

**INDEPENDENT AUDITORS' REPORT**

**(Pursuant to the Clause 41 of the Listing Agreement)**

To,  
The Board of Directors of  
Supreme Tex Mart Limited

1. We have audited the quarterly financial results of Supreme Tex Mart Limited ("the Company"), for the quarter ended 31<sup>st</sup> March 31, 2015 and the year to date financial results for the period from April 1, 2014 to March 31<sup>st</sup> March 2015, attached herewith, being submitted by the Company pursuant to the requirement of Clause 41 of the Listing Agreement, except for the disclosure regarding 'public shareholding' and 'Promoter and Promoter Group Shareholding', which have been traced from disclosures made by the Management and have not been audited by us. These quarterly financial results as well as the year to date financial results have been prepared on the basis of the interim financial statements, which are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial results based on our audit of such interim financial statements, which have been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard (AS) 25, Interim Financial Reporting, specified under Section 133 of Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and other accounting principles generally accepted in India.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.



### 3. Emphasis on Matter

- a) The Company has incurred a net loss of Rs.20834.44 lacs during the year ended 31st March, 2015, which exceeds the net worth of the company, and as of that date, the company's current liabilities exceeded its current assets by Rs.3445.82 lacs and its total liabilities exceeded its total assets by Rs.769.69 lacs. The lead bank (SBI) and member banks i.e. Central Bank of India and UCO Bank have not restructured their total debts upto 31st March 2015. These events cast significant doubt on the Company's ability to continue as a going concern. The appropriateness of the going concern assumption is dependent on the company's ability to establish consistent profitable operations and generate positive cash flows as well as raising adequate finance to meet its short term and long term obligations.
- b) The management of the company has represented to us that they have devalued its inventory to the tune of Rs.5308.66 lacs as an exceptional item. The quantity and Valuation of Inventory has been verified by an independent Stock Auditor. Accordingly we are relying on his report and management's representation regarding stock valuation.

### 4. Basis for Qualified Opinion

We report that

- i. *The company has not arranged to make available the confirmations and/or reconciliations to verify the balances stated in the financial statements in respect of:*
- a. *Trade Receivables Rs.7409.47 lacs( Net of provision)*
  - b. *Loans and Advances: Rs.4214.23 lacs*
  - c. *Trade payables: Rs.6962.64 lacs,*

*We have also not been able to perform any alternative procedures with regard to verification of the aforesaid balances and thereby have been unable to obtain sufficient appropriate audit evidence regarding the aforesaid accounts .We are unable to comment upon the difference, if any, which may arise upon the receipt of confirmations and/or the carrying out of such reconciliation.*

- ii. *The management of the company has represented to us that the recoverable amount of assets within the meaning of Accounting Standard 28 "Impairment of Assets" is more than their carrying value and as such no amount needs to be recognized in the financial statements for impairment loss. In the absence of the workings of impairment having been prepared and made available to us for our review, we are unable to comment on whether the company needs to make a provision in respect of impairment loss on such assets and the amount of such provision.*
- iii. *The Company has not provided for the Interest on borrowings amounting to Rs. 1241.78 lacs and penal interest of Rs.21.08lacs pertaining to year ended on 31st March, 2015.*
- iv. *The earning (loss) per share for the year ended March 31, 2015 would have been Rs.(30.99) against reported earning (loss) per share of Rs.(30.54).*
- v. *Provision for Gratuity is made on an estimated basis, without Actuarial valuation, which is not in accordance with Accounting Standard -15 on Employee Benefits.*



5. In our opinion and to the best of our information and according to the explanations given to us *subject to our comments in paragraph 4 above*, these quarterly financial results as well as the year to date financial results:
- (i) are presented in accordance with requirement of clause 41 of the Listing Agreement in this regard; and
  - (ii) give a true and fair view of the net loss and other financial information for the quarter ended March 31, 2015 as well as the year to date results for the period from April 1, 2014 to March 31, 2015

Further we also report that on the basis of books of account and other records and information and explanations given to us by the management, also verified the number of shares as well as percentage of shareholdings in respect of aggregate amount of public shareholding, as furnished by the Company in terms of clause 35 of the listing agreement and found the same to be correct.

For Ashish Agarwal & Co.  
Chartered Accountants

FRN: 010788N



*Ashish Agarwal*  
Ashish Agarwal  
Partner  
M.No. 89579

Ludhiana  
May 30, 2015