

# cimmco



Cimmco Limited  
Annual Report 2015 - 2016

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## CORPORATE INFORMATION\*

## Board of Directors

Shri J P Chowdhary	<i>Executive Chairman</i>
Shri Umesh Chowdhary	<i>Vice Chairman</i>
Shri K S B Sanyal	<i>Independent Director</i>
Shri Jagdish Kumar Shukla	<i>Independent Director</i>
Shri Nandan Bhattacharya	<i>Independent Director</i>
Dr. G B Rao	<i>Independent Director</i>
Shri M J Z Mowla	<i>Independent Director</i>
Shri R N Tiwari	<i>Director (Works)</i>
Smt. Vinita Bajoria	<i>Non-Executive Director</i>
Shri Anil Kumar Agarwal	<i>Non-Executive Director</i>

## Chief Financial Officer

Shri Lokesh Agarwal

## Company Secretary

Shri Dipankar Ganguly

## Audit Committee

Shri J K Shukla	Chairman
Shri K S B Sanyal	Member
Shri Anil Kumar Agarwal	Member
Shri J P Chowdhary	Special Invitee
Shri Umesh Chowdhary	Special Invitee
Shri D N Davar	Special Invitee

Risk Management  
Committee

Shri J K Shukla	Chairman
Shri J P Chowdhary	Member
Shri Umesh Chowdhary	Member
Shri D N Davar	Special Invitee

Nomination &  
Remuneration Committee

Shri K S B Sanyal	Chairman
Shri J K Shukla	Member
Shri M J Z Mowla	Member
Shri D N Davar	Special Invitee

Stakeholders'  
Relationship Committee

Shri J K Shukla	Chairman
Shri M J Z Mowla	Member
Shri Umesh Chowdhary	Member
Shri D N Davar	Special Invitee

## Auditors

M/s. S R Batliboi & Co. LLP  
*Chartered Accountants*

## Bankers

ICICI Bank Limited  
Syndicate Bank

## Works

Mal Godown Road  
Bharatpur-321001  
Rajasthan  
Phone : (05644)238756  
Fax : (05644) 238757

## Registered Office

**cimmco Limited**

CIN : L28910WB1943PLC168801

756, Anandapur, E M Bypass, Kolkata-700107

Telephone: +91 33 4019 0800

Fax: +91 33 4019 0823, Email: corp@cimmco.in

## Registrar and Transfer Agent (RTA)

Karvy Computershare Private Limited  
Karvy Selenium Tower B, Plot 31-32, Gachibowli  
Financial District, Nanakramguda, Hyderabad 500 032  
Phone: +91 40 6716 2222, Fax: +91 40 2300 1153  
E-mail for Investors: einward.ris@karvy.com

\*as on 22nd August, 2016

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Seventy-First ANNUAL GENERAL MEETING of the members of CIMMCO LIMITED will be held at Manovikas Kendra, 482, Madudah, Plot I-24, Sector-J, E M Bypass, Kolkata-700107 on Thursday, the 29th September, 2016 at 12.30 P.M. to transact the following businesses:

### Ordinary Business :

- To consider and adopt the audited financial statement of the Company for the financial year ended March 31, 2016, the Reports of Directors and Auditors thereon.
- To appoint a Director in place of Shri J P Chowdhary, Executive Chairman (DIN: 00313685) who retires by rotation and being eligible, offers himself for re-appointment.
- To re-appoint Auditors and fix their remuneration by passing, with or without modification(s) the following resolution as an Ordinary Resolution :**

**"RESOLVED THAT** M/s. S R Batliboi & Co LLP; Chartered Accountants of 22 Camac Street, Block C, 3rd Floor, Kolkata-700016 having Firm Registration No. 301003E, pursuant to the provisions of Section 139 and 142 of the Companies Act, 2013 read with the Rules made thereunder be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) until the conclusion of the Seventy-Second (72nd) AGM of the Company (subject to ratification of their appointment at every AGM) and the Board of Directors of the Company be and is hereby authorised to fix their remuneration plus other applicable expenses in connection with statutory audit and/or continuous audit and also such other remuneration, as may be decided to be paid by the Board/Committee of the Board, for performing duties if any other than those referred to hereinabove and the remuneration so fixed may be paid at such intervals during the year as may be decided by the Board/Committee of the Board."

### Special Business:

- To re-appoint Shri J P Chowdhary, Executive Chairman for a term of Five years and in this regard to consider and if thought fit to pass, with or without modification(s), the following resolution as a Special Resolution :**

**"RESOLVED THAT** pursuant to provisions of Sections 196, 197 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and pursuant to Article 160 of Articles of Association of the Company, the consent of the members be and is hereby accorded to the re-appointment of Shri J P Chowdhary (DIN: 00313685), as Executive Chairman of the Company for a period of five years commencing from 10.05.2016 on the existing terms and conditions as contained in the agreement entered into between Shri J P Chowdhary and the Company, which inter alia include that he shall draw remuneration form Titagarh Wagons Limited only of which he is the Executive Chairman.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to alter or vary the terms and conditions of the appointment/agreement, to the extent recommended by the Nomination and Remuneration Committee from time to time as may be considered appropriate, subject to the overall limits specified by this Resolution and the Act.

**FURTHER RESOLVED THAT** the Board of Directors (which term shall include a Committee thereof) be and is hereby authorised to take all steps and do acts, deeds and things as may be deemed necessary for giving effect to this Resolution."

- To ratify the remuneration of Cost Auditor and in this regard to consider and if thought fit to pass, with or without modification(s), the following resolution as an Ordinary Resolution :**

**"RESOLVED THAT** pursuant to the provisions of Section 148 of the Companies Act, 2013 read with The Companies (Audit and Auditors) Rules, 2014, the remuneration of Rs.1,00,000/- (Rupees One lac only) plus taxes as may be applicable and reimbursement of reasonable out of pocket expenses as may be actually incurred by the firm, payable to M/s. M. R. Vyas and Associates; Cost Accountants (Registration No. 2032) of D-219, Vivek Vihar, Phase-I, New Delhi - 110095 appointed by the Board as Cost Auditors of the Company for the financial year 2016-17 be and is hereby ratified."

Registered Office :  
756 Anandapur,  
E M Bypass, Kolkata -700107  
Place : Kolkata  
Date : August 22, 2016

By Order of the Board of Directors  
**Dipankar Ganguly**  
Company Secretary

### Notes :

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL, ON HIS BEHALF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** Proxies submitted on behalf of limited companies, societies etc. must be supported by appropriate resolutions/authority, as applicable. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
- Proxies in order to be effective must be received by the Company at the registered office address not less than 48 hours before the commencement of the Annual General Meeting (AGM).

## NOTICE OF ANNUAL GENERAL MEETING

3. The Register of Members and the Share Transfer Books of the Company will remain closed from the 24th September, 2016, to 29th September, 2016 (both days inclusive), for the purpose of holding the Annual General Meeting.
  4. The Company shall also display full text of these communications/documents/reports at its website [www.cimmco.in](http://www.cimmco.in) and physical copies of such communications/documents/Annual Reports will be made available at the Registered Office of the Company for inspection by the shareholders during the office hours on working days.  
Please note that as a member of the Company upon receipt of request, you will be entitled to receive free of cost, copy of such communications/documents/Annual Reports and all other documents required to be attached thereto.
  5. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the RTA.
  6. Details under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the Stock Exchange in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting, forms integral part of the Notice. The Directors have furnished the requisite declarations for their appointment/re-appointment.
  7. Electronic copy of the Annual Report for FY 2015-16 is being sent to all the members whose email IDs are registered with the Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for FY 2015-16 are being sent in the permitted mode.
  8. Electronic copy of the Notice of the 71st Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip is being sent to all the members whose email IDs are registered with the Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 71st Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip is being sent in the permitted mode.
  9. Members may also note that the Notice of the 71st Annual General Meeting and the Annual Report for FY 2015-16 will also be available on the Company's website [www.cimmco.in](http://www.cimmco.in) for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost.
10. **Voting through electronic means**
    - a) Pursuant to the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Company (Management and Administration) Rules, 2015 and Regulation 44 of SEBI (LODR), Regulations, 2015, the Company is pleased to provide members the facility to exercise their vote through remote e-voting in respect of the resolutions proposed to be passed at the ensuing Annual General Meeting (AGM) by using the electronic voting facility provided by the Karvy Computershare Private Limited.
    - b) **The remote e-voting period commences at 9:00 a.m. on Sunday, the 25th September, 2016 and ends at 5:00 p.m. on Wednesday, the 28th September, 2016. The remote e-voting module shall be disabled by Karvy for voting thereafter.**
    - c) During the remote e-voting period, members of the Company, holding shares either in physical form or dematerialized form, as on the cut-off date i.e. Thursday, the 22nd September, 2016 may cast their vote electronically.
    - d) **Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.**
    - e) **Voting rights of the members shall be in proportion to their respective shareholding as on the cut-off date i.e. Thursday, the 22nd September, 2016.**
    - f) The facility for voting through polling paper shall be made available at the AGM and members attending the meeting who have not cast their vote by remote e-voting shall be eligible to exercise their right to vote at the meeting through polling paper.
    - g) The members who have cast their vote by remote e-voting prior to AGM may also attend the AGM but shall not be entitled to cast their vote again.
    - h) Any person who acquires shares of the Company and becomes a member of the Company after the dispatch of this Notice and holds shares as on the cut-off date i.e. Thursday, the 22nd September, 2016 should follow the instructions for E-voting as mentioned below for FIRST TIME USER. In case of any queries, the shareholder may also contact the Registrar & Transfer Agent.
    - i) The Board of Director has, at its meeting held on 22nd August, 2016, appointed M/s. Sushil Goyal & Co. Practicing Company Secretaries as the scrutinizer to scrutinize the voting process (electronically or otherwise) in a fair and transparent manner.

## NOTICE OF ANNUAL GENERAL MEETING

- j) A person whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at AGM through ballot paper.
- k) **The Instructions for Shareholders voting electronically are as under :**
- A. In case a Member receiving an email of the AGM Notice from Karvy [for Members whose email IDs are registered with the Depository Participant(s)]:
- (i) Launch internet browser by typing the URL: **https://evoting.karvy.com.**
  - (ii) Enter the login credentials (i.e., **User ID and password as provided at the bottom of the Attendance Slip**). Event No. followed by Folio No./ DP ID-Client ID will be your User ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.
  - (iii) After entering these details appropriately, Click on "LOGIN".
  - (iv) You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,\$, etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
  - (v) You need to login again with the new credentials.
  - (vi) On successful login, the system will prompt you to select the "EVENT" i.e., Cimmco Limited.
  - (vii) On the voting page, you may select 'YES' or 'NO' as desired. You may also choose the option ABSTAIN. If the shareholder does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.
  - (viii) Shareholders holding multiple folios/demat accounts shall choose the voting process separately for each folios/demat accounts.
  - (ix) Voting has to be done for each item of the Notice separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.
  - (x) You may then cast your vote by selecting an appropriate option and click on "Submit"
- (xi) A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, Members can login any numbers of times till they have voted on the Resolution(s).
- (xii) Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter, etc. together with attested specimen signature(s) of the duly authorized representative(s), to the Scrutinizer at e mail ID: csskgoyal@gmail.com with a copy marked to evoting@karvy.com. The scanned image of the above mentioned documents should be in the naming format "Corporate Name\_ EVENT NO."
- (xiii) In case a person has become the Member of the Company after the dispatch of AGM Notice but on or before the cut-off date i.e. 22nd September, 2016, may write to the Karvy on the email Id: varghese1@karvy.com or to Mr P. A. Varghese, Contact No. 040-33215424, at [Unit: Titagarh Wagons Limited] Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032, requesting for the User ID and Password. After receipt of the above credentials, please follow all the steps from Sr. No.(i) to (xii) as mentioned in (A) above, to cast the vote.
- B. In case of Members receiving physical copy of the AGM Notice by Post [for Members whose email IDs are not registered with the Depository Participant(s)]:
- (i) **User ID and initial password as provided at the bottom of the Attendance Slip.**
- | EVEN (E-Voting Event Number) | USER ID | PASSWORD/PIN |
|------------------------------|---------|--------------|
|                              |         |              |
- (ii) Please follow all steps from Sr. No. (i) to (xii) as mentioned in (A) above, to cast your vote.
- l) The e-voting period commences on 9:00 a.m. on Sunday, the 25th September, 2016 and ends at 5:00 p.m. on Wednesday, the 28th September, 2016. During this period, the Members of the Company holding shares in physical form or in dematerialized form, as on the cut-off date being Thursday, 22nd September, 2016, may cast their vote by electronic means in the manner and process set out hereinabove. The e-voting module shall be disabled for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently. Further, the Members who have casted their vote electronically shall not vote by way of poll, if held at the Meeting.



## NOTICE OF ANNUAL GENERAL MEETING

m) In case of any query pertaining to e-voting, please visit Help & FAQ's section of <https://evoting.karvy.com>. (Karvy's website).

n) The voting rights of the Members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date being **Thursday, 22nd September, 2016**.

The Company has appointed M/s. Sushil Goyal & Co., Practicing Company Secretaries as a Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

The Scrutinizer shall, after the conclusion of the AGM, first count the votes cast at the meeting and thereafter unlock the votes cast through remote e-voting in the presence of at least 2 (Two) witnesses not in the employment of the Company. The Scrutinizer shall, within a period of not more than three days from the conclusion of the AGM, prepare a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, and submit to the Chairman or any person authorised by him in writing, who shall countersign the same and declare the results of the voting.

o) The results so declared along with Scrutinizer's Report shall be placed on the website link : [www.cimmco.com](http://www.cimmco.com) and subject to the receipt of requisite number of votes, the resolution set out in the Notice shall be deemed to be passed on the date of the Annual General Meeting. The results shall also be forwarded to the BSE and NSE and other stock exchanges whereat the Company's shares are listed.

12. Members are requested to preferably send their queries to the Registered Office atleast 7 days before the date of the Annual General Meeting.

13. The documents pertaining to all the special businesses set out in the Notice are available for inspection at the Registered Office of the Company during 10.30 A.M. to 1.00 P.M. on all working days.

14. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.

### EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 (the Act)

#### Items No. 4

Shri J P Chowdhary was appointed on the Board on May 10, 2011 as Chairman cum Managing Director of the Company and designated as Executive Chairman w.e.f. that date for a period of 5 years. The Board has at its meeting held on April 29, 2016 approved his re-appointment for another term of five [5] years after approval of the proposal by the Nomination & Remuneration Committee (NRC), w.e.f. May 10, 2016.

Shri J P Chowdhary has vast experience and expertise in the wagon manufacturing/heavy engineering industry. Having him on the Board would be in the interest of the Company.

Shri J P Chowdhary, being the Executive Chairman also of Titagarh Wagons Limited (TWL) shall continue to draw remuneration from TWL only and not from the Company. He does not hold any shares in the Company.

None of the KMP or their relatives or Directors except Shri J P Chowdhary, Shri Umesh Chowdhary and Smt. Vinita Bajoria being related to him are concerned or interested in the aforesaid Resolution.

The Directors recommend passing of the aforesaid Special Resolution.

#### Item No. 6

The Company with the recommendation of Audit Committee and approval of the Board at its meeting held on 26th May, 2016, has appointed M/s. Vyas and Associates; Cost Accountants as Cost Auditor of the Company for the financial year 2016-17 at a remuneration of Rs.1,00,000/-. Pursuant to Section 148 of the Act read with The Companies (Audit and Auditors) Rules, 2014 the remuneration of the Cost Auditor is to be ratified by the shareholders.

The Board recommends the resolution set forth at this Item for approval of the members. None of the Directors or Key Managerial Personnel (KMP) or their relatives is in any way concerned or interested in the Resolution.

Registered Office :

756 Anandapur,  
E M Bypass, Kolkata -700107

Place : Kolkata

Date : August 22, 2016

By Order of the Board of Directors

**Dipankar Ganguly**  
Company Secretary

### Detail of Director(s) seeking Appointment/Re-appointment at the Annual General Meeting

Particulars	Shri J P Chowdhary
Date of Birth	23.09.40
Date of Appointment as director	10.05.2011
Qualifications	B.COM.
Expertise in Specific Functional Areas	Over 54 years of experience in railway sector/heavy engineering industry.
Directorship held in other companies (excluding foreign companies)	<ul style="list-style-type: none"> <li>• Cimmco Limited</li> <li>• Titagarh Capital Management Services Private Limited</li> </ul>
Memberships/ Chairmanships of Committees of other companies (includes only Audit Committee and Stakeholders Relationship Committee)	NIL
No. of shares held in the Company	1,56,540 equity shares

## DIRECTORS' REPORT AND MANAGEMENT DISCUSSION & ANALYSIS

*Dear Shareholders,*

Your Directors present the 71st Annual Report, together with the audited accounts of the Company for the financial year ended March 31, 2016.

### Financial Results

The performance of your Company during the financial year ended the 31st March, 2016 was as follows.

(Rs. in lacs)

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
Turnover	6,870.66	3,421.72
Profit/(Loss) before Extra-ordinary Items & Tax	(1,000.35)	(1,473.65)
Add: Exceptional Items	131.54	1,069.91
(Loss) before Taxation	(1,131.89)	(2,543.56)
Tax Expense including Deferred Tax	51.20	34.41
(Loss) after Taxation	(1,183.09)	(2,577.97)
(Loss) brought forward from previous year	(6,496.49)	(3,831.42)
(Loss) carried to Balance Sheet	(7,679.58)	(6,496.49)
Reserves & Surplus	9,846.35	11,029.44
Earnings per Share (Rs.)	(5.87)	(12.79)

### Company's Performance and Outlook

Your Company's financial performance was affected adversely due to lack of order for procurement of Wagons from Indian Railways, the largest customer whereas the counter offer from IR had to be declined since the substantially lower prices owing to predatory pricing resorted to by some of the manufacturers aimed at securing larger allocation in the tender rendered it un-remunerative. The Turnover during the year under review includes the amounts from orders placed by IR in the earlier financial year i.e. 2014-15 and about Rs.14 Crore from two private sector customers.

It is noteworthy that during the last tender of Indian Railways for procurement, your Company has been awarded in April, 2016 order for 1264 Wagons valued at Rs.183 Crore execution of which is progressing as per schedule.

As part of your Company's endeavour to mitigate the risk of predominant dependence on business from Indian Railways, the Board has accorded in principle approval to merger of Titagarh Agrico Private Limited, a subsidiary of your Company's holding company to derive the benefits of synergy in operations and more efficient utilization of combined resources subject to applicable compliances in this respect. Manufacture of tractors would be conveniently integrated with the core competencies of your Company's existing business.

Further, your Company has been issued Industrial License by the Government of India for manufacture of various products for defence sector of the country and necessary steps are being taken in this direction.

With the order in hand for wagons procurement by the Indian Railways and the efforts for diversification as stated herein, the outlook for the current year is reasonably optimistic.

Pursuant to the provisions of Section 23 of SICA, the Board has approved the Report stipulated thereby for placing the same before you at the Extra Ordinary General Meeting scheduled after the conclusion of the ensuing Annual General Meeting.

### Overall Review

The overall performance of the Company during the financial year ended the 31st March, 2016 declined due to lack of order for procurement of Wagons from the Indian Railways.

### Business Segment

#### Wagons

- a) Industry Outlook: Wagons industry is beset by irregular and decremental Wagons procurement orders by Indian Railways compounded by predatory pricing being resorted to by some of the wagon manufacturers. Notwithstanding the Government



## DIRECTORS' REPORT AND MANAGEMENT DISCUSSION & ANALYSIS

of India's budget announcement, the expenditure is reportedly flowing into infrastructure while the Wagon Industry struggles for survival.

- b) Opportunities: Rail is expected to be the preferred mode of movement of cargo being an effective and more economical mode of carrying goods across the country. The Government's plans to expand the railway network and the project of dedicated freight corridors if implemented in right earnest, Wagon industry offers substantial opportunity which can be seized particularly by the established units to fullest extent.
- c) Challenges: Uncertainty in timely placement of wagons procurement orders by Indian Railways and availability of funds coupled with the stressed margins due to unhealthy competition in the industry besides rising cost of inputs are major challenges for Wagon Industry in India. The dependence on one customer i.e. Indian Railways is a serious concern in as much as any change in the Government policy stands to directly impact the industry.
- d) Segment Review and Analysis:

	Unit	March 31, 2016	March 31, 2015	% Change
Production of Wagons	No.	420	187	124.60
Sales	No.	466	141	230
Average Realisation	Rs. Lacs/No.	13.32	16.07	-17.11

Review of operations: Performance of the Wagons segment has been affected severely due to lack of order from the Indian Railways during the year under review.

- e) While the placement of order for Wagons by the Indian Railways in April, 2016 is encouraging the development of markets for other products takes substantial time and hence the outlook for current fiscal is reasonably optimistic.

### Dividend

In view of the loss sustained, the Directors do not recommend any dividend for the year under review.

### Internal Financial Controls

Appropriate policies and procedures have been adopted by the Board to ensure effective financial controls, risk assessment and mitigation measures, accuracy and completeness of the accounting records, the prevention and detection of frauds and errors and orderly and efficient conduct of the Company's business.

The internal financial controls (IFC) have been documented and adequacy of IFC has been evaluated by an external firm of experts and certified by the Statutory Auditors. Based on the aforesaid, the Board has concluded that during the year IFC were operating effectively.

### Risks and Concerns

The Company has laid down a risk management mechanism which is reviewed periodically. A Risk Management Policy to identify and assess the key risk areas, monitor mitigation measures and report compliance has been adopted. Based on the review, the following key risks have been identified:

#### a) Dependence on the Indian Railways

The Company is engaged in the business of manufacturing wagons which is entirely dependent upon the policies of Indian Railways and any change in the policies whether positive or negative directly impacts the business of the Company.

#### b) Increase in the cost of raw materials and other inputs

The major raw materials required by the Company include steel, specialized components including bogies, coupler sets, air brakes etc. which are exposed to volatility in prices and availability in required specifications.

#### c) Risk of performance guarantee, product warranty and liquidated damages

The contracts involve performance guarantee based on contract value and warranty periods within which if any defect is detected in the products, the Company may have to incur expenditure for correcting the defects or even replacing the products. Delay in scheduled delivery may attract liquidated damages upto 10%.

### Subsidiary Companies

There is no subsidiary of your Company.

### Extract of Annual Return

The details forming part of the extract of the annual return in the Form MGT-9 is annexed and marked as **Annexure DR-1**.

### Number of Board Meetings

The Board of Directors met eight (8) times during the financial year ended 31st March, 2016 as per the details provided in the Corporate Governance Report forming part of the Annual Report.

### Loans, Guarantees and Investments

Particulars of loans, guarantees and investments made by the Company pursuant to the Section 186 of the Act are furnished under notes to financial statements.

### Significant and material orders

There were no material/significant orders passed by any regulator/tribunal impacting the going concern status and the Company's operations in future.

## DIRECTORS' REPORT AND MANAGEMENT DISCUSSION & ANALYSIS

### Composition of Audit Committee

The Board has constituted the Audit Committee comprising Shri J K Shukla as the Chairman, Shri Anil Kumar Agarwal and Shri K S B Sanyal as the members and the details are provided in the Corporate Governance Report annexed hereto.

### Related Party Transactions

All Related Party Transactions (RPTs) are entered in compliance with the applicable laws and also in accordance with the policy on the subject adopted by the Board. Audit Committee reviews and approves all the RPTs as stipulated by the Listing Regulations and based thereon final approval of the Board obtained. RPTs as approved by the Board during the financial year 2016 are furnished in the Form AOC 2 annexed hereto and marked as **Annexure DR-2**.

### Corporate Governance Report

The Company has complied with the corporate governance requirements under the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. A separate section on corporate governance under Listing Regulations along with a certificate from a company secretary in practice confirming the compliance, is annexed to and forms part of the Annual Report.

### Internal Control System

The Company has system of internal controls and necessary checks and balances which are being strengthened so as to ensure

- a. that its assets are safeguarded
- b. that transactions are authorised, recorded and reported properly; and
- c. that the accounting records are properly maintained and its financial statements are reliable.

The Company has appointed external firm of Chartered Accountants to conduct internal audit whose periodic reports are reviewed by the Audit Committee and management for bringing about desired improvement wherever necessary.

### Vigil Mechanism

A fraud free and corruption free environment as part of work culture of the Company cannot be over emphasized and with that objective a Vigil Mechanism policy has been adopted by the Board and is uploaded on the web site of the Company at [www.cimmco.in](http://www.cimmco.in). No complaint of this nature was received by the Audit Committee during the year.

### Internal Complaints Committee

As per the requirement of Section 4 of The Sexual Harassment of Women At Workplace (Prevention, Prohibition and Redressal) Act, 2013 an Internal Complaints Committee has been formed by the

Company, the details of which are given in the Corporate Governance Report. No complaint has been lodged with the Committee during the year.

### Directors

#### Retirement by rotation

Shri J P Chowdhary, Executive Chairman retires by rotation pursuant to the provisions of Section 152 of the Act and is eligible for re-appointment.

#### Re-appointment

The terms of appointment of Shri J P Chowdhary, Executive Chairman and Shri Umesh Chowdhary, Vice Chairman & Managing Director ended on 10th May, 2016. Pursuant to the decision of Nomination & Remuneration Committee, the Board at its meeting held on April 29, 2016, subject to approval of the shareholders reappointed them for Five years w.e.f. 11th May, 2016.

Shri Umesh Chowdhary has with a view to providing greater focus on the overseas subsidiaries of the holding company been re-designated from Vice Chairman & Managing Director to Vice Chairman as a Non-Executive Director, as approved by the Board at its meeting held on 25th May, 2016.

The information prescribed by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of the above said Directors is given in the Notice of Annual General Meeting.

### Evaluation of the Board's performance, Committee and Individual Directors

In compliance with the Act and SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, the performance evaluation of the Board, Committees and Individual Directors was carried out during the year under review as per the details given in Corporate Governance Report.

### Declaration by Independent Directors

Declarations pursuant to the Sections 164 and 149(6) of the Act and Listing Regulations and affirmation of compliance with the Code of Conduct as well as the Code for Regulation of Insider Trading adopted by the Board, by all the Independent Directors of the Company have been made.

### Remuneration Policy and remuneration

A policy approved by the Nomination and Remuneration Committee and the Board is followed by the Company on remuneration of Directors and Senior Management Employees, as per the details provided in the Corporate Governance Report.

## DIRECTORS' REPORT AND MANAGEMENT DISCUSSION & ANALYSIS

### Particulars of Remuneration of Directors/KMP/Employees

The disclosure stipulated by Section 197(12) of the Companies Act, 2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is not applicable.

Disclosure pertaining to Remuneration and other details as required under Section 197 (12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed and marked as **Annexure DR-3**.

### Directors' Responsibility Statement

The Directors state that:

- Appropriate Accounting Standards as are applicable to the Annual Statement of Accounts for the financial year ended March 31, 2016 have been followed in preparation of the said accounts and there were no material departures therefrom requiring any explanation;
- The Directors have selected and followed the accounting policies as described in the Notes on Accounts and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of financial year and of the profit and loss statement of the Company for that period;
- Proper and sufficient care has been taken for maintaining adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The Annual Accounts have been prepared on a going concern basis; and
- The Directors have laid down Internal Financial Controls (IFC) to be followed by the Company and that such IFC are adequate and operating effectively.

### Statutory Auditors

Messrs S R Batliboi & Co. LLP, Chartered Accountants, Auditors of the Company were appointed at the 69th AGM until the conclusion of 71st AGM. It is proposed to re-appoint them as statutory auditors from this AGM till the conclusion of 72nd AGM.

As regards the qualified opinion expressed by the Statutory Auditors, the Note No. 13 (i) and emphasis of matter, the note no. 29(A) in the relevant notes on the financial statement (the Notes) are self-explanatory requiring no further specific response from the Directors at this stage. The Company with its persistently diligent efforts is reasonably confident of recovering the entire amount receivable and address the issue in due course.

### Cost Auditors

Messrs M. R. Vyas & Associates, Cost Accountants have been appointed as Cost Auditors to conduct cost audit of the accounts maintained by the Company in respect of the products manufactured by the Company, for the Financial Year 2016-17 subject to ratification of their remuneration by the shareholders in accordance with the provisions of Section 148 of the Companies Act, 2013 and the Companies (Cost Records and Audit) Rules, 2014. The Cost Audit Report for the financial year ended 31st March, 2015 has been filed as stipulated by the applicable provisions of law.

### Secretarial Auditor

Secretarial Audit has been conducted by Messrs R B Mandal and Associates, Practicing Company Secretaries appointed by the Board and their report is annexed hereto and marked as **Annexure DR-4**.

### Fixed Deposits

The Company did not accept any deposits during the financial year ended March 31, 2016.

### Personnel

#### Human Resources

##### A. Empowering the employees

The Company considers its organizational structure to be evolving consistently over time while continuing with its efforts to follow good HR practices. Adequate efforts of the staff and management personnel are directed on imparting continuous training to improve the management practices.

##### B. Industrial Relations

Industrial relations at all sites of the Company remained cordial.

##### C. No. of Employees : Manpower employed as at March 31, 2016 was 123.

### Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

A statement pursuant to Section 134(3)(m) of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014 on conservation of energy, technology absorption, foreign exchange earnings and outgo is annexed to and marked as **Annexure DR-5**.

### Listing with Stock Exchanges

The equity shares of the Company are listed at The National Stock Exchange of India Limited (NSE), The BSE Limited (BSE), The Delhi Stock Exchange Limited (DSE), The Calcutta Stock Exchange Limited (CSE) and The Madhya Pradesh Stock Exchange Limited (MPSE) and Listing fees for the financial year ending the 31st March, 2017 have been duly paid.

## DIRECTORS' REPORT AND MANAGEMENT DISCUSSION & ANALYSIS

The Board has approved submission of applications for delisting of Equity Shares of the Company from DSE, CSE and MPSE since the cost of continued listing at the said stock exchanges is not commensurate with the benefits to the shareholders. Your Company's Equity Shares shall continue to be listed at BSE and NSE which have nationwide terminals.

### **Discussion on Financial Performance with respect to Operational Performance**

To mitigate the risk factors referred to hereinabove impacting the operations, better manufacturing processes, improved productivity and focus on optimization of resource deployment are undertaken for a reasonable performance, viewed in the backdrop of the trends witnessed in the industries in which the Company operates.

### **Corporate Social Responsibility**

Your Company continues its endeavours to contribute suitably to the society by being involved in a series of Community Welfare Programs, directly or through philanthropic organizations. Bharatpur plant is located close to the Bharatpur Bird Sanctuary amidst vast green area and all care is taken to preserve the environment to allow the nature's expanse to remain green and grow healthily.

### **Forward Looking Statement**

The statements in this report describing the Company's policy, strategy, projections, estimation and expectations may appear forward looking statements within the meaning of applicable securities laws or regulations. These statements are based on certain assumptions and expectations of future events and the actual results could materially differ from those expressly mentioned in this Report or implied for various factors including those mentioned in the paragraph "Risks and Concerns" herein above and subsequent developments, information or events.

### **Acknowledgements**

Your Directors wish to place on record their appreciation for the cooperation and support of the Banks, Governments of Rajasthan, and Madhya Pradesh, local administration (West Bengal)/other Government Departments; for contribution of the employees of the Company and all other stakeholders.

On behalf of the Board

Place : Kolkata  
Date : August 22, 2016

**J. P. Chowdhary**  
*Executive Chairman*

## ANNEXURE TO THE DIRECTORS' REPORT

ANNEXURE DR-1

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2016

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

## I. REGISTRATION AND OTHER DETAILS

1	CIN	L28910WB1943PLC168801
2	Registration Date	08.09.1943
3	Name of the Company	CIMMCO LIMITED
4	Category/Sub-category of the Company	Public Company Limited by Shares
5	Address of the Registered office and contact details	756, Anandapur, E M Bypass, Kolkata 700 107 Contact : +91 33 40190800, Fax: +91 33 40190823 E Mail : corp@cimmco.in
6	Whether listed company	Yes
7	Name, Address and Contact details of Registrar and Transfer Agent	Karvy Computershare Private Limited Karvy Selenium Tower B, Plot No. 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad-500032, Telephone: +91 040 67161563

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the Company shall be stated (Based on Audited Financial Results 2015-16)

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1	Wagons	3020	100%

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Names and Addresses of companies	CIN	Holding/Subsidiary/ Associate	Percentage of Shares held	Applicable Section
1	Cimco Equity Holdings Private Limited 756 Anandapur, E.M Bypass, Kolkata-700107	U67120WB2008PTC129301	Holding	74.76%	2(46)

## IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

## i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year 01.04.2015				No. of Shares held at the end of the year 31.03.2016				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoter</b>									
1. Indian									
a. Individual/HUF	31424	Nil	31424	0.16	31424	Nil	31424	0.16	N.A.
b. Central Govt.	Nil	Nil	Nil	N.A.	Nil	Nil	Nil	N.A.	N.A.
c. State Govt.	Nil	Nil	Nil	N.A.		Nil	Nil	N.A.	N.A.
d. Bodies Corp.	15063921	NIL	15063921	74.76	15065350	Nil	15065350	74.77	0.01
e. Bank/FI	Nil	Nil	Nil	N.A.	Nil	Nil	Nil	N.A.	N.A.
f. Any other	Nil	Nil	Nil	N.A.	Nil	Nil	Nil	N.A.	N.A.
<b>Sub-Total-A (1)</b>	<b>15095345</b>	<b>NIL</b>	<b>15095345</b>	<b>74.92</b>	<b>15096774</b>	<b>NIL</b>	<b>15096774</b>	<b>74.93</b>	<b>0.01</b>

## ANNEXURE TO THE DIRECTORS' REPORT

Category of Shareholders	No. of Shares held at the beginning of the year 01.04.2015				No. of Shares held at the end of the year 31.03.2016				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Foreign									
a. NRI-Individuals	Nil	Nil	Nil	N.A	Nil	Nil	Nil	N.A	N.A
b. Other Individuals	Nil	Nil	Nil	N.A	Nil	Nil	Nil	N.A	N.A
c. Body Corporate	Nil	Nil	Nil	N.A	Nil	Nil	Nil	N.A	N.A
d. Bank/Fl	Nil	Nil	Nil	N.A	Nil	Nil	Nil	N.A	N.A
e. Any Other	Nil	Nil	Nil	N.A	Nil	Nil	Nil	N.A	N.A
<b>Sub-Total-A(2)</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>N.A</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>N.A</b>	<b>N.A</b>
<b>Total Shareholding of Promoters (1+2)</b>	<b>15095345</b>	<b>NIL</b>	<b>15095345</b>	<b>74.92</b>	<b>15096774</b>	<b>NIL</b>	<b>15096774</b>	<b>74.93</b>	<b>0.01</b>
<b>B. Public Shareholding</b>									
1. Institution									
a. Mutual Funds	784	1000	1784	0.01	784	840	1624	0.01	NIL
b. Bank/Fl	212510	26032	238542	1.18	212510	26192	238702	1.18	NIL
c. Cent. Govt.	Nil	Nil	Nil	N.A	Nil	Nil	Nil	N.A	N.A
d. State Govt.	Nil	Nil	Nil	N.A	Nil	Nil	Nil	N.A	N.A
e. Venture Capital	Nil	Nil	Nil	N.A	Nil	Nil	Nil	N.A	N.A
f. Insurance Co.	Nil	Nil	Nil	N.A	Nil	Nil	Nil	N.A	N.A
g. FIs	Nil	Nil	Nil	N.A	Nil	Nil	Nil	N.A	N.A
h. Foreign Portfolio Corporate	Nil	Nil	Nil	N.A	Nil	Nil	Nil	N.A	N.A
i. Foreign Venture Capital Fund	Nil	Nil	Nil	N.A	Nil	Nil	Nil	N.A	N.A
j. Others	Nil	Nil	Nil	N.A	Nil	Nil	Nil	N.A	N.A
<b>Sub Total B(1)</b>	<b>213294</b>	<b>27032</b>	<b>240326</b>	<b>1.19</b>	<b>213294</b>	<b>27032</b>	<b>240326</b>	<b>1.19</b>	<b>N.A.</b>
2. Non-Institution									
a. Body Corp									
Indian	1441163	388263	1829446	9.08	1271152	82046	1353198	6.72	(2.36)
Overseas	-	-	-	-	-	-	-	-	-
b. Individual									
Individual Shareholders holding nominal share capital up to Rs. 1 Lakh.	1190547	312179	1502726	7.46	1976327	302139	2278466	11.31	3.85
Individual Shareholders holding nominal share capital in excess of Rs. 1 Lakh.	1391073	Nil	1391073	6.90	1084485	NIL	1084485	5.38	(1.52)
c. Others									
(i) Clearing Members	64834	Nil	64834	0.32	11505	NIL	11505	0.06	(0.26)
(ii) Foreign Bodies	Nil	Nil	Nil	N.A	Nil	Nil	Nil	N.A	N.A
(iii) Foreign Bodies Corporate	Nil	Nil	Nil	N.A	Nil	Nil	Nil	Nil	Nil
(iv) Non Resident Indians	24046	Nil	24046	0.12	81142	377	81519	0.40	0.28
(v) Trusts	50	680	730	0.00	50	680	730	0.00	Nil
(vi) NBFC's Registered with RBI	Nil	Nil	Nil	Nil	1523	Nil	1523	0.01	0.01
<b>Sub-Total-B(2)</b>	<b>4111336</b>	<b>701519</b>	<b>4812855</b>	<b>23.89</b>	<b>4426184</b>	<b>385242</b>	<b>4811426</b>	<b>23.88</b>	<b>(0.01)</b>
<b>Net Total (1+2)</b>	<b>4324630</b>	<b>728551</b>	<b>5053181</b>	<b>25.08</b>	<b>4639478</b>	<b>412274</b>	<b>5051752</b>	<b>25.07</b>	<b>(0.01)</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	Nil	Nil	Nil	N.A	Nil	Nil	Nil	N.A	N.A
<b>Grand Total (A+B+C)</b>	<b>19311907</b>	<b>836619</b>	<b>20148526</b>	<b>100.00</b>	<b>19736252</b>	<b>412274</b>	<b>20148526</b>	<b>100.00</b>	



## ANNEXURE TO THE DIRECTORS' REPORT

## ii) Shareholding of Promoters

Sl. No.	Share Holders' Names	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total shares	
1	Cimco Equity Holdings Pvt. Ltd.	15063921	74.76	Nil	15066279	74.77	Nil	0.01
2	Gaurav Kajaria	14000	0.07	Nil	14000	0.07	Nil	N.A.
3	Vinita Bajoria	13424	0.07	Nil	13424	0.07	Nil	N.A.
4	Sumita Kandoi	4000	0.02	Nil	4000	0.02	Nil	N.A.
	<b>Total</b>	<b>15095345</b>	<b>74.92</b>	<b>NIL</b>	<b>15096774</b>	<b>74.93</b>	<b>Nil</b>	<b>0.01</b>

## iii) Change in Promoters' Shareholding

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Share	No. of Shares	% of total Share
1.	At the beginning of the year	15095345	74.92	15096774	74.93
2.	Date wise Increase/ Decrease in Promoters Share holding during the year specifying the reasons for increase/ decrease (e.g.allotment/transfer/bonus/ sweat equity etc.)	Pursuant to open offer - 1429 shares		Nil	N.A.
3.	At the End of the year	15096774	74.93	15096774	74.93

## iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	Name of Shareholders	Shareholding at the beginning of the year 1.04.15		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	Flat World Processes Pvt Ltd	306237	1.52%	-	-
2	Rosy Blue Securities Pvt Ltd	200000	0.99%	200000	0.99%
3	Ajay Dilkush Sarupria	155436	0.77%	-	-
4	Life Insurance Corporation of India	135050	0.67%	135050	0.67%
5	West Bengal Industrial Development Corporation Limited	95278	0.47%	95278	0.47%
6	Cimmco Limited- Unclaimed suspense Account	92044	0.46%	301	0.001%
7	SKS Capital and Research Private Limited	74000	0.37%	-	-
8	Indianivesh Securities Private Limited	72864	0.36%	-	-
9	Vijay Misquitta	63114	0.31%	63114	0.31%
10	Venkatesh Murthy T S	56030	0.28%	57740	0.28%

## v) Shareholding of Directors and Key Managerial Personnel : Nil

Sl. No.	Name of Shareholders	Shareholding at the beginning of the year 1.04.15		Date wise Increase/ Decrease in Promoters Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/ sweat equity etc.)	Shareholding at the end of the year 31.03.16	
		No. of Shares	% of total shares of the Company		No. of Shares	% of total shares of the Company
	Nil	Nil	Nil	Nil	Nil	N.A.

## ANNEXURE TO THE DIRECTORS' REPORT

## V. INDEBTEDNESS

## Indebtedness of the Company including interest outstanding/accrued but not due for payment (Rs/Lacs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total
Indebtedness at the beginning of the financial year				
i) Principal Amount	7073.25	Nil	Nil	7073.25
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
<b>Total of (i+ii+iii)</b>	<b>7073.25</b>	<b>Nil</b>	<b>Nil</b>	<b>7073.25</b>
Change in Indebtedness during the financial year				
+ Addition	54.54	900	Nil	954.54
- Reduction	(1666.67)	(250)	Nil	(1916.67)
<b>Net Change</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
Indebtedness at the end of the financial year				
i) Principal Amount	5461.12	650	Nil	6111.12
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
<b>Total of (i+ii+iii)</b>	<b>5461.12</b>	<b>Nil</b>	<b>Nil</b>	<b>6111.12</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

## A. Remuneration to Managing Director/Whole-time Directors :

(Rs.)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
		Shri R. N.Tiwari, Director (Works)	
1.	Gross Salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	18,05,000	18,05,000
	(b) Value of Perquisites u/s 17(2) Income-tax Act, 1961	Nil	Nil
	(c) Profits in lieu of salary under Section 17(3) Income- tax Act, 1961	Nil	Nil
2.	Stock Option	Nil	Nil
3.	Sweat Equity	Nil	Nil
4.	Commission	Nil	Nil
	- as % of profit		
	- others, specify...		
5.	Others, please specify	Nil	Nil
	<b>Total (A)</b>	<b>18,05,000</b>	<b>18,05,000</b>
	Ceiling as per the Act		

## B. Remuneration to other directors:

(Rs.)

Particulars of Remuneration	Name of Directors					Total Amount
	Independent Directors					
Name of the Directors	Shri J K Shukla	Shri Nandan Bhattacharya	Dr G.B Rao	Shri M. J. Z. Mowla	Shri KSB Sanyal	
Fee for attending board committee meetings	2,80,000/-	1,20,000/-	80,000/-	1,30,000/-	2,40,000/-	850,000/-
Commission	Nil	Nil	Nil	Nil	Nil	Nil
Others	Nil	Nil	Nil	Nil	Nil	Nil
<b>Total (1)</b>	<b>2,80,000/-</b>	<b>1,20,000/-</b>	<b>80,000/-</b>	<b>1,30,000/-</b>	<b>2,40,000/-</b>	<b>850,000/-</b>

## ANNEXURE TO THE DIRECTORS' REPORT

(Rs.)

Particulars of Remuneration	Name of Directors		Total Amount
	Non-Executive Directors		
Name of the Directors	Shri Anil Kumar Agarwal	Smt Vinita Bajoria	
Fee for attending board committee meetings:	2,00,000/-	80,000/-	2,80,000/-
Commission	Nil	Nil	Nil
Others	Nil	Nil	Nil
<b>Total (2)</b>	<b>2,00,000/-</b>	<b>80,000/-</b>	<b>2,80,000/-</b>
<b>Total (B)=(1+2)</b>			<b>11,30,000/-</b>
<b>Total Managerial Remuneration (A+B)</b>			<b>29,35,000/-</b>
Overall Ceiling as per the Act			

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD**

(Rs.)

Sl. No.	Particulars of Remuneration	Mr Dipankar Ganguly (C.S.)	Mr. Lokesh Agarwal (CFO) From August 2015 to March 2016	Total Amount
1.	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	12,94,000/-	5,10,000/-	18,04,000/-
	(b) Value of Perquisites u/s 17(2) Income-tax Act, 1961	Nil	Nil	Nil
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	Nil	Nil	Nil
2.	Stock Option	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil
4.	Commission			
	- as % of profit			
	- others, specify...	Nil	Nil	Nil
5.	Others, please specify	Nil	Nil	Nil
	<b>Total</b>	<b>12,94,000/-</b>	<b>5,10,000/-</b>	<b>18,04,000/-</b>

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NONE**

Place : Kolkata

Date : August 22, 2016

On behalf of the Board

**J. P. Chowdhary**  
Executive Chairman

## ANNEXURE TO THE DIRECTORS' REPORT

### ANNEXURE DR-2

**Form No. AOC-2**

Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014

**Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto.**

**1. Details of Material Contract, Arrangement or Transaction not at Arm's Length Basis for the year ended March 31, 2016**

Sl. No.	Name (s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date (s) of approval by the Board, if any	Amount paid as advances, if any
1	NIL	NIL	NIL	NIL	NIL	NIL

**2. Details of Material Contract, Arrangement or Transaction at Arm's Length Basis for the year ended March 31, 2016**

Sl. No.	Name (s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date (s) of approval by the Board, if any	Amount paid as advances, if any
1	NIL	NIL	NIL	NIL	NIL	NIL

The transactions of sale/purchase of goods/materials manufactured during the financial year ended 31.03.2016 with Titagarh Wagons Limited, a related party were effected in accordance with the continuing contract entered into on 24.05.2014 for three years and approved by Audit Committee & Board and thereafter by the shareholders. No new contract has since been entered into.

On behalf of the Board

Place : Kolkata

Date : August 22, 2016

**J. P. Chowdhary**  
Executive Chairman

### ANNEXURE DR-3

**Details under Section 197(12) of the Companies Act, 2013 read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

Rule	Particulars		
(i)	The Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year	a	Shri J P Chowdhary, Executive Chairman
		b	Shri Umesh Chowdhary, Vice Chairman & Managing Director
		c	Shri R N Tiwari, Director (Works)
(ii)	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary in the financial year.	a	Shri J P Chowdhary, Executive Chairman
		b	Shri Umesh Chowdhary, Vice Chairman & Managing Director
		c	Shri R N Tiwari, Director (Works)
		d	Shri Lokesh Agarwal, Chief Financial Officer
		e	Shri Dipankar Ganguly, Company Secretary
(iii)	The percentage increase in the median remuneration of employees in the financial year	4.48%	
(iv)	The number of permanent employees on the rolls of the Company	123	
(v)	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	There has been nil increase in the remuneration of managerial personnel and others	
(vi)	It is hereby affirmed that the remuneration is as per the Remuneration Policy of the Company		

\* Shri J P Chowdhary and Shri Umesh Chowdhary do not draw any remuneration from the Company.

On behalf of the Board

Place : Kolkata

Date : August 22, 2016

**J. P. Chowdhary**  
Executive Chairman

## ANNEXURE TO THE DIRECTORS' REPORT

ANNEXURE DR-4

**Form No. MR-3****SECRETARIAL AUDIT REPORT**

For The Financial Year Ended 31st March, 2016

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,

The Members,

Cimmco Limited

756, Anandapur, E. M. Bypass

Kolkata-700 107

I/We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Cimmco Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2016 complied with the statutory provisions listed hereunder and also the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter. The members are requested to read this report along with my letter of even date annexed to this report.

1. I/We have examined the books, papers, minute books, forms and returns filed and other records maintained by Cimmco Limited ("the Company") for the financial year ended on 31st March, 2016 according to the provisions of:
  - i) The Companies Act, 2013 (the Act) and the rules made thereunder;
  - ii) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made thereunder;
  - iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
  - iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.
  - v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act1) -
    - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
    - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
    - c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - vi) I/We have also examined compliance with the applicable clauses of the SEBI (Listing Obligations & Disclosure Requirements) regulations, 2015 entered into by the Company with The Stock Exchanges.
2. I/We am informed that :
  - i) for the financial year ended on 31st March, 2016 the following regulation were not applicable:
    - a) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999- N.A
    - b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - N.A
    - c) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - N.A
    - d) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - N.A
  - ii) There are no laws specifically applicable to the Company, the books, papers, minute books, forms and return of which were required to be examined by us for this report.
3. I/We have examined compliance with the applicable clauses of the following :
  - (i) Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India.
  - (ii) The Listing Regulations entered into by the Company with the Stock Exchanges.
4. During the period under review, based on my examination and verification the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observation :
  - a) Some of the E-forms under the provisions of the Companies Act, 2013 were filed belatedly, however the same have been filed well within the time prescribed under Section 403 of the Act.

## ANNEXURE TO THE DIRECTORS' REPORT

5. I/We further report that:

- a) The status of the Company during the financial year has been that of a Listed Public Company.
- b) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- c) As informed to us adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.  
Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.
- d) There are adequate systems and process in the company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
- e) The Directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the code of Business Conduct & Ethics for Directors and Management Personnel.
- f) The Directors have complied with the requirements as to disclosure of interests and concerns in contracts and arrangements, shareholdings and directorship in other companies and interests in other entities.

For RBM & Associates  
Company Secretaries  
R B MANDAL  
Proprietor  
Membership No. : F8182  
C.P. No. : 8659

Place : Kolkata  
Dated : 26th July, 2016

**'Annexure A'**

To,  
The Members,  
Cimmco Limited  
756, Anandapur, E. M. Bypass  
Kolkata-700 107

My report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis of my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules, and regulations and happenings of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. In the process of forming an opinion on compliances and issuing the report, I have taken into consideration the compliance related action taken by the Company after 31st March, 2016 but before the issue of this report.
7. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For RBM & Associates  
Company Secretaries  
R B MANDAL  
Proprietor  
Membership No. : F8182  
C.P. No. : 8659

Place : Kolkata  
Dated : 26th July, 2016



## ANNEXURE TO THE DIRECTORS' REPORT

## ANNEXURE DR-5

Particulars required under Section 134(3)(m) read with Rule 8 of the Companies Act, 2013.

**A. CONSERVATION OF ENERGY**

**i) Steps taken or impact on conservation of energy :**

1. Use of transparent sheets in sheds to utilize sunlight for illumination and thus reducing electrical energy input for illumination.
2. Installation of power saver compressor units replacing old and inefficient compressors.
3. Welding machines with power savers (inverter base) installed to save power.

**Additional investments and proposals, if any, being implemented for reduction of consumption of energy :**

1. Usage of CFL/Energy Efficient lighting system for shop floor illumination.
2. Energy saving units being installed in lighting circuit to reduce consumption.
3. Replacement of rewound and inefficient drives.

**ii) Steps taken by the Company for utilizing alternate sources of energy :**

The measures taken as above have resulted in saving of non renewable sources of power and energy which are scarce and expensive in the country thereby lowering the cost of production as well as saving the non renewable sources of energy.

**iii) Capital investment on energy conservation equipments :**

As per the Note 9 of the Financial Statements for the year ended 31st March, 2016.

**B. TECHNOLOGY ABSORPTION**

**i) Efforts made towards technology absorption**

The Company is in the process of completing in house design for special type of wagons as a part of its R & D activities.

**ii) Benefits derived like product improvement, cost reduction, product development or import substitution :**

The benefits from the above are expected to be significant, however, the same can only be ascertained in tangible terms in future.

**Future plan of action :**

The Company is focused on value addition in the manufacturing and marketing of wagons. The research and development in other fields would be carried out in due course.

**iii) In case of Imported Technology (imported during the last three years reckoned from the beginning of the Financial Year) :**

- i) The details of the technology imported: N.A.
- ii) Year of import: N.A.
- iii) Whether the technology has been fully absorbed: N.A.
- iv) If not fully absorbed, areas where this has not taken place, reasons thereof: N.A.

<b>iv) Expenditure on R &amp; D :</b>	(Rs. in lacs) <b>2015-16</b>
Capital	Nil
Recurring	Nil
<b>Total</b>	Nil
<b>Total R &amp; D expenditure as a percentage of total turnover</b>	N.A.

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

Foreign Exchange Earnings : Nil

Foreign Exchange Outgo : Nil

Place : Kolkata  
Date : August 22, 2016

On behalf of the Board  
**J. P. Chowdhary**  
Executive Chairman

## CORPORATE GOVERNANCE REPORT

### Company's Philosophy on Corporate Governance

Cimmco's philosophy of Corporate Governance is based on the tenets of trusteeship, empowerment, accountability, control and ethical corporate citizenship with transparency at its core. The basic objective of governance pursued by Cimmco is to foster, on a sustainable basis the interest of all the stakeholders with values backed by commitment of dedicated and self-disciplining team voluntarily contributing to sound corporate practices.

### Board of Directors

Cimmco's Board as at March 31, 2016 comprised ten directors including Executive Chairman, Vice Chairman & Managing Director, Director (Works) being the Executive Directors, five Independent Directors, a nominee Director and one Women Director (Non-Executive). The composition of the Board complies with the provisions of the Companies Act, 2013 and Regulation 17 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. The Managing Director(s) and the Non-Executives Directors (except Independent Directors) are liable to retire by rotation unless otherwise specifically approved by the shareholders.

### Composition, Attendance at the Board Meetings and the last Annual General Meeting ("AGM"), outside Directorships and other Board Committees :

Sl No.	Name of the Director	Category	No. of Board Meetings attended	Attendance at previous AGM on 24.09.2015	No. of Shares held (Face Value Rs.10 each)	No. of other Directorships held (other than Cimmco Limited)		Chairmanship in Committees	Membership in Committees
						Total	Listed#		
1	Shri J P Chowdhary DIN : 00313685	Promoter & Executive Chairman	4	Present	Nil	2	1	Nil	Nil
2	Shri Umesh Chowdhary DIN : 00313652	Promoter & Vice Chairman & Managing Director	4	Present	Nil	2	1	Nil	2
3	Shri Anil Kumar Agarwal DIN : 01501767	Non Executive (Nominee of CEHPL)	4	Absent	Nil	3	Nil	Nil	3
4	Shri J K Shukla DIN : 01780212	Independent & Non-Executive	5	Present	Nil	Nil	Nil	2	Nil
5	Dr. G B Rao DIN : 00493992	Independent & Non-Executive	5	Present	Nil	2	1	1	1
6	Shri M J Z Mowla DIN : 01004409	Independent & Non-Executive	4	Present	Nil	Nil	Nil	Nil	1
7	Shri K S B Sanyal DIN : 00009497	Independent & Non-Executive	5	Present	Nil	4	2	Nil	1
8	Shri R N Tiwari DIN : 06510376	Director (Works)	3	Absent	Nil	Nil	Nil	Nil	Nil
9	Smt. Vinita Bajoria DIN : 02412990	Director (Non-Executive Director)	4	Present	13,424	1	Nil	Nil	Nil
10	Shri Nandan Bhattacharya DIN : 00313590	Independent & Non-Executive	5	Present	Nil	9	1	1	5

# Included in total.

### Notes :

- Shri Umesh Chowdhary is son of Shri J P Chowdhary. Smt. Vinita Bajoria is daughter of Shri J P Chowdhary.
- Independent Directors meet with criteria of their independence as mentioned in Regulation 25 (3) of the SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015.
- Other Directorships do not include directorship of Section 8 companies and of companies incorporated outside India.
- Chairmanships/Memberships of Board Committees include Audit and Stakeholder's Relationship Committee only.

### Separate Meeting of Independent Directors

As stipulated by the Code of Independent Directors under the Companies Act, 2013 and the SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015, a separate meeting of the Independent Directors of the Company was held on 14th February, 2016 to review the performance of Non-independent Directors (including the Chairman) and the Board as a whole. The Independent Directors also reviewed the quality, content and timeliness of the flow of information between the Management and the Board and its Committees which is necessary to effectively and reasonably perform and discharge their duties.

## CORPORATE GOVERNANCE REPORT

### Agenda

All the meetings are conducted as per well designed and structured agenda. All the agenda items are backed by necessary supporting information and documents (except for the critical price sensitive information, which is circulated at the meeting) to enable the Board to take informed decisions. Agenda also includes minutes of the meetings of all the Board Committees and Subsidiaries for the information of the Board. Additional agenda items in the form of "Other Business" are included with the permission of the Chairman. Agenda papers are circulated seven days prior to the Board Meeting. In addition, for any business exigencies, the Resolutions are passed by circulation and later placed in the ensuing Board Meeting for ratification / approval.

### Invitees & Proceedings

Apart from the Board members, the Company Secretary and the Chief Financial Officer are invited to attend all the Board Meetings. Other senior management executives are called as and when necessary, to provide additional inputs for the items being discussed by the Board. The Chairman of various Board Committees brief the Board on all the important matters discussed & decided at their respective committee meetings, which are generally held prior to the Board meeting.

### Directors' Induction, Familiarization & Training of Board Members

Pursuant to Regulation 25 (7) of the SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015, the Company is mandatorily required to provide suitable training to the Independent Directors to familiarize them with the Company, their role, nature of the industry in which the Company operates, business model of the Company etc. details of such training imparted are also required to be disclosed in the Annual Report.

The Directors are offered visits to the Company's plant, where plant head makes them aware of the operational and sustainability aspects of the plant to enable them to have full understanding on the activities of the Company and initiatives taken on safety, quality, CSR, Sustainability etc.

At various Board meetings during the year, presentations are made to the Board on safety, health and environment and sustainability issue, risk management, company policies, changes in the regulatory environment applicable to the corporate sector and to the industry in which it operates, with areas of improvement and other relevant issue.

Quarterly presentations on operations made to the Board include information on business performance, operations, market share, financial parameters, working capital management, fund flows, senior management change, major litigation, compliances, subsidiary information, donations, regulatory scenario etc.

The details of such familiarization programmes have been placed in the website of the Company under the web link : <http://cimmco.in/Cimmco%20Policies.pdf>

### Evaluation of the Board's Performance

During the year, the Board adopted a formal mechanism for evaluating its performance and as well as that of its Committees and individual Directors, including the Chairman of the Board. The exercise was carried out through a structured evaluation process covering various aspects of the Boards functioning such as composition of the Board & committees, experience & competencies, performance of specific duties and obligations, governance issues etc. Separate exercise was carried out to evaluate the performance of individual Directors including the Board Chairman who were evaluated on parameters such as attendance, contribution at the meetings and otherwise, independent judgement, safeguarding of minority shareholders interest etc.

### Board Meetings held during the Financial Year ended the 31st March, 2016

Five (5) meetings of the Board of Directors were held: on 18th April, 2015, 12th August, 2015, 24th September, 2015, 14th November, 2015 & 14th February, 2016 during the financial year ended March 31, 2016.

### Appointment/Reappointment of Directors

The details of the directors proposed to be appointed/ reappointed at the ensuing Annual General Meeting (AGM) are given in the Notice of AGM and the same should be considered as compliance of Regulation 36 of SEBI (LODR) Regulations, 2015.

### Board Committees

#### Audit Committee

The Audit Committee comprises Shri J K Shukla, Shri Anil Kumar Agarwal and Shri K S B Sanyal. Shri J P Chowdhary and Shri Umesh Chowdhary are Special Invitees to the Committee. Shri J K Shukla, retired executive of Life Insurance Corporation of India (LIC) with expertise in corporate management is the Chairman of the Audit Committee. The role and duties of the Audit Committee have been defined by the Board of Directors under Section 177 of the Companies Act, 2013 and cover the areas mentioned under Regulation 18 Part C of Schedule –II of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. Shri D N Davar attends the Audit Committee Meetings as a Special Invitee.

## CORPORATE GOVERNANCE REPORT

### Terms of Reference of Audit Committee are broadly as follows :

The terms of reference of the Audit Committee are as per the guidelines set out in the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 with the stock exchanges read with section 177 of the Companies Act, 2013. These broadly include (i) Review of the financial reporting process and disclosure of its financial information (ii) review and monitor the auditor's independence and performance as well as effectiveness of audit process (iii) Review of risk management systems and internal financial controls of the Company (iv) Examination of financial statements and audit report (v) recommendation for appointment, remuneration and terms of appointment of auditors (vi) Reviewing the quarterly financial statements before submission to the Board (vii) scrutiny of inter-corporate loans and investments

In addition to the above, the Audit Committee also reviews the following :

- (i) Matter included in the Director's Responsibility Statement.
- (ii) Changes, if any, in the accounting policies and practises.
- (iii) Major accounting entries involving estimates based on judgement by management.
- (iv) Significant adjustment made in the financial statements arising out of audit findings.
- (v) Compliance with listing and other legal requirements concerning financial statements.
- (vi) Disclosures in financial statement of any related party transactions.
- (vii) Modified opinion(s) in the draft audit report.
- (viii) Management Discussion and Analysis of Company's operations.
- (ix) Valuation of undertakings or assets of the company, wherever it is necessary.
- (x) Approval of any subsequent modification of transactions of the listed entity with related party
- (xi) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board
- (xii) Recommend to the Board the appointment, re-appointment and, if required the replacement or removal of the statutory auditors and cost auditors considering their independence and effectiveness, and recommend the audit fees.

### Attendance of the directors at the Audit Committee Meetings held on:

Sl. No.	Name of the Director	18.04.2015	12.08.2015	14.11.2015	14.02.2016
1.	Shri J K Shukla	Present	Present	Present	Present
2.	Shri Anil Kumar Agarwal	Present	Present	Present	Absent
3.	Shri K S B Sanyal	Present	Present	Present	Present

### Nomination & Remuneration Committee

Shri K S B Sanyal has been appointed as the Chairman of the Nomination & Remuneration Committee. The details of the meeting of Nomination & Remuneration Committee held during the financial year ended March 31, 2016 are given below. Shri D N Davar attends the meetings as a Special Invitee.

### Terms of Reference of Nomination & Remuneration Committee are broadly as follows :

The Nomination and Remuneration Committee shall act in accordance with the prescribed provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and shall be responsible for:

- i) Formulation of the criteria for determining qualification, positive attributes and independence of a Director and recommend to the Board a policy, relating the remuneration for the Directors, Key Managerial Personnel and other employees;
- ii) Formulation of criteria for evaluation of Independent Directors and the Board as a whole;
- iii) Devising the policy on Board Diversity;
- iv) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and carry out evaluation of every Directors' performance.

### Attendance of the Directors at the Nomination & Remuneration Committee Meetings held :

Sl. No.	Name of the Director	12.08.2015	14.02.2016
1	Shri J K Shukla	Present	Present
2	Shri M J Z Mowla	Present	Absent
3	Shri K S B Sanyal	Present	Present

Remuneration policy of the Company is based on the need to attract the best available talent and is in line with the prevailing trends in the industry. The remuneration policy therefore is market led and aimed at leveraging the performance appropriately. The remuneration of Non-Executive Directors is decided by the Nomination and Remuneration Committee in accordance with the Remuneration Policy of the Company.

## CORPORATE GOVERNANCE REPORT

### Remuneration paid to all the Directors of the Company during Financial Year ended 31.03.2016 and their shareholding in the Company:

(Rs. in lakhs)

Sl.	Name of the Director	Salary & Perquisites	Bonus	Commission	Sitting Fees	Service Contract/Notice period/Severance Fees	Total Amount	Shareholding (Equity)
1	Shri J P Chowdhary	-	-	-	-	Term of office valid upto 9th May, 2021	-	-
2	Shri Umesh Chowdhary	-	-	-	-	Appointed w.e.f. 14th March, 2010	-	-
3	Shri Anil Kumar Agarwal	-	-	Nil	2.00	Appointed as Non-Executive Director w.e.f. 14th March, 2010	2.00	-
4	Shri J K Shukla	-	-	Nil	2.80	Appointed as Independent Director upto 31st March, 2019	2.80	-
5	Shri M J Z Mowla	-	-	Nil	1.30	Appointed as Independent Director upto 31st March, 2019	1.30	-
6	Shri Nandan Bhattacharya	-	-	Nil	1.20	Appointed as Independent Director upto 31st March, 2019	1.20	-
7	Dr. G B Rao	-	-	Nil	0.80	Appointed as Independent Director upto 31st March, 2019	0.80	-
8	Shri K S B Sanyal	-	-	Nil	2.40	Appointed as Independent Director upto 31st March, 2019	2.40	-
9	Shri R N Tiwari	18.05	-	Nil	-	Appointed as Director (Works) w.e.f. 25th February, 2013	18.05	-
10	Smt. Vinita Bajoria	-	-	Nil	0.80	Appointed w.e.f. 11th September, 2014	0.80	-

Shri J P Chowdhary and Shri Umesh Chowdhary do not draw any remuneration from the Company.

#### Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee is headed by Shri J K Shukla with Shri Umesh Chowdhary and Shri M J Z Mowla being the other members. Shri D N Davar is the Special Invitee at the meetings.

#### Attendance of the Directors at the Stakeholders' Relationship Committee Meetings held :

Sl. No.	Name of the Director	18.04.2015	12.08.2015	14.11.2015	14.02.2016
1	Shri J K Shukla	Present	Present	Present	Present
2	Shri Umesh Chowdhary	Present	Present	Absent	Present
3	Shri M J Z Mowla	Present	Present	Present	Absent

During the year ended March 31, 2016 the Company received 86 complaints from investors which have been duly attended to and resolved by Karvy Computershare Pvt. Ltd., RTA of the Company. No investors' grievance was pending as at March 31, 2016. There was no Investor complaint pending against the Company as at March 31, 2016 on SCORES, web based complaint redressal system of SEBI.

Share transfers and requests for other services are disposed by the RTA within the time stipulated in the SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015.

#### Committee of Directors

The Committee of Directors consists of six members namely Shri J P Chowdhary, Shri Umesh Chowdhary, Shri D N Davar, Shri Anil Kumar Agarwal, Shri K S B Sanyal and Shri M J Z Mowla as members to exercise such powers as may from time to time be delegated to it by the Board. No meetings of the Committee of Directors were held during the Financial Year ended March 31, 2016.

#### Internal Complaints Committee

The Committee has been formed by the Board as per the requirement of Section 4 of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Committee is headed by Smt. Vinita Bajoria as Presiding Officer, Smt. June Coelho, Smt. Tapati Chakraborty and Smt. Indira Lily Pichler - Member representing Family India Foundation & Calcutta Marudyan, NGO are the other members. There was no complaint of any issue falling under the purview of the Committee during the financial year ended March 31, 2016.

## CORPORATE GOVERNANCE REPORT

### Risk Management Committee

Regulation 21 of the SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015 stipulates constitution of the Risk Management Committee. The Committee is required to lay down the procedures to inform to the Board about the risk assessment and minimization procedures and the Board shall be responsible for framing, implementing and monitoring the risk management plan of the Company. Shri J K Shukla is the Chairman of the Risk Management Committee with Shri Umesh Chowdhary and Shri J P Chowdhary.

No meeting of the Risk Management Committee was held during the Financial Year ended 31st March, 2016.

### Compliance Officer

Shri Dipankar Ganguly, Company Secretary is the Compliance Officer and acts as the Secretary to all the Committees.

### General Body Meetings

#### A. Annual General Meetings (AGMs) and Special Resolutions passed thereat in last three years

The date, time and venue of the last three AGMs of the Company and the No. of Special Resolutions passed by the Shareholders in these AGMs are set out as follows:

##### Particulars of last three AGMs :

No. of AGM	Year	Venue	Date	Time	Special Resolutions passed
70th	2015	Bharatiya Bhasha Parishad 36 A, Shakespeare Sarani, 4th Floor, Kolkata-700017	24.09.2015	3.45 PM	1
69th	2014	Rotary Sadan 94/2, Chowringhee Road, Kolkata 700 020	11.09.2014	10.30 AM	2
68th	2013	Kala Kunj, Kala Mandir, 48, Shakespeare Sarani, Kolkata 700 017	26.08.2013	10.00 AM	2

### Postal Ballot

No postal Ballot exercise was conducted during the financial year ended 31st March, 2016.

### Disclosures

#### i) Subsidiary Company

The Company does not have any subsidiary company.

#### ii) Related Party Transactions

All transactions entered into with related parties as defined under the Companies Act, 2013 and Regulation 23 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 were in the ordinary course of business and on arm's length pricing basis. There were no materially significant transactions with the related parties during the financial year which were in conflict with the interest of Company. Suitable disclosures as required by Accounting standard (AS 18) have been made in the Financial Statements. The Board has approved a policy for related party transactions which can be accessed at the Company website link: <http://cimmco.in/Cimmco%20Policies.pdf>.

#### iii) Compliance with Accounting Standards

In the preparation of the financial statements, the Company has followed the Accounting Standards specified under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014. The significant accounting policies which are consistently applied have been set out in the notes to the financial statements.

#### iv) Disclosures on materially significant related party transactions that may have potential conflict with the interest of Company at large

Details of transactions with the related parties as specified in Accounting Standard 18 have been reported in the Financial Statements. There was no transaction of a material nature with any of the related parties which was in conflict with the interest of the Company.

#### v) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets during the last three years

There was no such instance in the last three years.

#### (vi) Whistle-Blower Policy and affirmation that no personnel has been denied access to the Audit Committee

In compliance with the provisions of Section 177(9) of the Companies Act, 2013 and Regulation 22 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 the Company has framed a Vigil Mechanism/Whistle Blower Policy and the same has also been placed in the website of the Company. The Company affirms that no personnel have been denied access to the Audit Committee.



## CORPORATE GOVERNANCE REPORT

### (vii) Details of compliance with mandatory requirement and adoption of the non-mandatory requirements of this Regulation

The Company has complied with all the mandatory requirements of SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015.

The following non-mandatory requirements under SEBI (LODR) which has been adopted is mentioned below :

- The Internal Auditors of the Company make presentation to the Audit Committee on their reports.

### (viii) The Board of Directors periodically reviewed compliance reports of all laws applicable to the Company, prepared by the Company as well as steps had been taken to rectify minor instances, if any of non-compliances.

#### Code of Conduct

The Board of Directors has laid down a Code of Conduct for all Board members and all employees in senior management grade of the Company. The Code of Conduct is posted on the website of the Company. All Board members and senior management personnel have confirmed compliance with the Code. Chief Executive Officer's certificate of compliance of the Code of Conduct by the Directors and Senior Management is appended to this Report.

#### Code of Conduct to Regulate, Monitor and Report Trading by Insiders

In accordance with the SEBI (Prohibition of Insider Trading) Regulations, 2015 the Board has approved and adopted a code of conduct governing all the directors, senior management and other employees at all locations of the Company. Shri Dipankar Ganguly, Company Secretary has been designated Compliance Officer in respect of compliance of the Code. Code of Conduct is posted on the Company's website.

#### Code of Conduct for Independent Directors

The Board has adopted the Code of Conduct for Independent Directors as per Schedule IV to the Companies Act, 2013 and SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

#### Whistle Blower Policy/Vigil Mechanism

The Policy as mandated by Regulation 22 of the SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013, has been duly adopted by Board for the safeguard of employees and Directors. The mechanism is processed under the surveillance of Audit Committee. No personnel have been denied access to the Audit Committee. Vigil Mechanism Policy is available on the website of the Company - [www.cimmco.in](http://www.cimmco.in).

#### Means of Communication

The quarterly and annual financial results are published in compliance with Regulation 33 of the SEBI (Listing Obligation & Disclosure Requirement) Regulations, 2015, in Business Standard or Financial Express (English daily) and Aajkal or Dainik Statesman (Bangla edition). Besides, information and latest updates and the announcements regarding the Company including its shareholding pattern are also available on the website of the Company: [www.cimmco.in](http://www.cimmco.in) and on the website(s) of NSE/BSE.

#### General Shareholder Information

##### A. Annual General Meeting

Day, Date & Time	: Thursday, 29.09.2016 at 12.30 P.M.
Venue	: Manovikas Kendra, 482, Madudah, Plot I-24, Sector : J E M Bypass, Kolkata-700107

##### B. Financial Calendar

The tentative financial calendar for the current financial year, i.e. April 01, 2016 to March 31, 2017 is set out below :

##### Schedule for the Financial Year (FY) 2016-17

Publication of	Schedule
Un-Audited Financial Results for the Quarter ended June 2016	August- September 2016
Un-Audited Financial Results for the Quarter ended September 2016	November-December 2016
Un-Audited Financial Results for the Quarter ended December 2016	January-February, 2017
Audited Financial Results for the Financial Year ended 2017	April-May, 2017

##### C. Book Closure

The period of Book Closure is from Saturday, 24th September, 2016 to Thursday, 29th September, 2016 (both days inclusive).

##### D. Dividend Payment Date

Not applicable since no dividend has been recommended by the Board of Directors.

##### E. Details of unclaimed shares pursuant to Regulation 39 (4) read with Schedule VI of SEBI (LODR) Regulations, 2015

In accordance with the SEBI (LODR) Regulations, 2015, the Company has transferred 91279 Nos. of Equity Shares in Unclaimed Suspense Account opened with Karvy Stock Broking Ltd. in Electronic format. i.e. transferring the same in Demat Account.

## CORPORATE GOVERNANCE REPORT

### F. Listing on Stock Exchanges

The equity shares of the Company are listed at the National Stock Exchange of India Limited (NSE), Bombay Stock Exchange Limited (BSE), Delhi Stock Exchange Limited (DSE), The Calcutta Stock Exchange Limited (CSE) and the Madhya Pradesh Stock Exchange Limited (MPSE). The Company is regular in payment of Listing Fee to the Stock Exchanges, as well as, the Annual Custodial Fees payable to the Depositories, i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The Fees for the year 2016-17 have been duly paid. The shares of the Company are traded at BSE and NSE.

#### Stock Code

The codes assigned to the equity shares of the Company by NSE, BSE and NSDL/CDSL are given below :

#### Codes assigned to the equity shares of the Company

NSDL/CDSL (ISIN)	NSE Stock Code	BSE Stock Code
INE 184C01028	CIMMCO	505230

### G. Market Price Data

Monthly closing high and low quotations and volume of shares traded on the BSE Limited and National Stock Exchange of India Limited are shown in the Chart below.

#### Monthly High-Low at BSE

Month	High (Rs.)	Low (Rs.)	Volume (in Nos.)	Sensitive Index	
				High	Low
April, 2015	128.55	91.90	15019	29094.61	26897.54
May, 2015	132.90	93.50	22512	28071.16	26423.99
June, 2015	96.30	74.25	8597	27968.75	26307.07
July, 2015	105.80	85.10	7998	28578.33	27416.39
August, 2015	92.00	62.95	3915	28417.59	25298.42
September, 2015	73.30	60.80	3219	26471.82	24833.54
October, 2015	80.00	65.70	1953	27618.14	26168.71
November, 2015	86.00	59.20	2141	26824.30	25451.42
December, 2015	93.85	75.00	4091	26256.42	24867.73
January, 2016	103.40	72.00	18703	26197.27	23839.76
February, 2016	93.90	64.50	7823	25002.32	22494.61
March, 2016	80.00	66.00	3219	25479.62	23133.18

#### Monthly High-Low at NSE

Month	High (Rs.)	Low (Rs.)	Volume (in Nos.)	CNX-NIFTY	
				High	Low
April, 2015	117.55	91.0	1336687	8844.8	8144.75
May, 2015	122.50	93.5	1840131	8489.55	7997.15
June, 2015	96.50	77.00	922684	8467.15	7940.3
July, 2015	106.15	83.00	913190	8654.75	8315.4
August, 2015	93.95	60.05	666800	8606.3	7667.25
September, 2015	73.25	60.20	374491	8055.00	7539.5
October, 2015	79.90	65.05	298738	8336.3	7930.65
November, 2015	85.50	56.10	423958	8116.1	7714.15
December, 2015	93.85	74.10	1635026	7979.3	7551.05
January, 2016	103.65	71.25	3671007	7972.55	7241.5
February, 2016	93.70	64.55	1246500	7600.45	6825.8
March, 2016	79.45	66.00	548462	7741.95	7035.1

## CORPORATE GOVERNANCE REPORT

### H. Registrar & Share Transfer Agent (RTA)

The Company has engaged the services of Karvy Computershare Private Limited, as the RTA for both physical and dematerialized share maintenance. Share transfers are generally effected within 15 days of lodgment or such period as may be permissible by law/regulatory authority

### I. Share Transfer System

For registration of transfer of shares held in physical mode, the share certificate(s) in original, alongwith the share transfer deed(s) and other relevant documents, should be submitted at the Registered Office of the Company or with its RTA. In case the documents are in order, the requests for registration of transfer of shares are processed within the time stipulated by the provisions applicable.

### J. Distribution of Shareholding

The shareholding pattern and distribution of the shareholding of the equity shares of the Company, in terms of categories of shareholders and size of holding respectively are as follows :

#### Shareholding Pattern as at March 31, 2016 (Category)

Category of Shareholders	Mode of Holding Shares		Total Shareholding	
	Physical	Demat	Number	%
Promoters and Promoter Group	-	15096774	15096774	74.93
Bodies Corporate	82046	1271152	1353198	6.72
Financial Institutions	26192	212510	238702	1.19
Mutual Funds	840	784	1624	0.01
Trust	680	50	730	0.00
NRIs	377	82665	83042	0.40
Individuals	302139	3060812	3362951	16.69
Clearing Members	-	11505	11505	0.06
<b>Total</b>	<b>4,12,274</b>	<b>1,97,36,252</b>	<b>2,01,48,526</b>	<b>100.00</b>

#### Distribution of Shareholding as on March 31, 2016

Range of Shares	Folio/Client ID		Shareholding	
	Number	%	Number	%
Up to 5000	47282	98.29	919854	4.57
From 5001 to 10,000	368	0.76	300327	1.49
From 10,001 to 20,000	201	0.42	302350	1.50
From 20,001 to 30,000	74	0.15	194319	0.96
From 30,001 to 40,000	35	0.07	127213	0.63
From 40,001 to 50,000	40	0.08	184712	0.92
From 50,001 to 1,00,000	37	0.08	279284	1.39
1,00,001 and above	69	0.15	17840467	88.54
<b>Total</b>	<b>48,106</b>	<b>100.00</b>	<b>2,01,48,526</b>	<b>100.00</b>

### K. Dematerialization of Shares

The number of equity shares of the Company held in dematerialized mode through National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and in physical form as on March 31, 2016 are as follows :

#### Shareholding in Demat & Physical modes as on March 31, 2016

NSDL		CDSL		Physical		Total	
No. of Shares	% of Capital	No. of Shares	% of Capital	No. of Shares	% of Capital	No. of Shares	% of Capital
17653508	87.62	2082744	10.34	412274	2.04	20148526	100

## CORPORATE GOVERNANCE REPORT

### L. Outstanding GDRs/ADRs/Warrants or any other instruments, which are convertible into equity shares of the Company

The Company has not issued any GDRs/ADRs/Warrants or any other instruments, which are convertible into equity shares of the Company.

### M. Plant Location

Mal Godown Road, Bharatpur 321001, Rajasthan

### N. Address for Correspondence

Company	RTA
<b>Registered Office :</b> 756, Anandapur E M Bypass Kolkata 700 107 Phone : 91 33 4019 0800 Fax : 91 33 4019 0823 E-mail : <b>corp@cimmco.in</b>	Karvy Computershare Private Limited (Unit : Cimmco Limited) Karvy Salenium Tower B, Plot 31-32, Gachibowli Financial District Nanakramguda, Hyderabad 500 032 Phone : +91- 40-6716 2222 Fax : +91-40-2300 1153 E-mail for Investors : <b>einward.ris@karvy.com</b>

For and on behalf of Cimmco Limited

Place : Kolkata  
 Date : August 22, 2016

**J. P. Chowdhary**  
 Executive Chairman

### Declaration Affirming Compliance of Provisions of the Code of Conduct

To the best of my knowledge and belief and on the basis of declarations given to me, I hereby affirm that all the Board members and the senior management personnel have fully complied with the provisions of the Code of Conduct for Directors and Senior Management Personnel during the financial year ended 31st March, 2016.

Place : Kolkata  
 Date : August 22, 2016

**J. P. Chowdhary**  
 Executive Chairman & CEO

### Certificate on Corporate Governance

#### To the Members of Cimmco Limited

We have examined the compliance of conditions of Corporate Governance by Cimmco Limited for the year ended on 31st March 2016, as stipulated in SEBI (Listing Obligation & Disclosure Requirement) Regulations, 2015 of the said Company with the Stock Exchanges.

The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company ensuring for compliance of the conditions of Corporate Governance. It is neither an audit nor expression of the opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to explanations given to us, we certify that the Company has complied with the conditions of the Corporate Governance, as stipulated in SEBI (Listing Obligation & Disclosure Requirement) Regulations, 2015.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness, with which the Management has conducted the affairs of the Company.

Place : Kolkata  
 Date : August 22, 2016

For RBM Associates  
 Company Secretaries  
 R.B. MANDAL  
 Membership No. : F8182  
 C.P. No. : 8659

## CORPORATE GOVERNANCE REPORT

### REMUNERATION POLICY

ANNEXURE CG-1

Cimmco Limited recognizes the importance of aligning the business objectives with specific and measurable individual objectives and targets. The Remuneration policy is designed to attract, motivate and retain talented employees in a competitive market.

Therefore, the Remuneration Policy has been formulated with the following objectives and features:

- a. Ensuring that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate employees, to run the Company successfully.
- b. Ensuring that relationship of remuneration to performance is clear and meets the performance benchmarks.
- c. Ensuring that remuneration involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goal.
- d. Aligning the remuneration of Directors, KMPs and Senior Management Personnel with the Company's financial position as well as with trends in the industry to the extent applicable to the Company.
- e. Performance evaluation of the Committees of the Board and Directors including Independent Directors.
- f. Ensuring Board Diversity.
- g. Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down.

### POLICY RELATING TO REMUNERATION OF DIRECTORS, KMP & SENIOR MANAGEMENT PERSONNEL

- The Board on the recommendation of the Nomination & Remuneration Committee shall review and approve the remuneration payable to the directors/KMPs which shall be within the limits approved by the shareholders.
- It is to be ensured that relationship of remuneration to the performance is clear and meets appropriate performance benchmarks which are unambiguously laid down and communicated.

### REVIEW

The policy shall be reviewed by the Nomination and Remuneration Committee and the Board, from time to time as may be necessary.

The Remuneration Policy is available on the Company's website under the following web link: <http://cimmco.in/Cimmco%Policies.pdf>

## CORPORATE GOVERNANCE REPORT

### ANNEXURE CG-2

#### CRITERIA FOR PERFORMANCE EVALUATION OF BOARD & INDEPENDENT DIRECTORS

An effective Board consciously creating a culture of leadership and transparent corporate governance with a long term vision and requisite strategies to enable the Company to become a responsible entity working for maximization of the stakeholders' value while contributing to society is at the core of Cimmco's approach. Towards this Cimmco Limited ensures constitution of a Board of Directors with an appropriate composition, size, diversified expertise and experience and commitment to discharge their responsibilities and duties effectively.

Cimmco also recognizes the importance of Independent Directors in achieving the effectiveness of the Board and aims to have an optimum combination of Executive, Non-Executive and Independent Directors.

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Board carries out an annual evaluation of its own performance, as well as the evaluation of the working of its Committees and Individual Directors. The performance evaluation of all the Directors was carried out by Nomination and Remuneration Committee. The performance evaluation was carried out in accordance with the Remuneration Policy framed by the Company within the framework of applicable laws.

#### QUALIFICATION AND CRITERIA OF INDEPENDENCE

- The Nomination and Remuneration Committee (NRC) and the Board shall review on an annual basis appropriate skills, knowledge and experience required of the Board as a whole and its individual members.
- NRC shall also assess the independence of the directors at the time of appointment/reappointment and the Board shall assess the same annually.
- The Board shall reassess determinants of independence when any new interest or relationships are disclosed by a Director.
- In evaluating the suitability of the individual members NRC may take into account factors such as, general understanding of the Company's business dynamics, global business and social perspective.

The Board may review and update the criteria from time to time as it may deem appropriate.



## INDEPENDENT AUDITOR'S REPORT

### To the Members of CIMMCO LIMITED

#### Report on the Financial Statements

We have audited the accompanying financial statements of CIMMCO LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the financial statements.

#### Basis for qualified opinion

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.

#### Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effect of the matter described in the Basis for Qualified Opinion paragraph above, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, its loss and its cash flows for the year ended on that date.

#### Emphasis of Matter

We draw attention to note no. 29(A) 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. Pending final decision of the Hon'ble High Court, the Company has not given any effect to the above demand in these financial statements. Our opinion is not qualified in respect of this matter.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - a) We have sought and, except for the matter described in the Basis for Qualified Opinion paragraph, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) Except for the possible effect of the matter described in the Basis for Qualified Opinion paragraph, in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d) Except for the possible effect of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

## INDEPENDENT AUDITOR'S REPORT

- e) The matter described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
- f) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of Section 164 (2) of the Companies Act, 2013;
- g) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.
- h) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 6(b)(i) and 29 to the financial statements;
  - ii. The Company did not have any long-term contracts, including derivative contracts, for which there were any material foreseeable losses;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

ICAI Firm Registration No. : 301003E/E300005

per **Kamal Agarwal**  
Partner

Membership No. : 58652

Place : Kolkata  
Date : May 25, 2016

### ANNEXURE 1 TO THE AUDITOR'S REPORT

#### Referred to in our report of even date to the members of Cimmco Limited as at and for the year ended March 31, 2016

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verifying the fixed assets over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management the title deeds of immovable properties included in fixed assets are held in the name of the Company except for 3 numbers of freehold land aggregating to gross block and net block of Rs. 4,713.30 lacs as at March 31, 2016 for which original registered sale deed / conveyance deed / transfer deed / assignment deed were not available with the Company and we have been provided with the photo copies of the same. Hence, we are unable to comment on the same. Further, above includes freehold land aggregating to Rs. 2,728.60 lacs for which a dispute was raised by a third party for the title of the land which is pending resolution in the Hon'ble Supreme Court of India as at March 31, 2016. Also refer Note 9(b) of the financial statements.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees and securities granted in respect of which provisions of Section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits from the public.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 148(1) of the Companies Act, 2013, related to the manufacture of wagons and engineering products, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

## INDEPENDENT AUDITOR'S REPORT

- (c) According to the records of the Company, the dues outstanding of income tax, sales-tax, service tax, customs duty, excise duty, value added tax and cess on account of dispute are as follows:

Name of the Statute	Nature of Dues	Amount (Rs. in lacs)	Period to which the amount relates	Forum where dispute is pending
The Central Excise Act, 1944	Incorrect availment of cenvat credit, non-payment of excise duty, non-maintenance of separate records for common inputs and input services used for production of exempted and non-exempted excisable products/non-inclusion of value of free supply in the assessable value/non-compliance with Rule 6(3A) etc.	2157.68	1999-2000 and 2011-12	Hon'ble CESTAT, Delhi
		126.28	1989-1994	Hon'ble High Court, Gwalior
		46.44	2010-2011 and 2011-2015	Additional Commissioner of Central Excise, Jaipur
The Customs Act, 1962	Differential Customs Duty, Penalty for non-submission of necessary documents for consumption of imported goods	32.17	2004-2005	Hon'ble CESTAT, Delhi
The Rajasthan Sales Tax Act / Central Sales Tax Act, 1956	Differential Sales Tax and Non-submission of statutory forms	37.27 (net of Rs. 483.36 lacs paid under protest)	1998-99 to 2000-01	Hon'ble High Court, Rajasthan

- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a bank. The Company did not have any outstanding loans or borrowing dues in respect of a financial institution or to government or dues to debenture holders during the year.
- (ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer / further public offer / debt instruments and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with Section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in Section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, the provisions of Section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

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

Chartered Accountants

ICAI Firm Registration No. : 301003E/E300005

per **Kamal Agarwal**

Partner

Membership No. : 58652

Place : Kolkata  
Date : May 25, 2016

## INDEPENDENT AUDITOR'S REPORT

### ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF CIMMCO LIMITED

#### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of CIMMCO LIMITED ("the Company") as of March 31, 2016, in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

An audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the internal financial controls over financial reporting.

#### Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### Qualified Opinion

According to the information and explanations given to us and based on our audit, the following material weakness has been identified in the operating effectiveness of the Company's internal financial controls over financial reporting as at March 31, 2016:

Attention is drawn to Basis for qualified opinion paragraph of Auditors' Report on Financial Statements more fully described therein, 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. This could potentially result in misstatement of Company's Other Assets.

## INDEPENDENT AUDITOR'S REPORT

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis. In our opinion, the Company has, in all material respects, maintained adequate internal financial controls over financial reporting as of March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India, and except for the possible effects of the material weakness described above on the achievement of the objectives of the control criteria, the Company's internal financial controls over financial reporting were operating effectively as of March 31, 2016.

### **Explanatory paragraph**

We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act, the financial statements of Cimmco Limited, which comprise the Balance Sheet as at March 31, 2016, and the related Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information. Material weakness as described above was considered in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2016 financial statements of Cimmco Limited and this report does not affect our report dated May 25, 2016, which expressed a qualified opinion on those financial statements.

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

*Chartered Accountants*

ICAI Firm Registration No. : 301003E/E300005

per **Kamal Agarwal**

*Partner*

Membership No. : 58652

Place : Kolkata

Date : May 25, 2016

**BALANCE SHEET** as at March 31, 2016

(Rs. in lacs)

	Notes	As at March 31, 2016	As at March 31, 2015
<b>I. EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share capital	3	6,014.85	6,014.85
Reserves and surplus	4	9,846.35	11,029.44
		<u>15,861.20</u>	<u>17,044.29</u>
<b>Non-current liabilities</b>			
Long term borrowings	5	2,771.35	4,000.00
Long term provisions	6	19.28	14.11
		<u>2,790.63</u>	<u>4,014.11</u>
<b>Current liabilities</b>			
Short term borrowings	7	2,111.12	1,408.45
Trade payables	8.1	-	-
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		1,443.67	1,873.04
Other current liabilities	8.2	1,717.80	2,644.76
Short term provisions	6	373.61	502.58
		<u>5,646.20</u>	<u>6,428.83</u>
<b>TOTAL</b>		<b><u>24,298.03</u></b>	<b><u>27,487.23</u></b>
<b>II. ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	9	16,562.97	16,798.32
Intangible assets	9	1.29	2.90
Non-current investments	10	0.05	0.05
Trade receivables	12	127.35	123.75
Loans and advances	11	95.91	265.88
Other non current assets	13	3,952.35	3,952.35
		<u>20,739.92</u>	<u>21,143.25</u>
<b>Current assets</b>			
Inventories	14	1,322.23	3,877.50
Trade receivables	12	575.72	1,063.29
Cash and bank balances	15	151.43	281.99
Loans and advances	11	403.85	214.74
Other current assets	13	1,104.88	906.46
		<u>3,558.11</u>	<u>6,343.98</u>
<b>TOTAL</b>		<b><u>24,298.03</u></b>	<b><u>27,487.23</u></b>
Summary of significant accounting policies	2		
The accompanying notes are an integral part of the financial statements			

As per our Report of even date

For **S. R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration No: 301003E/E300005

per **Kamal Agarwal**

Partner

Membership No. 58652

Place : Kolkata

Dated : 25th May, 2016

For and on behalf of the Board of Directors of Cimmco Limited

**J P Chowdhary**

Executive Chairman

**Umesh Chowdhary**

Vice Chairman

**Anil Kumar Agarwal**

Director

**Lokesh Agarwal**

Chief Financial Officer

**Dipankar Ganguly**

Company Secretary

## STATEMENT OF PROFIT &amp; LOSS for the year ended March 31, 2016

(Rs. in lacs)			
	Notes	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>Income</b>			
Revenue from operations (gross)	16	6,870.66	3,421.72
Less: Excise duty		151.84	211.30
Revenue from operations (net)		6,718.82	3,210.42
Other income	17.1	353.35	263.69
<b>Total Revenue (I)</b>		<b>7,072.17</b>	<b>3,474.11</b>
<b>Expenses</b>			
Cost of raw materials & components consumed	18	3,639.85	3,288.29
(Increase)/decrease in inventories of finished goods, Work in progress and saleable scrap	19	1,401.66	(1,139.49)
Employee benefits expenses	20	337.22	315.82
Other expenses	21	1,963.25	1,443.03
<b>Total Expenses (II)</b>		<b>7,341.98</b>	<b>3,907.65</b>
<b>Earning before interest, tax, depreciation &amp; amortization and exceptional items (EBITDA) (I-II)</b>		<b>(269.81)</b>	<b>(433.54)</b>
Depreciation & amortization expense	9	269.16	285.80
Interest Income	17.2	(188.07)	(22.53)
Finance costs	22	649.45	776.84
<b>Loss before taxes &amp; exceptional items</b>		<b>(1,000.35)</b>	<b>(1,473.65)</b>
Exceptional items	23	131.54	1,069.91
<b>Loss before taxes</b>		<b>(1,131.89)</b>	<b>(2,543.56)</b>
<b>Tax expenses</b>			
Income Tax relating to earlier years		51.20	34.41
Total Tax expense		51.20	34.41
<b>Loss for the year</b>		<b>(1,183.09)</b>	<b>(2,577.97)</b>
<b>Earnings per equity share</b>			
<b>[Nominal value of share Rs. 10/- (Rs.10/-)]</b>			
Basic & Diluted (In Rupees)	24	(5.87)	(12.79)
Summary of significant accounting policies			
The accompanying notes are an integral part of the financial statements			

As per our Report of even date  
For **S. R. Batliboi & Co. LLP**  
Chartered Accountants  
ICAI Firm Registration No: 301003E/E300005

per **Kamal Agarwal**  
Partner  
Membership No. 58652

Place : Kolkata  
Dated : 25th May, 2016

For and on behalf of the Board of Directors of Cimmco Limited

**J P Chowdhary**                      **Umesh Chowdhary**  
Executive Chairman                      Vice Chairman

**Anil Kumar Agarwal**  
Director

**Lokesh Agarwal**                      **Dipankar Ganguly**  
Chief Financial Officer                      Company Secretary



## CASH FLOW STATEMENT for the year ended March 31, 2016

(Rs. in lacs)

	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(1,131.89)	(2,543.56)
<b>Adjustments for :</b>		
Depreciation & amortization expense	269.16	285.80
Provision for doubtful debts and advances	-	5.24
Irrecoverable debts / advances written off	39.19	8.80
Unspent liabilities / provisions no longer required written back	(288.18)	(95.65)
Interest expense	585.43	725.70
Interest Income	(188.07)	(22.53)
<b>Operating Loss before working capital changes</b>	<b>(714.36)</b>	<b>(1,636.20)</b>
<b>Movements in working capital :</b>		
Increase/(decrease) in trade payables	(247.53)	1,010.30
Increase/(decrease) in other current liabilities	(508.81)	153.77
Increase/(decrease) in provisions	(123.80)	367.80
Decrease in trade receivables	464.38	15.83
Decrease/ (increase) in other current assets	(151.41)	114.62
Decrease/ (increase) in inventories	2,555.27	(1,917.88)
Decrease/ (increase) in loans and advances	(77.49)	48.81
<b>Cash Generated from / (used) in Operations</b>	<b>1,196.24</b>	<b>(1,842.95)</b>
Taxes Paid	(12.45)	(5.82)
<b>Net cash generated from / (used) in Operating Activities (A)</b>	<b>1,183.80</b>	<b>(1,848.77)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets including Capital work in progress	(32.20)	(50.86)
Investment in Bank Fixed Deposits	(0.01)	(48.93)
Fixed Deposits encashed/matured	45.58	10.00
Interest received	141.06	23.48
<b>Net cash Generated from / (used in) Investing Activities (B)</b>	<b>154.43</b>	<b>(66.31)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Receipt of long-term borrowings	-	4,500.00
Repayment of long-term borrowings	(1,666.67)	(3,764.67)
Receipt of Preference Share Capital	-	4,000.00
Settlement with Asset Reconstruction Company (India) Limited	-	(550.00)
Net Movement in Short Term Borrowings	809.01	(1,465.67)
Interest paid	(565.56)	(743.23)
<b>Net cash generated from / (used) in Financing Activities (C)</b>	<b>(1,423.22)</b>	<b>1,976.43</b>
<b>Net increase / (decrease) in Cash &amp; Cash Equivalent (A+B+C)</b>	<b>(84.99)</b>	<b>61.35</b>
<b>Cash and Cash Equivalents - Opening Balance</b>	<b>133.74</b>	<b>72.39</b>
<b>Cash and Cash Equivalents - Closing Balance</b>	<b>48.75</b>	<b>133.74</b>
<b>Components of Cash &amp; Cash Equivalents :</b>		
With banks on :		
Current accounts	40.35	125.95
Unpaid debentures account*	5.08	5.08
Unpaid fractional share entitlements*	2.49	2.49
Cash on hand	0.83	0.22
<b>Total Cash and Cash Equivalents</b>	<b>48.75</b>	<b>133.74</b>
* The Company can utilize these balances only toward settlement of the respective unpaid debentures and unpaid fractional share entitlements.		

As per our Report of even date  
For **S. R. Batliboi & Co. LLP**  
Chartered Accountants  
ICAI Firm Registration No: 301003E/E300005

per **Kamal Agarwal**  
Partner  
Membership No. 58652

Place : Kolkata  
Dated : 25th May, 2016

For and on behalf of the Board of Directors of Cimmco Limited

**J P Chowdhary**  
Executive Chairman

**Umesh Chowdhary**  
Vice Chairman

**Anil Kumar Agarwal**  
Director

**Lokesh Agarwal**  
Chief Financial Officer

**Dipankar Ganguly**  
Company Secretary

## NOTES TO FINANCIAL STATEMENTS as at and for the year ended March 31, 2016

### 1. Corporate information

Cimmco Limited (the Company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956 and existing under Companies Act 2013. Its shares are listed on Bombay Stock Exchange and National Stock Exchange. The Company is engaged in the manufacturing and selling of wagons and engineering goods. The Company primarily caters to the domestic market.

### 2. Summary of Significant accounting policies

#### a) Basis of preparation

The financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention except in case of assets for which revaluation is carried out. The accounting policies adopted in the preparation of financial statements are consistent with those used in the previous year, except for the changes in accounting policy explained below.

#### b) Changes in accounting policy

##### Component Accounting

The Company has adopted component accounting as required under Schedule II to the Companies Act, 2013 from 1 April 2015. The Company was previously not identifying components of fixed asset separately for depreciation purposes; rather, a single useful life/ depreciation rate was used to depreciate each item of fixed asset.

Due to application of Schedule II to the Companies Act, 2013, the Company has changed the manner of depreciation for its fixed asset. Now, the Company identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset having useful life that is materially different from that of the remaining asset. These components are depreciated over their useful lives; the remaining asset is depreciated over the life of the principal asset. The Company has used transitional provisions of Schedule II to adjust the impact of component accounting arising on its first application. If a component has zero remaining useful life on the date of component accounting becoming effective, i.e., 1 April 2015, its carrying amount, after retaining any residual value, is charged to the statement of profit and loss. The carrying amount of other components, i.e., components whose remaining useful life is not nil on 1 April 2015, is depreciated over their remaining useful lives.

There are no fixed assets identified wherein the component/ part has a cost which is significant to the total cost of the asset having useful life that is materially different from that of the remaining asset, hence there is no impact in financial statements due to above change in accounting policy.

#### c) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

#### d) Tangible Fixed Assets

Tangible Fixed Assets are stated at cost (or revalued amounts, as the case may be), less accumulated depreciation and impairment, if any. The cost of acquisition comprises of purchase price inclusive of duties (net of Cenvat/VAT), taxes, incidental expenses, erection/commissioning/trial run expenses and borrowing cost etc, up to the date the assets are ready for intended use.

In case of revaluation of tangible fixed assets, the original cost as written up by the approved valuers is considered in the accounts and the differential amount is credited to revaluation reserve.

Machinery spares which can be used only in connection with an item of fixed assets and whose use, as per technical assessment, is expected to be irregular, are capitalized and depreciated over the residual life of the respective assets.

Capital work-in-progress includes machinery to be installed and construction & erection materials lying in stock.

Gains or losses arising from de-recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

The Company identifies and determines cost of components significant to the total cost of the asset having useful life that is materially different from that of the remaining life.

#### e) Intangibles

Research costs are expensed as and when incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the Company can demonstrate all the following :

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete the asset
- Its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of adequate resources to complete the development and to use or sell the asset
- The ability to measure reliably the expenditure attributable to the intangible asset during development.

Development expenditure recognized as an intangible asset is amortized on a straight line basis over the period of expected future sales from the related project, not exceeding ten years.

The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use, or otherwise when events or changes in circumstances indicate that the carrying value may not be recoverable.

Computer softwares not being part of the hardware operating system, are assessed to have a useful life of 3 years and are capitalised as intangible fixed assets.

#### f) Depreciation & Amortisation on tangible & intangible fixed assets

##### Tangible Assets

Leasehold land is amortized on a straight line basis over the period of lease, i.e., 99 years.

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. The identified components are depreciated over their useful life. The remaining asset is depreciated over the life of principle assets which is in line with the useful lives as mentioned in Schedule II to the Companies Act 2013. The Company has used the following rates to provide depreciation on its fixed assets.

## NOTES TO FINANCIAL STATEMENTS as at and for the year ended March 31, 2016

Asset Class	Useful life (years)
Factory buildings	30
Other buildings	60
Plant and equipments	1-15
Furniture and fixtures	10
Office equipment	3-5
Vehicles	8

The management has estimated, supported by independent assessment by professionals, the useful lives of certain components of assets as 1 year to 10 years which are lower than those indicated in schedule II.

### Intangible Assets

Computer softwares capitalized as intangible fixed assets are amortised over their useful life of 3 years on a straight line basis.

#### g) Leases

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased items, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are recognized as finance costs in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs are capitalized.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

#### h) Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

#### i) Impairment of tangible and intangible fixed assets

The carrying amounts of assets are reviewed at each balance sheet date to determine if there is any indication of impairment based on the internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount which is the greater of the assets' net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

Impairment losses are recognized in the statement of profit and loss, except for previously revalued tangible fixed assets, where the revaluation was taken to revaluation reserve. In this case, the impairment is also recognized in the revaluation reserve up to the amount of any previous revaluation.

After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

A previously recognized impairment loss is increased or reversed depending on the changes in circumstances. However the

carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

#### j) Investments

Investments that are readily realizable and intended to be held for not more than a year from the date on which such investments are made are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

#### k) Inventories

Raw materials & Components and Stores & spares Parts are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of finished goods are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost include expenses incidental to procurement thereof and determined on a weighted average basis.

Goods under process and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials, labour cost and a proportion of manufacturing overheads based on the normal operating capacity. The cost of Finished goods and goods under process is determined on a weighted average basis. Cost of finished goods also includes excise duty.

Obsolete/damaged stores and saleable scraps are valued at estimated net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

#### l) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

#### Sale of Goods

In case of sale of goods, revenue is recognized when the significant risks and rewards of ownership of goods have passed to the buyer. Sales are net of returns, claims, trade discounts etc.

Sales exclude sales tax and value added tax (VAT) which are collected by the Company on behalf of the State Governments and deposited to the credit of the respective State Governments. Excise duty deducted from revenue is the amount that is included in the revenue and not the entire amount of liability arising during the year.

#### Interest Income

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

#### m) Foreign Currency Transactions

##### Initial Recognition

Foreign currency transactions are initially recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

## NOTES TO FINANCIAL STATEMENTS as at and for the year ended March 31, 2016

### Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

### Exchange differences

Exchange differences arising on the settlement of monetary items or on restatement of monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

### Forward Exchange Contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of the forward exchange contract is amortized as expense or income over the life of the contract. Exchange differences on such contracts are recognized in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or expense for the year.

### n) Retirement and other Employee Benefits

Retirement benefits in the form of Provident and Superannuation funds are defined contribution schemes and the contributions are charged to the Statement of Profit and Loss of the year when an employee renders the related service. There are no obligations other than the contribution payable to the respective funds.

Gratuity liability is a defined benefit obligation and is provided for on the basis of actuarial valuation on projected unit credit method made at the end of each financial period.

Long term compensated absences are provided for based on actuarial valuation, as per projected unit credit method, made at the end of each financial period. Accumulated leave, which is expected to be utilized within the next twelve months is treated as short term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

Actuarial gains/losses are taken to Statement of Profit and Loss and are not deferred.

### o) Taxes on Income

Tax expense comprises of current and deferred taxes.

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. If the Company has carry forward unabsorbed depreciation and carry forward tax losses, deferred tax assets are recognized only if there is virtual certainty backed by convincing evidence that such deferred tax assets can be realized against future taxable profits.

At each balance sheet date, the Company re-assesses unrecognized deferred tax assets. It recognizes deferred tax assets to the extent that it has become reasonably certain or

virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

### p) Segment Reporting

#### Identification of segments

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

#### Inter Segment transfers

The Company accounts for inter segment transfers at prevailing market prices.

#### Allocation of common costs

Common allocable costs are allocated to each segment on case to case basis by applying the ratio, appropriate to each relevant case.

#### Unallocated items

Revenue and expenses which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis, are included under the head "Unallocated – Common"

#### Segment accounting policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

### q) Earning per share

Basic earning per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period, are adjusted for the effects of all dilutive potential equity shares.

### r) Provisions

A provision is recognized when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Provision for product related warranties cost is based on the claims received upto the year end as well as the management's estimates of further liability to be incurred in this regard during the warranty period.

**NOTES TO FINANCIAL STATEMENTS** as at and for the year ended March 31, 2016

Liquidated damages on supply of materials are provided based on the contractual obligations or deduction made by the customers, as the case may be.

Provision is recognized for the contract, where unavoidable cost of meeting the obligation under the contract exceeds the economic benefits expected to be received. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfill it.

**s) Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

**t) Cash and Cash equivalents**

Cash and cash equivalents for the purposes of cash flow statement comprise of cash on hand, cash at bank and fixed deposits with an original maturity of three months or less.

**u) Excise duty & custom duty**

Excise duty is accounted for at the point of manufacture of goods and accordingly is considered for valuation of finished goods stock lying in the factories as on the balance sheet date. Similarly, customs duty on imported materials in transit / lying in bonded warehouse is accounted for at the time of import / bonding of materials.

**v) Measurement of EBITDA**

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the Company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The Company measures EBITDA on the basis of profit/ (loss) for the year excluding depreciation & amortization expenses, interest income, finance costs and tax expenses.

**3. SHARE CAPITAL**

**Authorised Shares**

25,000,000 (31 March 2015 : 25,000,000) Equity shares of Rs. 10/- each

50,000,000 (31 March 2015 : 50,000,000) Preference shares of Rs. 10/- each

**Issued, Subscribed and Fully Paid-up Shares**

20,148,526 (31 March 2015: 20,148,526) Equity shares of Rs. 10/- each

40,000,000 (31 March 2015: 40,000,000) 8% Non Convertible Non Cumulative

Redeemable Preference Shares (NCNCRPS) of Rs. 10/- each

	As at March 31, 2016 Rs. in lacs	As at March 31, 2015 Rs. in lacs
	2,500.00	2,500.00
	5,000.00	5,000.00
	<b>7,500.00</b>	<b>7,500.00</b>
	2,014.85	2,014.85
	4,000.00	4,000.00
	<b>6,014.85</b>	<b>6,014.85</b>

**a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**

	As at March 31, 2016 Nos. in lacs	As at March 31, 2016 Rs. in Lacs	As at March 31, 2015 Nos. in lacs	As at March 31, 2015 Rs. in Lacs
<b>NCNCRPS</b>				
At the beginning of the period	400.00	4,000.00	-	-
Issued during the period	-	-	400.00	4,000.00
Outstanding at the end of the period	<b>400.00</b>	<b>4,000.00</b>	<b>400.00</b>	<b>4,000.00</b>

There is no movement in the equity share capital during the current year and previous year.

**b) Terms/rights attached to equity shares**

The Company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**c) Terms of NCNCRPS**

The Company had issued 400 lacs of 8% NCNCRPS of Rs. 10 each fully paid-up at par during the year ended 31 March 2015. NCNCRPS carry non cumulative dividend @ 8% p.a. Each holder of NCNCRPS is entitled to one vote per share only on the resolutions placed at general meetings which directly affect the rights attached to NCNCRPS. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

NCNCRPS are redeemable at par within 5 years from the date of issue i.e. Rs 2,500.00 lacs by June 27, 2019 and Rs 1,500.00 lacs by July 7, 2019.

## NOTES TO FINANCIAL STATEMENTS as at and for the year ended March 31, 2016

<b>d) Shares held by holding/ultimate holding and / or their subsidiaries / associates</b>	As at March 31, 2016 Rs. in Lacs	As at March 31, 2015 Rs. in Lacs
<b>Equity Shares</b>		
<b>Cimco Equity Holdings Private Limited, the holding Company</b>		
15,063,921 (15,063,921) Equity shares of Rs. 10/- each fully paid up	1,506.40	1,506.40
<b>NCNCRPS</b>		
<b>Titagarh Wagons Limited, the ultimate holding Company</b>		
25,000,000 (25,000,000) NCNCRPS of Rs. 10/- each fully paid up	2,500.00	2,500.00
<b>Titagarh Capital Private Limited, subsidiary of the ultimate holding Company</b>		
15,000,000 (15,000,000) NCNCRPS of Rs. 10/- each fully paid up	1,500.00	1,500.00

<b>e) Details of shares issued for consideration other than cash during the period of 5 years immediately preceding the reporting date</b>	As at March 31, 2016 No. of Shares	As at March 31, 2015 No. of Shares
Equity shares allotted as fully paid up pursuant to contracts for consideration other than cash	-	1,007,426

<b>f) Details of shareholders holding more than 5% shares in the Company</b>	As at March 31, 2016		As at March 31, 2015	
	No. of shares	% holding	No. of shares	% holding
<b>Equity shares of Rs. 10 each fully paid</b>				
Cimco Equity Holdings Private Limited, the holding company	15,063,921	74.76%	15,063,921	74.76%
<b>8% NCNCRPS of Rs. 10 each fully paid</b>				
Titagarh Wagons Limited	25,000,000	62.50%	25,000,000	62.50%
Titagarh Capital Private Limited	15,000,000	37.50%	15,000,000	37.50%
As per records of the Company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents legal ownerships of shares.				

<b>4. RESERVES AND SURPLUS</b>	As at March 31, 2016 Rs. in Lacs	As at March 31, 2015 Rs. in Lacs
<b>A. Securities Premium Account</b>	<b>3,220.32</b>	<b>3,220.32</b>
<b>B. Revaluation Reserve</b>	<b>14,305.61</b>	<b>14,305.61</b>
<b>C. Deficit in the Statement of Profit and Loss</b>		
Balance as per the last financial statements	(6496.49)	(3,831.42)
Loss for the year	(1,183.09)	(2,577.97)
Less: Adjustment for change in useful life, net of deferred tax	-	(87.10)
<b>Net Deficit in the Statement of Profit and Loss</b>	<b>(7679.58)</b>	<b>(6,496.49)</b>
<b>Total Reserves and Surplus</b>	<b>(A+B+C)</b> <b>9,846.35</b>	<b>11,029.44</b>

<b>5. LONG TERM BORROWINGS</b>	<b>Non-current portion</b>		<b>Current maturities</b>	
	As at March 31, 2016 Rs. in Lacs	As at March 31, 2015 Rs. in Lacs	As at March 31, 2016 Rs. in Lacs	As at March 31, 2015 Rs. in Lacs
<b>Term Loan</b>				
Indian Rupee Loan from a bank (Secured)	2,771.35	4,000.00	1,228.65	1,666.67
Amount disclosed under other current liabilities (Refer Note No. 8.2)	-	-	(1,228.65)	(1,666.67)
<b>Total</b>	<b>2,771.35</b>	<b>4,000.00</b>	<b>-</b>	<b>-</b>

**5.1 Terms of Repayment of Secured Term Loans**

- (i) Term Loan of Rs. 4,000.00 lacs carries an interest @ 11.10% p.a (Base +spread of 1.75%) and is repayable in 14 quarterly installments of Rs. 285.71 lacs each starting from September 2016 to December 2019. Further the loan covenants stipulate mandatory repayments upto 50% of the amount collected in relation to the refunds and claims recoverable as mentioned in Note 13. Accordingly an amount of Rs. 371.51 lacs (50% of Rs. 743.02 Lacs) has been disclosed as current maturities.

**5.2 Details of Security**

Above term loan is secured by first pari passu charge on the land admeasuring 18.75 acres situated at Gwalior and also first pari passu charge on other fixed assets (including its land admeasuring 470 bighas 1 biswa at Bharatpur, Rajasthan)

The loan is further backed by a "Put Option" of Titagarh Wagons Limited (TWL, the ultimate holding company). In terms of the said put option, upon occurrence of any event of default as per the terms of the facility agreement, bank shall have the right to call upon TWL to pay the entire outstanding within such time as may be prescribed.



## NOTES TO FINANCIAL STATEMENTS as at and for the year ended March 31, 2016

### 6. PROVISIONS

	Long-term		Short-term	
	As at March 31, 2016 Rs. in Lacs	As at March 31, 2015 Rs. in Lacs	As at March 31, 2016 Rs. in Lacs	As at March 31, 2015 Rs. in Lacs
<b>Provisions for employee benefits</b>				
Gratuity* (Refer Note No. 25)	19.28	14.11	16.12	16.13
Leave benefits	-	-	13.95	14.28
	<b>19.28</b>	<b>14.11</b>	<b>30.07</b>	<b>30.41</b>
<b>Other provisions</b>				
Warranties	-	-	23.85	9.99
Liquidated damages	-	-	224.53	23.85
Litigation, claims and contingencies	-	-	95.16	105.95
Onerous Contract [Refer Note 23(a)]	-	-	-	332.38
	-	-	<b>343.54</b>	<b>472.17</b>
<b>Total</b>	<b>19.28</b>	<b>14.11</b>	<b>373.61</b>	<b>502.58</b>

\* The classification of provisions for employee benefits into long term / short term have been done by the actuary of the Company based upon estimated amount of cash outflow during the next twelve months from the balance sheet date.

**a) The movement in provision for warranties and liquidated damages are as follows :**

	(i) Warranties		(ii) Liquidated damages	
	As at March 31, 2016 Rs. in Lacs	As at March 31, 2015 Rs. in Lacs	As at March 31, 2016 Rs. in Lacs	As at March 31, 2015 Rs. in Lacs
At the beginning of the year	9.99	1.25	23.85	51.13
Arisen during the year	15.23	8.74	213.97	-
Utilized during the year	-	-	(13.29)	(27.28)
Unused amounts reversed	(1.37)	-	-	-
<b>At the end of the year</b>	<b>23.85</b>	<b>9.99</b>	<b>224.53</b>	<b>23.85</b>

**b) Movement of provisions for Litigation, Claims and Contingencies and Onerous Contract are as follows :**

	(i) Litigation, Claims and Contingencies		(ii) Onerous Contract	
	As at March 31, 2016 Rs. in Lacs	As at March 31, 2015 Rs. in Lacs	As at March 31, 2016 Rs. in Lacs	As at March 31, 2015 Rs. in Lacs
At the beginning of the year	105.95	58.04	332.38	-
Arisen during the year	3.58	47.91	131.54	549.28
Utilized during the year	(14.37)	-	(463.93)	(216.90)
Unused amounts reversed	-	-	-	-
<b>At the end of the year</b>	<b>95.16</b>	<b>105.95</b>	<b>-</b>	<b>332.38</b>

**Note** - The management has estimated the provisions for pending litigations, claims and demands relating to indirect taxes based on its assessment of probability for these demands crystallising against the Company in due course.

### 7. SHORT TERM BORROWINGS

	As at March 31, 2016 Rs. in Lacs	As at March 31, 2015 Rs. in Lacs
<b>Secured</b>		
Cash credits from banks	1,461.12	1,302.11
<b>Total Secured</b>	<b>1,461.12</b>	<b>1,302.11</b>
<b>Unsecured</b>		
From Financial Institutions [Refer note in Note No. 17.1(a)]	-	106.34
Loan from a related party (Refer Note 28)	650.00	-
<b>Total Unsecured</b>	<b>650.00</b>	<b>106.34</b>
<b>Total</b>	<b>2,111.12</b>	<b>1,408.45</b>

**Notes :**

- Cash credits from banks are secured by first pari passu charge over all current assets, both present and future and also by a second pari passu charge over the entire fixed assets of the Company (excluding land at Gwalior). The cash credit is repayable on demand and carry an interest @13.50% to 14.50% p.a.
- Loan from related party carries an interest rate of 15% p.a. and is repayable on demand.

## NOTES TO FINANCIAL STATEMENTS as at and for the year ended March 31, 2016

### 8. TRADE PAYABLES & OTHER CURRENT LIABILITIES

	As at March 31, 2016 Rs. in Lacs	As at March 31, 2015 Rs. in Lacs
<b>8.1 TRADE PAYABLES (INCLUDING ACCEPTANCES)</b>		
Total outstanding dues of micro enterprises and small enterprises (Refer Note 8.3 below)	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises (including acceptances Rs. 305.94 Lacs (Nil))	1,443.67	1,873.04
<b>Total Trade Payables</b>	<b>1,443.67</b>	<b>1,873.04</b>
<b>8.2 OTHER CURRENT LIABILITIES</b>		
Current maturities of long term borrowings (Refer Note No. 5)	1,228.65	1,666.67
Advance from customers	21.46	114.25
Other Liabilities	301.90	691.68
Interest accrued but not due on borrowings	20.03	0.25
Interest accrued and due on borrowings	0.09	-
Investor education and protection fund will be credited by following amounts (as and when due)		
Unpaid Debentures	5.08	5.08
Unpaid fractional share	2.49	2.49
<b>Others</b>		
Statutory Payables	88.36	123.17
Employee related liabilities	49.74	41.17
<b>Total Other Current Liabilities</b>	<b>1,717.80</b>	<b>2,644.76</b>
<b>Total Current Liabilities</b>	<b>3,161.47</b>	<b>4,517.80</b>

8.3 As per information available with the Company, there are no suppliers covered under Micro, Small & Medium Enterprise Development Act, 2006. As a result, no interest provision/payment have been made by the Company to such creditors and no disclosure thereof is made in these accounts.

### 9. FIXED ASSETS

Rs. in Lacs

	Tangible										Intan- gible	Total Fixed Assets
	Land- Free- hold	Land- Lease- hold	Buildings	Plant & Equip- ment	Railway Sidings	Furni- ture & Fixtures	Office equip- ments	Com- puters	Vehi- cles	Total	Com- puter soft- ware	
<b>Cost or valuation At March 31, 2014</b>	7,620.30	8,162.28	2,842.80	3,800.02	41.77	16.37	7.68	28.91	79.85	22,599.98	19.45	22,619.43
Additions	-	-	37.88	21.99	-	-	5.09	-	-	64.96	-	64.96
<b>At March 31, 2015</b>	<b>7,620.30</b>	<b>8,162.28</b>	<b>2,880.68</b>	<b>3,822.01</b>	<b>41.77</b>	<b>16.37</b>	<b>12.77</b>	<b>28.91</b>	<b>79.85</b>	<b>22,664.94</b>	<b>19.45</b>	<b>22,684.39</b>
Additions	-	-	-	36.78	-	0.36	0.12	0.27	-	37.53	-	37.53
Disposals/ Discard	-	-	-	101.94	-	-	-	-	-	101.94	-	101.94
<b>At March 31, 2016</b>	<b>7,620.30</b>	<b>8,162.28</b>	<b>2,880.68</b>	<b>3,756.85</b>	<b>41.77</b>	<b>16.73</b>	<b>12.89</b>	<b>29.18</b>	<b>79.85</b>	<b>22,600.53</b>	<b>19.45</b>	<b>22,619.98</b>
<b>Depreciation &amp; Amortization At April 1, 2014</b>	-	639.10	1,413.62	3,345.37	40.02	3.93	1.52	20.51	33.15	5,497.22	13.05	5,510.27
Charge for the period	-	132.14	89.23	39.96	-	1.87	6.07	0.59	12.44	282.30	3.50	285.80
Transfer to reserves	-	-	78.42	2.14	-	-	0.22	6.32	-	87.10	-	87.10
<b>At March 31, 2015</b>	-	<b>771.24</b>	<b>1,581.27</b>	<b>3,387.47</b>	<b>40.02</b>	<b>5.80</b>	<b>7.81</b>	<b>27.42</b>	<b>45.59</b>	<b>5,866.62</b>	<b>16.55</b>	<b>5,883.17</b>
Charge for the year	-	132.14	89.24	30.74	-	1.89	1.25	0.06	12.23	267.55	1.61	269.16
Disposals/ Discard	-	-	-	96.61	-	-	-	-	-	96.61	-	96.61
<b>At March 31, 2016</b>	-	<b>903.38</b>	<b>1,670.51</b>	<b>3,321.60</b>	<b>40.02</b>	<b>7.69</b>	<b>9.06</b>	<b>27.48</b>	<b>57.82</b>	<b>6,037.56</b>	<b>18.16</b>	<b>6,055.72</b>
<b>Net Block</b>												
<b>At March 31, 2015</b>	<b>7,620.30</b>	<b>7,391.04</b>	<b>1,299.41</b>	<b>434.54</b>	<b>1.75</b>	<b>10.57</b>	<b>4.96</b>	<b>1.49</b>	<b>34.26</b>	<b>16,798.32</b>	<b>2.90</b>	<b>16,801.22</b>
<b>At March 31, 2016</b>	<b>7,620.30</b>	<b>7,258.90</b>	<b>1,210.17</b>	<b>435.25</b>	<b>1.75</b>	<b>9.04</b>	<b>3.83</b>	<b>1.70</b>	<b>22.03</b>	<b>16,562.97</b>	<b>1.29</b>	<b>16,564.26</b>

#### Note :

- Land freehold and leasehold of the Company aggregating to Rs. 1,136.01 lacs (Gross Block) as on 31st March 2011 were revalued by approved valuers on Replacement Cost basis and the net increase of Rs. 14,646.57 lacs was transferred to Revaluation Reserve.
- Immovable properties includes land at Gwalior measuring 20 bighas 8 biswa for which a dispute was raised by the third party for the possession of the land but the same was upheld in favour of the Company by both Single as well as Division Bench of the Hon'ble High Court of Madhya Pradesh. The matter is now pending before the Hon'ble Supreme Court of India.



## NOTES TO FINANCIAL STATEMENTS as at and for the year ended March 31, 2016

### 10. NON-CURRENT INVESTMENTS

(Valued at cost unless stated otherwise)

#### Non-trade Investments

#### Investment in equity instruments (quoted)

	As at March 31, 2016 Rs. in Lacs	As at March 31, 2015 Rs. in Lacs
550 (550) equity shares of Rs. 10 each fully paid-up in Orissa Sponge Iron & Steel Limited	0.05	0.05
	<b>0.05</b>	<b>0.05</b>
Aggregate amount of quoted investments	0.05	0.05
Market value of quoted investments	1.26	0.78

The cost of following investment in equity shares (fully paid up) has been written off in the past, though quantity thereof appears in the books:

Name of the Company	No. of shares	Face Value per Share in Rs.
Ryam Commerce & Plantations Limited	500	10.00
The Kutch Salt & Allied Industries Limited	625	10.00
Udyog Services Limited	2	100.00
P. T. Nalin, Indonesia	4,000	10.00
Wagon India Limited	1,500	10.00

### 11. LOANS AND ADVANCES

#### Unsecured, considered good unless stated otherwise

	As at March 31, 2016 Rs. in Lacs	As at March 31, 2015 Rs. in Lacs	As at March 31, 2016 Rs. in Lacs	As at March 31, 2015 Rs. in Lacs
Security Deposits	37.02	38.68	3.50	10.00
Advance recoverable in cash or kind				
Considered good	-	-	102.37	17.94
Considered doubtful	-	-	29.86	29.86
	-	-	132.23	47.80
Provision for doubtful advances	-	-	29.86	29.86
	-	-	<b>102.37</b>	<b>17.94</b>

#### Other loans and advances

Advance Income tax (Net of provision for taxes) (Refer Note 11.1)	-	199.30	160.55	-
Balance with statutory / government authorities	-	-	125.15	155.33
Prepaid expenses	58.89	27.90	12.28	31.47
<b>Total</b>	<b>95.91</b>	<b>265.88</b>	<b>403.85</b>	<b>214.74</b>

11.1 Advance tax and tax deducted at source amounting to Rs 4.02 lacs (Rs. 34.41 Lacs), considered to be not recoverable, has been written off during the year.

### 12. TRADE RECEIVABLES

#### Unsecured, considered good unless stated otherwise

Outstanding for a period exceeding six months from the date they are due for payment

	As at March 31, 2016 Rs. in Lacs	As at March 31, 2015 Rs. in Lacs	As at March 31, 2016 Rs. in Lacs	As at March 31, 2015 Rs. in Lacs
Considered good	127.35	123.75	229.21	251.87
Considered doubtful	-	-	17.74	-
	127.35	123.75	246.95	251.87
Provision for doubtful debts	-	-	17.74	-
	127.35	123.75	229.21	251.87
Other receivables	-	-	346.51	811.42
<b>Total</b>	<b>127.35</b>	<b>123.75</b>	<b>575.72</b>	<b>1,063.29</b>

## NOTES TO FINANCIAL STATEMENTS as at and for the year ended March 31, 2016

	Non-current		Current	
	As at March 31, 2016 Rs. in Lacs	As at March 31, 2015 Rs. in Lacs	As at March 31, 2016 Rs. in Lacs	As at March 31, 2015 Rs. in Lacs
<b>13. OTHER ASSETS</b>				
<b>Unsecured, considered good unless stated otherwise</b>				
Refunds and claims recoverable*	3,952.35	3,952.35	874.89	743.02
Subsidy Receivable	-	-	152.31	67.73
Interest Receivable on Refund of Income Tax	-	-	46.40	-
Receivable from related party (Refer Note No. 28)	-	-	28.21	93.25
Interest accrued on fixed deposits	-	-	3.07	2.46
<b>Total</b>	<b>3,952.35</b>	<b>3,952.35</b>	<b>1,104.88</b>	<b>906.46</b>
* Includes the following :				
i) Rs 3952.35 Lacs (Rs 3952.35 Lacs) recoverable from Indian Railway (Railways) on account of differential sub lease rental for the leased wagons for the period 1997-98 to 2008-09, net of Rs 1316.84 Lacs, being the cost of wheel sets to be returned to the Railways. The said matter was under arbitration proceedings since 2004 and finally, the Arbitrators, 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. Considering the merit of the case, the management is hopeful to recover this claim in full.				
ii) Rs. 743.02 Lacs, net of Rs. 150.00 Lacs received under guarantee given by the Company, recoverable from National Insurance Company Limited (NICL) towards insurance claims in terms of an order passed by the Hon'ble High Court of Delhi in favour of the Company. NICL had referred the matter to the Hon'ble Supreme Court. During the year, the Company has received a favorable decision from the Hon'ble Supreme Court of India whereby the Hon'ble Court has awarded the claim in favour of the Company and an amount of Rs 874.89 lacs (including interest of Rs 131.87 lacs) has been received subsequent to the balance sheet date.				
<b>14. INVENTORIES</b>				
<b>(Valued at lower of cost and net realizable value)</b>				
Raw materials & components (Refer Note No. 18)			As at March 31, 2016 Rs. in Lacs	As at March 31, 2015 Rs. in Lacs
Work in progress (Refer Note No. 19)			235.91	1,210.63
Finished goods (Refer Note No. 19)			443.94	806.84
Stores & spares			296.53	1,308.70
Saleable Scrap (Refer Note No. 19)			120.61	299.50
<b>Total</b>			<b>225.24</b>	<b>251.83</b>
			<b>1,322.23</b>	<b>3,877.50</b>
<b>15. CASH AND BANK BALANCES</b>				
<b>Cash and cash equivalents</b>				
Balances with banks:				
On current accounts			40.35	125.95
On unpaid debenture account			5.08	5.08
On unpaid fractional share entitlement			2.49	2.49
Cash on hand			0.83	0.22
			<b>48.75</b>	<b>133.74</b>
<b>Other bank balances</b>				
Deposits with remaining maturity for less than 12 months			24.13	24.13
Margin money deposit @			78.55	124.12
			<b>102.68</b>	<b>148.25</b>
<b>Total</b>			<b>151.43</b>	<b>281.99</b>
@ Receipts lying with banks as security against guarantees / letters of credit issued by them.				
<b>16. REVENUE FROM OPERATIONS</b>				
<b>Revenue from operations</b>				
Sale of finished products			6,385.67	2,498.78
Sale of raw materials & components			133.95	82.96
Sale of services			175.74	110.63
<b>Other operating revenues</b>				
Scrap sales			115.30	669.35
Others (Refer Note 16.1 below)			60.00	60.00
<b>Revenue from operations (gross)</b>			<b>6,870.66</b>	<b>3,421.72</b>
Less: Excise duty#			151.84	211.30
<b>Revenue from operations (net)</b>			<b>6,718.82</b>	<b>3,210.42</b>

## NOTES TO FINANCIAL STATEMENTS as at and for the year ended March 31, 2016

### 16. REVENUE FROM OPERATIONS (Contd.)

	For the year ended March 31, 2016 Rs. in Lacs	For the year ended March 31, 2015 Rs. in Lacs
<b>Details of products sold</b>		
<b>Finished goods sold</b>		
Wagons	6,357.55	2,382.16
Others	28.12	116.62
	<b>6,385.67</b>	<b>2,498.78</b>
<b>Raw materials &amp; components sold</b>		
Steel	15.65	11.09
Components	117.09	71.87
Others	1.21	-
	<b>133.95</b>	<b>82.96</b>
<b>Details of services rendered</b>		
Fabrication	175.74	110.63
	<b>175.74</b>	<b>110.63</b>

16.1 Represents facility income received from Titagarh Agric Private Limited (TAPL) under Memorandum of Agreement dated January 29, 2014 between Cimmco Limited (Cimmco) and TAPL, Cimmco intends to enter into a strategic alliance / joint venture with TAPL in the business of tractors / farm / agriculture machinery / equipments, for which Cimmco has agreed to allow TAPL to use a part of land for such business. TAPL has agreed to pay 3% of the sale price per tractor or a fixed amount of Rs 5.00 lacs per month, whichever is higher subject to a cap of Rs 200.00 lacs per annum. This arrangement is fixed for an initial period of three years and shall be reviewed immediately thereafter. The agreement is valid for 10 years and shall be renewed on mutually agreed terms and conditions.

# Excise duty on sales amounting to Rs. 151.84 lacs (31 March 2015: Rs. 211.30 lacs) has been reduced from sales in Profit & Loss Account and excise duty on increase/(decrease) in stock amounting to Rs.(27.96) lacs (31 March 2015 Rs. 51.74 lacs) has been considered as (income)/expense in Note 21 of financial statements.

	For the year ended March 31, 2016 Rs. in Lacs	For the year ended March 31, 2015 Rs. in Lacs
<b>17.1 OTHER INCOME</b>		
Liabilities / provisions no longer required written back	288.18	95.65
Prior Period Income	15.05	-
Other non operating income	50.12	168.04
<b>Total</b>	<b>353.35</b>	<b>263.69</b>

(a) Includes Rs. 106.34 lacs relating to period prior to takeover of the Company by the Holding Company as substantial period has elapsed without any demand/correspondence from concerned Financial Institutions.

### 17.2 INTEREST INCOME

Interest Income on		
Bank deposits	8.03	11.17
Insurance Claim	131.87	-
Income Tax Refund	46.39	-
Others	1.78	11.36
	<b>188.07</b>	<b>22.53</b>

### 18. COST OF RAW MATERIALS & COMPONENTS CONSUMED

Inventory at the beginning of the year	1,210.63	469.99
Add: Purchases	2,665.13	4,028.93
	3,875.76	4,498.92
Less: Inventory at the end of the year	235.91	1,210.63
<b>Cost of raw materials &amp; components consumed (a)</b>	<b>3,639.85</b>	<b>3,288.29</b>
<b>Details of raw materials &amp; components consumed</b>		
Bogie	1,197.88	744.53
Couplers with Draft Gear	521.43	279.18
Steel	66.58	417.87
Wheel sets	30.66	518.40
Other Components (b)	1,823.30	1,328.31
	<b>3,639.85</b>	<b>3,288.29</b>
<b>Details of inventory</b>		
Bogie	-	100.83
Steel	67.55	60.75
Wheel sets	24.31	49.05
Other Components (b)	144.05	1,000.00
	<b>235.91</b>	<b>1,210.63</b>

(a) The consumption figures shown above are after adjusting excess and shortages, if any, on physical count, unserviceable items, etc and excluding materials received from customers on free supply basis.

(b) It is not practicable to furnish information in view of the large number of items which differ in size and nature; each, however, being less than 10% in value of the total consumption / inventory figures.

## NOTES TO FINANCIAL STATEMENTS as at and for the year ended March 31, 2016

19. (INCREASE)/DECREASE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND SALEABLE SCRAP	For the year ended March 31, 2016 Rs. in Lacs	For the year ended March 31, 2015 Rs. in Lacs	(Increase) / decrease Rs. in Lacs
<b>Inventory at the end of the year</b>			For the year ended March 31, 2016
Finished Goods	296.53	1,308.70	1,012.17
Work in Progress	443.94	806.84	362.90
Saleable scrap	225.24	251.83	26.59
	<b>965.71</b>	<b>2,367.37</b>	<b>1,401.66</b>
<b>Inventory at the beginning of the year</b>			For the year ended March 31, 2015
Finished Goods	1,308.70	528.19	(780.51)
Work in Progress	806.84	421.50	(385.34)
Saleable scrap	251.83	278.19	26.36
	<b>2,367.37</b>	<b>1,227.88</b>	<b>(1,139.49)</b>
	<b>1,401.66</b>	<b>(1,139.49)</b>	
<b>DETAILS OF INVENTORIES</b>	As at March 31, 2016 Rs. in Lacs	As at March 31, 2015 Rs. in Lacs	
<b>Finished Goods</b>			
Wagons	234.87	1,286.26	
Others	61.66	22.44	
	<b>296.53</b>	<b>1,308.70</b>	
<b>Work in Progress</b>			
Wagons	231.81	619.60	
Others	212.13	187.24	
	<b>443.94</b>	<b>806.84</b>	
<b>Saleable scrap</b>	<b>225.24</b>	<b>251.83</b>	
<b>20. EMPLOYEE BENEFITS EXPENSES</b>		For the year ended March 31, 2016 Rs. in Lacs	For the year ended March 31, 2015 Rs. in Lacs
Salaries, wages and bonus		300.56	276.40
Contribution to provident & other funds		19.10	18.83
Gratuity Expense (Note 25)		5.49	5.36
Staff Welfare Expenses		12.07	15.23
<b>Total</b>		<b>337.22</b>	<b>315.82</b>
<b>21. OTHER EXPENSES</b>			
Consumption of stores and spares		474.46	257.60
Cost of raw materials and components sold		118.01	52.07
Job Processing and other Machining Charges		414.75	370.30
Increase / (Decrease) of excise duty on inventories		(27.96)	51.74
Power and Fuel		99.98	92.93
Design and Development Expenses		-	13.52
Repairs and maintenance			
Plant and Machinery		19.28	19.45
Buildings		44.59	79.06
Others		0.82	18.96
Rent		0.77	0.71
Rates and Taxes		92.80	23.92
Insurance		14.71	11.78
Advertising and sales promotion		9.92	15.23
Travelling and conveyance		41.25	44.15
Freight and forwarding charges [Net of recovery Rs. 5.28 lacs (Rs 1.98 lacs)]		1.65	6.54
Postage and Telegram		21.07	35.50
Legal and professional fees		183.22	136.31
Directors sitting fees		12.09	16.49
Payment to Auditors			
As auditor			
Audit fee	9.00		9.00
Limited reviews	6.00		6.00
In other capacity			
Reimbursement of expenses	0.54	15.54	0.73
	Carried Forward	1,536.95	1,261.99

## NOTES TO FINANCIAL STATEMENTS as at and for the year ended March 31, 2016

### 21. OTHER EXPENSES (Contd.)

	For the year ended March 31, 2016 Rs. in Lacs		For the year ended March 31, 2015 Rs. in Lacs	
Brought Forward		1,536.95		1,261.99
Liquidated Damages	13.29		39.69	
Less: Adjusted with provision	<u>13.29</u>	-	<u>27.28</u>	12.41
Provision for Liquidity Damages		213.97		-
Provision for Warranties		15.23		8.74
Loss on foreign exchange differences (net)		-		4.09
Provision for doubtful debts and advances		-		5.24
Loss on sale of fixed assets (net)		5.32		-
Bad debts written off	-		35.81	
Less: Adjusted against provision for bad & doubtful debts	-	-	<u>29.17</u>	6.64
Prior period expenses (Refer note (a) below)		-		33.45
Irrecoverable debts/ advances written off		39.19		2.16
Miscellaneous expenses		152.59		108.31
<b>Total</b>		<b>1,963.25</b>		<b>1,443.03</b>
a) <b>Details of Prior Period Expenses</b>				
<b>Expenses</b>				
Legal and professional fees		-		32.80
Miscellaneous expenses		-		0.65
				<u>33.45</u>

### 22. FINANCE COSTS

Interest Expense [Net of subsidy Rs. 164.85 Lacs (Rs 76.28 Lacs)]		585.43		725.70
Bank Charges		64.02		51.14
<b>Total</b>		<b>649.45</b>		<b>776.84</b>

### 23. EXCEPTIONAL ITEMS

Statutory Dues		-		520.63
Onerous Contract (Refer Note a)		131.54		549.28
<b>Total</b>		<b>131.54</b>		<b>1,069.91</b>

(a) During the current year, Indian Railways has exercised its option for purchase of additional quantity in relation to the wagon contract that was awarded last year. Since the execution of the above additional quantity would also result into loss, the Company has in line with the earlier year, recognized additional provision for onerous contract on the aforesaid additional quantity amounting to Rs. 131.54 lacs and disclosed it as exceptional item.

### 24. EARNING PER SHARE (EPS)

	For the year ended March 31, 2016 Rs. in Lacs		For the year ended March 31, 2015 Rs. in Lacs	
Weighted average number of equity shares		2,01,48,526		2,01,48,526
Loss after taxes (Rs. in lacs)		(1,183.09)		(2,577.97)
Nominal value shares (Rs)		10.00		10.00
Earning per share - Basic & Diluted (Rs.)		(5.87)		(12.79)

### 25. GRATUITY AND OTHER POST EMPLOYMENT BENEFIT PLANS

The Company has a defined benefit gratuity plan which is unfunded. Every employee who has completed five years or more of service is entitled to gratuity on terms not less favorable than the provisions of the Payment of Gratuity Act, 1972.

The Company also extends benefit of compensated absences to the employees, whereby they are eligible to carry forward their entitlement of earned leave for encashment. This is also an unfunded plan.

The following tables summarizes the components of net benefit/ expense recognised in the statement of profit and loss and the balance sheet for the respective plans.

	Gratuity (non-funded)	
	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>Statement of Profit and Loss</b>		
<b>Net employee benefit expenses recognized in the employee cost</b>		
Current service cost	3.01	2.87
Interest cost on benefit obligation	2.35	2.26
Net actuarial (gain)/ loss recognised during the year	0.12	0.23
<b>Net benefit expenses</b>	<b>5.48</b>	<b>5.36</b>
<b>Changes in the present value of the defined benefit obligations are as follows :</b>		
Opening defined benefit obligations	30.24	24.88
Current service cost	3.01	2.87
Interest cost	2.35	2.26
Benefits paid	(0.32)	-
Actuarial (gains)/ losses on obligations	0.12	0.23
<b>Closing defined benefit obligations</b>	<b>35.40</b>	<b>30.24</b>

## NOTES TO FINANCIAL STATEMENTS as at and for the year ended March 31, 2016

### 25. GRATUITY AND OTHER POST EMPLOYMENT BENEFIT PLANS (Contd.)

		<b>Gratuity (non-funded)</b>			
		For the year ended March 31, 2016	For the year ended March 31, 2015		
<b>The principal assumptions used in determining gratuity and leave liability are shown below:</b>					
Discount rate		7.70%	7.80%		
Expected average working life of the employees		12.17	11.88		
Mortality table		Standard Table LIC (1994 - 1996)			
<b>Amounts for the current and previous periods are as follows :</b>					
	For the year ended March 31, 2016	For the year ended March 31, 2015	For the year ended March 31, 2014	For the year ended March 31, 2013	For the year ended March 31, 2012
<b>Gratuity</b>					Rs. in Lacs
Defined benefit obligations	30.24	24.88	24.88	24.04	18.04
Experience adjustments on plan liabilities	0.12	0.23	(3.77)	(0.73)	3.77
The estimate of future salary increase, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employee market.					
<b>The amount provided for defined contribution plan are as follows :</b>					
		For the year ended March 31, 2016		For the year ended March 31, 2015	
		Rs. in Lacs		Rs. in Lacs	
Provident fund		14.01		14.73	

### 26. LEASES

The Company has operating leases for office premises and land that are renewable on a periodic basis and are cancelable by giving a notice period ranging from one month to three months. There is no escalation clause and restriction under the lease agreement. There are no subleases.

	For the year ended March 31, 2016	For the year ended March 31, 2015
	Rs. in Lacs	Rs. in Lacs
The amount of rent expenses included in Statement of Profit and Loss towards operating leases aggregate to	0.77	0.71

### 27. SEGMENT INFORMATION

**Business Segments :** The Company has only one business segment, i.e., Wagon & Engineering Products and thus no further disclosures are required in accordance with Accounting Standard-17 as notified.

**Geographical Segments :** The Company primarily operates in India and therefore the analysis of geographical segments is demarcated into its Indian and Overseas Operations. The revenue from operations in the current and previous year is entirely from sale of goods and services within India.

### 28. RELATED PARTY DISCLOSURES

#### (A) Names of related parties and related party relationship

##### Related parties where control exists :

Ultimate Holding Company : Titagarh Wagons Limited (w.e.f April 16, 2014)  
Holding Company : Cimco Equity Holdings Private Limited

##### Related Parties under AS-18 with whom transactions have taken place during the year

Fellow Subsidiaries : Titagarh Capital Private Limited (w.e.f April 16, 2014)  
Titagarh Agrico Private Limited (w.e.f April 16, 2014)  
Joint Venturer of Holding Company : Titagarh Wagons Limited (ceased to be a joint venture of a holding company w.e.f April 15, 2014)  
Key Management Personnel (KMPs) : Mr. J P Chowdhary – Executive Chairman  
Mr. Umesh Chowdhary – Vice Chairman  
Mr. R N Tiwari, Director (Works)

##### Additional related parties as per Companies Act 2013 with whom transactions have taken place during the year

Directors : Mr. Anil Agarwal - Non Executive Director  
Dr. G.B.Rao - Independent Director  
Mr. J.K. Shukla - Independent Director  
Mr. Kanwar Satya Brata Sanyal - Independent Director  
Mr. Matlubul Jamil Zillay Mowla - Independent Director  
Mr. Nandan Bhattacharya - Independent Director  
Mrs. Vinita Bajoria - Non Executive Director  
Key Management Personnel (KMPs) : Mr. Lokesh Agarwal, Chief Financial Officer (w.e.f. August 12, 2015)  
: Mr. Dipankar Ganguly, Company Secretary  
Enterprises over which KMP/ Shareholders/  
Relatives have significant influence : Kanishk Fabricators Private Limited

## NOTES TO FINANCIAL STATEMENTS as at and for the year ended March 31, 2016

### 28. RELATED PARTY DISCLOSURES (Contd.)

(B) Details of transactions between the Company and related parties and outstanding balances as at the year end are given below :

Rs. in Lacs

Nature of transactions	Holding Company/ Ultimate Holding Company	Fellow Subsidiaries	KMP	Directors	Enterprise over which KMP/shareholders/relatives have significant influence	Total
<b>In relation to the Statement of Profit and Loss</b>						
<b>Revenue from Operations (Gross)</b>						
Titagarh Wagons Limited	132.26 (106.77)					132.26 (106.77)
<b>Job Processing and other machining income (including contract labour income)</b>						
Titagarh Wagons Limited	96.32 (25.00)					96.32 (25.00)
<b>Facility Income</b>						
Titagarh AgriCo Private Limited		60.00 (60.00)				60.00 (60.00)
<b>Reimbursement of expenses</b>						
Titagarh AgriCo Private Limited		20.20 (11.14)				20.20 (11.14)
Titagarh Wagons Limited	20.15 (4.82)					20.15 (4.82)
<b>Job Processing and other machining charges (including contract labour charges)</b>						
Kanishk Fabricators Private Limited					4.05 (9.94)	4.05 (9.94)
<b>Purchase of raw materials and components</b>						
Titagarh Wagons Limited	542.40 (1,702.36)					542.40 (1,702.36)
<b>Interest expense on loans taken</b>						
Titagarh Capital Private Limited		21.54 (77.12)				21.54 (77.12)
<b>Remuneration</b>						
R.N. Tiwari			18.05 (18.05)			18.05 (18.05)
Lokesh Agarwal			5.10 (-)			5.10 (-)
Dipankar Ganguly			12.94 (12.94)			12.94 (12.94)
<b>Sitting Fees to Directors</b>						
Anil Agarwal				1.80 (2.70)		1.80 (2.70)
G.B.Rao				0.60 (0.90)		0.60 (0.90)
J.K. Shukla				2.80 (3.30)		2.80 (3.30)
Kanwar Satya Brata Sanyal				2.40 (2.60)		2.40 (2.60)
Matlubul Jamil Zillay Mowla				1.10 (2.60)		1.10 (2.60)
Nandan Bhattacharya				1.20 (-)		1.20 (-)
Vinita Bajoria				1.00 (0.20)		1.00 (0.20)

## NOTES TO FINANCIAL STATEMENTS as at and for the year ended March 31, 2016

### 28. RELATED PARTY DISCLOSURES (Contd.)

(B) Details of transactions between the Company and related parties and outstanding balances as at the year end are given below :

Rs. in Lacs

Nature of transactions	Holding Company/ Ultimate Holding Company	Fellow Subsidiaries	KMP	Directors	Enterprise over which KMP/shareholders/relatives have significant influence	Total
<b>In relation to the Balance Sheet</b>						
<b>Issue of 8% Preference Shares</b>						
Titagarh Capital Private Limited		-				-
Titagarh Wagons Limited	(2,500.00)	(1,500.00)				-
						(2,500.00)
<b>Loans Taken</b>						
Titagarh Capital Private Limited		900.00				900.00
		(500.00)				(500.00)
<b>Loans Repaid</b>						
Titagarh Capital Private Limited		250.00				250.00
		(2,098.09)				(2,098.09)
<b>Sale of Fixed Assets</b>						
Titagarh Wagons Limited	-					-
	(22.15)					(22.15)
<b>Balance outstanding as at the year end - Debit</b>						
Titagarh Agrico Private Limited		28.21				28.21
		(93.25)				(93.25)
<b>Balance outstanding as at the year end - Credit</b>						
Titagarh Capital Private Limited		669.38				669.38
		(0.25)				(0.25)
Titagarh Wagons Limited	776.60					776.60
	(1,187.85)					(1,187.85)

(C) The Company has obtained a loan from ICICI Bank for Rs. 4000 lacs in the previous year which is backed by a "Put Option" of Titagarh Wagons Limited (TWL). In terms of the said put option, upon occurrence of any event of default as per the terms of the facility agreement, ICICI Bank shall have the right to call upon TWL to pay the entire outstanding within such time as may be prescribed.

### 29. CONTINGENT LIABILITIES

	As at March 31, 2016 Rs. in Lacs	As at March 31, 2015 Rs. in Lacs
(A) Disputed claims contested by the Company and pending at various courts.*	6,438.03	6,264.86
Matters under appeal with :		
Excise, Customs and Sales Tax Authorities	2,341.23	2,303.96
Letters of Credit and Bank Guarantees outstanding	2,834.72	2,923.77

\* Includes Rs. 1292.95 Lacs (Rs. 1292.95 Lacs) which in terms of BIFR order, even if decided against the Company, would stand at Rs. 129.29 Lacs (Rs. 129.29 Lacs) only.

In respect of above cases, based on favourable decisions in similar cases/legal opinions taken by the Company/discussions with the solicitors etc., the management is of the opinion that it is possible, but not probable, that the action will succeed and accordingly no provision for any liability thereagainst has been made in the financial statements.

The legal case pending at various courts referred to above includes a case relating to M/s Uppal Engg Co. Pvt. Ltd. for widening of road against a contract awarded to the Company by the Rajasthan PWD in 1992. Uppal Engg Co had invoked arbitration proceedings against the Company in 1998 for certain claims. The arbitration award was issued during the year, pursuant to which Cimmco has been directed to pay Rs 2,525.85 lacs (Rs 804.22 lacs as principle and Rs 1721.63 lacs as interest). 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. Accordingly, management is hopeful of a favourable outcome in this regard and does not foresee any liability crystallising on the Company as a consequence of the award.



## NOTES TO FINANCIAL STATEMENTS as at and for the year ended March 31, 2016

- (B) The Company had in earlier years (prior to lockout and take-over of the Company), obtained certain advance licenses for making duty free import of inputs subject to fulfilment of export obligation (EO) within the specified time limit from the date of issuance of such licences. Due to the closure of the factory and cancellation of the export orders, the Company could not fulfil the entire export obligation within the permitted time limit. Subsequently, the Company was referred to the Board for Industrial and Financial Reconstruction ("BIFR") vide case No. 372/2000 dated 27th November 2000 wherein a rehabilitation package was sanctioned by the BIFR on 11th March 2010. Pursuant to the rehabilitation scheme, the Company made an application to the Policy Relaxation Committee (PRC) of the Department of Foreign Trade for extension of the EO by further 8 years. The Zonal Director General of Foreign Trade (DGFT) vide its letter dated 21st December 2010 had extended the EO period upto 31st March 2016. In the current year, based on the details available with the Company regarding the imports made prior to the lock out and as per its best estimates, the Company has made necessary payments to the tune of Rs 85.00 lacs for the unfulfilled export obligation and for the balance licenses a liability of Rs 11.00 lacs has been made in the books. However, in absence of complete list of licenses alongwith the imports made against each license the amount of contingent liability towards custom duty saved on unfulfilled export obligations and penal interest if any, is presently unascertainable.
- (C) The Company had given 687 wagons to Indian Railways on sub-lease till October 2007 and as per the agreement the sub-lease was renewable at the consent of the Indian Railway on an annual basis. Post the expiry of the original sub-lease term, Indian Railways continued to use the wagons without renewing the sub-lease arrangement. During the previous year, the company had received a demand of Rs. 1234.20 Lakhs from Titagarh Capital Pvt. Ltd., the lessor of these wagons for the period October 2007 to March 2014. Titagarh Capital Pvt. Ltd. has pursued the matter in the Honourable High Court of Calcutta and the Honourable Court in an interim measure directed the Indian Railway to set apart the lease rentals for the above period, at the last paid rate of rent, in a fixed deposit account till the matter is finally decided. The Company has not provided for this claim since it has a back-to-back claim for the sub-lease on Indian Railways.

### 30. IMPORTED AND INDIGENOUS RAW MATERIALS, COMPONENTS AND STORES & SPARES CONSUMED

	For the year ended March 31, 2016		For the year ended March 31, 2015	
	Rs. in Lacs	% of total consumption	Rs. in Lacs	% of total consumption
<b>Raw materials &amp; components</b>				
Imported	-	-	33.76	1.01%
Indigenous	3,757.86	100.00%	3,306.60	98.99%
<b>Total *</b>	<b>3,757.86</b>	<b>100.00%</b>	<b>3,340.36</b>	<b>100.00%</b>
<b>Stores &amp; spares</b>				
Indigenous	474.46	100.00%	257.60	100.00%
<b>Total</b>	<b>474.46</b>	<b>100.00%</b>	<b>257.60</b>	<b>100.00%</b>

\* Rs. 3,639.85 lacs (Rs. 3,288.29 lacs) and Rs. 118.01 lacs (Rs. 52.07 lacs) shown in Note 18 and Note 21 respectively.

31. The financial performance of the Company for the year has been severely impacted due to overall industry scenario and delay in release of wagons procurement orders by the Indian Railways. Titagarh Wagons Limited, the ultimate parent company is committed to provide suitable financial support to the company for the near future and has also contributed additional capital in earlier years to meet the cash flow requirements. The Company has been awarded with a new wagon contract dated May 11th, 2016 from the Indian Railways for supply of 1,264 wagons. In view of the above, these financial statements have been prepared on a going concern basis.
32. In view of absence of virtual certainty supported with convincing evidence, the Company has not recognized the deferred tax asset arising on account of brought forward losses and unabsorbed depreciation.
33. Previous period's figures including those given in brackets have been regrouped/reclassified, where necessary, to conform to current year's classification.

As per our Report of even date  
For **S. R. Batliboi & Co. LLP**  
Chartered Accountants  
ICAI Firm Registration No: 301003E/E300005

per **Kamal Agarwal**  
Partner  
Membership No. 58652

Place : Kolkata  
Dated : 25th May, 2016

For and on behalf of the Board of Directors of Cimmco Limited

**J P Chowdhary**  
Executive Chairman

**Umesh Chowdhary**  
Vice Chairman

**Anil Kumar Agarwal**  
Director

**Lokesh Agarwal**  
Chief Financial Officer

**Dipankar Ganguly**  
Company Secretary

# Cimmco Limited

CIN : L28910WB1943PLC168801

Registered Office : 756 Anandapur, E M Bypass, Kolkata-700107

Phone : +91 33 40190800; Fax : +91 33 40190823; E Mail: corp@cimmco.in; Website : www.cimmco.in

## PROXY FORM

Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014

Name of the Member(s) : .....

Registered Address : .....

E Mail ID : .....

Folio No/Client ID : .....

DP ID : .....

I/We being the member(s) holding..... shares of the above named Company, hereby appoint :

(1) Name : ..... Address : .....

E Mail ID : ..... Signature : ..... or failing him

(2) Name : ..... Address : .....

E Mail ID : ..... Signature : ..... or failing him

(3) Name : ..... Address : .....

E Mail ID : ..... Signature : .....

as my/our proxy to attend and vote (on a poll) for me/us and on my behalf at the Annual General Meeting of the Company to be held on Thursday, 29th September, 2016 at 12:30 P.M. at Manovikas Kendra, 482, Madudah, Plot I-24, Sector-J, E M Bypass, Kolkata-700107 and at any adjournment thereof in respect of Resolutions as are indicated below :

Resolution No.	Resolutions Proposed
	<b>Ordinary Businesses</b>
1	Adoption of Annual Financial Statements, Reports of the Board of Directors and Auditors for the Financial Year ended 31st March, 2016.
2	Re-appointment of Shri J. P. Chowdhary as Executive Chairman, liable to retire by rotation.
3	Ratification of appointment of Statutory Auditors and authorize Board of Directors to fix their remuneration.
	<b>Special Business</b>
4	Re-appointment Shri J P Chowdhary, Executive Chairman for a term of Five years from 10th May, 2016
5	Ratification of remuneration of Cost Auditor

Signed this.....day of.....2016

Signature of Shareholder.....Signature of Proxy holder(s) .....

Affix  
Revenue  
Stamp

NOTE : 1. **This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.**

2. For the text of the Resolutions, Explanatory Statement & Notes, please refer to the Notice convening the Annual General Meeting dated 22nd August, 2016.