बालमर लॉरी एण्ड कं. लिमिटेड
(भारत सरकार का एक उद्यम)
Balmer Lawrie & Co. Ltd.
(A Government of India Enterprise)
SINCE 1867

सांचिविक विभाग
21, नेताजी सुभाष रोड, कोलकाता–700 001 (भारत)
फोन : (91) (33) 2222 5329 / 5314 / 5209

SECRETARIAL DEPARTMENT
21, Netaji Subhas Road, Kolkata - 700 001 (INDIA)
Phone : (91) (33) 2222 5329 / 5314 / 5209
E-mail : bhavsar.k@balmerlawrie.com
CIN : L15492WB1924GOI004835

## FORM B (for audit report with modified opinion)

| | | |
|---|---|---|
| 1. | Name of the company | Balmer Lawrie & Co. Ltd. |
| 2. | Annual financial statements for the year ended | 31st March, 2016 |
| 3. | Type of Audit qualification | Qualified/Disclaimer of Opinion/Adverse |
| 4. | Frequency of qualification | Whether appeared first time...../ repetitive..... / since how long period Last year. |
| | Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report: | May give gist of qualifications/headings (Refer page numbers in the annual report) and management's response<br>**Refer Annexure 1** |
| | Additional comments from the board/audit committee chair: | This may relate to nature of the qualification including materiality, agreement/disagreement on the qualification, steps taken to resolve the qualification, etc.<br>**Refer Annexure 1** |
| 5. | To be signed by-<br>• CEO/Managing Director<br>• CFO<br>• Auditor of the company<br>• Audit Committee Chairman | M. Chakrabarti |

**Qualified opinion in IFC**

Internal Financial Control over credit authorization, in the areas where there are cash transaction (SBU- Tours &Travels [T&T]), needs strengthening. While analysing the gaps, it was observed that, preventive control, ensuring independence of cash and accounting function in implant office needs improvement.

***Management Response***

The auditors have given qualified report on the Standalone and Consolidated financial statements regarding internal financial controls in respect of one of the SBU's of the company.

A case of misappropriation of cash through wrong adjustments was noticed by the company in one of the units of Balmer Lawrie & Co Ltd during the course of review of debtors in the month of January, 2016. The company is presently undertaking a thorough reconciliation of the relevant outstanding. Based on preliminary in-house enquiry, an amount of `.34.58 lacs has now been identified as defalcated and the same is provided for in the books. The case has since been handed over to investigating agency and necessary further legal action will be taken thereafter. Action has been initiated to separate the cash and accounting functions of the SBU.

**Qualified opinion in CFS**

We did not audit the financial statements of PT Balmer Lawrie Indonesia (PTBLI), a jointly controlled entity of the wholly owned subsidiary Balmer Lawrie (UK) Ltd. for the year ended 31st March, 2016 as prepared by the management of PTBLI, whose financial statement reflect total assets of Rs1201.64 lac as at 31st March 2016, total revenue of Rs1219.80 lac and net cash inflows amounting to Rs.13.16 lac for the year ended on that date, as considered in the consolidated financial statements. These financial statements are unaudited (refer Note No. 23.7) and have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the said jointly controlled entity (PTBLI), and our report in terms of sub-sections (3) and (11) of Section 143 of the Act in so far as it relates to the said jointly controlled entity (PTBLI), is based solely on such unaudited financial statements

***Management Response***

The auditors of PT Balmer Lawrie Indonesia (PTBLI), Indonesia, a joint venture of our wholly owned subsidiary Balmer Lawrie (UK) Ltd, have released the draft accounts and the final audit report is in the process of review and will be released shortly. The company's proportionate share of Income of INR 1219.80 Lakhs ( 0.37% of the total income) and assets of INR 1201.64 Lakhs (0.59% of the total assets) was considered in the consolidated financial statement of the company based on such draft accounts of PTBLI communicated by the joint venture auditors.

**BALMER LAWRIE & CO. LTD.**

**[A Government of India Enterprise ]**

**Regd. Office : 21, Netaji Subhas Road, Kolkata - 700001**

**CIN : L15492WB1924GOI004835**

**Audited Financial Results (Consolidated) for the year ended 31st March, 2016 of Balmer Lawrie & Co. Ltd. and its Subsidiary and Joint Ventures**

₹. in Crores

| | Particulars | Consolidated Financial Results for Twelve Months ended 31.03.2016 | 31.03.2015 |
|---|---|---|---|
| 1. | **Income from Operations** | | |
| | (a) Net Sales/Income from operations (Net of Excise Duty) | 3179.22 | 3200.76 |
| | (b) Other Operating Income | 49.94 | 57.49 |
| | **Total Income from operations (Net)** | **3229.16** | **3258.25** |
| 2. | **Expenses** | | |
| | (a) Cost of Materials Consumed/Services Rendered | 2385.72 | 2487.91 |
| | (b) Purchase of Stock-in-Trade | 3.60 | 7.69 |
| | (c) Changes in Inventories of Finished Goods, Work-in-Progress and Stock -in-Trade | 14.58 | 2.73 |
| | (d) Employee Benefits Expenses | 265.36 | 238.48 |
| | (e) Depreciation and Amortisation Expenses | 46.60 | 46.21 |
| | (f) Other Expenses | 302.79 | 298.96 |
| | **Total expenses** | **3018.65** | **3081.98** |
| 3. | **Profit/(Loss) from Operations before Other Income, Finance Cost & Exceptional Items (1- 2)** | **210.51** | **176.27** |
| 4. | Other Income | 64.11 | 64.57 |
| 5. | **Profit/(Loss) from ordinary activities before finance cost and exceptional Items (3+4)** | **274.62** | **240.84** |
| 6. | Finance cost | 22.06 | 22.70 |
| 7. | **Profit/(Loss) from ordinary activities after finance cost but before exceptional Items (5 - 6)** | **252.56** | **218.14** |
| 8. | Exceptional Items | - | - |
| 9. | **Profit /Loss from ordinary activities before tax (7- 8)** | **252.56** | **218.14** |
| 10. | Tax Expense | 73.68 | 66.01 |
| 11. | **Net Profit/(Loss) from Ordinary Activities after Tax [9-10]** | **178.88** | **152.13** |
| 12. | Extraordinary Items (net of Tax expense ₹. Nil) | - | - |
| 13. | **Net Profit / Loss for the period (11-12)** | **178.88** | **152.13** |
| 14. | **Paid-up Equity Share Capital (Face Value per share - ₹. 10/-)** | 28.50 | 28.50 |
| 15. | **Reserves excluding Revaluation Reserves as per Balance Sheet of previous accounting year** | **1139.18** | **1014.79** |
| 16 i | **Earnings per Share (before extraordinary items) (of ₹. 10/- each)** | | |
| | (a) Basic | **62.76** | **53.38** |
| | (b) Diluted | **62.76** | **53.38** |
| 16 ii. | **Earnings per Share (after extraordinary items) (of ₹. 10/- each)** | | |
| | (a) Basic | **62.76** | **53.38** |
| | (b) Diluted | **62.76** | **53.38** |
| A | PARTICULARS OF SHAREHOLDING | | |
| 1 | **Public Shareholding (*)** | | |
| | - Number of Shares | **1,08,87,416** | **1,08,87,416** |
| | - Percentage of Shareholding | **38.20%** | **38.20%** |
| 2 | **Promoters and Promoter Group Shareholding ($)** | | |
| | **a) Pledged/Encumbered** | | |
| | - Number of Shares | - | - |
| | - Percentage of Shares (as a % of the total shareholding of Promoter and Promoter Group) | - | - |
| | - Percentage of Shares (as a % of the total share capital of the Company) | - | - |
| | **b) Non-encumbered** | | |
| | - Number of Shares | **1,76,13,225** | **1,76,13,225** |
| | - Percentage of Shares (as a % of the total shareholding of Promoter and Promoter Group) | **100%** | **100%** |
| | - Percentage of Shares (as a % of the total share capital of the Company) | **61.80%** | **61.80%** |

(*) **Excludes 61.8% shares held by Balmer Lawrie Investments Ltd. which is a Government Company.**

($) **In respect of shares held by BLIL.**

**Notes :**

(i) The Consolidated Financial Results include results of the following Companies drawn in accordance with Accounting Standards 21 and 27 issued by the Institute of Chartered Accountants of India.

(ii) The statement of Assets and Liabilities as required under clause 33(f) of Listing Obligations and Disclosure Requirements is as under :

₹. in Crores

| | | Audited As at 31/03/2016 | Audited As at 31/03/2015 |
|---|---|---|---|
| A | **EQUITY AND LIABILITIES** | | |
| 1 | **Shareholder's Funds** | | |
| | ( a ) Share Capital | 28.50 | 28.50 |
| | ( b ) Reserves & Surplus | 1139.18 | 1014.79 |
| | **Sub-Total - Shareholders Fund** | **1167.68** | **1043.29** |
| 2 | **Minority Interest** | - | - |
| 3 | **Non - Current Liabilities** | | |
| | ( a ) Long-Term Borrowings | 64.38 | 89.41 |
| | ( b ) Deferred Tax Liabilities (Net) | - | 0.12 |
| | ( c ) Other Long-Term Liabilities | 43.13 | 43.17 |
| | ( d ) Long - Term Provisions | 12.91 | 12.29 |
| | **Sub - Total - Non - Current Liabilities** | **120.42** | **144.99** |
| 4 | **Current Liabilities** | | |
| | ( a ) Short-Term Borrowings | 66.86 | 86.43 |
| | ( b ) Trade Payables | 294.41 | 303.54 |
| | ( c ) Other Current Liabilities | 263.01 | 203.19 |
| | ( d ) Short - Term Provisions | 117.43 | 120.77 |
| | **Sub - Total - Current Liabilities** | **741.71** | **713.93** |
| | **TOTAL - EQUITY AND LIABILITIES** | **2029.81** | **1902.21** |
| B | **ASSETS** | | |
| 1 | **Non-Current Assets** | | |
| | ( a ) Fixed Asset | 613.08 | 588.76 |
| | ( b ) Non-Current Investments | 0.14 | 0.14 |
| | ( c ) Deferred Tax Assets (Net) | 8.70 | - |
| | ( d ) Long-Term Loans and Advance | 16.54 | 16.66 |
| | ( e ) Other Non-Current Assets | 0.38 | 0.10 |
| | **Sub - Total - Non - Current Assets** | **638.84** | **605.66** |
| 2 | **Current Assets** | | |
| | (a) Inventories | 277.23 | 316.53 |
| | (b) Trade Receivables | 531.62 | 469.03 |
| | (c) Cash and Cash Equivalents | 457.52 | 387.79 |
| | (d) Short-term loans and advances | 92.49 | 95.51 |
| | (e) Other current assets | 32.11 | 27.69 |
| | **Sub - Total - Current assets** | **1390.97** | **1296.55** |
| | **TOTAL - ASSETS** | **2029.81** | **1902.21** |

| **Name of the Company** | **Balmer Lawrie & Co. Ltd.** |
|---|---|
| Balmer Lawrie (UK) Ltd. | 100% |
| Balmer Lawrie (UAE) Llc. | 49% |
| Balmer Lawrie - Van Leer Ltd. | 48% |
| Transafe Services Ltd. | 50% |
| Avi Oil India Private Ltd. | 25% |
| Balmer Lawrie Hind Terminal Pvt. Ltd. | 50% |
| Visakhapatnam Port Logistics Park Limited | 100% |

(iii) The auditors have made a qualification/modified their opinion in the audit report, for which Form B is being attached.

(iv) Figures have been re-grouped / re-arranged wherever necessary.

( S. S. KHUNTIA )
Director (Finance) & CFO
DIN : 07475677

Place : Kolkata
Date : 26th May, 2016

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CHARTERED ACCOUNTANTS

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## INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF BALMER LAWRIE & CO.LIMITED

***Report on the consolidated financial statements***

We have audited the accompanying consolidated financial statements of **Balmer Lawrie & Co. Limited** (hereinafter referred to as "the Holding Company") and its subsidiaries( the holding company and its subsidiaries together as "the Group") and jointly controlled entities, comprising of the Consolidated Balance Sheet as at March 31, 2016, and the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

***Management's Responsibility for the consolidated financial statements***

The Holding Company's Board of Directors is responsible for the matters stated in the Companies Act 2013 ("the Act") with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including jointly controlled entities 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. The respective Board of Directors of the companies included in the Group and of jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and jointly controlled entities 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statement by the Directors of the Holding Company, as aforesaid.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

While conducting the 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

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requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation and fair presentation of the consolidated 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 accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub paragraph (a) of the other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

**Basis for Qualified Opinion**

**In respect of unaudited financial statement of Subsidiary/Jointly Controlled Entities**

We did not audit the financial statements of PT Balmer Lawrie Indonesia (PTBLI), a jointly controlled entity of the wholly owned subsidiary Balmer Lawrie (UK) Ltd. for the year ended 31st March, 2016 as prepared by the management of PTBLI, whose financial statement reflect total assets of Rs1201.64 lac as at 31st March 2016, total revenue of Rs1219.80 lac and net cash inflows amounting to Rs.13.16 lac for the year ended on that date, as considered in the consolidated financial statements. These financial statements are unaudited (refer Note No. 23.7) and have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the said jointly controlled entity (PTBLI), and our report in terms of sub-sections (3) and (11) of Section 143 of the Act in so far as it relates to the said jointly controlled entity (PTBLI), is based solely on such unaudited financial statements.

**Qualified Opinion**

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, the aforesaid consolidated 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:

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(a) in the case of the Balance Sheet, of the consolidated state of affairs of the Group and jointly controlled entities as at March 31, 2016;
(b) in the case of Statement of Profit and Loss, of the Profit of the Group and jointly controlled entities for the year ended on that date; and
(c) in the case of the Cash Flow Statement, of the cash flows of the Group and jointly controlled entities for the year ended on that date.

We draw attention to the following matters in the Notes to the consolidated financial statements:

a) One of the Joint Venture Company M/s Transafe Services Limited, where Company holds 50% stake, accumulated losses has exceeded its net worth by Rs.2572.73 lac as on the Balance sheet date and its application for revival under Sick Industrial Companies (Special Provisions) Act 1985 made to BIFR (Case No. 83/2013) is pending as stated in Note. No. 23.12 These conditions indicate existence of uncertainty that may cast significant doubt about its ability to continue as going concern. However, the financial statements of the Company have been prepared on a going concern basis.

b) Loan provided by Balmer Lawrie & Co. Ltd., Holding Company, to Balmer Lawrie – Van Leer Ltd., a jointly controlled entity, of Rs. 1817.92 lac has been eliminated from intra group transactions and also the full provisions made for doubtful advances by Balmer Lawrie & Co. Ltd. in its books in this respect and this has already been adjusted with General Reserve in earlier years as stated in Note No. 23.15
In view of the above, the basis of qualified opinion in respect of above by the auditor of Balmer Lawrie – Van Leer Ltd., a jointly controlled entity, has not been considered.

c) Note No.23.17:- Trade receivables, loans and advances and deposits of which confirmations are not received from the parties are subject to reconciliation and consequential adjustments on determination/ receipt of such confirmation.

Our opinion is not modified in respect of above matters.

**Emphasis of Matters**

We draw attention to the following Notes to the financial statements, which describe the uncertainty related to the outcome. Our opinion is not qualified in respect of this matter:

a) Note No. 23.11: "A case of misappropriation of cash through wrong adjustments was noticed in one units of the company during the course of review of debtors in the month of January 2016. The company is presently undertaking a thorough reconciliation of the relevant outstanding. Based on preliminary in-house enquiry, an amount of Rs.34.58 Lakhs has now been identified as defalcated and the same is provided for in the books. The case has since been handed over to investigating agency and necessary further legal action will be taken thereafter.

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**Other Matter**

We did not audit the consolidated financial statements of two (2) subsidiaries, and six(6) jointly controlled entities, whose financial statements reflect total assets of Rs. 43591.15 lac as at 31st March 2016 and total revenue of Rs. 51937.18 lac and net cash inflows amounting to Rs. 6.00 lac for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by the other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of above subsidiaries and jointly controlled entities, and our report in terms of sub-sections (3) and (11) of section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and jointly controlled entities, is based solely on the reports of other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the management.

**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 in terms of Section 143(11) of the Act, based on the comments in the auditors' reports of the Holding company and jointly controlled companies incorporated in India, we give in the "Annexure- A", 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 to the extent applicable, 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 purpose of our audit of the aforesaid consolidated financial statements.

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

c) The reports on the account of the jointly controlled entities audited under section 143(8) of the act by other auditors have been submitted to us and have been properly dealt with by us in preparing this report.

d) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

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

f) On the basis of the written representations received from the directors of Holding company as on 31st March, 2016 taken on record by the Board of Directors of the Holding company and the reports of the statutory auditors of its subsidiary company and jointly controlled companies incorporated in India, none of the directors of the Group companies and jointly controlled companies incorporated in India is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

g) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and jointly controlled entities incorporated in India, and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

h) 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 consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group and jointly controlled entities – Refer Note No.23.4 (a) to (c) of the consolidated financial statements;

ii) The Group and jointly controlled entities did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding company and jointly controlled entities incorporated in India.

Dated : 26.05.2016

Place : Kolkata

For **DUTTA SARKAR & CO.**
*Chartered Accountants*

M. Chakrabarti

(Mainak Chakrabarti)
Partner
Membership No. - 063052
Firm Registration No.- 303114E

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**ANNEXURE – 'A' TO AUDITORS' REPORT**

**AS REPORTED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE**

"Our reporting on the Order includes 5 (five) jointly controlled entities in India to which the Order is applicable, which has been audited by other auditors and our report in respect of these entities is based solely on auditors' report, to the extent considered applicable for reporting under the order in the case of consolidated financial statements".

i) In respect of the fixed assets of the Holding Company and jointly controlled entities incorporated in India:

a) The respective entities have generally maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.

(b)The respective entities have regular programmes of physical verification of its fixed assets by which plant and machinery are verified every year and other fixed assets are verified in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the respective entities and nature of its assets. As explained to us, in accordance with its programme fixed assets were verified during the year and no material discrepancies were noticed on such verification.

(c ) According to the information and explanations given to us and on the basis of our examination of the records of the respective entities, title deeds of immovable properties are held in the name of the respective entities except to the extent of the properties and values specified in Note No23.3(b).

ii) The inventories of the Holding company and jointly controlled entities incorporated in India have been physically verified during the year by the management of respective entities except goods in transit. In our opinion, having regard to the nature and location of inventory the frequency of verification is reasonable and no material discrepancies were noticed on such verification.

iii) The Holding company and jointly controlled entities incorporated in India, have not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act 2013. Accordingly clause 3(iii)(a) to 3(iii)(c) of the Order are not applicable.

iv) The Holding company and jointly controlled entities incorporated in India, have not given any loans, guarantees, securities or made Investments which is required to be complied with the provisions of section 185 and 186 of the Companies Act, 2013.

v) The Holding company and jointly controlled entities incorporated in India, have not accepted any deposits, according to the directives issued by the Reserve Bank of

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India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under.

vi) We have broadly reviewed the cost record maintained by the Holding company and jointly controlled entities incorporated in India, pursuant to the Companies (Cost records and Audit) Rules, 2014 read with companies (Cost records and Audit) Amendment Rules, 2014 prescribed by the Central Government under section 148 of the Companies Act, 2013 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 record with a view to determine whether they are accurate or complete. However, the above requirements are not applicable in case of Balmer Lawrie Hind Terminals Pvt. Ltd. and Transafe Services Ltd, jointly controlled entities.

vii) In respect of undisputed statutory dues of the Holding company and jointly controlled entities incorporated in India:

a) The respective entities have generally been regular in depositing 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 statutory dues applicable to the respective entities with appropriate authorities.

b) There were no undisputed amounts payable by the respective entities in respect of Provident Fund, Employees' State Insurance, Income tax, Sales tax, Service tax, Duty of Customs, Duty of Excise and Value Added Tax, Cess and other statutory dues in arrears as at 31st March, 2016 for a period of more than six months from the date they became payable.

c) The particulars of dues of Income Tax, Sales Tax, Service tax, Excise Duty, Value Added Tax and Cess as at 31st March, 2016 aggregating to Rs13821.81lac which have not been deposited on account of dispute, as mentioned in Note No. 23.4(a) to the Accounts showing the amounts involved and the Forum where dispute is pending.

viii) One of the Joint Venture Company M/s Transafe Services Limited has defaulted in repayment of dues to certain Banks amounting to Rs. 2229.34 lac as at the Balance Sheet date as stated in Note No. 23.13. The Holding company and other jointly controlled entities incorporated in India has not defaulted in repayment of dues to any financial institutions or Banks as at the Balance Sheet date and there is no debenture holder.

ix) The Holding company and jointly controlled entities incorporated in India have not raised moneys by way of initial public offer or further public offer (including debt instruments) and term loans during the year under audit. Hence this clause is not applicable.

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x) Attention is drawn to Note No. 23.11 where fraud has been detected on the Holding Company during the year and according to the information and explanation given to us no fraud by the Holding company has been noticed or reported during the year. Also in accordance with the information and explanation given to us, no fraud on or by the jointly controlled entities incorporated in India, has been noticed or reported during the year.

xi) By virtue of Article 7A of the Articles of Association of the Holding company, the President of India is entitled to determine terms and conditions of appointment of the Directors. This inter alia includes determination of remuneration payable to the Whole- Time Directors. Hence this clause is not applicable to Holding Company.

By virtue of Section 197 read with schedule V, are applicable only to Public Companies. Hence, this clause is not applicable to Jointly controlled entities incorporated in India.

xii) The Holding company and jointly controlled entities incorporated in India, is not a Nidhi Company. Hence this clause is not applicable.

xiii) According to the information and explanations provided to us and the records of the Holding Company examined by us, the Holding Company has not been able to comply with the requirements of Section 177 in respect of composition of Audit Committee, since independent directors on the board are yet to be appointed by the Government of India.
According to the information and explanations provided to us, a jointly controlled entity incorporated in India namely, Transafe Services Limited has not complied with the requirements of section 177 as there is no independent director in the Audit Committee.
According to the information and explanations given to us by the management, all transactions of the Holding company and jointly controlled entities incorporated in India with related parties are in compliance with section 188 of Companies Act, 2013 where applicable.
Disclosures have been made in the financial statement in Note No. 23.1 as required by the applicable accounting standard to the extent applicable for consolidated financial statements.

xiv) The Holding Company and jointly controlled entities incorporated in India has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence this clause is not applicable.

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xv) The Holding company and jointly controlled entities incorporated in India has not entered into any non cash transactions with directors or persons connected with him. Hence this clause is not applicable.

xvi) The Holding company and jointly controlled entities incorporated in India is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934. Hence this clause is not applicable.

Dated : 26.05.2016

Place : Kolkata

For **DUTTA SARKAR & CO.**
*Chartered Accountants*

(Mainak Chakrabarti)
Partner
Membership No. - 063052
Firm Registration No.- 303114E

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**"Annexure – B" to the Auditors' Report**

**Report on the Internal Financial Controls under Paragraph (i) of Sub –section 3 of section 143 of the Companies Act, 2013 ("the Act")**

"Our reporting includes 5 (five) jointly controlled entities in India to which the Act is applicable, which has been audited by other auditors and our report in respect of these entities is based solely on other auditors' report, to the extent considered applicable for reporting under the Act in the case of consolidated financial statements".

We have audited the internal financial controls over financial reporting of BALMER LAWRIE & CO. LIMITED ("the Holding Company") as of 31st March 2016 in conjunction with our audit of the financial statement of the Company for the year ended on that date and other auditors have audited the internal financial controls over financial reporting of Jointly Controlled Entities incorporated in India as of 31st March 2016 in conjunction with their audit of the financial statement of the respective jointly controlled entities for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The management of the Holding Company and jointly controlled entities incorporated in India is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company and jointly controlled entities incorporated in India considering the essential component 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 the policies of Holding Company and jointly controlled entities incorporated in India, the safeguarding of their assets, the prevention and detection of fraud 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 Holding Company's and jointly controlled entities' internal financial control 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 applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those

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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 whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting, assessing the risk whether material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedure selected depends on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated 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 Holding Company's and jointly controlled entities' 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 consolidated 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 record, that in reasonable detail, accurately and fairly reflect the transaction and disposition of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statement in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisation of management and directors of the Company; and (3) provide reasonable assurance regarding prevention and or timely detection of unauthorised acquisition, use or disposition of the Company's assets that could have material effect on the consolidated 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 of improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projection of any evaluation of internal financial controls over financial reporting may become inadequate because of changes in condition, or that the degree of compliance with the policies or procedures may deteriorate.

**Qualified Opinion**

According to the information and explanations given to us and based on our audit, the following material weakness have been identified as at March 31, 2016;

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a) Internal Financial Control over credit authorization, in the areas where there are cash transaction (SBU- Tours &Travels [T&T]), needs strengthening. While analysing the gaps, it was observed that, preventive control, ensuring independence of cash and accounting function in implant office needs improvement.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

**Other Matter**

During the year under audit, the company has initiated a process of having comprehensive model for the streamlining the internal control including internal control over financial reporting incorporating RCM and gap tracking with a description of the objective, process and risk thereof. On walkthrough of the model for testing and making review of adequacy and effectiveness of the system of control in place, some gaps have been identified both in adequacy of design and effectiveness. This is however under the active process of meeting the gaps with effectivity.

In our opinion, except for the effects/possible effects of the material weakness/es described above on the achievement of the objectives of the control criteria, 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".

We have considered the material weakness/es identified and reported above in determining the nature, timing, and extent of audit tests applied in my / our audit of the March 31, 2016 standalone financial statements of the Company, and the / these material weakness/es does not / do not affect our opinion on the standalone financial statements of the Company.

For Dutta Sarkar & Co.
Chartered Accountants
(Firm's Registration No303114E)

Place: Kolkata
Date: 26.05.2016

M. Chakrabarti

(Mainak Chakrabarti)
Partner

(M.No. 063052)

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