

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

25th May, 2016

1. **National Stock Exchange of India Limited**
Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai 400051
2. **Bombay Stock Exchange 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,

Re: Audited Financial Results under Regulation 33 of SEBI (LODR) Regulations 2015

Dear Sirs:

Pursuant to Regulation 33 of SEBI (LODR) Regulations 2015 we enclose herewith Audited Financial Results of the Company along with Form B for the FYE 31st March 2016.

Please take this on record

Thanking you,

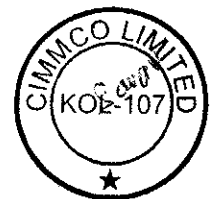
Yours faithfully,

For Cimmco Limited


Authorized Signatory

STATEMENT OF ASSETS AND LIABILITIES

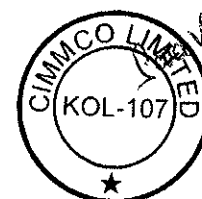
Sl	PARTICULARS	(Rs.in Lacs)	
		As at March 31, 2016	As at March 31, 2015
		Audited	Audited
A	EQUITY AND LIABILITIES		
1	Shareholders' funds		
a)	Share Capital	6,014.85	6,014.85
b)	Reserves & Surplus	9,846.35	11,029.43
	Sub total - Shareholders' funds	15,861.20	17,044.28
2	Non-current liabilities		
a)	Long term borrowings	2,771.35	4,000.00
b)	Long term provisions	19.28	14.11
	Sub total - Non-current liabilities	2,790.63	4,014.11
3	Current liabilities		
a)	Short term borrowings	2,111.12	1,408.45
b)	Trade payables	1,443.67	1,873.04
c)	Other current liabilities	1,717.80	2,644.77
d)	Short term provisions	373.61	502.58
	Sub total - Current liabilities	5,646.20	6,428.84
	TOTAL - EQUITY AND LIABILITIES	24,298.03	27,487.23
B	ASSETS		
1	Non-current assets		
a)	Fixed assets	16,564.27	16,801.22
b)	Non-current investments	0.05	0.05
c)	Trade receivables	127.35	123.75
d)	Loans and advances	95.91	265.88
e)	Other non current assets	3,952.35	3,952.35
	Sub total - Non-current assets	20,739.93	21,143.25
2	Current assets		
a)	Inventories	1,322.23	3,877.50
b)	Trade receivables	575.72	1,067.18
c)	Cash and cash equivalents	151.43	281.99
d)	Short term loans and advances	403.85	214.74
e)	Other current assets	1,104.88	902.57
	Sub total - Current assets	3,558.11	6,343.98
	TOTAL - ASSETS	24,298.03	27,487.23



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STATEMENT OF AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2016

PART I							(Rs.in Lacs)
SL.	PARTICULARS	QUARTER ENDED			YEAR ENDED	YEAR ENDED	
		Mar 31, 2016	Dec 31, 2015	March 31, 2015	March 31, 2016	March 31, 2015	
		Audited (Refer Note 5)	Unaudited	Audited (Refer Note 5)	Audited	Audited	
1	Income from operations						
a)	Gross Sales/Income from Operations	1,923.32	1,970.58	2,458.01	6,810.66	3,361.72	
	Less: Excise Duty & Cess	42.79	45.77	127.40	151.84	211.30	
	Net Sales/ Income from Operations	1,880.53	1,924.81	2,330.61	6,658.82	3,150.42	
b)	Other Operating Income	15.00	15.00	15.00	60.00	60.00	
	Total income from operations (net)	1,895.53	1,939.81	2,345.61	6,718.82	3,210.42	
2	Expenditure						
a)	Consumption of Raw Materials & Components	1,099.07	1,562.66	2,412.93	3,639.85	3,288.29	
b)	Cost of Raw materials and components sold	11.71	52.59	52.07	118.01	52.07	
c)	Changes in inventories of finished goods, work-in-progress and saleable scraps	417.71	54.13	(573.73)	1,401.67	(1,139.48)	
d)	Consumption of stores & spares	203.16	147.30	142.26	474.46	257.60	
e)	Job processing and other machining charges (including contract labour charges)	113.53	129.42	183.58	414.75	370.30	
f)	Power and Fuel	27.05	32.25	27.57	99.98	92.93	
g)	Employee benefit expenses	73.12	110.69	92.61	337.22	315.82	
h)	Depreciation and amortisation expenses	65.44	68.16	73.10	269.16	285.80	
i)	Other Expenses	422.26	190.28	148.33	856.04	670.12	
	Total Expenses (a to i)	2,433.04	2,347.48	2,558.72	7,611.14	4,193.45	
3	Loss from Operations before Other Income, Finance costs, Exceptional Items & Taxes (1-2)	(537.52)	(407.67)	(213.11)	(892.32)	(983.03)	
4	Other Income	403.03	35.71	18.56	541.42	286.22	
5	Loss before Finance costs, Exceptional Items and Taxes (3+4)	(134.48)	(371.95)	(194.55)	(350.90)	(696.81)	
6	Finance costs	163.30	147.53	148.57	649.45	776.84	
7	Loss before Exceptional Items and Taxes (5-6)	(297.78)	(519.48)	(343.12)	(1,000.35)	(1,473.65)	
8	Exceptional Items	-	-	-	131.54	1,069.91	
9	Loss from Ordinary Activities before Taxes (7-8)	(297.78)	(519.48)	(343.12)	(1,131.89)	(2,543.56)	
10	Tax Expenses						
a)	Current Tax (including tax relating to earlier years)	51.20	-	34.41	51.20	34.41	
b)	Deferred Tax Charge	-	-	-	-	-	
11	Net Loss for the period (9-10)	(348.98)	(519.48)	(377.53)	(1,183.09)	(2,577.97)	
12	Paid-up Equity Share Capital (Face value Rs. 10/- each)	2,014.85	2,014.85	2,014.85	2,014.85	2,014.85	
13	Reserves excluding Revaluation Reserve				(4,459.26)	(3,276.18)	
14	Earning Per Share (of Rs 10/- each) (Not Annualised)	(1.73)	(2.58)	(1.87)	(5.87) (annualised)	(12.79) (annualised)	



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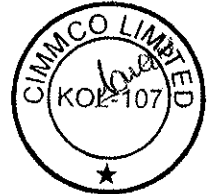
Notes:

- 1 Previous period's / year's figures have been regrouped/rearranged wherever necessary to conform to the current period's / year's classification.
- 2 The Company has only one reportable business segment, i.e., Wagon & Engineering Products, hence no Separate Segment information is disclosed.
- 3 The Auditors in their audit report for the year ended March 31, 2016 and limited review report for the quarter ended December 31, 2015 have commented upon the recoverability of claims of Rs. 3,952.35 lacs receivable from Indian Railways. In the aforesaid matter, the arbitration award has been upheld against the Company and the Company has filed an appeal in the Hon'ble Delhi High Court against the said arbitration award which is pending listing. The management is hopeful to recover these claims in full.
- 4 The performance of the Company during the current year has been adversely affected by lack of orders from Indian Railways. However, new wagons order from Indian Railways for supply of 1,264 wagons amounting to Rs 183.28 crores has since been received. As per the contract, the same need to be executed within 12 months from the date of the order.
- 5 The figures for the quarter ended March 31, 2016 represents the derived figures between the audited figures in respect of the full financial year upto March 31, 2016 and the unaudited published year to date figures upto December 31, 2015, being the date of the end of the third quarter of the current financial year which were subjected to a limited review.
- 6 There were no extra-ordinary items during the respective periods reported above.
- 7 The above audited financial results for the quarter and year ended March 31, 2016 have been reviewed by the Audit Committee and approved by the Board of Directors in their respective meetings held on May 25, 2016. The results have been subject to audit by the statutory Auditor of the Company.

For and on behalf of Board of Directors


J P CHOWDHARY
Executive Chairman & Managing Director

Place: Kolkata
Date: May 25, 2016



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FORM B (for audit report with modified opinion)

1.	Name of the Company	Cimmco Limited
2.	Annual Financial Statements for the year ended	31 st March, 2016
3.	Type of Audit observation	Qualified Audit Report
4.	Frequency of observation	Note mentioned below: Was Emphasis of matter for FYE 2011-12, and qualification for FYE 2012-13, 2013-14, 2014-15 and 2015-16.
	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors' report.	We draw attention to note no. 13.1 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. Management response: Rs. 3952.34 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

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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.

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 hearing in the matter is expected to take place shortly.

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.

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	<u>Emphasis of Matter</u> We draw attention to note no. 31 regarding certain claims raised by a Sub-contractor against the Company, which has been upheld by the arbitration tribunal and a demand of Rs 2,525.85 lacs (including interest of Rs. 1,721.63 lacs) has been awarded against the Company. The Company has filed an appeal against the said award with the Hon'ble High Court of Delhi in respect of which, a stay has been granted by the Hon'ble High Court. Although the management is hopeful of a favourable outcome in this regard, pending final decision of the Hon'ble High Court, we are unable to comment on the liability against these claims including consequential impact that may arise in these financial statements. Our opinion is not qualified in respect of this matter. Management response: The Company's appeal against the arbitration award has been admitted by the Hon'ble High Court, Delhi and the said award has been stayed. Hearing in the matter is expected to take place in due course. The management believes the Company's appeal has merit and is hopeful of favourable order from the High Court, Delhi. Pending the decision of the High Court, the amount has been shown as contingent liability in the books of accounts.
Additional comments from the Board/Audit Committee chair.	<i>During the review of the subject Financial Statements, Audit Committee reviewed the status of the aforesaid matters in detail and also interacted with the Statutory Auditors and management periodically. After taking into account all the relevant information, updation thereof as well as analysis carried out, of the items involved in the qualified opinion and matter of emphasis, commended the Financial Statements to the Board for final consideration.</i> <i>Keeping in view the nature of transactions/issues behind such qualified opinion and matter of emphasis, and time taken for their resolution being beyond the Company's control, the Audit</i>

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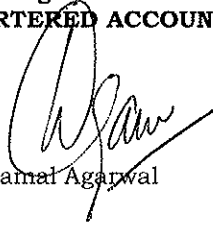


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Committee while commending the said Financial Statements nevertheless specifically advised the management to take the best possible care to attend to the said items appearing in the Auditors' Report with a view to achieving a clean Report at the earliest.

For S. R. BATLIBOI & CO. LLP
Firm Registration Number: 301003E/E300005
CHARTERED ACCOUNTANTS

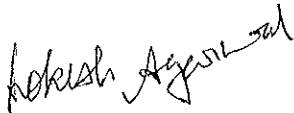

per Kamal Agarwal

Partner
Membership No.58652

Date : May 25, 2016
Place: Kolkata

For CIMMCO Limited


(J P Chowdhary)
Executive Chairman and CEO


(Lokesh Agarwal)
Chief Financial Officer


(J K Shukla)
Chairman of the Audit Committee

