

LIMITED REVIEW REPORT


To
The Board of Directors
LML Limited

1. We have reviewed the accompanying statement of unaudited financial results of M/s LML Limited (the Company) for the quarter ended 30th September, 2011 except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the management and have not been audited by us. This statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.
2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. We report that:
 - a) *Balances of some of the sundry debtors, creditors, 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 accounts for the quarter under review.*
 - b) *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 the Companies(Accounting Standards) Rules, 2006. 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. Since the realizable value as on 30th September, 2011 has not been determined, we are unable to express any opinion as to the effect thereof on the accounts for the quarter under review.*



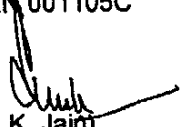
- c) *Accounts have been prepared on a going concern basis as Company is in the process of restructuring/revival of its business under the aegis of BIFR and has already submitted the draft revival scheme. The Company has become a Sick Industrial Company due to erosion of its net worth. The Company's 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 not ascertainable.*
- d) *Interest is provided on Term Loans from banks / Financial Institutions (Lenders) @ 10.00% per annum for the quarter under review, as per the terms of Multi-partite Agreement (MPA) executed by the Company with the Lenders. MPA provides different rates of interest for different periods as per schedule given therein with Yield to maturity (YTM) @ 6.5% per annum, as compared to YTM there is an excess provision of Rs. 24.43 lakhs for the quarter.*
- e) *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 on the accounts for the quarter under review.*
4. Based on our review conducted as above and *subject to the matter stated in paragraph 3 above consequential effect of whereof is not ascertainable*, nothing has come to our notice that causes us to believe that the accompanying statements of unaudited financial results prepared in accordance with Accounting Standards and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of clause 41 of the Listing Agreement including the manner in which it is to be disclosed or that it contains any material misstatement.

For **KHANDELWAL JAIN & CO.**
Chartered Accountants
FRN 105049W


(Akash Shinghal)
Partner
M. No. 103490



For **PARIKH & JAIN**
Chartered Accountants
FRN 001105C


(A. K. Jain)
Partner
M. No. 071253

Place: Gurgaon
Date: 10.11.2011