भारतीय नौवहन निगम लिमिटेड
(भारत सरकार का उद्यम)
पंजीकृत कार्यालय: शिपिंग हाउस, 245 मादाम कामा रोड, मुंबई - 400 021.
फोन: 91-22-2202 6666, 2277 2000 फैक्स: 91-22-2202 6905 वेबसाइट: www.shipindia.com

SCI
Navratna Company
ISO 9001:2008

The Shipping Corporation Of India Ltd.
(A GOVERNMENT OF INDIA ENTERPRISE)
Regd. Office: Shipping House, 245, Madame Cama Road, Mumbai-400 021. Ph: 91-22 2202 6666, 2277 2000
Fax: 91-22 22026905 • Website: www.shipindia.com
सीआईएन/CIN-L63030MH1950GOI008033

Ref/BS/2015-2016/16

26.07.2016

To,

Corporate Relationship Department, **Bombay Stock Exchange Ltd,** 1st Floor, New Trading Ring, Rotunda Building, P.J. towers, Dalal Street, Fort, Mumbai – 400 001	The Manager, Listing Department, **The National Stock Exchange of India Ltd.,** 'Exchange Plaza' Bandra-Kurla Complex, Bandra (East) MUMBAI - 400 051.
The Secretary **The Calcutta Stock Exchange Association Ltd.** 7, Lyons Range, KOLKATA 700 001.	

Dear Sir,

Sub: Statement on Impact Of Audit Qualifications

In Pursuance of BSE circular no. DCS/COMP/04/2016-17 and NSE circular no. NSE/CML/2016/09 dated 1st June 2016 we hereby submit the Statement on Impact of Audit Qualifications (for Audit Report with modified opinion) for Annual Audited Financial Results for the year ended 31.03.2016.

Kindly take the same on your record.

Thanking You,

Yours Faithfully,

कृते भारतीय नौवहन निगम लिमिटेड
For THE SHIPPING CORPORATION OF INDIA LTD.

दिपांकर हाल्दार/DIPANKAR HALDAR
कार्यकारी निदेशक (विधिक मामले) एवं कंपनी सचिव
Executive Director (Legal Affairs) & Company Secretary

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Statement on Impact of Audit Qualifications for the Financial Year ended March 31,
[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 (Rs. In Lacs)	427719	427719
	2.	Total Expenditure (Rs. In Lacs)	389990	390488
	3.	Net Profit/(Loss) (Rs. In Lacs)	37729	37231
	4.	Earnings Per Share (Rs.)	8.10	7.99
	5.	Total Assets (Rs. In Lacs)	1450091	1452118
	6.	Total Liabilities (Rs. In Lacs)	759052	761577
	7.	Net Worth (Rs. In Lacs)	691039	690541
	8.	Any other financial item(s) (as felt appropriate by the management)	-	-

II. Audit Qualification (each audit qualification separately):

a. **Details of Audit Qualification:** Auditors have given the following qualifications in their Audit report:

1. The direct access of overseas foreign agents to fund collected on account of freight and other charges without adequate security and regular monitoring mechanism is prone to risk of non short-payment, the consequential effect of which on the statement of profit and loss remains unascertainable.

2. One of the vessels acquired in the year 2012-13 was under capitalised by 3.50 million USD and the provision for interest @ 2.5% pa on this amount has not been made in the accounts from the year 2012-13. This has resulted in understatement of fixed assets by Rs.20.28 crores, overstatement of profits by Rs.4.98 crores and understatement of liability of Rs.25.25 crores.

b. **Type of Audit Qualification :** Qualified Opinion

c. **Frequency of qualification:**

Point '1 ' appeared during the financial year 2014-15 and 2015- 16 Point 'ii' appeared first time in the year ended 31st March 16

d. **For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:**

Point '2' Since the accounts for FY 2012-13 have already been audited by the statutory auditors as well as by the C & AG and approved by the Board; the issue of undercapitalization in 2012-13 is being referred to Board for its consideration. Depending on the Board decision, necessary accounting entries relating to capitalization & depreciation, if required, will be passed in the books in FY 2016-17. However, it may be noted that no interest is payable as per the understanding between the parties.

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	e.	**For Audit Qualification(s) where the impact is not quantified by the auditor:**
		(i) Management's estimation on the impact of audit qualification: Cannot be ascertained.
		***(ii)* If management is unable to estimate the impact, reasons for the same:** Point no. 1, SCI has opened bank accounts in its name for collection of freight and other charges directly from customers at all ports except the ports where local laws do not permit opening such accounts by non-resident companies. SCI collects bank guarantee from its foreign agents to cover its risk on account of freight & other charges collected by agents. While 100 % risk cannot be mitigated in any business, SCI ensures that any risk associated with freight collection is minimised to the extent possible without affecting its business interests. As collections are ongoing, the bank guarantee/security amount is periodically reviewed vis a vis the amount of business done by agents. However, due to the time lag which is inherent in the business model, the impact thereof on the accounts is not determinable.
		(iii) Auditors' Comments on (i) or (ii) above: REFER ANNEXURE - I
III	*Signatories:*	
	• **CEO/Managing Director**	
	• **CFO**	
	• **Audit Committee Chairman**	
	• **Statutory Auditor**	GMJ & CO. MUMBAI CHARTERED ACCOUNTANTS M/S. ASSOCIATES FRN 302014E CHARTERED ACCOUNTANTS
	Place: Mumbai	
	Date:	

Annexure1 to Form-B:

Auditors' comments on management's explanation on qualification

For II. D:

The management has stated "However, it may be noted that no interest is payable as per the understanding between the parties". During the course of audit no documentary proof in support of any understanding between the parties was produced before us.

For II. E. ii:

We may like to further add to management's reply that in case of accounts opened in the name of agents and freight collections directly credited to the account of the agent, there is a probability of certain freight collections directly credited to the account of agent but not deposited to the account of the company by the agents, as has happened in the past and due to such probability; its impact on the accounts is not determinable.

GMJ & CO. MUMBAI CHARTERED ACCOUNTANTS

MKPS & ASSOCIATES FRN 302014E CHARTERED ACCOUNTANTS

For MKPS & Associates