

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF M/s STYLAM INDUSTRIES LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of M/s STYLAM INDUSTRIES LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting principles generally accepted in India, including the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the 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 the internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date, and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.



Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by Section 227(3) of the Act, we report that:

- (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act.
- (e) On the basis of the written representations received from the directors as on 31st March, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For Sunil K. Sood & Co.
Chartered Accountant

(Sunil Kumar Sood)
Proprietor
M. No. 81778

Dated : 20-05-2014
Place : Panchkula

ANNEXURE TO THE AUDITOR'S REPORT

Referred to in paragraph 1 under the heading of Report on Other Legal and Regulatory Requirements

1. In respect of its fixed assets:

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

(b) A substantial portion of the fixed assets have been physically verified by the management during the year and there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) The Company has not disposed off any substantial part of the fixed assets during the year.

2. In respect of its inventories:

(a) The management has conducted physical verification of inventory at reasonable intervals during the year.

(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventory and no material discrepancies were noticed on physical verification.

3. (a) According to information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 and as such provisions of clause 4(iii)(a) to (d) of the order are not applicable to the company.

(b) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 and as such provisions of clause 4(iii)(e) to (g) of the order are not applicable to the company.

4. In our opinion and according to the information and explanation given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system;



5. In respect of the contracts or arrangements referred to in Section 301 of the Companies Act, 1956:

(a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act that needs to be entered into the register maintained under that section have been so entered;

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

6. The Company has not accepted any deposits from the public.

7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

8. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have not, however, made a detailed examination of the same.

9. In respect of statutory dues:

(a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employee's state insurance, income tax, sales tax, service tax, custom duty, excise duty, cess and other statutory dues applicable to it.

(b) According to information and explanations given to us, no undisputed amount payable in respect of provident fund, employee's state insurance, income tax, sales tax, service tax, custom duty, excise duty, cess and other statutory dues were outstanding at the year end, for a period of more than six months from the date they become payable.

(c) According to information and explanations given to us, the disputed Statutory dues aggregating to Rs.28.91 lacs out of which Rs.8.31 lacs have not been deposited on account of dispute matters pending before appropriate authorities are as under:-

S.No.	Name of the Status	Nature of Dues	Amount Rs.in Lacs	Period to which the amount relates	Forum where dispute is pending
1.	Income Tax Act, 1961	Income Tax Dues	Rs. 16.62	AY 2009-10	Income Tax Appellate Tribunal
2.	Income Tax Act, 1961	Income Tax Dues	Rs. 10.25	AY 2010-11	CIT (Appeals)
3.	Income Tax Act, 1961	Income Tax Dues	Rs. 2.04	AY 2011-12	CIT (Appeals)

10. The Company has no accumulated losses at the end of the financial year and has not incurred cash losses in the current and immediately preceding financial year.

11. Based on our audit procedures and as per the information and explanations given to us, we are of the opinion that the company has not defaulted in repayment of dues to financial institution or bank.

