



LML LIMITED

LML

105, 3rd Floor
Sector 44
Gurgaon - 122003, India
Tel. : 91-124-4500500
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LML: SH: SE

19.05.2017

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

The Manager – Listing
The BSE Limited
25th Floor, Phiroze Jeejeebhoy Towers,
Dalal Street,
MUMBAI – 400 001

Sub: Outcome of the Board Meeting**Refer: Scrip Code: NSE-LML & BSE- 500255**

Dear Sirs,

Pursuant to Regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), we are giving hereunder the details of decisions taken by the Board of Directors of the Company at its meeting held on 19th May, 2017 commenced at 12.30 PM and concluded at 4.00 PM :-

1. Regulation 30

Pursuant to Regulation 30 of the Listing Regulations, this is to inform that Mr Ram Kumar Srivastava has ceased to be Whole-time Director and Director of the company on account of his resignation w.e.f. 18/05/2017.

Consequently, the Board of Directors of the Company now consists of the following:-

- | | | |
|----------------------------|---|------------------------------|
| 1. Mr Deepak Singhania | - | Chairman & Managing Director |
| 2. Mr Anish Babu Venugopal | - | IFCI Nominee |
| 3. Mr Shiromani Sharma | - | Independent Director |
| 4. Mr S K Aggarwal | - | Independent Director |
| 5. Dr V K Agnihotri | - | Independent Director |
| 6. Mr R K Jain | - | Independent Director |
| 7. Mr S K Shukla | - | Independent Director |
| 8. Mrs Ritu S. Dhingra | - | Independent Director |
| 9. Mr Sanjeev Shriya | - | Director |
| 10. Mr A K Singhania | - | Whole-time Director |

2. Regulation 33

- (a) Audited Financial Results (Standalone and Consolidated) and Audited Annual Accounts (Standalone and Consolidated) for the Financial Year ended 31st March 2017, together with Independent Auditors' Report with modified opinion thereon along with Statement on Impact of Audit Qualification pursuant to regulation 33(3)(d) of Listing Regulation (as amended) and in compliance with SEBI Circular CIR/CFD/CMD/56/ 2016 dated May 27, 2016 are enclosed.

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

3. Annual General Meeting :

The Forty-first Annual General Meeting of the Company is scheduled to be held on Tuesday, the 26th September, 2017 at 11:00 A.M. at LML Limited, C-10, Panki Industrial Estate, Site-II & III, Kanpur-208 022. (UP) and hence the Register of Members and Share Transfer Books of the Company will remain closed from Saturday, the 16th September, 2017 to Tuesday, the 26th September, 2017 (both days inclusive).

We declare that all the Securities received for transfer 15 days prior to 19th May, 2017, have been duly transferred and dispatched to the transferees. We also undertake that further Securities lodged for transfer will be transferred and dispatched within a period of 15 days from the date of receipt thereof.

4. Others

a) Re-appointment of Directors :

Mr. Anurag Kumar Singhania (DIN: 00080925), Whole-time Director of the Company has been proposed to be re-appointed by the Board, subject to approval of the shareholders in ensuing AGM of the Company and necessary approvals, if any, for his further term of 3 years w.e.f. 28.06.2018.

b) Statutory Auditors

Pursuant to Section 139 of the Companies Act, 2013, Board has approved appointment of M/s Shreyans Jain & Associates, Chartered Accountants of Mumbai (FRN No. 134565W) for the period of five years i.e. to hold office from the conclusion of this AGM until the conclusion of the AGM related to the FY 2021-22 as Statutory Auditors of the Company, subject to approval and ratification every year by the shareholders of the Company:

c) Internal Auditors

Pursuant to Section 138 of the Companies Act, 2013, Board has approved re-appointment of M/s Onkar Tandon & Co., Chartered Accountants (FRN No. 000953C), as Internal Auditors of the Company for FY 2017-18;

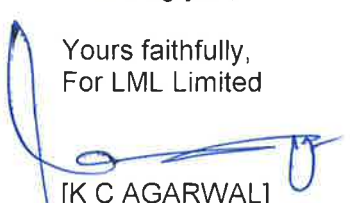
d) Secretarial Auditors

Pursuant to Section 204 of the Companies Act, 2013, Board has approved appointment of M/s Adesh Tandon & Associates, Practicing Company Secretaries (FCS No. 2253 & CP No. 1121) as Secretarial Auditors of the Company for FY 2017-18.

Kindly bring it to the notice of all concerned.

Thanking you,

Yours faithfully,
For LML Limited



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

Encl : As above

AUDITED FINANCIAL RESULTS FOR THE YEAR / QUARTER ENDED 31st MARCH, 2017

SL.NO.	PARTICULARS	Standalone Results				(Rs./lakhs)	
		Quarter ended 31.03.2017 (Audited) (Refer Note 3)	Quarter ended 31.12.2016 (Unaudited)	Quarter ended 31.03.2016 (Audited) (Refer Note 3)	Year ended 31.03.2017 (Audited)	Year ended 31.03.2016 (Audited)	Consolidated Results Year ended 31.03.2017 (Audited) Year ended 31.03.2016 (Audited)
1	REVENUE						
	(a) Revenue from operations (gross)	1428.79	69.03	4429.21	4194.04	15832.05	15832.05
	(b) Other Income	1758.38	186.60	31.66	1988.96	199.70	199.70
	Total Revenue	3187.17	255.63	4460.87	6183.00	16031.75	16031.75
2	Expenses:						
	(a) Cost of material consumed	709.02	127.00	2418.18	1636.47	9459.72	9459.72
	(b) Changes in Inventories of finished goods, work-in-progress	24.19	(99.89)	146.97	851.15	(86.68)	(86.68)
	(c) Employee benefits expenses	581.37	679.19	749.89	2750.75	3261.76	3261.76
	(d) Finance Costs	1302.84	1346.96	1200.11	5237.12	4763.15	4763.15
	(e) Depreciation & Amortisation	184.43	193.62	211.00	782.48	934.99	934.99
	(f) Other Expenses	1458.05	741.79	1400.78	3993.82	5534.58	5534.58
	Total expenses	4259.90	2988.67	6126.93	15251.79	23867.52	23867.52
3	Profit/(Loss) from Operations before exceptional & Extra-ordinary items and Tax(1-2)	(1072.73)	(2733.04)	(1666.06)	(9068.79)	(7835.77)	(7835.77)
4	Exceptional items	-	-	-	-	-	-
5	Profit/(Loss) before extra-ordinary items and Tax (3+4)	(1072.73)	(2733.04)	(1666.06)	(9068.79)	(7835.77)	(7835.77)
6	Extra Ordinary Items	-	-	-	-	-	-
7	Profit/(Loss) before Tax (5-6)	(1072.73)	(2733.04)	(1666.06)	(9068.79)	(7835.77)	(7835.77)
8	Tax expense	-	-	-	-	-	-
9	Profit/(Loss) after Tax (7-8)	(1072.73)	(2733.04)	(1666.06)	(9068.79)	(7835.77)	(7835.77)
10	Paid-up Equity Share Capital (Face value of Rs. 10 each)	8198.43	8198.43	8198.43	8198.43	8198.43	8198.43
11	Reserve excluding Revaluation Reserve	-	-	-	(95439.92)	(86371.13)	(86371.13)
12	Earning per Share for the period (Rs.) (Basic & Diluted EPS)	(1.31)	(3.33)	(2.03)	(11.06)	(9.56)	(9.56)

Notes:

1

Statement of Assets and Liabilities

(Rs./lakhs)

Sl.No.	Particulars	Standalone		Consolidated	
		As at 31.03.2017 (Audited)	As at 31.03.2016 (Audited)	As at 31.03.2017 (Audited)	As at 31.03.2016 (Audited)
I	EQUITY AND LIABILITY				
(1)	Shareholder's Funds				
	(a) Share Capital	20,040.95	20,040.95	20,040.95	20,040.95
	(b) Reserve & Surplus	(95,439.92)	(86,371.13)	(95,439.92)	(86,371.13)
	Sub Total	(75,398.97)	(66,330.18)	(75,398.97)	(66,330.18)
(2)	Non- Current Liabilities				
	(a) Long Term Borrowings	-	-	-	-
	(b) Long Term Provision	1,854.28	1,662.89	1,854.28	1,662.89
	Sub Total	1,854.28	1,662.89	1,854.28	1,662.89
(3)	Current Liabilities				
	(a) Short Term Borrowings	100.00	84.37	100.00	84.37
	(b) Trade Payables	15,609.76	15,769.49	15,609.76	15,769.49
	(c) Other Current Liabilities	70,845.82	66,506.67	70,845.82	66,506.67
	(d) Short Term Provision	567.85	469.17	567.85	469.17
	Sub Total	87,123.43	82,829.70	87,123.43	82,829.70
	Total	13,578.74	18,162.41	13,578.74	18,162.41
II	ASSETS				
(1)	Non Current Assets				
	(a) Fixed Assets				
	(i) Tangible Assets	4,576.03	5,023.46	4,576.03	5,023.46
	(ii) Intangible Assets	-	-	-	-
	(iii) Capital-Work-In-Process	129.97	302.59	129.97	302.59
	(b) Non- Current Investments	1.23	1.23	1.23	1.23
	(c) Long Term Loans & Advances	96.02	136.69	96.02	136.69
	Sub Total	4,803.25	5,463.97	4,803.25	5,463.97
(2)	Current Assets				
	(a) Inventories	7,353.63	8,882.76	7,353.63	8,882.76
	(b) Trade Receivables	25.14	308.63	25.14	308.63
	(c) Cash & Bank Balances	134.23	1,104.55	134.23	1,104.55
	(d) Short-term Loans & Advances	1,261.77	2,394.19	1,261.77	2,394.19
	(e) Other Current Assets	0.72	8.31	0.72	8.31
	Sub Total	8,775.49	12,698.44	8,775.49	12,698.44
	Total	13,578.74	18,162.41	13,578.74	18,162.41

- 2 These results have been reviewed by the Audit Committee and approved by the Board of Directors at their meetings held on 19th May, 2017 and were audited by the Statutory Auditor of the Company.
- 3 The financial results for the quarter ended 31st March, 2017 and 31st March, 2016 are balancing figures between audited results for the full financial year and the published year to date figures upto the third quarter of the respective financial years.
- 4 Since the net worth of the Company had become negative, the Company was registered and declared a Sick Industrial Company by the Board for Industrial and Financial Reconstruction (BIFR) under the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA). After repeal of SICA, further steps are being taken by the Company for its revival.
- 5 Segmental information:
- (a) Primary (Business) Segment - The operations of the Company relate to only one segment viz. Automotive Vehicles.
- (b) Secondary (Geographical) Segment - Secondary segment reporting is on the basis of geographical location of the customers. The Company's revenue during the quarter by geographical markets are: Domestic sales Rs. 569.39 lacs and Export sales Rs. 28.50 lacs and for the financial year Domestic sales Rs. 737.32 lacs and Export Sales Rs. 2580.26 lacs.
- 6 Geographical segment wise loss and capital employed are not given since the production unit and administrative expenses are common.
- Comments on the Auditors' qualifications relating to the audited Annual Accounts for the year ended 31st March, 2017:
- (a) Non confirmation of balances of some of the Trade receivables/ payable, Current Liabilities, Lenders and Loans & Advances.
- (b) In respect of Accounting Standard 2 (AS-2), Valuation of inventory issued by The Institute of Chartered Accountants of India.
- (c) The Company's ability to continue, as a going concern is dependent upon successful restructuring and revival of its business. In case the going concern concept is vitiated, necessary adjustments will be required on the carrying amount of Assets and Liabilities which are presently not ascertainable.
- The Company is in process of restructuring / revival of its business, which, inter-alia will include the proposed product plan. The ascertainment of possible utilisation of slow moving / non moving items of inventory and adjustments in Trade receivables/ payable, if any, will be undertaken upon finalisation of the product plan and implementation of the revival plan. In view of this, the accounts have been prepared on a going concern basis.
- (d) Non provision for interest under The Micro, Small and Medium Enterprises Development Act, 2006:
- In absence of information from Trade payables regarding status under The Micro, Small and Medium Enterprises Act, 2006, the liability of interest if any, can not be reliably estimated.
- 7 Previous period figures have been regrouped wherever necessary to make them comparable.

Place: Gurgaon
Date: 19.05.2017

For and on behalf of the Board

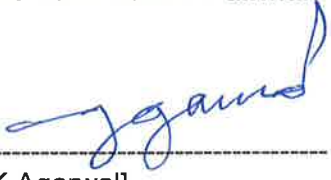

(Deepak Kumar Singhania)
Chairman & Managing Director
(DIN 00012037)



Statement on Impact of Audit Qualifications (for Audit Report with modified opinion) submitted along with Annual Audited Financial Results – (Standalone)

Statement on Impact of Audit Qualifications for the Financial Year Ended 31 st March 2017 (See Regulation 33 of the SEBI(LODR) Regulations, 2015)				
I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for Qualifications) <i>Rs. In Lacs</i>	Adjusted Figures (Audited Figures after adjusting for Qualifications)
	1	Turnover / Total Income	6,183.00	-
	2	Total Expenditure	15,251.79	-
	3	Net Profit/ (Loss)	(9,068.79)	-
	4	Earnings Per Share	(11.06)	-
	5	Total Assets	13,578.74	-
	6	Total Liabilities	13,578.74	-
	7	Net Worth	-75,398.97	-
	8	Any other Financial Item(s) (as felt appropriate by the management)	-	-
II.	Audit Qualification (each Audit Qualification Separately):			
	a. Details of Audit Qualification : Refer Annexure -I			
	b. Type of Audit Qualification : Qualified Opinion			
	c. Frequency of Qualification : Repetitive			
	d. For Audit Qualification(s) where the impact is quantified by the auditor, managements view: - N.A.			
	e. For Audit Qualification(s) where the impact is not quantified by the auditor:			
	(i) Managements estimation on the impact of audit qualification: N.A.			
	(ii) If management is unable to estimate the impact, reason for the same : Refer Annexure – II			
	(iii) Auditor's Comment on (i) or (ii) above: Qualifications and management response is self explanatory.			



III.	Signatories	
	Managing Director  [Deepak Kumar Singhania] Chairman & Managing Director (DIN: 00012037) CFO  [Mahesh Kumar Kanodia] Chief Financial Officer CA Membership No. 070214 Audit Committee Chairman  [S K Agarwal] Chairman of Audit Committee Meeting Director (DIN: 00014619) Auditor(s) of the Company For Khandelwal Jain & Co. Chartered Accountants FRN – 105049W  [Manish Singhal] Partner - M.No. 502570	



**Statement on Impact of Audit Qualifications (for Audit Report with modified opinion) submitted
along with Annual Audited Financial Results – (Standalone)**

Annexure – I

1.

- a) As mentioned in note no. 26 of standalone financial statements, balances of some of the trade receivable/ payable, current liabilities, lenders and loans and advances being subject to confirmation/ reconciliation and consequential adjustments, if any. As such, we are unable to express any opinion as to the effect thereof on the financial statement for the year.
- b) As mentioned in note no. 27 of standalone financial statements, the Company has valued the inventories except finished goods at cost instead of at cost or realizable value, whichever is lower which is not in compliance with the Accounting Standard 2 – Valuation of Inventories prescribed in under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. As explained to us the process of possible utilization of slow / non-moving items of inventory will be undertaken upon - finalization of the product plan and on its business restructuring. Since the realizable value as on 31st March, 2017 has not been determined, we are unable to express any opinion as to the effect thereof on the standalone financial statement for the year.
- c) As mentioned in note 30 of standalone financial statements, the accounts has been prepared on a going concern basis by the Company, however net worth of the Company has been eroded and its current liabilities exceed its current assets as at Balance Sheet date. These factors, along with other matters as set forth in the said note, raise doubt that the Company will be able to continue as a going concern. The Company is in the process of restructuring of its business which, inter alia, will include the product plan, considering this the accounts have been prepared on a going concern basis. The Company's ability to continue, as a going concern is dependent upon successful restructuring of its business. In case the going concern concept is vitiated, necessary adjustments will be required on the carrying amount of Assets and Liabilities which are not ascertainable.
- d) As mentioned in note no. 37 of standalone financial statements, regarding non compliance of requirements under Micro, Small and Medium Enterprises Development Act, 2006, in the absence of information available with the Company. As such, we are unable to express any opinion as to the effect thereof if any, on the standalone financial statements for the year.

The consequential possible effects of sub Para (a), (b), (c) and (d) above on assets and liabilities as at 31st March, 2017 and loss for the year ended 31st March, 2017 are not ascertainable.



**Statement on Impact of Audit Qualifications (for Audit Report with modified opinion) submitted
along with Annual Audited Financial Results – (Standalone)**

Annexure – II

- (a) Balances of some of the Trade Receivables, Trade Payable, Current Liabilities, lenders, loans and advances are subject to confirmation from the respective parties and consequential adjustments arising from reconciliation, if any. The management however is of the view that there will be no material adjustment in this regard.
- (b) The Company is in the process of restructuring/revival of its business which inter alia includes finalization of the product plan. The process of possible utilization of slow / non-moving items of inventory will be undertaken upon - finalization of the product plan and implementation of the restructuring/revival plan. Pending such ascertainment/determination the management has considered the inventories except finished goods at cost. Requisite accounting effect, if any, will be given upon such ascertainment/determination and implementation of revival plan.
- (c) The Company became a Sick Industrial Company within the meaning of Section 3(1)(O) of Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) due to erosion of its net worth and the Company -was declared a Sick Industrial Company by BIFR on 8th May, 2007. The Company resumed operations in a small way from April, 2007 and is working inter-alia on the development of various new products and technologies and production of new generation vehicles. The Company had earlier submitted its draft revival scheme to BIFR. As directed by BIFR, the Company had also submitted the updated revival scheme. After repeal of SICA, further steps are being taken by the Company for its revival. In view of this, the accounts have been prepared on the basis of going concern.
- (d) In the absence of information from Trade Payable regarding status under The Micro, Small and Medium Enterprises Development Act, 2006, liability of interest if any cannot be reliably estimated, nor required disclosures can be made.



Statement on Impact of Audit Qualifications (for Audit Report with modified opinion) submitted along with Annual Audited Financial Results – (Consolidated)

Statement on Impact of Audit Qualifications for the Financial Year Ended 31 st March 2017 (See Regulation 33 of the SEBI(LODR) Regulations, 2015)				
I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for Qualifications) <i>Rs. In Lacs</i>	Adjusted Figures (Audited Figures after adjusting for Qualifications)
	1	Turnover / Total Income	6,183.00	-
	2	Total Expenditure	15,251.79	-
	3	Net Profit/ (Loss)	(9,068.79)	-
	4	Earnings Per Share	(11.06)	-
	5	Total Assets	13,578.74	-
	6	Total Liabilities	13,578.74	-
	7	Net Worth	-75,398.97	-
	8	Any other Financial Item(s) (as felt appropriate by the management)	-	-
II.	Audit Qualification (each Audit Qualification Separately):			
	a. Details of Audit Qualification : <i>Refer Annexure -I</i>			
	b. Type of Audit Qualification : <i>Qualified Opinion</i>			
	c. Frequency of Qualification : <i>Repetitive</i>			
	d. For Audit Qualification(s) where the impact is quantified by the auditor, managements view: -			
	e. For Audit Qualification(s) where the impact is not quantified by the auditor:			
	(i)	Managements estimation on the impact of audit qualification:		
	(ii)	If management is unable to estimate the impact, reason for the same : <i>Refer Annexure – II</i>		
	(iii)	Auditor's Comment on (i) or (ii) above: <i>Qualifications and management response is self explanatory.</i>		



III. Signatories

- **Managing Director**


[Deepak Kumar Singhania]
Chairman & Managing Director
(DIN: 00012037)

- **CFO**

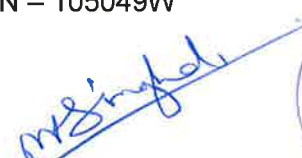

[Mahesh Kumar Kanodia]
Chief Financial Officer
CA Membership No. 070214

- **Audit Committee Chairman**


[S K Agarwal]
Chairman of Audit Committee Meeting
Director
(DIN: 00014619)

- **Auditor(s) of the Company**

For Khandelwal Jain & Co.
Chartered Accountants
FRN – 105049W


[Manish Singhal]
Partner - M.No. 502570



**Statement on Impact of Audit Qualifications (for Audit Report with modified opinion) submitted
along with Annual Audited Financial Results – (Consolidated)**

Annexure – I

1.

(a) In the case of the Holding Company, as mentioned in Note 27 in the notes forming part of CFS, balances of some of the trade receivable/ payable, current liabilities, lenders and loans and advances being subject to confirmation/ reconciliation and subsequent adjustments, if any. As such, we are unable to express any opinion as to the effect thereof on the financial statement for the year.

(b) In the case of the Holding Company, as mentioned in Note 28 in the notes forming part of CFS, the holding Company has valued the inventories except finished goods at cost instead of at cost or realizable value, whichever is lower which is not in compliance with the Accounting Standard 2 – Valuation of Inventories prescribed in under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. As explained to us the process of possible utilization of slow / non-moving items of inventory will be undertaken upon - finalization of the product plan and the restructuring/revival plan and its implementation. Since the realizable value as on 31st March, 2017 has not been determined, we are unable to express any opinion as to the effect thereof on the financial statement for the year.

(c) In the case of the Holding Company, as mentioned in Note 31 in the notes forming part of CFS, the holding Company has become a Sick Industrial Company due to erosion of its net worth and it's current liabilities have also exceeded its current assets by Rs. 63269.13 lakhs as at Balance Sheet date. These factors, along with other matters as set forth in the said note, raise doubt that the holding Company will be able to continue as a going concern. The holding Company is in the process of restructuring/revival of its business under the aegis of BIFR and had submitted the draft revival scheme and as directed by BIFR, the holding Company had also submitted the updated revival scheme, considering this the accounts have been prepared on a going concern basis. The holding Company's ability to continue, as a going concern is dependent upon successful restructuring and revival of its business. In case the going concern concept is vitiated, necessary adjustments will be required on the carrying amount of Assets and Liabilities which are not ascertainable.

(d) In the case of the Holding Company, as mentioned in Note 38 in the notes forming part of CFS, regarding non compliance of requirements under Micro, Small and Medium Enterprises Development Act, 2006, in the absence of information available with the holding Company. As such, we are unable to express any opinion as to the effect thereof if any, on the consolidated financial statements for the year.

The consequential possible effects of sub Para (a), (b), (c) and (d) above on assets and liabilities as at 31st March, 2017 and loss for the year ended 31st March, 2017 are not ascertainable.



Statement on Impact of Audit Qualifications (for Audit Report with modified opinion) submitted along with Annual Audited Financial Results – (Consolidated)

Annexure – II

- (a) In Case of Holding Company, Balances of some of the Trade Receivables, Trade Payable, Current Liabilities, lenders, loans and advances are subject to confirmation from the respective parties and consequential adjustments arising from reconciliation, if any. The management however is of the view that there will be no material adjustment in this regard.
- (b) The Holding Company is in the process of restructuring/revival of its business under the aegis of BIFR which inter alia includes finalization of the product plan. The process of possible utilization of slow / non-moving items of inventory will be undertaken upon - finalization of the product plan and implementation of the restructuring/revival plan. Pending such ascertainment/ determination the management has considered the inventories except finished goods at cost. Requisite accounting effect, if any, will be given upon such ascertainment/ determination and implementation of revival plan.
- (c) The Holding Company became a Sick Industrial Company within the meaning of Section 3(1)(O) of Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) due to erosion of its net worth and the Holding Company -was declared a Sick Industrial Company by BIFR on 8th May, 2007. The Holding Company resumed operations in a small way from April, 2007 and is working inter-alia on the development of various new products and technologies and production of new generation vehicles. The Company had earlier submitted its draft revival scheme to BIFR. As directed by BIFR, the Company had also submitted the updated revival scheme. After repeal of SICA, further steps are being taken by the Company for its revival. In view of this, the accounts have been prepared on the basis of going concern.
- (d) In Holding Company the absence of information from Trade Payable regarding status under The Micro, Small and Medium Enterprises Development Act, 2006, liability of interest if any cannot be reliably estimated, nor required disclosures can be made.



KHANDELWAL JAIN & CO.

CHARTERED ACCOUNTANTS

BRANCH OFFICE:
GF-8 & 9, HANS BHAWAN,
1, BAHADUR SHAH ZAFAR MARG,
NEW DELHI-110 002

Tel.: 23370091, 23378795,
23370892, 23378794
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E-mail: delhi@kjco.net

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF LML LIMITED

1. Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **LML LIMITED** ("the Company"), which comprise the standalone Balance Sheet as at March 31, 2017, and the standalone Statement of Profit and Loss and standalone Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. 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 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.

3. 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 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 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.



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4. Basis of Qualified Opinion

- a) As mentioned in note no. 26 of standalone financial statements, balances of some of the trade receivable/ payable, current liabilities, lenders and loans and advances being subject to confirmation/ reconciliation and consequential adjustments, if any. As such, we are unable to express any opinion as to the effect thereof on the financial statement for the year.
- b) As mentioned in note no. 27 of standalone financial statements, the Company has valued the inventories except finished goods at cost instead of at cost or realizable value, whichever is lower which is not in compliance with the Accounting Standard 2 – Valuation of Inventories prescribed in under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. As explained to us the process of possible utilization of slow / non-moving items of inventory will be undertaken upon - finalization of the product plan and on its business restructuring. Since the realizable value as on 31st March, 2017 has not been determined, we are unable to express any opinion as to the effect thereof on the standalone financial statement for the year.
- c) As mentioned in note 30 of standalone financial statements, the accounts has been prepared on a going concern basis by the Company, however net worth of the Company has been eroded and its current liabilities exceed its current assets as at Balance Sheet date. These factors, along with other matters as set forth in the said note, raise doubt that the Company will be able to continue as a going concern. The Company is in the process of restructuring of its business which, inter alia, will include the product plan, considering this the accounts have been prepared on a going concern basis. The Company's ability to continue, as a going concern is dependent upon successful restructuring of its business. In case the going concern concept is vitiated, necessary adjustments will be required on the carrying amount of Assets and Liabilities which are not ascertainable.
- d) As mentioned in note no. 37 of standalone financial statements, regarding non compliance of requirements under Micro, Small and Medium Enterprises Development Act, 2006, in the absence of information available with the Company. As such, we are unable to express any opinion as to the effect thereof if any, on the standalone financial statements for the year.

The consequential possible effects of sub Para (a), (b), (c) and (d) above on assets and liabilities as at 31st March, 2017 and loss for the year ended 31st March, 2017 are not ascertainable.

5. Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the Basis for Qualified Opinion in paragraph 4 above, 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, of the state of affairs of the company as at March 31, 2017 and its loss and its cash flows for the year ended on that date.

6. Report on Other Legal and Regulatory Requirements

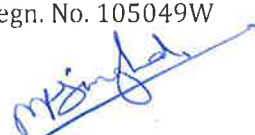
- A. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act 2013, we give in the Annexure-A a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable.
- B. As required by section 143(3) of the Act, we report that:
 - (a) We have sought and except for the matters described in the Basis of Qualified Opinion paragraph 4 above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;



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- (b) *Except for the possible effects of the matter described in the Basis for Qualified Opinion in paragraph 4 above, 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 standalone Balance Sheet, standalone Statement of Profit and Loss, and standalone 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 in paragraph 4 above, in our opinion, the standalone Balance Sheet, standalone Statement of Profit and Loss, and standalone 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 in paragraph 4 above, in our opinion, may have an adverse effect on the functioning of the Company.*
- (f) On the basis of the written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, 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 in paragraph 4 above.*
- (h) 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
- (i) 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 has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 25 to the standalone financial statements.
 - ii. The Company has made provision, as required under any law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts – Refer Note 25 to the standalone financial statements.
 - iii. There has been no any 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 standalone financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 35 to the standalone financial statements.

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


(Manish Kumar Singhal)
Partner
M. No. 502570



Place: Gurgaon
Date: 19th May, 2017

KHANDELWAL JAIN & CO.

CHARTERED ACCOUNTANTS

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ANNEXURE - A TO THE AUDITORS' REPORT

[Referred to in above the Auditors' Report of even date to the LML LIMITED on the Standalone Financial Statements for the year ended 31st March 2017]

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

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

(c) In our opinion and according to the information and explanation given to us, the title deeds of immovable properties are held in the name of the company.

2. As per the information furnished, the Inventories have been physically verified by the management at reasonable intervals during the period. In our opinion, having regard to the nature and location of stocks, the frequency of physical verification is reasonable. *In case of materials lying with other parties, they are subject to confirmations.*
3. As per the information furnished, the Company has not granted any secured or unsecured loans to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act.

In view of the above, provisions of clause 3(iii)(b) and (c) of the Order are not applicable.

4. In our opinion and according to the information and explanations given to us, the company has, in respect of loans, investments, guarantees, and security provisions, complied with section 185 and 186 of the Companies Act, 2013.
5. According to the information and explanation given to us, The Company has not accepted any deposits, whether the directives issued by the Reserve Bank of India, and the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act, 2013. Hence the provisions of clause 3(v) are not applicable to the Company.
6. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013 for any products of the company.
7. (a) According to the information and explanations given to us and the records examined by us, undisputed statutory dues including, income tax, sales tax, employees state insurance, provident fund and other statutory dues applicable to it have not been regularly deposited with the appropriate authorities and there have been delays in a number of cases. According to information and explanations given to us, undisputed arrears of statutory dues outstanding as at 31st March, 2017 for a period of more than six months from the date they became payable, are as under: -



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S.No.	Name of the Statute	Nature of Dues	Rs. In Lakhs
1)	Provident Fund	Employers Contribution	142.42
		Employee Contribution	42.24
2)	Sales Tax	Sales Tax Dues	1065.47
3)	Employee State Insurance	Employer and Employees Contribution	28.85
4)	Income Tax Act	Income Tax Deducted at Source	89.26
		Income Tax Collected at Source	1.30
		Fringe Benefit Tax	178.00

(b) According to the records of the Company, the dues of Sales Tax/VAT, Income Tax, Excise Duty and Service Tax which has not been deposited on account of disputes and the forum where the dispute is pending, are as under:

Name of the Statute	Nature of the dues	Amount in Rs.	Period to which the amount relates	Forum where dispute is pending
The Central Excise Act 1944	Modvat credit, duty on off cuts or inputs, valuation, classification & cenvat	469.14	1989-90 to 2006-07	Commissioner Appeal, Tribunal (CESTAT), Supreme Court
Central Sales Tax Act, Local Sales Tax Act & Local Entry Tax Act	Non- submission of declaration forms, entry tax, penalty, interest, stock transfer and other issues	15681.22	1989-90 to 2013-14	Appellate Authority, Tribunal, High Court
Customs Act 1962	(i) Duty	12.16	2001-02	Reassessment of amount, pending with Customs - Mumbai
	(ii) Valuation & Concession	12.69	1986-87 & 1994-95	Assistant Commissioner
Income-Tax Act, 1961	Disputed Disallowances	1535.83	A.Y. 1997-98 to 2006-07	ITAT
	Disputed Disallowances	1066.71	A.Y. 1995-96 to 1999 - 2000	High Court

8. The Company has executed a Multi-Partite Agreement with Banks and Financial Institutions (Secured Lenders) on March 28, 2005. Based on our audit procedures and the information and explanations given to us, the Company is in default in respect to the payments to the Secured Lenders as given below.

Nature of the Dues	Period of Default	Amount (Rs in lakhs)
Principal	More than 12 months	10,308.82
Interest	More than 12 months	19,499.50
Interest	Jun-16	928.96
Interest	Sep-16	968.43
Interest	Dec-16	998.95
Interest	Mar-17	1,008.02



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

Period of Default	Amount (Rs in lakhs)
More than 12 months	201.89

9. As per information given to us, no money was raised by way of initial public offer or further public offer (including debt instruments) and also no Term loans taken during the year by the company.
10. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.
11. According to the information and explanation given to us and the books of accounts verified by us, the Managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with the Schedule V to the Companies Act. However, Company's application for re-appointment and payment of remuneration of one of the director is pending with Ministry of Corporate Affairs; refer note no. 38 of the standalone financial statement.
12. The Company is not a Nidhi Company, hence the provisions of clause 3(xii) are not applicable to the Company.
13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of Companies Act 2013 where applicable and details of such transactions have been disclosed in the Financial Statements as required by the applicable accounting standards.
14. According to information and explanations given to us, the Company during the year, has not made any preferential allotment as private placement of shares or fully or partly convertible debentures, hence the provision of clause 3(xiv) are not applicable to the Company.
15. According to the information and explanation given to us and the books of accounts verified by us, the company has not entered into any non-cash transaction with directors or persons connected with him.
16. The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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


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



Place: Gurgaon
Date: 19th May, 2017

KHANDELWAL JAIN & CO.

CHARTERED ACCOUNTANTS

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**ANNEXURE - B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE
STANDALONE FINANCIAL STATEMENTS OF LML LIMITED AS ON 31ST MARCH 2017.**

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

**TO THE MEMBERS OF
LML LIMITED**

We have audited the internal financial controls over financial reporting of LML LIMITED ("the Company") as of March 31, 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 control over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 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") and the standards on auditing as specified 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 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 were 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 control 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 internal financial controls system over financial reporting.



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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, 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 the 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; (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 March 31, 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 Khandelwal Jain & Co.
Chartered Accountants
Firm Regn. No. 105049W.


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



Place: Gurgaon
Date: 19th May, 2017

KHANDELWAL JAIN & CO.

CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LML LIMITED

1. Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **LML Limited** (hereinafter referred to as "the Holding Company") and its associates, comprising of the Consolidated Balance Sheet as at 31st March, 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements" (CFS)).

2. Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Holding Company including its Associates and 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 are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

3. 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 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 consolidated financial statements are free from material misstatement.



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An audit involves performing procedures to obtain audit evidence about the amounts and the 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 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 the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of 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 qualified audit opinion on the consolidated financial statements.

4. Basis for Qualified Opinion

(a) In the case of the Holding Company, as mentioned in Note 27 in the notes forming part of CFS, balances of some of the trade receivable/ payable, current liabilities, lenders and loans and advances being subject to confirmation/ reconciliation and subsequent adjustments, if any. As such, we are unable to express any opinion as to the effect thereof on the financial statement for the year.

(b) In the case of the Holding Company, as mentioned in Note 28 in the notes forming part of CFS, the holding Company has valued the inventories except finished goods at cost instead of at cost or realizable value, whichever is lower which is not in compliance with the Accounting Standard 2 – Valuation of Inventories prescribed in under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. As explained to us the process of possible utilization of slow / non-moving items of inventory will be undertaken upon - finalization of the product plan and the restructuring/revival plan and its implementation. Since the realizable value as on 31st March, 2017 has not been determined, we are unable to express any opinion as to the effect thereof on the financial statement for the year.

(c) In the case of the Holding Company, as mentioned in Note 31 in the notes forming part of CFS, the holding Company has become a Sick Industrial Company due to erosion of its net worth and its current liabilities have also exceeded its current assets by Rs. 63269.13 lakhs as at Balance Sheet date. These factors, along with other matters as set forth in the said note, raise doubt that the holding Company will be able to continue as a going concern. The holding Company is in the process of restructuring/revival of its business under the aegis of BIFR and had submitted the draft revival scheme and as directed by BIFR, the holding Company had also submitted the updated revival scheme, considering this the accounts have been prepared on a going concern basis. The holding Company's ability to continue, as a going concern is dependent upon successful restructuring and revival of its business. In case the going concern concept is vitiated, necessary adjustments will be required on the carrying amount of Assets and Liabilities which are not ascertainable.

(d) In the case of the Holding Company, as mentioned in Note 38 in the notes forming part of CFS, regarding non compliance of requirements under Micro, Small and Medium Enterprises Development Act, 2006, in the absence of information available with the holding Company. As such, we are unable to express any opinion as to the effect thereof if any, on the consolidated financial statements for the year.



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The consequential possible effects of sub Para (a), (b), (c) and (d) above on assets and liabilities as at 31st March, 2017 and loss for the year ended 31st March, 2017 are not ascertainable.

5. Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the possible 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, of the consolidated state of affairs of the Group and its associates as at 31st March, 2017, and their consolidated loss and their consolidated cash flows for the year ended on that date.

6. Other Matters

(a) The consolidated financial statements also include the Group's share of net profit/loss of Rs. NIL for the year ended 31st March, 2017, as considered in the consolidated financial statements, in respect of one associate, whose financial statements have not been audited by us. These financial statements have been audited by 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 this subsidiary, 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 subsidiary is based solely on the report of the other auditor.

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.

7. Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

(a) We have sought and, *except for the possible effect of the matter described in the Basis for Qualified Opinion paragraph above*, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

(b) In our opinion, *except for the possible effect of the matters described in the Basis for Qualified Opinion paragraph above*, 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 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.

(d) In our opinion, *except for the possible effect of the matters described in the Basis for Qualified Opinion paragraph above*, 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.



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(e) *The matters described in paragraph 4 above, the Basis for Qualified Opinion paragraph, in our opinion, may have an adverse effect on the functioning of the Group.*

(f) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the other statutory auditors of its associate companies incorporated in India, none of the other directors of the Group's companies, its associate companies incorporated in India is disqualified as on 31st March, 2017 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 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"; and

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

- i. *Except for the possible effect of the matter described in the Basis of Qualified Opinion paragraph above, the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associates – Refer Note 26 to the consolidated financial statements.*
- ii. *Except for the possible effect of the matter described in the Basis of Qualified Opinion paragraph above, the Group and its associates did not have any material foreseeable losses on long-term contracts including derivative contracts – Refer Note 26 to the financial statements;*
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies and associate companies incorporated in India.
- iv. the Company has provided requisite disclosures in its consolidated financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 36 to the consolidated financial statements

For Khandelwal Jain & Co.

Chartered Accountants

Firm Regn. No. 105049W


(Manish Kumar Singhal)

(Partner)

M. No. 502570



Place: Gurgaon

Date: 19th May, 2017

KHANDELWAL JAIN & CO.

CHARTERED ACCOUNTANTS

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ANNEXURE - THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF LML LIMITED AS ON 31ST MARCH 2017.

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

**TO THE MEMBERS OF
LML LIMITED**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2017, we have audited the internal financial controls over financial reporting of LML LIMITED ("the Holding Company") and its associate companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The Respective Board of Directors of the Holding Company and its associate companies, which are companies incorporated in India, are 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") and the standards on auditing as specified 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 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 were established and maintained and if such controls operated effectively in all material respects.



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Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial control 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 and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, 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, 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 the 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; (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.



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Opinion

In our opinion, the Holding Company and its associate companies, which are companies incorporated in India, have, 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 March 31, 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.

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates one associate company, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

For Khandelwal Jain & Co.

Chartered Accountants

Firm Regn. No. 105049W



(Manish Kumar Singhal)

(Partner)

M. No. 502570



Place: Gurgaon

Date: 19th May, 2017