



# C. MAHENDRA EXPORTS LTD.

**DIAMOND EXPORTERS, IMPORTERS & MANUFACTURERS**

CIN: L27205MH2007PLC166717

**October 21, 2015**

To,  
National Stock Exchange of India Limited  
Exchange Plaza, Bandra Kurla Complex,  
Bandra (East), Mumbai – 400 051

To,  
BSE Limited  
P J Towers, Dalal Street,  
Fort, Mumbai

Dear Sir,

**Sub: Clarification with respect to Public Notice given in the newspaper by the Statutory Auditors R H Modi & Co.**

We are informed and took note regarding Public Notice given in the newspaper by the Statutory Auditors R H Modi & Co., informing that they have not signed the Auditors' Report for the Financial Year- 2014-2015.

In this regard, we wish to submit the following:

1. The Auditor was personally present in the Board Meeting held on August 26, 2015 where the Annual Accounts were approved.
2. The Company received the Final Auditors Report by email from the Auditor before the meeting
3. The Auditors Report was also placed before the Board Meeting and Mr. Raju Modi was aware of this.
4. The Auditor did not raise any objection in the said Board Meeting and the accounts were duly approved by the Board.
5. Mr. Champaklal Mehta, Managing Director was also a present in the Board Meeting and he also did not raise any objection.
6. The signed accounts were then send to the MD for his signature by knowledge of Statutory Auditor, M/s. R. H. Modi & Co.
7. The MD refused to sign the Accounts due to his personal dispute with Mr. Mahendra Shah, Chairman and Promoter of the Company, which documents were never comes back.



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8. The Accounts were then signed by Mr. Mahendra Shah as per Section 134 of the Companies Act, 2013 and were also signed by another Independent Director and were again sent to the Auditors for his signature.
9. But the Auditor did not signed the Auditors Report and instead wrote to BSE, NSE and SEBI that he has not signed the Auditors Report and the Company has sent the Annual Report without his consent.
10. The Auditor also stated that he has not signed the Auditors Report in the Annual General Meeting held on September 26, 2015.
11. One of the shareholders asked that why he has not signed the Auditors Report because, as a shareholder, it is his right to receive the Auditors Report from the Auditor. He is answerable to the shareholders and not to the management. The Auditor chose to remain silent and did not answer his question.
12. The Auditor then published Public Notice in the Newspaper that he has not signed the Auditors Report.

In this regard, we have the following queries:

1. Can the Auditor refuse to sign the Auditors Report due to the dispute between the Promoters.
2. Can the Auditor not sign the Audit Report if the MD doesnot sign the accounts.
3. As the Company was in receipt of the Final Auditors Report there was no reason for the Company to believe that the Auditor will not sign the Auditors Report.
4. The Company has to dispatch the Annual Report to the Shareholders within prescribed time. There was no communication from the Auditors to stop the printing and dispatching the Annual Report.
5. The Auditors raised his objection once he knew that the Annual Report have been dispatched.
6. As per our knowledge, it is the duty to the Auditor to give the Auditors Report to the Shareholders of the Company. (Section 145 of the Companies Act)
7. The Auditor received the signed Accounts from the Company, and it was his duty to give the Auditors Report.
8. To our knowledge, there is no law, regulation or act, which exempts the auditors from signing the Auditors Report.
9. The Auditor is of the view, that by not signing the Auditors Report and giving Public Notice that he has not signed the Report does not absolve him from his responsibilities.
10. The Auditor has told SEBI that there are no outstanding dues from the Company. But, he has written to the company to clear his outstanding dues. On one side he says that he has not audited the accounts and on the other hand he is asking for Audit fees for having Audited the accounts. He himself is making contradictory statement which are backfiring on him.



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As per our opinion the Auditor does not have any option, but to sign the Auditors Report. If there are any irregularities, he should qualify them in his Report, but to not sign the Audit Report at all is not an option available to the auditor as per Companies Act, 2013.

The Auditor is responsible to the shareholders of the Company and holds a fiduciary position.

We are still in contact with the Auditors and we shall take legal recourse as may be advised.

Thanking you

Yours faithfully  
For C. Mahendra Exports Limited

Mahendra Shah  
Chairman  
DIN: 00039077



**cc:** To,  
The Whole time Member,  
SEBI, Plot C, 4-A, G Block,  
Near bank of India, Bandra(E),  
Mumbai -400057

To,  
The Registrar,  
Registrar of Companies,  
Everest 100, 5<sup>th</sup> floor,  
Mumbai-400 002