2011-12	Appellate Forum CD-01
18	Employee State Insurance	ESI	26.03	Various Years from 2002-03 to 2006-07	EI Court
19	Employee State Insurance	ESI	6.54	2001-02 and 2002-03	EI Court
20	Provident Fund Act	PF	19.90	Various Years from 2009-10 to 2013-14	Assistant / Regional P. F. Commissioner
21	Service Tax Act	Service Tax	4422.54	Various Years from 2007-08 to 2011-12	Service Tax Commissionerate (Kol) (CBEC)
22	Commissioner of Central Excise	Excise Duty	467.85	2008-09	The Customs, Excise and Service Tax Appellate Tribunal
23	Commissioner of Central Excise	Excise Duty	15.00	2009-10	The Customs, Excise and Service Tax Appellate Tribunal
24	Commissioner of Central Excise	Excise Duty	454.28	2010-11	The Customs, Excise and Service Tax Appellate Tribunal
25	Commissioner of Central Excise	Excise Duty	620.43	2011-12	The Customs, Excise and Service Tax Appellate Tribunal



26	Income Tax Act, 1961	Income Tax	417.67	AY. 2007-08	CIT (A)
27	Income Tax Act, 1961	Income Tax	1141.81	A.Y. 2008-09	CIT (A)
28	Income Tax Act, 1961	Income Tax	674.30	A.Y. 2010-11	CIT (A)
29	Wealth Tax Act, 1957	Wealth Tax	1.66	A.Y. 2010-11	CIT (A)

- viii) The company has defaulted in repayment of loans or borrowing to the financial institutions and bank in respect of secured / unsecured loans for last few years. However since such loan have been classified as NPA, no account statement or balance confirmation could be made available to us. The company has therefore provided interest of Rs. 1,332.06 Crore till June'2014 and not provided of Rs. 998.80 Crore thereafter being interest at such rate / rates including penal interest if any. Interest has been computed on basis of last sanctioned letters. Hence amount due may vary with Banks / Financial Institutions and Financial Statements. Quantum of such interest has been reported under the head current liabilities in the financial statement. The applicable details as at 31.03.2016 are as under, exclusive of such interest.

a) To Banks:

Sl. No.	Names of the Banks	Principal O/S Amount (Rs. in Crore)
1	Allahabad Bank	94.34
2	Axis Bank	147.99
3	Bank of India	58.84
4	Canara Bank	87.07
5	Central Bank of India	11.70
6	Development Credit Bank	14.76
7	Federal Bank	67.75
8	ICICI Bank	36.16
9	IDBI Ltd.	240.78
10	Indian Overseas Bank	75.64
11	ING Vysya Bank	19.43
12	IREDA	4.68
13	Oriental Bank of Commerce	115.17
14	Punjab National Bank	411.91
15	SIDBI	14.99
16	State Bank of India	64.63
17	The Karur Vysya Bank	64.60
18	UCO Bank	79.02
19	United Bank of India	184.34
20	Vijaya Bank	44.97
TOTAL		1838.78



b) To Financial Institutions:

Sl. No.	Names of the Financial Institutions	Principal O/S Amount (Rs. in Crore)
1	Bibby Financial Services (I) Pvt. Ltd.	7.53
2	Edelweiss Finance & Investments Ltd.	1.95
3	SBI Global Factors Ltd.	34.18
4	IFCI Ltd.	22.13
5	IFCI Factors Ltd.	10.60
6	TATA Capital Ltd.	20.09
7	LIC Mutual Fund	40.00
8	SREI Equipment Finance Pvt. Ltd.	5.18
9	WBIDCL	14.22
TOTAL		155.89

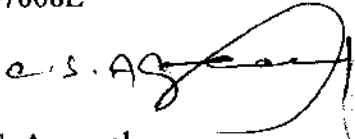
Some of the lender banks have already assigned part/full of their debts together with the underline securities, right title and interest thereon to some of the Assets Re-construction Companies. But no impact has been given in the financial statements in absence of any documentation to this effect.

- ix) During the year no money raised by way of Initial Public Offer (IPO) or Further Public Offer (FPO) (including debt instruments) and term loans, hence, other details are not applicable.
- x) Based upon the audit procedures performed and information and explanation given by the management, we report that no material fraud on or by the company has been noticed or reported during the course of our audit.
- xi) During the year no managerial remuneration has been paid or provided, hence other details are not applicable.
- xii) Provisions of Nidhi Company is not applicable.
- xiii) As per information and explanations given to us no related party transactions have been made as contemplated within the meaning of Section 188 of Companies Act, 2013. However, the disclosures as required under Accounting Standards 18 have been made in the financial statements.
- xiv) The company has not made any preferential allotment or private placement of shares or any convertible debentures during the year under review as such other details are not applicable.



- xv) As per information and explanations given to us, the company has not entered into any non cash transactions with the Directors or persons connected with him. Hence, provisions of Section 192 of Companies Act, 2013 is not applicable.
- xvi) As explained to us the company is not required to get registration u/s 45-1A of the Reserve Bank of India Act, 1934.

For P. K. Lilha & Co.
Chartered Accountants
FRN: 307008E


CA. C. S. Agrawal
~Partner
Membership No.: 059534



Place : Kolkata
Date : 03.05.2016

"ANNEXURE B" - TO THE INDEPENDENT AUDITOR'S REPORT

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

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

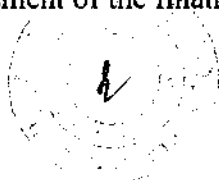
Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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



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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

A company's internal financial control over financial reporting includes those policies and procedures that:

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

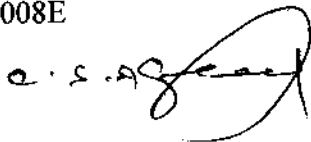
Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal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



Opinion

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

For P. K. Lilha & Co.
Chartered Accountants
FRN: 307008E



CA. C S Agrawal
~Partner
Mem. No. : 059534

Place : Kolkata
Date : 03.05.2016