

Cimmco Limited



REGISTERED OFFICE
756 ANANDAPUR
E M BYPASS,
KOLKATA- 700107
CIN: L28910WB1943PLC168801

TEL : (033) 4019 0800
FAX : (033) 40190823
WEBSITE: www.cimmco.in
E-MAIL: corp@cimmco.in

12th September, 2016

1. **National Stock Exchange of India Limited**
Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai 400051
2. **BSE Limited**
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400001
3. **Delhi Stock Exchange Limited**
DSE House, 3/1, Asaf Ali Road, New Delhi 110002
4. **The Calcutta Stock Exchange Limited**
7, Lyons Range, Kolkata 700001
5. **Madhya Pradesh Stock Exchange Limited**
201, Palika Plaza - II, MTH Compound, Indore 452001

Dear Sirs,

Sub: Disclosure of the Impact of Audit Qualifications under Regulation 33/52 of SEBI (LODR), (Amendment) Regulations, 2016

With reference to Notification No. SEBI/LAD-NRO/GN/2016-17/001 dated May 25, 2016 and Circular No. CIR/CFD/CMD/56/2016 dated May 27, 2016 issued by the Securities and Exchange Board of India (SEBI), we enclose herewith "**Statement of Impact of Audit Qualifications**" of the Company for Audited Financial Results for the FYE 31st March, 2016.

Please take this on record.

Thanking you,

Yours faithfully,

For Cimmco Limited

Authorized Signatory
Encl: As stated above

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Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results of Cimmco Limited – Standalone for the financial year ended March 31, 2016

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2016 [See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]				
I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1	Turnover / Total income (including other income)	7,260.24	7,260.24
	2	Total Expenditure (including tax expenses)	8,443.33	8,443.33
	3	Net Profit/(Loss)	(1,183.09)	(1,183.09)
	4	Earnings Per Share	(5.87)	(5.87)
	5	Total Assets	24,298.03	24,298.03
	6	Total Liabilities	8,436.83	8,436.83
	7	Net Worth (refer note a below)	1,555.59	1,555.59
	8	Any other financial item(s) (as felt appropriate by the management)	-	-
II.	Audit Qualification			
	a. Details of Audit Qualification (as reproduced from the audit report):			
	We draw attention to note no. 13(i) regarding certain claims of Rs 3,952.35 lacs (Rs 3,952.35 lacs as at March 31, 2015), which has been considered good of recovery by the management. Although the management is hopeful to recover the claims in full, pending final decision of the Court, we are unable to comment on its recoverability including consequential impact that may arise in this regard in these financial statements. This had also caused us to qualify our audit opinion on the financial statements for the year ended March 31, 2015.			
	b. Type of Audit Qualification : Qualified Opinion			
	c. Frequency of qualification: Was Emphasis of matter for FYE 2011-12, and qualification for FYE 2012-13, 2013-14, 2014-15 and 2015-16.			
	d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Impact not quantified by the auditors and therefore, not applicable.			
	e. For Audit Qualification(s) where the impact is not quantified by the auditor:			
	(i)	Management's estimation on the impact of audit qualification: Impact of audit qualification cannot be quantified.		
	(ii)	Management response and reasons for inability to estimate the impact: Rs. 3952.35 lacs recoverable from Indian Railways on account of difference of lease rental for the wagons leased to Indian Railways: In the year 1997-98 the Company (Cimmco) had entered into 3 separate sub-lease rental agreements with Indian Railways (IR) for lease to IR of 1200 wagons for a primary period of 10 years. However, owing to changes in the rate of Income Tax as well as the depreciation rate as per the Income Tax Act, the sub-lease rentals payable by IR to Cimmco in terms of the sub-lease agreements were impacted and IR, on a misinterpretation of the relevant clause in the sub-lease agreements, did not release the differential sub-lease rental to the Company. Although the issues were clarified, IR continued to withhold the differential payment and being compelled by non-recovery of its dues Cimmco invoked the Arbitration Clause and referred the matter to Arbitration on 27/10/2004. Due to the erosion of the net worth of Cimmco as at 30.06.2000 and Cimmco having become sick, the operations of Cimmco were suspended/closed with effect from 13.11.2000. As such, only a skeleton staff/personnel were available in Cimmco to actively pursue the matter. This led to lack of attention to the arbitration in the matter for a long time.		



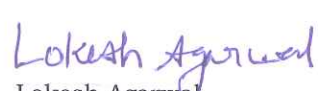
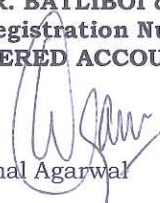
g. Shankar

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	Cimmco has been aggressively pursuing with the Arbitration Tribunal to expeditiously complete the Arbitration proceedings which had been kept in abeyance for the parties to explore the possibilities of amicable settlement. However, since the Tribunal did not fix further dates of hearing, a petition was filed before the Hon'ble High Court of Delhi on 14th August, 2014 seeking reconstitution of the Arbitration Tribunal. The matter was heard on 22nd August, 2014, however the Tribunal recommenced the proceedings and arguments have been concluded on May 2, 2015. Thereafter, the Tribunal has fixed September 7, 8 and 9, 2015 for making and publishing the award. The Tribunal passed an award on 03/02/2016 whereby the Company's claims were rejected. Being aggrieved by the award the Company has filed an appeal under section 34 of the Arbitration & Conciliation Act, 1996 (as amended) before the Hon'ble High Court, Delhi on 29/04/2016 and the matter was heard on 02/06/2016 when the Court directed issue of the notice to Indian Railways. The matter has been re-notified on 13/09/2016. Cimmco is convinced of merit of the case. The management is hopeful of getting a favourable order from the Hon'ble High Court, Delhi for recovery of the amount and hence this amount has been considered good of recovery.
	(iii) Auditors' Comments on (i) or (ii) above: Refer details of audit qualification [para II (a) above]
III	For Cimmco Limited  J P Chowdhary Executive Chairman  Lokesh Agarwal Chief Financial Officer  J K Shukla Chairman of Audit Committee For S. R. BATLIBOI & CO. LLP Firm Registration Number: 301003E/E300005 CHARTERED ACCOUNTANTS  per Kamal Agarwal Partner Membership No.58652  Place: Kolkata Date: August 22, 2016

Notes:

- a) Net worth means paid up capital and free reserves. Revaluation reserve has been excluded while calculating net worth.

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