# THE PERIA KARAMALAI TEA & PRODUCE CO LTD.

CIN: L01132WB1913PLC220832

26.05.2017

**National Stock Exchange of India Ltd.,**
**Exchange Plaza, C-1, Block G,**
**Bandra Kurla Complex,**
**Bandra (E)**
**Mumbai – 400 051**

**COMPANY CODE NO. PKTEA**

**Sub: Outcome of Board Meeting held on 26th May, 2017 and Disclosure under Regulation 30 and 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

Dear Sir,

Pursuant to Regulation 30 and 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, enclosed find herewith the following:

a) Standalone Audited Financial Results of the Company for the Quarter and Year ended 31st March, 2017 along with the Auditors Report thereon.

b) The Board of Directors of the Company has recommended a dividend of Re. 1.00/- (i.e. 10%) per equity share of Rs.10/- each, subject to the approval of the shareholders in the ensuing Annual General Meeting.

c) Declaration towards Auditor's Report with unmodified opinion(s) in respect of Standalone Financial Results for the Financial Year 2016-17 pursuant to SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2016 along with Circular No. CIR/CF/CMD/56/2016 dated May 27, 2016.

Kindly take the same on record.

Thanking You,

Yours Faithfully,
**For The Peria Karamalai Tea & Produce Company Limited**

**R V Sridharan**
**Company Secretary**

**Encl: As Above**

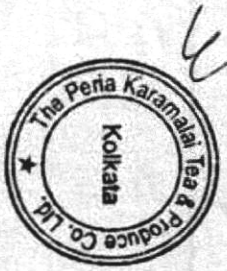
THE PERIA KARAMALAI TEA & PRODUCE COMPANY LIMITED
7, Munshi Premchand Sarani, Hastings, Kolkata - 700 022
Phone: 91-33-22233394
Email: compliance@lnbgroup.com Website: www.periatea.in
CIN:L01132WB1913PLC880232

**STATEMENT OF STANDALONE AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31ST MARCH 2017**

**PART I**

Rs.Lakhs

| S.No. | Particulars | Quarter Ended | | | Year Ended | |
|---|---|---|---|---|---|---|
| | | 31.03.17 | 31.12.16 | 31.03.16 | 31.03.17 | 31.03.16 |
| | | Unaudited | Unaudited | Unaudited | Audited | Audited |
| 1 | Income from operations | | | | | |
| | a) Net Sales / Income from operations | 1,294.34 | 973.44 | 1,277.77 | 4,370.82 | 3,846.05 |
| | b) Other operating income | 59.21 | 30.43 | 45.29 | 177.00 | 119.22 |
| | Total Income from operations (net) | 1,353.55 | 1,003.87 | 1,323.06 | 4,547.82 | 3,965.27 |
| 2 | Other Income | 19.75 | 5.97 | 36.50 | 43.65 | 89.80 |
| 3 | Total Income (1 + 2) | 1,373.30 | 1,009.84 | 1,359.56 | 4,591.47 | 4,055.07 |
| 4 | Expenses | | | | | |
| | a) Cost of materials consumed | 93.84 | 106.01 | 74.86 | 399.73 | 358.44 |
| | b) Purchase of Stock in trade | - | - | - | - | - |
| | c) Changes in inventories of finished goods, work in progress and stock in trade +/(-) | 230.51 | -82.83 | 148.56 | 157.84 | 188.69 |
| | d) Employee benefit expense | 620.79 | 591.53 | 519.97 | 2,326.08 | 2,149.22 |
| | e) Depreciation and amortisation expenses | 34.79 | 70.00 | 124.74 | 224.79 | 237.24 |
| | f) Finance cost | 13.85 | 16.08 | 29.23 | 70.14 | 117.57 |
| | g) Other expenses | 294.37 | 267.37 | 317.20 | 1,176.44 | 1,235.77 |
| | Total Expenses | 1,288.15 | 968.16 | 1,214.56 | 4,355.02 | 4,286.93 |
| 5 | Profit/(Loss) from ordinary activities before exceptional items (3 - 4) | 85.15 | 41.68 | 145.00 | 236.45 | -231.86 |
| 6 | Exceptional Items | -2.80 | | | -2.80 | 11.67 |
| 7 | Profit/(Loss) from ordinary activities before Tax (5 + 6) | 82.35 | 41.68 | 145.00 | 233.65 | -220.19 |
| 8 | Tax Expense | 43.73 | 5.00 | -26.27 | 74.73 | -1.27 |
| 9 | Net Profit / (Loss) from ordinary activities after tax (7 - 8) | 38.62 | 36.68 | 171.27 | 158.92 | -218.92 |
| 10 | Share of Profit/(Loss) of Associates | - | - | - | - | - |
| 11 | Minority Interest | - | - | - | - | - |
| 12 | Net Profit / (Loss) after tax, Minority Interest, Share in Profit/(Loss) of Associates | 38.62 | 36.68 | 171.27 | 158.92 | -218.92 |
| 13 | Paid up Equity Share Capital (face value of the share Rs.10/-each) | 309.59 | 309.59 | 309.59 | 309.59 | 309.59 |
| 14 | Reserves (excluding revaluation reserve) | | | | 9,493.86 | 9,334.95 |
| 15 | Earnings per share (Earnong per share of Rs.10 each) | | | | | |
| | a) Basic | 1.25 | 1.18 | 5.53 | 5.13 | -7.07 |
| | b) Diluted | 1.25 | 1.18 | 5.53 | 5.13 | -7.07 |



PART II

| A | PARTICULARS OF SHAREHOLDING | 31.03.17 | 31.12.16 | 31.03.16 | 31.03.17 | 31.03.16 |
|---|---|---|---|---|---|---|
| 1 | Public Shareholding | | | | | |
| | Number of Shares | 1599489 | 1599489 | 1599489 | 1599489 | 1599489 |
| | Percentage of Shareholding | 51.66% | 51.66% | 51.66% | 51.66% | 51.66% |
| 2 | Promoters and Promoter Group Shareholding | | | | | |
| | a) Pledged / Encumbered | | | | | |
| | Number of Shares | Nil | Nil | Nil | Nil | Nil |
| | Percentage of Shares (as a % of the total Shareholding of promoter and promoter group) | Nil | Nil | Nil | Nil | Nil |
| | Percentage of Shares (as a % of the total Share Capital of the Company) | Nil | Nil | Nil | Nil | Nil |
| | b) Non -encumbered | | | | | |
| | Number of Shares | 1496390 | 1496390 | 1496390 | 1496390 | 1496390 |
| | Percentage of Shares (as a % of the total Shareholding of promoter and promoter | 100% | 100% | 100% | 100% | 100% |
| | Percentage of Shares (as a % of the total Share Capital of the Company) | 48.34% | 48.34% | 48.34% | 48.34% | 48.34% |

| B | INVESTOR COMPLAINTS | 31.03.17 |
|---|---|---|
| | Pending at the beginning of the quarter | Nil |
| | Received during the quarter | Nil |
| | Disposed of during the quarter | Nil |
| | Remaining unresolved at the end of the quarter | Nil |

The Perla Karamalai Tea & Produce Co. Ltd. Kolkata

**Statement of Assets and Liabilities**

Rs.Lakhs

| Particulars | As at 31.03.17 | As at 31.03.16 |
|---|---|---|
| | Audited | Audited |
| **A. EQUITY AND LIABILITIES** | | |
| 1. Shareholders Fund | | |
| a. Share Capital | 309.59 | 309.59 |
| b. Reserve & Surplus | 9,493.86 | 9,334.95 |
| **Sub-total - Shareholder's funds** | **9,803.45** | **9,644.54** |
| 2.Share Application pending allotment | | |
| 3. Non-Current Liabilities | | |
| a) Long Term borrowings | 174.49 | 12.93 |
| b)Deferred tax liabilities (net) | 37.29 | 45.67 |
| c) Other Long Term Liabilities | 0.00 | 0.00 |
| c) Long Term provisions | 4.25 | 4.25 |
| **Total Non -Current Liabilities** | **216.03** | **62.85** |
| 4. Current Libilities | | |
| a) Short Term borrowings | 503.28 | 1,340.56 |
| b) Trade payables | 527.23 | 498.98 |
| c) Other current liabilities | 90.14 | 66.57 |
| d) Short term provisions | 14.42 | 27.94 |
| **Total Current Liabilities** | **1,135.07** | **1,934.05** |
| **TOTAL EQUITY AND LIABILITIES** | **11,154.55** | **11,641.44** |
| **B.ASSETS** | | |
| 1. Non Current Assets | | |
| a) Fixed Assets | | |
| i) Tangible Assets | 1,871.72 | 1,740.44 |
| ii) Intangible Assets | 0.21 | 0.47 |
| iii) Capital Work in Progress | 187.28 | 2.80 |
| b) Non Current Investments | 6,009.45 | 6,192.71 |
| c) Long Term loans and advances | 290.17 | 190.18 |
| **Total Non-Current Assets** | **8,358.83** | **8,126.60** |
| 2. Current Assets | | |
| a) Current Investments | 24.48 | 408.18 |
| b) Inventories | 350.72 | 566.55 |
| c) Trade receivables | 321.44 | 237.89 |
| d) Cash and cash equivalents | 137.58 | 918.24 |
| e) Short term loans and advances | 1,915.62 | 1,297.94 |
| f) Other Current Assets | 45.88 | 86.04 |
| **Total Current Assets** | **2,795.72** | **3,514.84** |
| **TOTAL ASSETS** | **11,154.55** | **11,641.44** |

The Peria Karamalai Tea & Produce Co. Ltd. Kolkata

**Segment wise Revenue, Results and Capital Employed**

| Particulars | Quarter ended | | | Year ended | |
|---|---|---|---|---|---|
| | 31.03.17 | 31.12.16 | 31.03.16 | 31.03.17 | 31.03.16 |
| | Unaudited | | | Audited | |
| **A. Segment Revenue** | | | | | |
| Tea | 1,391.02 | 946.21 | 1,277.77 | 4,370.82 | 3,846.05 |
| Investment | 52.23 | 27.23 | 35.47 | 150.25 | 109.40 |
| Power | 47.67 | 54.50 | 48.29 | 196.55 | 128.13 |
| Total | 1,490.92 | 1,027.94 | 1,361.53 | 4,717.62 | 4,083.58 |
| Less Inter Segment Revenue | 45.90 | 51.30 | 38.47 | 176.35 | 118.31 |
| **Net Sales/ Income from Operations** | **1,445.02** | **976.64** | **1,323.06** | **4,541.27** | **3,965.27** |
| **B. Segment Results** | | | | | |
| Profit (Loss) before tax: | | | | | |
| Tea | 17.93 | -15.88 | 58.76 | -3.08 | -382.74 |
| Investment | 45.73 | 20.73 | 29.50 | 124.25 | 85.52 |
| Power | 6.24 | 46.94 | 39.65 | 132.42 | 104.80 |
| Total | 69.90 | 51.79 | 127.91 | 253.59 | -192.42 |
| Less Interest | 13.85 | 16.08 | 29.23 | 70.14 | 117.57 |
| | 56.05 | 35.71 | 98.68 | 183.45 | -309.99 |
| Add other Income | 26.30 | 5.97 | 46.32 | 50.20 | 89.80 |
| **Total Profit (Loss) before tax** | **82.35** | **41.68** | **145.00** | **233.65** | **-220.19** |
| **C. Segment Assets** | | | | | |
| Tea | 3,856.88 | 4,058.51 | 4,537.63 | 3,856.88 | 4,537.63 |
| Investment | 7,089.80 | 6,999.30 | 6,996.93 | 7,089.80 | 6,996.93 |
| Power | 207.87 | 166.29 | 106.88 | 207.87 | 106.88 |
| Unallocable | | | | | |
| **Total** | 11,154.55 | 11,224.10 | 11,641.44 | 11,154.55 | 11,641.44 |
| **C.Segment Liabilities** | | | | | |
| Tea | 1,351.10 | 1,459.26 | 1,996.90 | 1,351.10 | 1,996.90 |
| Investment | - | - | - | - | - |
| Power | - | - | - | - | - |
| Unallocable | 9,803.45 | 9,764.84 | 9,644.53 | 9,803.45 | 9,644.54 |
| **Total** | 11,154.55 | 11,224.10 | 11,641.43 | 11,154.55 | 11,641.44 |

**Note:**

1. The above financial results reviewed by the Audit Committee were approved by the Board of Directors at its meeting held on 26th May 2017.
2. Since no manufacturing activity has taken place during the quarter in respect of wholly owned subsidiary companies only stand alone results have been considered for publication.
3. The Board has recommended a dividend of Rs./- 1.00 per share (last year Rs.0.75 per share) for the year ended 31st March 2017 subject to the approval of the members in the Annual General Meeting.
4. The figures for the 3 months ended 31st March 2017 and corresponding 3 months ended 31st March 2016 are the balancing figures between the audited figures in respect of full financial year and year to date figures upto the third quarter of the respective financial year.
5. Previous period figures have been regrouped / reclassified wherever necessary.

for THE PERIA KARAMALAI TEA & PRODUCE CO.LTD

(L.N.BANGUR)
Chairman
DIN:00012617

Kolkata
26.05.17

# THE PERIA KARAMALAI TEA & PRODUCE CO LTD.

CIN: L01132WB1913PLC220832

**Declaration regarding the Annual Auditor's Report with unmodified opinion(s) pursuant to Regulation 33(3)(d) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

Pursuant to the Regulation 33(3)(d) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2016 alongwith Circular No. CIR/CF/CMD/56/2016 dated May 27, 2016, the Company hereby declares that the Auditor has furnished its Report with unmodified opinion(s) in respect of both the Standalone Financial Results for the Financial Year 2016-17.

**For The Peria Karamalai Tea & Produce Company Limited**

**Place: Kolkata**
**Date: 26.05.2017**

**Lakshmi Niwas Bangur**
**Chairman**
**DIN: 00012617**

## Independent Auditor's Report

### To the Members of The Peria Karamalai Tea & Produce Co Limited

### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of The Peria Karamalai Tea & Produce Company Limited ('the Company'), which comprise the Balance Sheet as at 31st March 2017, the Statement of Profit and Loss ,the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.
We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India,

a) In the case of the Balance Sheet, the state of affairs of the Company as at 31st March 2017
b) In the case of the Statement of Profit and Loss, of the profit 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.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("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, a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

(c) The Balance sheet, the statement of Profit and loss and the Cash flow statement dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

(e) On the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and

(g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. the Company does not have any pending litigations which would impact its financial position ;

ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

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

iv. the company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of accounts maintained by the Company;

For **S. KRISHNAMOORTHY & Co.**
Chartered Accountants
Registration No.001496S

**K.N. SREEDHARAN**
Partner, Auditor
Membership No.012026

For **SRIKISHEN & CO.**
Chartered Accountants
Registration No.004009S

**K.MURALI MOHAN**
Proprietor, Auditors
Membership No.014328

***Coimbatore***
***26.05.2017***

**Annexure - A referred to in paragraph 1 of Report on Other Legal and Regulatory Requirements**

According to the information and explanations sought by us and given by the Company and the books and records examined by us during the course of our Audit and to the best of our knowledge and belief we report the following:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets

(b) The fixed assets of the company have been physically verified in a phased periodical manner, by the management, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) The title deeds of all the immovable properties of the company shown under the Fixed Assets schedule are held in the name of the company.

(ii) The physical verification of inventory has been conducted by the management at reasonable intervals. The Company has maintained proper record of inventory and no material discrepancies were noticed on the physical verification of inventories as compared to the book records.

The Company has not granted any loans, secured or unsecured to , firms limited liability partnerships or other parties covered in the register maintained under section 189.The Company has granted unsecured loan to two Companies covered in the Register maintained under section 189 of the Act.

In respect of the above loan given, in our opinion,

A) The terms and conditions of the grant of such loans are not prejudicial to the company's interest.

B) No schedule of repayment of principal and payment of interest has been stipulated.

C) No amount is overdue warranting taking steps for recovery of principal and interest.

(iii) The Company has not advanced any loans to its directors or any other person in whom the directors are interested or given any guarantee or provided any security in connection with any loan taken by the directors or such other person as contemplated under section 185 of the Act.

The investment made in the capital of the subsidiary companies is within the overall limit prescribed under section186 of the Act.

(iv) The Company has not accepted any deposits and therefore paragraph 3(v) of the CARO is not applicable to the Company.

(v) The Central Government has prescribed the maintenance of cost records under section 148(1) of the Act, in respect of manufacture of tea as well as generation and transmission of electricity by the company. We have broadly reviewed the accounts and records of the company in this connection and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however carried out a detailed examination of the same.

(vi) (a) The Company is regular in depositing undisputed statutory dues including provident fund, employee's 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 during the year by the Company with the appropriate authorities.

There are, no undisputed arrears of statutory dues which were outstanding as at 31 March 2017 for a period of more than six months from the date they became payable

(b) According to the information and explanations given to us, there are no disputed statutory dues which have not been deposited by the Company .

(vii) The Company has not borrowed from any financial institution and has not issued any debentures till date. The Company has not defaulted in repayment of loans and borrowings to banks.

(viii) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) or term loans during the year.

(ix) No fraud by the Company or fraud on the Company by its officers or employees has been noticed or reported during the year.

(x) In our opinion the managerial remuneration has been paid in accordance with the requisite approval mandated by the provisions of section 197, read with schedule V of the Act.

(xii) The Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) In our opinion the transactions with the related parties are in compliance with sections 177 and 188 of the Act and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) The Company has not made preferential allotment or private placement of shares or issued any debentures during the year.

(xv) The Company has not entered into non-cash transactions with directors or persons connected with him.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For **S. KRISHNAMOORTHY & Co.**
Chartered Accountants
Registration No.001496S

**K.N. SREEDHARAN**
Partner, Auditor
Membership No.012026

For **SRIKISHEN & CO.**
Chartered Accountants
Registration No.004009S

**K.MURALI MOHAN**
Proprietor, Auditors
Membership No.014328

***Coimbatore***
***26.05.2017***

**Annexure - B to the Auditors' Report**

**Report on the Internal Financial Controls 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 Rajshree Sugars & Chemicals Limited ("the Company") as of 31 March 2017 in conjunction with our audit of the standalone 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.

**Auditors' 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") and the Standards on auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India

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, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, 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.

For **S. KRISHNAMOORTHY & Co.**
Chartered Accountants
Registration No.001496S

**K.N. SREEDHARAN**
Partner, Auditor
Membership No.012026

For **SRIKISHEN & CO.**
Chartered Accountants
Registration No.004009S

**K.MURALI MOHAN**
Proprietor, Auditors
Membership No.014328

***Coimbatore***
***26.05.2017***