

FORM A

Format of covering letter of the annual audit report to be filed with the stock exchanges

1.	Name of the Company	The India Cements Limited
2.	Annual financial statements for the year ended	31 st March 2015
3.	Type of Audit observation	Unqualified-/ Matter of Emphasis
(a)	Note No.33.2 (g) to the Standalone financial statements, regarding the appeal filed by the Company against the order of the Competition Commission of India (CCI), imposing a penalty of Rs.18,748 lakhs before the Competition Appellate Tribunal concerning the alleged contravention of provisions of Competition Act, 2002. CCI in its interim order dated 17th May 2013 directed the Company to pay 10% of the imposed penalty. The Company is advised by legal experts that it has good case before appellate tribunal and accordingly no provision has been considered necessary by the Company in this regard.	
(b)	As explained in note No.33.17 to the Standalone financial statements which explain the matters relating to the transfer of Chennai super kings cricket limited (an IPL franchisee owned by the Company prior to its transfer). No impact is considered in the financial statements arising on account of guarantee given by the Company assuring the compliance with franchise covenants as entered into by the Company prior to its transfer. The impact, if any, arising on account, of the same is not ascertainable at this stage.	
(c)	As explained in note No.33.18 to the Standalone financial statements regarding the order of attachment issued by authorities under Prevention of Money laundering Act through which certain assets of the Company amounting to Rs.12,034.18 lakhs have been attached vide order dated 25th February 2015. In this regard proceedings have also been initiated in respect of certain investments made by the Company alleging that the Company committed certain irregularities in making such investments and charges have been levelled against the Company and its Managing Director in this regard. The Company is disputing the same before judicial forums against the allegations and has been legally advised that the Company has strong case to defend its position, pending the outcome of the proceedings the impact if any is not ascertainable at this stage and the investments and assets are carried at respective values in the standalone financial statements.	
(d) (i)	As explained in note No.33.19(a) to the Standalone financial statements the Company at its shareholders meeting held on 26th September 2014 obtained the required approval for making payment of managerial remuneration in the event of inadequacy of profits for the year ending 31st March 2015, pursuant to which the managerial remuneration paid for the financial year ending 31st March 2015 which is in excess of the limits stipulated under 197 of Companies Act 2013 by Rs.267.35 lakhs is subject to approval by Central Government pending the outcome of the same no adjustments have been made in the financial results.	
(ii)	As explained in Note No.33.19(b) to the Standalone financial statements, the appointment of whole time director for a period of 5 years from March 05, 2015 is subject to the approval of the shareholders.	

(e)	Note 33.25 to the Standalone financial statements, which explain the implementation of Schedule II of Companies Act, 2013 and adoption of new useful life in respect of fixed assets. In regard to depreciation on revalued assets, the Company continued its existing practice of dealing with incremental depreciation on account of revaluation by drawing similar amount from revaluation Reserves amounting to Rs.5261 lakhs for the year ending March 31, 2015. Had the Company not drawn the said amount from revaluation reserve, the profit for the year ending March 31, 2015 would have been lower by Rs.5261 lakhs consequently it would have resulted in a loss of Rs.2317 lakhs with a corresponding impact on the retained earnings. The Company is seeking clarification on the method adopted.
Our opinion is not qualified in respect of the Emphasis of Matter.	
4.	Frequency of observation: 3(a) - repetitive i.e. in the Independent Auditor's Report for the financial year 2014-15, 2013-14 and 2012-13. 3(b), (c), (d) & (e) - appeared first time i.e. in the Independent Auditor's Report for the financial year 2014-15.
5.	To be signed by:
☐ CEO/Managing Director	 (N.SRINIVASAN)
☐ CFO	 (R.SRINIVASAN)
☐ Auditor of the Company	 (N.SRIKRISHNA)
☐ Audit Committee Chairman	 (N.SRINIVASAN)