

Auditor's Report On Quarterly Financial Results and Year to Date Results of Cimmco Limited Pursuant to the Clause 41 of the Listing Agreement

To

The Board of Directors of Cimmco Limited,

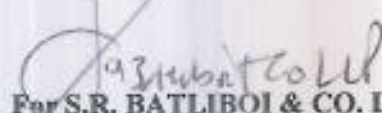
1. We have audited the quarterly financial results of Cimmco Limited ('the Company') for the quarter ended March 31, 2013 and the year-to-date results for the period from April 1, 2012 to March 31, 2013, attached herewith, being submitted by the Company pursuant to the requirement of Clause 41 of the Listing Agreement, 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. These quarterly financial results as well as the year-to-date financial results have been prepared on the basis of the interim financial statements and the relevant requirements of Clause 41 of the Listing Agreement, which are the responsibility of the company's management and have been approved by the Board of Directors, and are the derived figures between the audited figures in respect of the current full year ended March 31, 2013 and the published year-to-date figures up to December 31, 2012, being the date of the end of the third quarter of the current financial year, which were subjected to limited review. Our responsibility is to express an opinion on these financial results based on our audit of such interim financial statements, which have been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard (AS) 25, Interim Financial Reporting, issued pursuant to the Companies (Accounting Standards) Rules, 2006, (as amended) as per Section 211(3C) of the Companies Act, 1956 and other accounting principles generally accepted in India, and the relevant requirements of Clause 41 of the Listing Agreement.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by the management. We believe that our audit provides a reasonable basis for our opinion.
3. We draw attention to the following:
 - a. Demand of Rs 1325 lacs (Rs 1800 lacs as at 31st March 2012) plus interest thereon (amount unascertainable) made by Asset Reconstruction Company (India) Limited (ARCIL), which is disputed by the Company and hence, no provision there against has been made in the accounts. Pending outcome of the matter, the impact, if any, of the above non provision is presently unascertainable. This had also caused us to qualify our review report on the financial results for the quarter ended December 31, 2012 and audit opinion for the year ended March 31, 2012.
 - b. Certain claims of Rs 4899.34 lacs (Rs 4899.34 lacs as at 31st March 2012), net of Rs 150 lacs received under a guarantee given by the Company, which have been considered good of recovery by the management. Pending decision of the Courts/ Arbitration proceedings, the recoverability of these claims is presently unascertainable, although the management is hopeful to recover these claims in full. This matter was covered as emphasis of matter in our review report on the financial results for the quarter ended December 31, 2012 and audit opinion for the previous year ended March 31, 2012.



- c. *Recognition of net deferred tax asset (DTA) of Rs. 131.00 lacs on unabsorbed depreciation and brought forward business losses upto 31st March 2013, based on the future profitability projections made by the management. We are unable to express an opinion on the virtual certainty of achieving these projections as required by Accounting Standard 22, Accounting for Taxes on Income, and the consequential impact, if any, of the recognition of such deferred tax asset.*

Had the impact of item (c) stated above been considered, the profit for the quarter would have been Rs. 317.15 lacs as against the reported profit of Rs. 448.15 lacs and net deficit in the Statement of Profit and Loss in the Reserves and Surplus would have been Rs. 2,723.72 lacs as against the reported net deficit of Rs. 2,592.72 lacs.

4. 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 observations stated in para 3 (a) and (b) and the effect of observation in para 3 (c) above, these quarterly as well as the year to date financial results:
- i. are presented in accordance with the requirements of clause 41 of the Listing Agreement in this regard; and
 - ii. give a true and fair view of the net profit for the quarter ended March 31, 2013 and net loss for the year ended March 31, 2013 and other financial information for the quarter ended March 31, 2013 and for the year ended March 31, 2013.
5. Further, read with paragraph 1 above, we report that the figures for the quarter ended March 31, 2013 represent the derived figures between the audited figures in respect of the current full financial year ended March 31, 2013 and the published year-to-date figures up to December 31, 2012, being the date of the end of the third quarter of the current financial year, which were subjected to a limited review as stated in paragraph 1 above, as required under Clause 41(I)(d) of the Listing Agreement.
6. Further, read with paragraph 1 above, we also report that we have, on the basis of the books of account and other records and information and explanations given to us by the management, also verified the number of shares as well as percentage of shareholdings in respect of aggregate amount of public shareholdings, as furnished by the company in terms of clause 35 of the Listing Agreement and found the same to be correct.


For **S.R. BATLIBOI & CO. LLP**
Chartered Accountants

Firm registration number: 301003E

per **R K AGRAWAL**

Partner

Membership No.: 16667

Place : Kolkata

Date : May 20, 2013

