



# Cimmco Limited

Annual Report 2017 - 2018

## CONTENTS

Corporate Information	1
Notice	2
Directors' Report & Management Discussion and Analysis	9
Annexures to Directors' Report	14
Corporate Governance Report	24
Independent Auditors' Report	35
Balance Sheet	40
Statement of Profit & Loss	41
Statement of Changes in Equity	42
Cash Flow Statement	43
Notes to Financial Statements	44

## 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>Wholetime Director</i>

### Chief Financial Officer

Shri Vineet Mohta

### Company Secretary

Shri Dipankar Ganguly

### Audit Committee

Shri J K Shukla	<i>Chairman</i>
Shri K S B Sanyal	<i>Member</i>
Shri Anil Kumar Agarwal	<i>Member</i>
Shri Nandan Bhattacharya	<i>Member</i>

### Nomination & Remuneration Committee

Shri K S B Sanyal	<i>Chairman</i>
Shri J K Shukla	<i>Member</i>
Shri M J Z Mowla	<i>Member</i>

### Stakeholders' Relationship Committee

Shri J K Shukla	<i>Chairman</i>
Shri M J Z Mowla	<i>Member</i>
Shri Umesh Chowdhary	<i>Member</i>

### Auditors

Price Waterhouse & Co Chartered Accountants LLP

### Bankers

ICICI Bank  
Syndicate Bank  
IndusInd 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  
Website : www.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 10th August, 2018

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the **Seventy-Third Annual General Meeting** of the members of **CIMMCO LIMITED** will be held at "Rotary Sadan", 94/2, Chowringhee Road, Kolkata-700020 (Landmark : Near Nehru Children's Museum) on Saturday, the 29th September, 2018 at 2.00 P.M. to transact the following businesses :

### ORDINARY BUSINESS:

1. To consider and adopt the audited financial statement of the Company for the financial year ended March 31, 2018, the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Smt Vinita Bajoria (DIN: 02412990) who retires by rotation at this Annual General Meeting and being eligible has offered herself for re-appointment.
3. To appoint the Auditors and fix their remuneration 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 Section 40 of the Companies (Amendment) Act, 2017 read together with Section 139 of the Companies Act, 2013 (as amended) and other applicable provisions, if any, and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and in partial modification of the resolution passed by the members of the Company at the 72nd Annual General Meeting held on 31st July, 2017, the Company hereby dispenses with the requirement of ratification of the appointment of Price Waterhouse & Co. Chartered Accountants LLP (FRN-304026E/E-300009), as the Statutory Auditors of the Company."

### SPECIAL BUSINESS :

4. **To consider the continuation of appointment of Shri Nandan Bhattacharya as an Independent Director 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 Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the consent of the members be and is hereby accorded to continuation of the appointment of Shri Nandan Bhattacharya (DIN: 00313590), Independent Director of the Company, who has attained the age of 78 years for the remaining term of his tenure of office i.e. upto 31st March, 2020.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

5. **To re-appoint Shri J K Shukla as an Independent Director of the Company and to consider and if thought fit, to pass with or without modification(s) the following Resolution as a Special Resolution:**

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV of the Companies Act, 2013 ('the Act') and Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof, for the time being in force) Shri J K Shukla (DIN:01780212) who was appointed as an Independent Director and who holds office upto 31st March, 2019 and being eligible, be and is hereby re-appointed as an Independent Director of the Company w.e.f. 1st April, 2019, not liable to retire by rotation to hold office for a term of 5 (five) years ending on the 31st March, 2024.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

6. **To re-appoint Shri K S B Sanyal as an Independent Director of the Company and to consider and if thought fit, to pass with or without modification(s) the following Resolution as a Special Resolution:**

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV of the Companies Act, 2013 ('the Act') and Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof, for the time being in force) Shri K S B Sanyal (DIN:00009497) who was appointed as an Independent Director and who holds office upto 31st March, 2019 and being eligible, be and is hereby re-appointed as an Independent Director of the Company, w.e.f. 1st April, 2019, not liable to retire by rotation to hold office for a term of 5 (five) years ending on the 31st March, 2024.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

7. **To re-appoint Dr. G B Rao as an Independent Director of the Company and to consider and if thought fit, to pass with or without modification(s) the following Resolution as a Special Resolution:**

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV of the Companies Act, 2013 ('the Act') and Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof, for the time being in force) Dr. G B Rao (DIN:00493992) who was appointed as an Independent Director and

## NOTICE OF ANNUAL GENERAL MEETING

who holds office upto 31st March, 2019 and being eligible, be and is hereby re-appointed as an Independent Director of the Company, w.e.f. 1st April, 2019, not liable to retire by rotation to hold office for a second term of 5 (five) years ending on the 31st March, 2024.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

**8. To re-appoint Shri M J Z Mowla as an Independent Director of the Company and to consider and if thought fit, to pass with or without modification(s) the following Resolution as a Special Resolution:**

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV of the Companies Act, 2013 ('the Act') and Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof, for the time being in force) Shri M J Z Mowla (DIN:01004409) who was appointed as an Independent Director and who holds office upto 31st March, 2019 and being eligible, be and is hereby re-appointed as an Independent Director of the Company w.e.f. 1st April, 2019, not liable to retire by rotation to hold office for a second term of 5 (five) years ending on the 31st March, 2024.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

**9. To consider and if thought fit, to pass with or without modification the following Resolution as an Ordinary Resolution :**

**"RESOLVED THAT** pursuant to the Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and/or any other provisions as may be applicable, the consent of the members be and is hereby accorded to enter into an arrangement with Titagarh Wagons Limited (TWL), the Holding Company, for TWL giving a guarantee in favour of IndusInd Bank Limited ('the Bank') for the purpose of securing the various credit facilities upto a maximum principal amount of Rs. 225 crore (Rupees Two Hundred and Twenty Five Crore only) granted by the Bank to the Company.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to take such necessary steps in this regard and to settle all matters arising out of and incidental thereto, and to sign and execute all applications, documents and writings that may be required, on behalf of the Company and also to delegate all or any of the above powers to the Managing Director of the Company and generally to do all acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to this Resolution."

**10. 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 20 of the Companies Act, 2013 and other applicable provisions, if any, of the said Act and relevant rules prescribed thereunder, whereby a document may be served on any member by the Company by sending it to him by post or by registered post or by speed post or by courier or by delivery to his office address or by such electronic or other mode as may be prescribed, the consent of the Company be and is hereby accorded to charge from the member in advance equivalent to the estimated actual expenses of delivery of the documents pursuant to any request along with the requisite fee being duly received by the Company at least one week in advance of the despatch of the document by the Company to the shareholder.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this Resolution, Directors or Key Managerial Personnel of the Company be and are hereby severally authorised to do all acts, deeds, matters and things as they may in their absolute discretion deem necessary, proper, desirable or expedient and to settle any question, difficulty, doubt that may arise in respect of the matter aforesaid and further to do all such acts, deeds and things as may be necessary, proper or desirable or expedient to give effect to the above Resolution."

**11. 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 Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the consent of the members be and is hereby accorded to payment of Rs. 1,00,000 (Rupees One Lakh only) as remuneration plus taxes as may be applicable and reimbursement of reasonable out of pocket expenses as may be incurred by the firm, payable to 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 2018-19 be and is hereby ratified."

Registered Office :  
756 Anandapur,  
E M Bypass, Kolkata -700107  
Place : Kolkata  
Date : August 10, 2018

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

## NOTICE OF ANNUAL GENERAL MEETING

### Important Notes:

1. **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.** Members/Proxies/Authorised Representative should bring the duly filled Attendance Slip enclosed herewith to attend the meeting. 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.
2. 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).
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Saturday, the 22nd day of September, 2018 to Saturday, 29th day of September, 2018 (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.
6. 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.
7. 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.
8. Electronic copy of the Annual Report for FY 2017-18 is being sent to all the members whose email IDs are registered with the Company/Depository Participants(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 2017-18 is being sent in the permitted mode.
9. Electronic copy of the Notice of the 73rd Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participants(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 73rd Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
10. Members may also note that the Notice of the 73rd Annual General Meeting and the Annual Report for FY 2017-18 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.
11. Voting through electronic means:
  - A. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended by the Companies (Management and Administration) Rules, 2015 and Regulation 44 of SEBI (LODR) Regulations, 2015, the Company is pleased to provide members facility to exercise their right to vote at the 73rd Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services provided by Karvy Computershare Private Limited.
  - B. **The remote e-voting period commences at 9:00 a.m. on Tuesday, the 25th September, 2018 and ends at 5:00 p.m. on Friday, the 28th September, 2018. 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. Saturday, the 22nd September, 2018 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. Saturday, the 22nd September, 2018.**
  - F. The facility for voting through polling papers shall be made available at the AGM and the 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.



## NOTICE OF ANNUAL GENERAL MEETING

- 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. Saturday, the 22nd September, 2018 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 & Share Transfer Agent.
- I. The Board of Directors has, at its meeting held on 10th August, 2018 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.
- 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). 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, enter the number of shares (which represents the number of votes) as on the Cut-off Date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR/AGAINST" taken together should not exceed your total shareholding as mentioned herein above. 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 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 number of times till they have voted on the Resolution.
  - 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 the email ID: [csskgoyal@gmail.com](mailto:csskgoyal@gmail.com) with a copy marked to [evoting@karvy.com](mailto: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 a Member of the Company after the dispatch of AGM Notice but on or before the cut-off date i.e. Saturday, the 22nd September, 2018, he may write to the Karvy on the email: [evoting@karvy.com](mailto:evoting@karvy.com) or to Mr. N. Shyam, Contact No: 040-67162222, at [Unit: Cimmco Limited] Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad-500032, requesting for the UserID 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/Courier [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 (xi) as mentioned in (A) above, to cast your vote.

## NOTICE OF ANNUAL GENERAL MEETING

- L. The e-voting period commences at 9:00 a.m. on Tuesday, the 25th September, 2018 and ends at 5:00 p.m. on Friday, the 28th September, 2018. During this period, the Members of the Company holding shares in physical form or in dematerialized form, as on the cut-off date being Saturday, the 22nd September, 2018 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.
- M. In case of any query pertaining to e-voting, please visit Help & FAQ's section of [https:// evoting.karvy.com](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 Saturday, the 22nd September, 2018.
- The Company has appointed M/s. Sushil Goyal & Co. Practicing Company Secretaries as 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 working 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 it 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: <https://evoting.karvy.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 of the company atleast 7 days before the date of AGM.
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 Businesses at the meeting is annexed hereto.

### EXPLANATORY STATEMENT IN RESPECT OF SPECIAL BUSINESSES SET OUT IN THE NOTICE PURSUANT TO THE PROVISIONS OF SECTION 102 OF THE COMPANIES ACT, 2013

#### ITEM NO.4

Shri Nandan Bhattacharya was appointed as an Independent Director of the Company w.e.f. 24th September, 2015 in terms of the provisions of Sections 149 and 161 of the Act and Article 137 of the Articles of Association of the Company for a term upto September 23, 2020 for five consecutive years.

The Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, notified on 9th May, 2018, provides that the shareholders shall pass a Special Resolution in their General Meeting to appoint or continue the appointment of a Non-Executive Director who has attained the age of 75 years. Shri Nandan Bhattacharya is at present 78 years of age and therefore, the consent of shareholders of the Company, by way of Special Resolution is hereby sought.

The Nomination and Remuneration Committee at its meeting held on 10th August, 2018 on the basis of the performance evaluation of Shri Bhattacharya, given his background, experience and contributions made by him during his tenure has recommended his re-appointment as Non-Executive Director (Category: Independent) of the Company.

The Company has also received declarations from Shri Bhattacharya that he meets the criteria of independence as prescribed under sub-section (6) of Section 149 of the Act and under the Listing Regulations.

Shri Bhattacharya holds a Bachelor's degree in Engineering with specialization in telecommunication and electronics from Jadavpur University, Kolkata. He has over 48 years of experience in manufacturing, industrial promotion and service.

Except Shri Bhattacharya to the extent of his appointment, none of the Directors or KMP or their relatives are in any way concerned or interested in the resolution set out at the Item No. 4.

The Directors recommend passing of the aforesaid Special Resolution.

#### ITEM NOS. 5, 6, 7 and 8

Shri J K Shukla (DIN: 01780212), Shri K S B Sanyal (DIN: 00009497), Dr. G B Rao (DIN: 00493992) and Shri M J Z Mowla (DIN: 01004409) were appointed as Independent Directors on the Board of the Company w.e.f. 31st March 2009, 24th March 2012, 31st March, 2011 and 8th November, 2011 pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 ('the Act') and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the erstwhile Clause 49 of the Listing Agreement with the Stock Exchanges, for a term of five years each.

The above named Independent Directors hold office till 31st March, 2019 and in terms of Section 149 of the Companies Act, 2013 are eligible for re-appointment for a second term of five years upto 31st March, 2024. In the opinion of the Board, the aforesaid Directors fulfil the conditions specified in the Act and rules made thereunder and the SEBI (LODR) Regulations, 2015 for their respective appointment as Independent Directors of the Company.

The Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, notified on 9th May, 2018, provides



## NOTICE OF ANNUAL GENERAL MEETING

that the shareholders shall pass a Special Resolution in their General Meeting to appoint or continue the appointment of a Non-Executive Director who has attained the age of 75 years. Shri K S B Sanyal and J K Shukla have already attained 75 years of age and Dr. G B Rao and Shri M J Z Mowla will be above 75 years of age in 2019 and 2020 respectively. Therefore, the consent of shareholders of the Company by way of Special Resolution is hereby sought.

Shri J K Shukla aged 75 years is a retired executive of Life Insurance Corporation of India (LIC) with vast experience and expertise in corporate management.

Shri K S B Sanyal aged 86 years, holds master degree in English Literature and is also CBIM, FIP (London). He was Chairman of Andrew Yule & Company Limited and Tide Water Oil Co. India Limited. He has over 48 years of experience as a Professional Manager. He was also Sheriff of Kolkata (1986-87).

Dr. G B Rao aged 74 years has 49 years experience in senior positions in finance, legal and general management. He is B.Com., a fellow member of ICAI, ICWAI, ICSI, IIFT, IIA BIM(London), IIA (USA) and has been a member of Government of India, Ministry of Company Affairs- "Core Group on Corporate Governance Audit" and is professionally associated with other prestigious Authorities/Bodies.

Shri M J Z Mowla aged 73 years is B.A. (Hons), LLB. He has expertise in legal, corporate and General Management with about 44 long years of experience and has served Bata Limited in the past.

Section 149(10) of the Act provides that an Independent Director shall hold office for a term of up to five consecutive years on the Board and shall be eligible for re-appointment on passing a special resolution by the Company and disclosure of such appointment in the Board's Report. Section 149(11) provides that an Independent Director shall hold office upto two consecutive terms.

The Nomination and Remuneration Committee and the Board on the basis of the performance evaluation of the Independent Directors, given their background, experience and contributions made by them during their tenure have recommended re-appointment of Shri J K Shukla, Shri K S B Sanyal, Dr. G B Rao and Shri M J Z Mowla as Independent Directors of the Company for a second term of five consecutive years, not liable to retire by rotation.

Shri J K Shukla, Shri K S B Sanyal, Dr. G B Rao and Shri M J Z Mowla are not disqualified from being appointed as Directors in terms of Section 164 of the Act and have given their consent to act as Directors.

The Company has also received declarations from Shri J K Shukla, Shri K S B Sanyal, Dr. G B Rao and Shri M J Z Mowla that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under the Listing Regulations.

None of the Directors or KMP or their relatives except Shri J K Shukla, Shri K S B Sanyal, Dr. G B Rao and Shri M J Z Mowla are concerned or interested in the resolution set out at the Items No. 5, 6, 7 and 8.

The Directors recommend passing of the aforesaid Resolutions as Special Resolutions.

### ITEM NO. 9

The Board at its meetings held on 28th October, 2017 and 14th July, 2018 decided to avail various credit facilities upto a maximum principal amount of Rs. 225 crore (Rupees Two Hundred and Twenty Five Crore) from IndusInd Bank Limited ('the Bank') for inter alia long term working capital requirement and capital expenditure of the Company. One of the terms of the sanction of the said facilities was the security by way of corporate guarantee from Titagarh Wagons Limited (TWL), the Holding Company. The Company approached TWL for support and the Board of TWL agreed to furnish the said corporate guarantee.

The said credit facilities of Rs. 225 crores (Rupees Two hundred and Twenty Five crore only) is within the aforesaid overall limit of Rs. 500 crores (Rupees Five Hundred Crores only) approved by the members of the Company by passing a special resolution under Section 180(1)(c) of the Act through postal ballot on 13th June, 2014. As per the definition given under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ['SEBI (LODR)'], the corporate guarantor being the Holding Company of Cimmco Limited is a related party and pursuant to the Regulation 23 of SEBI (LODR) it being a material related party transaction, the approval of the members as set out at Item No. 9 is hereby sought.

The above proposal is in the interest of the Company and the Board recommends the Ordinary Resolution as set out at Item no. 9 for approval of the members of the Company.

None of the Directors or Key Managerial Personnel (KMP) or their relatives is in any way concerned or interested in the aforesaid Resolution set out under Item No. 9.

### ITEM NO. 10

As per the provisions of Section 20 of the Companies Act, 2013, a document may be served on any member by sending it to him by post or by registered post or by speed post or by courier or by delivery at his office address or by such electronic or other mode as may be prescribed. Further a member may request for delivery of any document through a particular mode, for which he shall pay such fees in advance as may be determined in its Annual General Meeting.

As required by the Section 20 (ibid) the shareholders' approval is being hereby sought for this item of business.

None of the Directors or Key Managerial Personnel or their relatives is in any way concerned or interested in the said Resolution.

The Directors recommend passing of the aforesaid Resolution as Ordinary Resolution.

### ITEM NO. 11

The Company with the recommendation of the Audit Committee and approval of the Board at its meeting held on 29th May, 2018, has appointed Vyas and Associates; Cost Accountants as Cost Auditor of the Company for the financial year 2017-18 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.

## NOTICE OF ANNUAL GENERAL MEETING

### Details of Directors seeking appointment/Re-appointment at the Annual General Meeting:

Particulars	Shri J K Shukla	Shri M J Z Mowla	Dr. G B Rao	Shri K S B Sanyal	Shri Anil Kumar Agarwal
Date of Birth	01/07/1943	15/03/1945	18/03/1944	01/12/1932	05/07/1975
Date of Appointment	31/03/2009	08/11/2011	31/03/2011	24/03/2012	14/03/2010
Qualification	Masters in Arts (M.A.)	B.A. (Hons), LLB	B.Com, a fellow member of ICAI, ICWAI, ICSI, IIFTJIA, BIM(London), IIA(USA) and member of "Core Group on Corporate Governance Audit" Government of India, Ministry of Company Affairs	Masters Degree in English Literature and is also CBIM, FIP(London)	B.Com, Chartered Accountant and Cost Accountant
Remuneration last drawn (Rs.)*	3,20,000	2,00,000	1,40,000	2,80,000	12,00,000
Number of meetings of the Board attended during the year 2017-18 and 2018-19 (till 10th August, 2018)	9	8	8	9	9
Expertise in specific Functional Areas	He is a retired executive of Life insurance Corporation of India (LIC), with vast experience and expertise in corporate management.	He has expertise in legal, corporate and General Management with about 48 years of experience and has served Bata Limited in the past.	He has 53 years of experience in senior positions in finance, legal and general management.	He has over 48 years of experience as a Professional Manager. He was also Sheriff of Kolkata (1986-87).	He has over 20 years of experience in management field.
Directorship held in other Companies (excluding foreign companies)	Nil	Nil	- Mars Finance and Consultancy Services Limited -Landmark Property Development Company Limited	-Philips Carbon Black Limited -Woodlands Multispecialty Hospitals Limited	-Titagarh Capital Private Limited
Membership/ Chairmanship of committees of other companies (including Audit Committee and Stakeholders Relationship Committee)	Nil	Nil	Landmark Property Development Company Ltd - Chairman of Audit Committee and Stakeholders Relationship Committee	Nil	Titagarh Capital Private Limited - Member of Audit Committee
No. of Shares held in the Company	Nil	Nil	Nil	Nil	Nil

\* The Non-Executive Directors are paid sitting fees only.

## DIRECTORS' REPORT AND MANAGEMENT DISCUSSION & ANALYSIS

*Dear Shareholders,*

Your Directors present the 73rd Annual Report, together with the audited accounts of the Company for the financial year ended March 31, 2018.

### Financial Results

The performance of your Company during the financial year ended the 31st March, 2018 was as follows.

(Rs. in lacs)

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
Turnover	13,462.01	12,795.63
EBIDTA	(3,806.38)	(3,422.05)
Less: Depreciation	615.79	647.41
Less: Finance Cost	1,434.54	1,179.22
(Loss) before Extra-ordinary Items & Tax	(1,756.05)	(1,595.42)
Add: Exceptional Items	614.12	449.91
(Loss) before Taxation	(2,370.17)	(2,045.33)
Tax Expenses including Deferred Tax	37.73	(131.83)
(Loss) after Taxation	(2,332.44)	(1,057.34)
(Loss) brought forward from previous year	(11,769.94)	(12,830.41)
(Loss) carried to Balance Sheet	(14,102.38)	(11,769.94)

### Company's Performance and Outlook

Turnover of your Company for the financial year ended March 31, 2018 though improved marginally, EBITA declined by about 11% mainly due to higher input costs and the exceptional item amounting to Rs.614.12 lakhs towards impairment of Plant & Machinery and Intangible assets of the Tractor business acquired through merger of a fellow subsidiary, added to the loss for the year under review.

Wagons procurement order from Indian Railways (IR), the largest customer, was received in the end of December, 2017, however the production could commence in the first quarter of the current financial year after completion of certain formalities.

Titagarh Agrico Private Limited, a fellow subsidiary has since been merged with your Company pursuant to sanction of the Scheme of Amalgamation by the Hon'ble National Company Law Tribunal (NCLT) w.e.f. April 01, 2016 and became effective from November 14, 2017. Post the said merger, Tractors vertical has been added to your Company's business portfolio.

Your Company continues to adhere to the policy of more efficient utilization of resources and cost optimization, particularly keeping the finance cost under sharp focus, and also pursuing the orders for other products which can be advantageously combined and manufactured at the existing facilities.

With the contract for 1191 Wagons being procured by the Indian Railways (IR) under execution, order book of your Company is healthy and anticipation of further order from IR who has announced its plan to procure 22000 Wagons, as well as aggressive pursuit of orders from private sector during the current year, the outlook for the current year is reasonably optimistic.

### Management Discussion And Analysis

#### Overall Review

The overall performance of the Company during the financial year ended March 31, 2018 was impacted by predominant dependence on the orders from Indian Railways.

## DIRECTORS' REPORT AND MANAGEMENT DISCUSSION & ANALYSIS

### Business Segment

#### Wagons & Engineering Products

##### a) Segment Review and Analysis:

	Unit	March 31, 2018	March 31, 2017	% Change
Sales	No.	717	730	1.78
Segment Revenue	Rs in lacs	13,197.51	12,221.71	7.98
Segment Results	Rs in lacs	243.75	540.12	-54.81

The Wagons & Engineering Products segment recorded a marginal increase of 7.98% in turnover for FY 2017-18 as compared to the previous year basically due to increase in sale of wagons to the private customers. The sale of wagons to the Indian Railways (IR) saw a huge decline of 26.85% as compared to previous year. The reduction was basically due to delay in release of order by IR, which happened only by the end of December, 2017 and the execution of which has commenced in the first quarter of FY 2018-19.

Although the revenue from operations declined due to reasons stated above, the segment saw a sharp increase in the order book. The year under review ended with an order book of Rs. 400 crores, an increase of 260% as compared to the order book as at 31st March 2017. The above increase in the order book is attributed to overall improvement in the wagon procurement from the Indian Railways (IR). Also the demand from the private sector showed a favourable movement with some large orders flowing from the private customers.

Execution of the order for Wagons released in December, 2017 and announcement of bulk procurement by Indian Railway in near future, together with resource optimisation being carried out by the Company make the outlook for current fiscal reasonably optimistic.

- b) Industry Outlook: Wagons industry has witnessed irregular and decremental Wagons procurement orders by Indian Railways. However, the recent announcement of the Government of India to initiate bulk procurement of 22000 Wagons and determination to expedite completion of dedicated freight corridors augurs well for the industry.
- c) 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.
- d) 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.

#### Tractors

Consequent to amalgamation of Titagarh Agrico Private Limited with the Company, the Company's Board of Directors has identified tractors as a separate reportable segment during the year under review. Pending receipt of certain regulatory approvals the tractor production was kept on hold during the year. Efforts are being made to obtain the above approvals and upon receipt of the same the Company expects to resume/increase the production. As such the other details viz. industry overview, outlook and performance review of the Segment are not at present applicable.

#### Material Changes and commitments after the Balance Sheet date

No material changes and commitments have occurred from the date of close of the Financial Year to which the financial statement relate, till the date of this report, which might affect the financial position of the Company.

#### Dividend

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

#### Reserves

Your Directors do not propose to transfer any amount to the General Reserve of the Company.

#### 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 have been evaluated by an external firm of experts and certified by the Statutory Auditors. As regards the Auditor's comment regarding weakness in IFC based on old receivables from Indian Railway, as explained in the Notes on Accounts, the matter is subjudice and accordingly considered and not requiring any further explanation at this stage. Based on the aforesaid, the Board has concluded that during the year IFC were operating effectively.

#### Risks and Concerns/Mitigation Measures

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.

## DIRECTORS' REPORT AND MANAGEMENT DISCUSSION & ANALYSIS

### 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.

### 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.

### 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 in the range of 5-10%.

### 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 are annexed and marked as **Annexure DR-1** and also available on the website of the Company at [www.cimmco.in/investors.php](http://www.cimmco.in/investors.php).

### Number of Board Meetings

The Board of Directors met six (6) times during the financial year ended 31st March, 2018 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.

### Composition of Audit Committee

The Board has constituted the Audit Committee comprising Shri J K Shukla as the Chairman, Shri Anil Kumar Agarwal, Shri K S B Sanyal and Shri Nandan Bhattacharya 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 provisions of the Companies Act, 2013 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 is obtained. RPTs as approved by the Board during the financial year 2018 are furnished in the form AOC-2 annexed hereto and marked as **Annexure DR-2**.

### Changes in Share Capital

Pursuant to amalgamation of Titagarh Agrico Private Limited with the Company w.e.f. 14th November, 2017, the authorised share capital of the Company was increased from Rs. 75 crores to Rs. 111 crores and the paid up capital of the Company was increased from Rs. 20,14,85,260 to Rs. 27,34,85,260 divided into 2,73,48,526 shares of Rs. 10 each due to allotment of 72,00,000 shares to Titagarh Wagons Limited. Consequent upon such allotment, the total shareholding of the promoters has increased to 81.41% from 74.93%. As stipulated by BSE and NSE and permitted by the SEBI, the shareholding of promoters' will be reduced below the limit prescribed by the applicable Regulations of the SEBI.

### 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.

### Management Discussion and Analysis Report

The Management Discussion and Analysis Report forms part of the Directors' Report in compliance of the Regulation 34 of SEBI (LODR) Regulations, 2015.

### Internal Control System

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

- that its assets are safeguarded
- that transactions are authorised, recorded and reported properly; and
- 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

## DIRECTORS' REPORT AND MANAGEMENT DISCUSSION & ANALYSIS

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 and Key Managerial Personnel

#### Retirement by rotation

Smt. Vinita Bajoria, Non-Executive Director retires by rotation pursuant to the provisions of Section 152 of the Act and is eligible for re-appointment.

#### Re-appointment

The term of Shri J K Shukla, Shri G B Rao, Shri K S B Sanyal and Shri M J Z Mowla as Independent Directors will end on 31st March, 2019. Pursuant to the decision of Nomination & Remuneration Committee, the Board at its meeting held on 10th August, 2018 has recommended for approval of the shareholders the reappointment of the aforesaid directors for five years upto 31st March, 2024.

Shri Vineet Mohta was appointed as Chief Financial Officer of the Company w.e.f. 14th February, 2018 in place of Shri Lokesh Agarwal who resigned w.e.f. the said date.

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

In compliance with the Act and Regulation 17 of 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.

### 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 annexed.

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, 2018 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.
- The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### Statutory Auditors

Price Waterhouse & Co, Chartered Accountants, LLP, Statutory Auditors of the Company were appointed at the 72nd Annual General Meeting (AGM) to hold office for a period of five years until the conclusion of 77th AGM.

Pursuant to Section 40 of the Companies (Amendment) Act, 2017 notified w.e.f. 7th May, 2018 the Company has proposed to dispense away with the requirement of ratification of appointment of Price Waterhouse & Co. Chartered Accountants, LLP as the Statutory Auditors of the Company.

As regards qualified opinion expressed by the Auditors, the matter of receivables is pending adjudication before the Hon'ble High Court, Delhi and the next hearing is scheduled shortly. The Company being convinced of the merits of the case, is hopeful of recovering the amount.



## DIRECTORS' REPORT AND MANAGEMENT DISCUSSION & ANALYSIS

The Note No. 41 is self explanatory regarding the compliance of matters opted in the Auditor's Report and the effect of amalgamation of Titagarh Agrico Private Limited has been given with Appointed Date being 01.04.2016 pursuant to the order dated 16th October, 2017 of the Hon'ble High Court, Calcutta considering the scheme of amalgamation.

### Cost Auditors

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 2018-19 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 previous financial year ended 31st March, 2017 has been filed as stipulated by the applicable provisions of law. The Company maintains the accounts and cost records as specified by the Central Government under the provisions of Section 148(1) of the Act.

### Secretarial Auditor

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

### Deposits

The Company did not accept any deposits during the financial year ended March 31, 2018 in terms of the Companies (Acceptance of Deposits) Rules, 2014.

### 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, 2018 was 155.

### 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), BSE Limited and Listing fees for the

financial year ending the 31st March, 2019 have been duly paid. Whereas the Delhi Stock Exchange Limited (DSE), and the Madhya Pradesh Stock Exchange Limited (MPSE) have been de-recognised, the Company has made an application for voluntary delisting from The Calcutta Stock Exchange Limited (CSE) which is under process.

### 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.

### Compliance with Secretarial Standards

The Company is in compliance with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India and approved by the Central Government under Section 118(10) of the Act.

### 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 and Governments of Rajasthan, Madhya Pradesh and Delhi, local administration (West Bengal)/other Government Departments; for contribution of the employees of the Company and all other stakeholders.

On behalf of the Board

Kolkata  
August 10, 2018

**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, 2018

[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 -700107 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 2017-18)

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1	Wagons	3020	100.00%

## 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	Titagarh Wagons Limited 756, Anandapur, E M Bypass, Kolkata-700 107	U01122WB1994PTC138832	Holding	81.41%	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 01.04.2017				No. of Shares held at the end of the year 31.03.2018				% 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	0.12	(0.04)
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	Nil	N.A.	N.A.
d. Bodies Corp.	15065350	Nil	15065350	74.77	22265350	Nil	22265350	81.41	6.64
e. Bank/Fl	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>15096774</b>	<b>Nil</b>	<b>15096774</b>	<b>74.93</b>	<b>22296774</b>	<b>Nil</b>	<b>22296774</b>	<b>81.53</b>	<b>6.60</b>

## ANNEXURE TO THE DIRECTORS' REPORT

Category of Shareholders	No. of Shares held at the beginning of the year 01.04.2017				No. of Shares held at the end of the year 31.03.2018				% 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/FI	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
Sub-Total-A(2)	Nil	Nil	Nil	N.A	Nil	Nil	Nil	N.A	N.A
<b>Total Shareholding of Promoters (1+2)</b>	<b>15096774</b>	<b>Nil</b>	<b>15096774</b>	<b>74.93</b>	<b>22296774</b>	<b>Nil</b>	<b>22296774</b>	<b>81.53</b>	<b>6.6</b>
<b>B. Public Shareholding</b>									
1. Institution									
a. Mutual Funds	784	840	1624	0.01	784	840	1624	0.00	Nil
b. Bank/FI	176323	522	176845	0.88	166089	522	166611	0.61	(0.27)
c. Cent. Govt./ State Govt.	Nil	Nil	Nil	N.A	Nil	Nil	Nil	N.A	N.A
d. Venture Capital	Nil	Nil	Nil	N.A	Nil	Nil	Nil	N.A	N.A
e. Insurance Co.	Nil	Nil	Nil	N.A	Nil	Nil	Nil	N.A	N.A
f. FIs	Nil	Nil	Nil	N.A	Nil	Nil	Nil	N.A	N.A
g. Foreign Portfolio Corporate	Nil	Nil	Nil	N.A	Nil	Nil	Nil	N.A	N.A
h. Foreign Venture Capital Fund	Nil	Nil	Nil	N.A	Nil	Nil	Nil	N.A	N.A
i. Others	Nil	Nil	Nil	N.A	Nil	Nil	Nil	N.A	N.A
<b>Sub Total B(1)</b>	<b>177107</b>	<b>1362</b>	<b>178469</b>	<b>0.89</b>	<b>166873</b>	<b>1362</b>	<b>168235</b>	<b>0.61</b>	<b>(0.27)</b>
2. Non-Institution									
a. Body Corp									
Indian	1199138	82024	1281162	6.36	994825	11208	1006033	3.68	(2.68)
Overseas	Nil	Nil	Nil	N.A	Nil	Nil	Nil	N.A	N.A
b. Individual									
Individual Shareholders holding nominal share capital up to Rs. 2 Lakh.	1572839	293737	1866576	9.26	2483532	284162	2767694	10.12	0.86
Individual Shareholders holding nominal share capital in excess of Rs. 2 Lakh.	1230905	Nil	1230905	6.11	717751	70780	788531	2.88	(3.23)
c. Others									
(i) NBFCs registered with RBI	199300	Nil	199300	0.99	470	Nil	470	0.00	(0.99)
(ii) Clearing Members	206395	Nil	206395	1.02	40990	Nil	40990	0.15	(0.87)
(iii) Foreign Bodies	Nil	Nil	Nil	N.A	Nil	Nil	Nil	N.A	N.A
(iv) Foreign Bodies Corporate	Nil	Nil	Nil	N.A	Nil	Nil	Nil	N.A	N.A
(v) Non Resident Indians	62168	377	62545	0.31	279372	377	279749	1.03	0.72
(vi) Trust	25720	680	26400	0.13	50	Nil	50	0.00	(0.13)
<b>Sub-Total-B(2)</b>	<b>4496465</b>	<b>376818</b>	<b>4873283</b>	<b>24.18</b>	<b>4516990</b>	<b>366527</b>	<b>4883517</b>	<b>17.86</b>	<b>(6.32)</b>
<b>Net Total (1+2)</b>	<b>4673572</b>	<b>378180</b>	<b>5051752</b>	<b>25.07</b>	<b>4683863</b>	<b>367889</b>	<b>505172</b>	<b>18.47</b>	<b>Nil</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>19770346</b>	<b>378180</b>	<b>20148526</b>	<b>100.00</b>	<b>26980637</b>	<b>367889</b>	<b>27348526</b>	<b>100</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	Titagarh Wagons Limited	15065350	74.77	Nil	22265350	81.41	Nil	6.60
2	Gaurav Kajaria	14000	0.07	Nil	14000	0.06	Nil	Nil
3	Vinita Bajoria	13424	0.07	Nil	13424	0.05	Nil	Nil
4	Sumita Kandoi	4000	0.02	Nil	4000	0.01	Nil	Nil
	<b>Total</b>	<b>15096774</b>	<b>74.93</b>	<b>Nil</b>	<b>22296774</b>	<b>81.53</b>	<b>Nil</b>	<b>6.60</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	15096774	74.93	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)	Nil	Nil	72,00,000 shares allotted to Titagarh Wagons Ltd. (TWL) pursuant to amalgamation of Titagarh Agrico Pvt Ltd (a subsidiary of TWL) with the Company	6.60
3.	At the End of the year	15096774	74.93	22296774	81.53

### 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 01.04.2017		Shareholding at the end of the year 31.03.2018	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1.	Equity Intelligence India Private Limited	211511	1.05	211511	1.05
2.	Avendus Phoenix Fund	-	-	152834	0.76
3.	Life Insurance Corporation of India	135050	0.67	135050	0.67
4.	Vikas Khemani HUF	119590	0.59	119590	0.59
5.	Vikas Vijaykumar Khemani	100000	0.50	100000	0.50
6.	Sushila Devi Khemani	100000	0.50	100000	0.50
7.	West Bengal Industrial Development Corporation Ltd	95278	0.47	95278	0.47
8.	Cimmco Limited-Unclaimed Suspense Account	91136	0.45	90978	0.45
9.	PIC Realcon Ltd	-	-	70780	0.35
10.	Rosy Blue Securities Pvt Ltd	140000	0.69	60000	0.30

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

Sl. No.	Name of Shareholders	Shareholding at the beginning of the year 01.04.2017		Shareholding at the end of the year 31.03.2018	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1.	Smt. Vinita Bajoria	13424	0.07%	13424	0.07%

## 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	4261.63	1000.00	Nil	5261.63
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>4261.63</b>	<b>1000.00</b>	<b>Nil</b>	<b>5261.63</b>
Change in Indebtedness during the financial year				
+ Addition	6175.00	3500.00	Nil	9675.00
- Reduction	(1296.20)	(4000.00)	Nil	(5296.20)
<b>Net Change</b>	<b>4878.80</b>	<b>(500.00)</b>	<b>Nil</b>	<b>4378.80</b>
Indebtedness at the end of the financial year				
i) Principal Amount	9140.43	500.00	Nil	9640.43
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>9140.43</b>	<b>500.00</b>	<b>Nil</b>	<b>9640.43</b>

### VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Name of MD/MTD/ Manager		Total Amount
		Shri R. N.Tiwari	Shri Anil Kumar Agarwal (WTD)	
1.	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	Rs.24,00,124/-	Rs.12,00,000/-	Rs.36,00,124/-
	(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	Nil	Nil	Nil
	- as % of profit			
	- others, specify...			
5.	Others, please specify	Nil	Nil	Nil
	<b>Total (A)</b>	<b>Rs.24,00,124/-</b>	<b>Rs.12,00,000/-</b>	<b>Rs.36,00,124/-</b>
	Ceiling as per the Act			

\* Shri Anil Kumar Agarwal is also Chief Financial Officer of the holding company, TWL and is paid remuneration and ESOP details whereof are available for inspection on the weekdays during 10.30 am to 3.30 pm till the date of AGM.

## ANNEXURE TO THE DIRECTORS' REPORT

### B. Remuneration to other directors:

Particulars of Remuneration	Name of Directors					Total Amount (Rs.)
	Independent Directors					
Name of the Directors	Shri J K Shukla	Shri Nandan Bhattacharya	Dr. G. B. Rao	Shri M. J. Z. Mowla	Shri K. S. B. Sanyal	
Fee for attending Board and Committee meetings	3,20,000/-	2,60,000/-	1,40,000/-	2,00,000/-	2,80,000/-	12,00,000/-
Commission	Nil	Nil	Nil	Nil	Nil	Nil
Others	Nil	Nil	Nil	Nil	Nil	Nil
<b>Total (1)</b>	<b>3,20,000/-</b>	<b>2,60,000/-</b>	<b>1,40,000/-</b>	<b>2,00,000/-</b>	<b>2,80,000/-</b>	<b>12,00,000/-</b>

Particulars of Remuneration	Name of Directors	Total Amount (Rs.)
	Non-Executive Director	
Name of the Directors	Smt Vinita Bajoria	
Fee for attending board committee meetings:	1,00,000/-	1,00,000/-
Commission	Nil	Nil
Others	Nil	Nil
<b>Total (2)</b>	<b>1,00,000/-</b>	<b>1,00,000/-</b>
<b>Total (B)=(1+2)</b>		<b>13,00,000/-</b>
<b>Total Managerial Remuneration (A+B)</b>		<b>49,00,124/-</b>
Overall Ceiling as per the Act		

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

Sl. No.	Particulars of Remuneration	Mr Dipankar Ganguly (C.S.)	Mr. Lokesh Agarwal (CFO) (From April 2017 till January 2018)	Shri Vineet Mohta (From February 2018 to March 2018)	Total Amount (Rs.)
1.	Gross Salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	15,41,918/-	1,70,206/-	8,75,101/-	25,87,226/-
	(b) Value of Perquisites u/s 17(2) Income-tax Act, 1961	Nil	Nil	Nil	Nil
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	Nil	Nil	Nil	Nil
2.	Stock Option	Nil	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil	Nil
4.	Commission - as % of profit - others, specify...	Nil	Nil	Nil	Nil
5.	Others, please specify	Nil	Nil	Nil	Nil
	<b>Total</b>	<b>15,41,918/-</b>	<b>1,70,206/-</b>	<b>8,75,101/-</b>	<b>25,87,226/-</b>

### VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES : N O N E

Place : Kolkata

Date : August 10, 2018

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.**

**Details of Material Contract, Arrangement or Transaction at Arm's Length Basis for the year ended March 31, 2018**

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	Titagarh Wagons Limited (Holding Company)	Continuing Contract for sale/purchase of goods/materials in the ordinary course of business with a ceiling of supply value of Rs. 60 crore per year	3 Financial years w.e.f. 24th May, 2017 to 23rd May, 2020	Upto Rs. 60 crores in a financial year on the following terms and conditions: a) Delivery terms: Ex-works of supplier b) Freight charges: To be paid by purchaser c) Packing and Loading charges: To be paid by supplier d) Payment: Within 30 days e) Amount payable will include all applicable taxes. f) Other terms and conditions as may be mutually agreed by TWL and Cimmco g) The terms and conditions stated above are standard in nature and subject to mutually agreed modifications in accordance with purchase order/requisition.	18.05.2017	Nil

Place : Kolkata

Date : August 10, 2018

On behalf of the Board

**J. P. Chowdhary**  
Executive Chairman

## ANNEXURE TO THE DIRECTORS' REPORT

### 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	N.A.*
		b	Shri Umesh Chowdhary, Vice Chairman	N.A.*
		c	Shri R N Tiwari, Director (Works)	11.78
(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	N.A.
		b	Shri Umesh Chowdhary, Vice Chairman	N.A.
		c	Shri R N Tiwari, Director (Works)	Nil
		d	Shri Lokesh Agarwal, CFO (till January, 2018)	Nil
		e	Shri Vineet Mohta, CFO (w.e.f. 14.02.2018)	Nil
		f	Shri Dipankar Ganguly, Company Secretary	10%
(iii)	The percentage increase in the median remuneration of employees in the financial year	0.81%		
(iv)	The number of permanent employees on the rolls of the Company	155		
(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	The average percentile increase in the salaries of employees other than managerial personnel in the last financial year is Nil. The average percentile increase in the managerial remuneration is Nil. There has not been any exceptional circumstances for increase in managerial remuneration.		
(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 10, 2018

**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, 2018

[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 have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Cimmco Limited (L28910WB1943PLC168801) having its Registered Office at 756 Anandapur, E. M. Bypass, Kolkata 700107 (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 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 31.03.2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

**Auditors' Responsibility**

Maintenance of Secretarial Records is the responsibility of the management of the Company. My responsibility is to express an opinion on existence of adequate Board process and compliance management system, commensurate with the size of the Company, based on these secretarial records as shown to me during the said audit and also based on the information furnished to me by the officers and the agents of the Company during the said audit.

I have followed the audit practices and processes as were appropriate to the best of my understanding 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 followed provide a reasonable basis for my opinion.

I have not verified the correctness, appropriateness and bases of financial records, books of accounts and decisions taken by the Board and by various committees of the Company during the period under scrutiny. I have checked the Board process and compliance management system to understand and to form an opinion as to whether there is an adequate system of seeking approval of respective committees of the Board, of the members of the Company and of other authorities as per the provisions of various statutes as mentioned hereinafter.

Wherever required, I have obtained the management representation about the compliance of the laws, rules and regulations and happening of events, etc.

The Compliance of the provisions of Corporate and other applicable laws, rules, regulations and standards is the responsibility of the management. My examination was limited to the verification of compliance procedures on test basis.

My report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness or accuracy with which the management has conducted the affairs of the Company.

I report that, I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31.03.2018 according to the provisions of :

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) Secretarial Standards (SS-1 and SS-2) as issued by The Institute of Company Secretaries of India and which became effective from 01.07.2015.
- (iii) Listing Agreement(s) with the Stock Exchange(s).
- (iv) The Securities Contracts (Regulation) Act, 1956 and the rules made there under;
- (v) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (vi) Foreign Exchange Management Act, 1999 and the rules and regulation made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (vii) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 :
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulation, 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;
  - (d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## ANNEXURE TO THE DIRECTORS' REPORT

During the period under review, provisions of the following regulations/guidelines/standards were not applicable to the Company:

- (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (ii) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme ) Guidelines, 1999
- (iii) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008
- (iv) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009.

There are no laws specifically applicable to the Company, the books, papers, minute books, forms and returns of which were required to be examined by me for this report.

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.

***I 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. There were no changes in the composition of the Board of Directors of the Company during the period under review.
- (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.
- (d) Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.
- (e) There are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
- (f) 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.
- (g) 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.

Place : Kolkata  
Dated : 31st May, 2018

(CS SUMANTRA SINHA)  
Practicing Company Secretary  
ACS-11247 / CP-15245

## 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 (Thyrister based) installed to save power.

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

1. Usage of LED/Energy Efficient lighting system for shop floor illumination.
2. Energy saving units (like timer) 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 3 of the Financial Statements for the year ended 31st March, 2018.

#### 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.

iv) Expenditure on R & D :	(Rs. in lacs) 2017-18
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 10, 2018

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

## CORPORATE GOVERNANCE REPORT

### 1. 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.

### 2. Board of Directors

Cimmco's Board as at March 31, 2018 comprised ten directors including -Executive Chairman, Wholetime Director and Director (Works) being the Executive Directors, five Independent Directors and two Non Executive Directors including one woman Director. The composition of the Board complies with the provisions of the Companies Act, 2013 and Regulation 17(1) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. The Executive Director(s) and the Non-Executives Directors (except Independent Directors) are liable to retire by rotation unless otherwise specifically approved by the shareholders. The composition of the Board and other provisions as to Board and Committees are in compliance with the Listing Regulations. The Independent directors of the Company fulfil the criteria for "independence" and/or "eligibility" as prescribed under the Listing Regulations and Section 149 of the Companies Act, 2013 (the Act).

None of the directors on the Board is a member of more than 10 committees and/or Chairman of more than 5 committees, reckoned in terms of Regulation 26 of the Listing Regulations. The Independent Directors of the Company do not serve in more than the prescribed number of companies as independent directors in terms of the requirements of the Listing Regulations.

#### 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 31.07.2017	No. of Shares held (Face Value Rs.10 each)	No. of other Directorship held		Chairmanship in other Committees	Membership in other Committees
						Total	Listed#		
1	Shri J P Chowdhary DIN : 00313685	Promoter & Executive Chairman	6	Present	Nil	3	1	Nil	Nil
2	Shri Umesh Chowdhary DIN : 00313652	Promoter & Vice Chairman	5	Absent	Nil	3	1	Nil	1
3	Shri Anil Kumar Agarwal DIN : 01501767	Wholetime Director*	6	Present	Nil	1	Nil	Nil	1
4	Shri J K Shukla DIN : 01780212	Independent & Non-Executive	6	Present	Nil	Nil	Nil	Nil	Nil
5	Dr. G B Rao DIN : 00493992	Independent & Non-Executive	6	Present	Nil	2	1	2	Nil
6	Shri M J Z Mowla DIN : 01004409	Independent & Non-Executive	6	Present	Nil	Nil	Nil	Nil	Nil
7	Shri K S B Sanyal DIN : 00009497	Independent & Non-Executive	6	Present	Nil	3	2	Nil	Nil
8	Shri R N Tiwari DIN : 06510376	Director (Works)	5	Absent	Nil	Nil	Nil	Nil	Nil
9	Smt. Vinita Bajoria DIN: 02412990	Director (Non-Executive Director)	5	Present	13,424	2	Nil	Nil	Nil
10	Shri Nandan Bhattacharya DIN: 00313590	Independent & Non-Executive	6	Present	Nil	9	2	2	6

\* Nominee Director of Cimco Equity Holdings Private Limited from 14.03.2010 to 21.08.2016. Non Executive Director of the Company from 22nd August, 2016 to 31st December, 2016 and Whole Time Director of the Company from 1st January, 2017.

# Included in total.

#### Notes :

- Shri J P Chowdhary is the father of Shri Umesh Chowdhary and Smt. Vinita Bajoria.
- 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 of listed and public entities.



## CORPORATE GOVERNANCE REPORT

### Separate Meeting of Independent Directors

As stipulated by the Code of Independent Directors under the Companies Act, 2013 and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, a separate meeting of the Independent Directors of the Company was held on 14th February, 2018 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.

### 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 CFO 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 and 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 an interactive 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. Criteria for evaluation of the Board is annexed hereto as **Annexure – CG-1**.

### Board Meetings held during the Financial Year ended the 31st March, 2018

Six (6) meetings of the Board of Directors were held in the year 2017 on 18th May, 2017, 31st July, 2017, 10th August, 2017, 28th October, 2017, 9th November, 2017 and 14th February, 2018 in the Financial Year Ended March 31, 2018.

### 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.

### Board Committees

#### Audit Committee

The Audit Committee comprises Shri J K Shukla, Shri Anil Kumar Agarwal, Shri Nandan Bhattacharya and Shri K S B Sanyal. 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. Shri Dipankar Ganguly, Company Secretary acts as the Secretary to 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.

## CORPORATE GOVERNANCE REPORT

At least one meeting of the Audit Committee was held in every quarter and the time gap between two consecutive meetings of the Audit Committee did not exceed 120 days during the financial year 2017-18.

### 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 Regulation 18 of 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) overseeing the financial reporting process (ii) review of financial statements (iii) ensuring compliance with the regulatory guidelines (iv) compliance with listing and other legal requirements concerning financial statements (v) scrutiny of inter-corporate loans and investments (vi) review of internal audit reports (vii) recommending appointment and remuneration of auditors to the Board of Directors and (viii) to review adequacy of internal control systems and internal audit function and other matters specified for Audit Committee under the Listing Regulations and Section 177 of the Act. The Audit Committee also reviews the information as per the requirement of Part C of Schedule II of the Listing Regulations.

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

During the financial year ended on 31st March, 2018 six (6) Audit Committee meetings were held on 18th May, 2017, 10th August, 2017, 28th October, 2017, 9th November, 2017, 14th February, 2018 and 17th March, 2018. The composition and attendance of the members of the Audit Committee are as follows:

Sl. No.	Name of the Director	Position	Category	No. of meetings attended
1.	Shri J K Shukla	Chairman	Independent, Non-Executive	6
2.	Shri Anil Kumar Agarwal	Member	Wholetime Director	6
3.	Shri K S B Sanyal	Member	Independent, Non-Executive	6
4.	Shri Nandan Bhattacharya	Member	Independent, Non-Executive	6

The previous AGM of the Company was held on 31.07.2018 and was attended by Shri J K Shukla, Chairman of the Audit Committee.

### Nomination & Remuneration Committee

Shri K S B Sanyal has been appointed as the Chairman of the Nomination & Remuneration Committee with Shri J K Shukla and Shri M J Z Mowla being the other members.

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.

### Terms of Reference

The terms of reference of the Committee cover all the areas mentioned under Regulation 19 of the Listing Regulations and Section 178 of the Act which broadly includes :

- Formulation of the criteria for determining qualification, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees;
- Formulation of criteria for evaluation of Independent Directors and the Board as a whole;
- Devising the policy on Board diversity;
- 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 Director's performance.

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

During the financial year ended 31st March, 2018 one (1) meeting of the Nomination and Remuneration Committee was held on 14th February, 2018. The composition and attendance of the members of the Audit Committee are as follows:

Sl. No.	Name of the Director	Position	Category	No. of meetings attended
1.	Shri K S B Sanyal	Chairman	Independent, Non-Executive	1
2.	Shri M J Z Mowla	Member	Independent, Non-Executive	1
3.	Shri J K Shukla	Member	Independent, Non-Executive	1

### Remuneration Policy

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. The criteria for making payments to Non-Executive Directors have been placed on the website of the Company under the web link: <http://cimmco.in/Cimmco%20Policies.pdf> and also attached with this Report in **Annexure CG-2**.

## CORPORATE GOVERNANCE REPORT

### Remuneration paid to all the Directors of the Company during Financial Year ended 31.03.2018 and their shareholding in the Company :

(Rs. in lakhs)

Sl No.	Name of the Director	Number of Shares held	Salary & Perquisites	Sitting Fees	Total Amount	Service Contract/ Notice Period
1	Shri Anil Kumar Agarwal	NIL	12.00	-	12.00	Term of office as Wholetime Director valid upto 1st January, 2022
2	Shri J K Shukla	NIL	-	3.20	3.20	Appointed as Independent Director upto 31st March, 2019.
3	Shri M J Z Mowla	NIL	-	2.00	2.00	Appointed as Independent Director upto 31st March, 2019.
4	Shri Nandan Bhattacharya	NIL	-	2.60	2.60	Appointed as Independent Director upto 23rd September, 2020.
5	Dr. G B Rao	NIL	-	1.40	1.40	Appointed as Independent Director upto 31st March, 2019.
6	Shri K S B Sanyal	NIL	-	2.80	2.80	Appointed as Independent Director upto 31st March, 2019.
7	Shri R N Tiwari	NIL	24.00	-	24.00	Term of office valid upto 24th February, 2019.
8	Smt. Vinita Bajoria	13424	-	1.00	1.00	N.A.
	<b>TOTAL</b>	<b>13424</b>	<b>36.00</b>	<b>13.00</b>	<b>49.00</b>	

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

#### Stakeholders' Relationship Committee

The Stakeholder's Relationship Committee which considers and resolves the grievances of security holders of the Company is headed by Shri J K Shukla with Shri Umesh Chowdhary and Shri M J Z Mowla being the other members.

During the Financial Year Ended 31st March, 2018 four (4) meetings of the Stakeholder's Relationship Committee were held on 18th May, 2017, 10th August, 2017, 9th November, 2017 and 14th February, 2018.

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

Sl. No.	Name of the Director	Position	Category	No. of meetings attended
1.	Shri J K Shukla	Chairman	Independent, Non-Executive	4
2.	Shri Umesh Chowdhary	Member	Promoter and Vice Chairman	4
3.	Shri M J Z Mowla	Member	Independent, Non-Executive	4

During the year ended March 31, 2018 the Company received 46 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, 2018. There was no Investor complaint pending against the Company as at March 31, 2018 on SCORES, web based complaint redressal system of SEBI.

Share transfers and requests for other services are disposed of by the RTA within the time stipulated in the SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015. Shri Dipankar Ganguly, Company Secretary, is the Compliance Officer.

#### 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. Paramjeet Kaur Walia as Presiding Officer, Smt. Rita Kanjilal, Smt. Elizabeth Banik and Smt. Bina Mooljee - Member representing Project Coordinator of Disha Foundation are the other members. There was no complaint falling under the purview of the Committee during the financial year ended March 31, 2018.

## CORPORATE GOVERNANCE REPORT

### 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
72nd	2017	Manovikas Kendra, 482 Madudah, Plot-1-24, Sector-J, E.M. Bypass Kolkata-700107	31.07.2017	12:30 PM	Nil
71st	2016	Manovikas Kendra, 482 Madudah, Plot-1-24, Sector-J, E.M. Bypass Kolkata-700107	29.09.2016	12:30 PM	1
70th	2015	Bharatiya Bhasha Parishad 36 A, Shakespeare Sarani, 4th Floor, Kolkata-700017	24.09.2015	3.45 PM	5

### Postal Ballot

No postal Ballot exercise was conducted during the financial year ended 31st March, 2018.

### Remote e-voting and ballot voting at Annual General Meeting (AGM)

The Company has arranged for a remote e-voting facility. The Company has engaged Karvy Computershare Private Limited to provide e-voting facility to all the members. Members whose names appear on the Register of Members as on Saturday, the 22nd September, 2018 shall be eligible to participate in the e-voting. The facility for voting through ballot will also be made available at the AGM and the members who have not already cast their vote by remote e-voting can exercise their vote at AGM.

### 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 (LODR) 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 IND AS 24 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 IND AS 24 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 (LODR) Regulations, 2015 the Company has framed a Vigil Mechanism/Whistle Blower Policy duly adopted by the Board for the safeguard of employees and directors and the same has also been placed on the website of the Company. The Company affirms that no personnel have been denied access to the Audit Committee. The Board has approved a policy for the same which can be accessed at the Company website link: <http://cimmco.in/Cimmco%20Policies.pdf>.

## CORPORATE GOVERNANCE REPORT

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

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

The following non-mandatory requirements under SEBI (LODR) to the extent they have been adopted are as mentioned below:

a) 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 at [www.cimmco.in](http://www.cimmco.in).

#### Code of Conduct for Independent Directors

The Board has adopted the Code of Conduct for Independent Directors as per Schedule IV of the Companies Act, 2013 and SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. Shri Dipankar Ganguly, Company Secretary has been designated Compliance Officer in respect of compliance of the Code.

#### Means of Communication

The quarterly and annual financial results are published in compliance with Regulation 33 of the SEBI (Listing Obligations & Disclosure Requirements) 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.

### 7. General Shareholder Information

#### A. Annual General Meeting

Day, Date & Time : Saturday, 29th September, 2018 at 2.00 PM

Venue : "Rotary Sadan," 94/2, Chowringhee Road  
Kolkata-700020 (Landmark : Near Nehru Children's Museum)

#### B. Financial Calendar

The tentative financial calendar for the current financial year, i.e. April 01, 2018 to March 31, 2019 is set out below :

##### Schedule for the Financial Year (FY) 2018-19

Publication of	Schedule
Un-Audited Financial Results for the Quarter ended June 2018	10th August, 2018
Un-Audited Financial Results for the Quarter ended September 2018	October-November 2018
Un-Audited Financial Results for the Quarter ended December 2018	January-February, 2019
Audited Financial Results for the Financial Year ended 2019	April-May, 2019

#### C. Book Closure

The period of Book Closure is from Saturday, 22nd September, 2018 to Saturday, 29th September, 2018 (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 the SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015

In accordance with the SEBI (LODR) Regulations, 2015, the Company has transferred 91038 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.

#### F. Listing on Stock Exchanges

The equity shares of the Company are listed at BSE Limited and the National Stock Exchange of India Limited (NSE). The Company has applied for delisting of its equity shares from The Calcutta Stock Exchange Limited (CSE). 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 2018-19 have been duly paid. The shares of the Company are traded at BSE and NSE.

## CORPORATE GOVERNANCE REPORT

### 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 the 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, 2017	100.00	81.05	279799	30184.22	29241.48
May, 2017	97.45	78.90	220802	31255.28	29804.12
June, 2017	94.10	76.05	111249	31522.87	30680.66
July, 2017	94.05	82.25	409326	32672.66	31017.11
August, 2017	95.75	76.65	158911	32686.48	31128.02
September, 2017	97.05	82.90	597963	32524.11	31081.83
October, 2017	108.70	84.80	615698	33340.17	31440.48
November, 2017	123.45	89.55	1348860	33865.95	32683.59
December, 2017	142.00	108.05	774609	34137.97	32565.16
January, 2018	135.95	109.00	127016	36443.98	33703.37
February, 2018	116.50	91.70	112766	36256.83	33482.81
March, 2018	100.40	72.50	103009	34278.63	32483.84

#### Monthly High-Low at NSE

Month	High (Rs.)	Low (Rs.)	Volume (in Nos.)	CNX-NIFTY	
				High	Low
April, 2017	99.40	82.50	602069	9367.15	9120.25
May, 2017	96.75	78.50	419491	9649.60	9269.90
June, 2017	93.80	81.40	509946	9698.85	9448.75
July, 2017	90.70	82.05	1151832	10114.85	9543.55
August, 2017	89.00	76.00	719449	10137.85	9685.55
September, 2017	96.80	82.90	2334195	10178.95	9687.55
October, 2017	108.70	84.90	3092735	10384.50	9831.05
November, 2017	124.40	91.20	5159061	10490.45	10094.00
December, 2017	142.40	107.15	3378109	10552.40	10033.35
January, 2018	133.95	108.00	481720	11171.55	10404.65
February, 2018	114.90	92.05	321688	11117.35	10276.30
March, 2018	100.00	72.55	474441	10525.50	9951.90

### 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 lodgement or such period as may be permissible by law/regulatory authority.

#### 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: einward.ris@karvy.com



## CORPORATE GOVERNANCE REPORT

### 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, 2018 (Category) :

Category of Shareholders	Mode of Holding Shares		Total Shareholding	
	Physical	Demat	Number	%
Promoters and Promoter Group	-	22296774	22296774	81.53
Bodies Corporate	11208	994825	1006033	3.68
Financial Institutions	522	166089	166611	0.61
Mutual Funds	840	784	1624	0.01
Trust	-	50	50	0.00
NRIs	377	126538	126915	1.02
Individuals	354942	3354587	3709529	13.00
Clearing Members	-	40990	40990	0.15
<b>Total</b>	<b>367889</b>	<b>26980637</b>	<b>27348526</b>	<b>100.00</b>

#### Distribution of Shareholding as on March 31, 2018

Range of Shares	Folio/Client ID		Shareholding	
	Number	%	Number	%
Up to 5000	46766	97.84	1069139	3.90
From 5001 to 10,000	483	1.01	397249	1.45
From 10,001 to 20,000	247	0.52	384687	1.41
From 20,001 to 30,000	95	0.20	242079	0.89
From 30,001 to 40,000	45	0.09	162731	0.60
From 40,001 to 50,000	40	0.08	190620	0.70
From 50,001 to 1,00,000	63	0.13	452919	1.65
1,00,001 and above	60	0.13	24449102	89.40
<b>Total</b>	<b>47799</b>	<b>100.00</b>	<b>27348526</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, 2018 are as follows :

#### Shareholding in Demat & Physical modes as on March 31, 2018

NSDL		CDSL		Physical		Total	
No. of Shares	% of Capital	No. of Shares	% of Capital	No. of Shares	% of Capital	No. of Shares	% of Capital
25367778	92.75	1612859	5.89	367889	1.36	27348526	100

### 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.

## CORPORATE GOVERNANCE REPORT

### 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>

Place : Kolkata  
 Date : August 10, 2018

For and on behalf of Cimmco Limited

**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, 2018.

Place : Kolkata  
 Date : August 10, 2018

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

### Certificate on Corporate Governance

#### To the Members of Cimmco Limited

I have examined the compliance of conditions of Corporate Governance by Cimmco Limited for the year ended on 31st March, 2018, as stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 of the said Company with the Stock Exchanges.

The compliance of the conditions of Corporate Governance is the responsibility of the Management. My 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 my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance, as stipulated by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

I 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 10, 2018

CS SUMANTRA SINHA  
*(Practicing Company Secretary)*  
 Membership No. : ACS 11247  
 C.P. No. : 15245

## CORPORATE GOVERNANCE REPORT

### Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification in terms of Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

We have reviewed the financial statements read with cash flow statement of Cimmco Limited for the year ended on the 31st day of March, 2018 and to the best of our knowledge and belief, we state that:

- a) These statements do not contain any materially untrue statement or omit any material fact or contain statements, that might be misleading;
- b) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- c) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct;
- d) We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and steps taken or proposed to be taken for rectifying these deficiencies;
- e) We have indicated to the auditors and the Audit Committee:
  - i) Significant changes in internal control during the year;
  - ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements;
  - iii) Instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

Kolkata  
10th August, 2018

J P Chowdhary  
Executive Chairman & CEO

Vineet Mohta  
Chief Financial Officer

### ANNEXURE CG-1

#### CRITERIA FOR PERFORMANCE EVALUATION OF BOARD AND 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.

## CORPORATE GOVERNANCE REPORT

**ANNEXURE CG-2****REMUNERATION POLICY**

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>.

## INDEPENDENT AUDITORS' REPORT

### To the Members of CIMMCO LIMITED

#### Report on the Indian Accounting Standards (Ind AS) Financial Statements

1. We have audited the accompanying Ind AS financial statements of CIMMCO LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

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

2. 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 Ind AS financial statements to give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. 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 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditors' Responsibility

3. Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made thereunder including 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.
5. We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS 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 the 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 Ind AS financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the Ind AS financial statements.

#### Basis for qualified opinion

8. We draw your attention to Note 6 (a) to the Ind AS financial statements regarding certain claims amounting to Rs. 854.81 lacs (Rs. 854.81 lacs as at March 31, 2017) net of expected credit loss of Rs. 3,097.53 lacs (Rs. 3,097.53 lacs as at March 31, 2017), which has been considered good and recoverable by the management. Pending outcome of the Company's appeal against the arbitration order and final decision of the Hon'ble High Court of Delhi, we are unable to comment on the recoverability of the above, and its consequential impact on these Ind AS financial statements.

#### Qualified Opinion

9. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and except for the indeterminate effects of the matter referred to in Basis for Qualified Opinion paragraph above, 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, 2018, and its total comprehensive income (comprising of loss and other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

#### Emphasis of Matter

10. The Ind AS financial statements for the year ended March 31, 2017 have been revised by the management to include the financial information of Titagarh Agrico Private Limited consequent to its amalgamation with the Company with effect from April 1, 2016, the appointed date, pursuant to the Order of National Company Law Tribunal dated October 16, 2017 as referred to in Note 41 to the Ind AS financial statements. Our opinion is not modified in respect of this matter.

#### Other Matter

11. The Ind AS financial statements of the Company and Titagarh Agrico Private Limited (amalgamated with the Company with effect from April 1, 2016 as referred to in paragraph 10 above) for the year ended March 31, 2017, were audited by another firm of chartered accountants under the Companies Act, 2013 who, vide their reports dated May 18, 2017, expressed a modified and an unmodified opinion respectively on those financial statements. Our opinion is not modified in respect of this matter.

#### Report on Other Legal and Regulatory Requirements

12. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act ("the Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.

## INDEPENDENT AUDITORS' REPORT

13. As required by Section 143 (3) of the Act, we report that:

- (a) We have sought and except for the indeterminate effects of the matter referred to in the Basis for Qualified Opinion paragraph above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, except for the indeterminate effects of the matter referred to in the Basis for Qualified Opinion paragraph above, 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, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, except for the indeterminate effects of the matter referred to in the Basis for Qualified Opinion paragraph above, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.
- (g) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
- (h) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
  - i. The Company has disclosed the impact, if any, of pending litigations as at March 31, 2018 on its financial position in its Ind AS financial statements – Refer Note 34 to the Ind AS financial statements.
  - ii. The Company has long-term contracts as at March 31, 2018 for which there were no material foreseeable losses. The Company did not have any derivative contracts as at March 31, 2018.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2018.
  - iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2018.

For **Price Waterhouse & Co Chartered Accountants LLP**

Firm Registration Number: 304026E/E-300009

Chartered Accountants

**Avijit Mukerji**

Partner

Membership No.: 056155

Place : Kolkata

Date : May 29, 2018

### ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

**Referred to in paragraph 13(g) of the Independent Auditors' Report of even date to the members of Cimmco Limited on the Ind AS financial statements as of and for the year ended March 31, 2018**

#### **Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act**

1. We have audited the internal financial controls with reference to financial statements of CIMMCO LIMITED ("the Company") as of March 31, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

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

2. 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 (ICAI). 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 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 Act.

#### **Auditors' Responsibility**

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements 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 deemed to be prescribed under section 143(10) of the Act 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 ICAI. 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 with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

## INDEPENDENT AUDITORS' REPORT

### ANNEXURE A TO INDEPENDENT AUDITORS' REPORT (Contd.)

**Referred to in paragraph 13(g) of the Independent Auditors' Report of even date to the members of Cimmco Limited on the Ind AS financial statements as of and for the year ended March 31, 2018**

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the Company's internal financial controls system with reference to financial statements.

#### Meaning of Internal Financial Controls with reference to financial statements

6. A company's internal financial controls with reference to financial statements 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 controls with reference to financial statements 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 with reference to financial statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### Basis for Qualified Opinion

8. 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 with reference to financial statements as at March 31, 2018:  
The Company's internal financial controls relating to review of Claims Receivable for appropriate provisioning did not operate effectively which resulted in non-ascertainment of adequate provision against certain Claims Receivable due from a customer (Refer the Basis for Qualified Opinion paragraph in the main audit report).
9. A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial controls with reference to financial statements, such that there is a reasonable possibility that a material misstatement of Company's annual or interim financial statements will not be prevented or detected on a timely basis.

#### Qualified Opinion

10. In our opinion, except for the effects of the material weakness described in the Basis for Qualified Opinion paragraph above, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2018, 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.
11. We have considered the material weakness identified and reported above in determining the nature, timing and extent of audit tests applied in our audit of the Ind AS financial statements of the Company for the year ended March 31, 2018, and the material weakness has affected our opinion on the Ind AS financial statements of the Company for the year ended on that date and we have issued a qualified opinion on the Ind AS financial statements of the Company (Refer paragraph 9 of the main audit report).

**For Price Waterhouse & Co Chartered Accountants LLP**

Firm Registration Number: 304026E/E-300009

Chartered Accountants

**Avijit Mukerji**

Partner

Membership No.: 056155

Place : Kolkata

Date : May 29, 2018



## INDEPENDENT AUDITORS' REPORT

### Annexure B to Independent Auditors' Report

**Referred to in paragraph 12 of the Independent Auditors' Report of even date to the members of Cimmco Limited on the Ind AS financial statements as of and for the year ended March 31, 2018**

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items 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. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
- (c) The title deeds of immovable properties, as disclosed in Note 3(i) on property, plant and equipment and Note 3(ii) on investment properties to the Ind AS financial statements, are held in the name of the Company, except for the following [details of which are set out in Notes 3(i) and 3 (ii) to the Ind AS financial statements] :

No. of cases	Particulars	Gross Block (Rs. in lacs)	Net Block (Rs. in lacs)	Remarks
1	Freehold Land	4,734.83	4,734.83	Original copy of title deeds not available with the Company
2	Investment Properties – Freehold Land	821.24	821.24	Original copy of title deeds not available with the Company

- ii. The physical verification of inventory (excluding stocks with third parties) have been conducted at reasonable intervals by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii. 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 Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of the loans and investments made, and guarantees and security provided by it, as applicable.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of income tax, service tax, value added tax, provident fund, duty of customs and goods and service tax with effect from July 1, 2017, though there has been delay in a few cases, and is regular in depositing undisputed statutory dues, including employees' state insurance, sales tax, duty of excise, cess and other material statutory dues, as applicable, with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of service-tax, value added tax and goods and service tax which have not been deposited on account of any dispute. The particulars of dues of income-tax, sales tax, duty of customs, duty of excise and as at March 31, 2018 which have not been deposited on account of a 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	Excise duty	126.27 19.68 42.96 4.86 5.93	1989-1994 1999-2001 January 2011 to March 2015 2011-12 April 2015 to December 2016	High Court CESTAT Commissioner of Central Excise (Appeal) Commissioner of Central Excise Assistant Commissioner Central Excise
The Customs Act, 1962	Customs duty	32.17 20.00 30.63	2004-2005 2000-2001, 1985-1987 1992-93	CESTAT Additional/Deputy Director of Enforcement Additional Commissioner Customs
The Rajasthan Sales Tax Act	Sales tax	154.25	2013-2014	Appellate Authority, Commercial Taxes
The Orissa Sales Tax Act	Sales tax	117.60	1999-2001	High Court
The Income-tax Act, 1961	Income tax	73.98	2004-2005	Income Tax Appellate Tribunal

## INDEPENDENT AUDITORS' REPORT

### Annexure B to Independent Auditors' Report (Contd.)

**Referred to in paragraph 12 of the Independent Auditors' Report of even date to the members of Cimmco Limited on the Ind AS financial statements as of and for the year ended March 31, 2018**

- viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to debenture holders, as applicable, as at the balance sheet date.
- ix. In our opinion, and according to the information and explanations given to us, the moneys raised by way of term loans have been applied, on an overall basis, for the purposes for which they were obtained. The Company has not raised any moneys by way of initial public offer and further public offer (including debt instruments).
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of related party transactions have been disclosed in the Ind AS financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For **Price Waterhouse & Co Chartered Accountants LLP**

Firm Registration Number: 304026E/E-300009

*Chartered Accountants*

**Avijit Mukerji**

*Partner*

Membership No. : 056155

Place : Kolkata

Date : May 29, 2018

**BALANCE SHEET** as at March 31, 2018

(Rs. in lacs)			
	Notes	As at March 31, 2018	As at March 31, 2017
<b>I. ASSETS</b>			
<b>Non-current Assets</b>			
a) Property, Plant and Equipment	3 (i)	26,240.00	26,577.31
b) Capital Work-in-progress		112.30	20.30
c) Investment Properties	3 (ii)	821.24	821.24
d) Intangible Assets (Other than Goodwill)	3 (i)	4.25	698.18
e) Financial Assets			
(i) Investments	4	0.25	1.41
(ii) Trade Receivables	9	83.57	131.61
(iii) Loans and Deposits	5	50.61	19.63
(iv) Other Financial Assets	6	854.81	855.73
f) Non-current Tax Assets	7	14.51	12.63
g) Other Non-current Assets	8	50.00	23.68
<b>TOTAL - NON-CURRENT ASSETS</b>		<b>28,231.54</b>	<b>29,161.72</b>
<b>Current Assets</b>			
a) Inventories	10	4,232.80	5,129.55
b) Financial Assets			
(i) Trade Receivables	9	1,775.86	1,259.06
(ii) Cash and Cash Equivalents	11.1	74.66	195.15
(iii) Other Bank Balances	11.2	286.97	91.29
(iv) Other Financial Assets	6	660.28	0.47
c) Other Current Assets	8	1,030.84	417.73
<b>TOTAL - CURRENT ASSETS</b>		<b>8,061.41</b>	<b>7,093.25</b>
<b>TOTAL - ASSETS</b>		<b>36,292.95</b>	<b>36,254.97</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
a) Equity Share Capital	12	2,734.85	2,014.85
b) Other Equity	13	13,423.98	16,476.42
<b>TOTAL - EQUITY</b>		<b>16,158.83</b>	<b>18,491.27</b>
<b>Liabilities</b>			
<b>Non-current Liabilities</b>			
a) Financial Liabilities			
Borrowings	14	9,552.92	4,673.41
b) Provisions	15	22.83	21.73
c) Deferred Tax Liabilities (Net)	16	2,412.44	2,450.79
<b>TOTAL - NON-CURRENT LIABILITIES</b>		<b>11,988.19</b>	<b>7,145.93</b>
<b>Current Liabilities</b>			
a) Financial Liabilities			
(i) Borrowings	14	1,449.43	2,110.74
(ii) Trade Payables	17	2,336.74	6,151.29
(iii) Other Financial Liabilities	18	2,355.74	1,793.67
b) Other Current Liabilities	19	1,682.16	339.53
c) Provisions	15	321.86	222.54
<b>TOTAL - CURRENT LIABILITIES</b>		<b>8,145.93</b>	<b>10,617.77</b>
<b>TOTAL LIABILITIES</b>		<b>20,134.12</b>	<b>17,763.70</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>36,292.95</b>	<b>36,254.97</b>

The accompanying Notes form an integral part of the Balance Sheet

This is the Balance Sheet referred to in our Report of even date

For **Price Waterhouse & Co Chartered Accountants LLP**  
Firm Registration No.: 304026E/E-300009  
Chartered Accountants

**Avijit Mukerji**  
Partner  
Membership No. 056155

Place : Kolkata  
Dated : 29th May, 2018

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

**Vineet Mohta**  
Chief Financial Officer

**Dipankar Ganguly**  
Company Secretary

## STATEMENT OF PROFIT & LOSS for the year ended March 31, 2018

(Rs. in lacs)			
	Notes	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>Income</b>			
Revenue from Operations	20	13,462.01	12,795.63
Other Income	21	200.32	424.64
<b>TOTAL INCOME</b>		<b>13,662.33</b>	<b>13,220.27</b>
<b>Expenses</b>			
Cost of Raw Materials and Components Consumed	22	9,534.77	10,419.49
Changes in Inventories of Finished Goods, Work-in progress, Stock-in-trade and Saleable Scrap	23	381.74	(1,314.54)
Purchases of Stock-in-trade		2.38	9.50
Excise Duty Expense		69.03	443.63
Employee Benefits Expense	24	578.87	752.85
Finance Costs	25	1,434.54	1,179.22
Depreciation and Amortisation Expense	3(i)	615.79	647.41
Other Expenses	26	2,801.26	2,678.13
<b>TOTAL EXPENSES</b>		<b>15,418.38</b>	<b>14,815.69</b>
<b>Loss before Exceptional items and Tax</b>		<b>(1,756.05)</b>	<b>(1,595.42)</b>
Exceptional items	27	614.12	449.91
<b>Loss before Tax</b>		<b>(2,370.17)</b>	<b>(2,045.33)</b>
<b>Income Tax Expense</b>	28		
Current Tax Relating to Earlier Years		-	3.34
Deferred Tax - Credit		(38.35)	(131.83)
<b>Total Income Tax Expense</b>		<b>(38.35)</b>	<b>(128.49)</b>
<b>Loss for the Year</b>		<b>(2,331.82)</b>	<b>(1,916.84)</b>
<b>Other Comprehensive Income</b>			
<b>Item that will not be reclassified to Profit or Loss in subsequent periods :</b>			
Remeasurement Gains/(Losses) on Defined Benefit Plan	30(i)(b)	(0.62)	7.94
<b>Other Comprehensive Income for the Year (Net of Taxes)</b>		<b>(0.62)</b>	<b>7.94</b>
<b>Total Comprehensive Income for the Year</b>		<b>(2,332.44)</b>	<b>(1,908.90)</b>
Loss Per Equity Share	29		
[Nominal Value Per Share Rs. 10/- (March 31, 2017: Rs.10/-)]			
Basic and Diluted (In Rs.)		(8.53)	(7.01)

The accompanying Notes form an integral part of the Statement of Profit and Loss.

This is the Statement of Profit and Loss referred to in our Report of even date

For **Price Waterhouse & Co Chartered Accountants LLP**

Firm Registration No.: 304026E/E-300009

Chartered Accountants

**Avijit Mukerji**

Partner

Membership No. 056155

Place : Kolkata

Dated : 29th May, 2018

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

**Vineet Mohta**

Chief Financial Officer

**Dipankar Ganguly**

Company Secretary

## STATEMENT OF CHANGES IN EQUITY for the year ended March 31, 2018

				Number (in Lacs)	Amount Rs. in lacs	
<b>A) Equity Share Capital (Refer Note 12)</b>						
<b>As at March 31, 2016</b>				201.49	2,014.85	
Changes in Equity Share Capital during the year				-	-	
<b>Balance as at March 31, 2017</b>				201.49	2,014.85	
Changes in Equity Share Capital during the year				72.00	720.00	
<b>Balance as at March 31, 2018</b>				<b>273.49</b>	<b>2,734.85</b>	
Rs. in lacs						
				<b>Reserve &amp; Surplus</b>		
	Equity	Shares	Securities	Capital	Retained	Total
	Component	pending	Premium	Reserve	Earnings	
<b>B) Other Equity (Refer Note 13)</b>		Allotment	Account			
Particulars	of NCNCRPS					
<b>Balance as at March 31, 2016</b>	1,918.71	-	3,220.32	-	10,911.71	16,050.74
Loss for the year	-	-	-	-	(1,916.84)	(1,916.84)
Other Comprehensive Income (Net of Tax)						
- Remeasurement Gains/(Losses) on Defined Benefit Plan	-	-	-	-	7.94	7.94
<b>Total Comprehensive Income for the year</b>	-	-	-	-	(1,908.90)	(1,908.90)
Arisen Pursuant to the Scheme of Amalgamation						
(Refer Note 41)	-	720.00	-	2,880.00	(1,265.42)	2,334.58
<b>Balance as at March 31, 2017</b>	1,918.71	720.00	3,220.32	2,880.00	7,737.39	16,476.42
Loss for the year	-	-	-	-	(2,331.82)	(2,331.82)
Other Comprehensive Income (Net of Tax)						
- Remeasurement Losses on Defined Benefit Plan	-	-	-	-	(0.62)	(0.62)
<b>Total Comprehensive Income for the year</b>	-	-	-	-	(2,332.44)	(2,332.44)
Issue of equity shares during the year (Refer Note 41)	-	(720.00)	-	-	-	(720.00)
<b>Balance as at March 31, 2018</b>	<b>1,918.71</b>	<b>-</b>	<b>3,220.32</b>	<b>2,880.00</b>	<b>5,404.95</b>	<b>13,423.98</b>

The accompanying Notes form an integral part of the Statement of Changes in Equity

This is the Statement of Changes in Equity referred to in our Report of even date

For **Price Waterhouse & Co Chartered Accountants LLP**

Firm Registration No.: 304026E/E-300009

Chartered Accountants

**Avijit Mukerji**

Partner

Membership No. 056155

Place : Kolkata

Dated : 29th May, 2018

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

**Vineet Mohta**

Chief Financial Officer

**Dipankar Ganguly**

Company Secretary

## CASH FLOW STATEMENT for the year ended March 31, 2018

	(Rs. in lacs)	
	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>A CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before Tax	(2,370.17)	(2,045.33)
<b>Adjustments for :</b>		
Depreciation and Amortisation Expense	615.79	647.41
Exceptional Item-Impairment of Property, Plant and Equipment and Intangible Assets	614.12	-
Provision for Doubtful Debts and Advances	139.00	147.03
Net Loss on Disposal of Property, Plant and Equipment	0.11	-
Irrecoverable Debts/ Advances Written Off	-	0.04
Loss on Fair Valuation of Investments Carried at Fair Value through Profit or Loss	1.16	0.06
Finance Costs	1,434.54	1,179.22
Unspent Liabilities / Provisions No Longer Required Written Back	(156.98)	(376.31)
Interest Income	(16.15)	(19.06)
<b>Operating Profit/(Loss) before Changes in Operating Assets and Liabilities</b>	<b>261.42</b>	<b>(466.94)</b>
Increase/(Decrease) in Non-current and Current Financial and Non-financial Liabilities and Provisions	(2,382.03)	4,321.19
Increase in Trade Receivables	(457.38)	(744.73)
(Increase)/ Decrease in Inventories	896.75	(3,205.14)
(Increase)/ Decrease in Non-current and Current Financial and Non-financial Assets	(1,330.51)	1,028.16
<b>Cash Generated From/(Used in) Operations</b>	<b>(3,011.75)</b>	<b>932.54</b>
Income Taxes (Paid)/ Refund (Net)	(1.89)	144.62
<b>Net Cash From/(Used in) Operating Activities</b>	<b>(3,013.64)</b>	<b>1,077.16</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for Acquisition of Property, Plant and Equipment including Capital Work-in-Progress and Intangible Assets	(306.52)	(136.09)
Proceeds from Disposal of Property, Plant and Equipment	16.49	8.88
Fixed Deposits Encashed /Matured	(200.73)	(5.22)
Interest Received	6.13	68.22
<b>Net Cash Used in Investing Activities</b>	<b>(484.63)</b>	<b>(64.21)</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Long-term Borrowings	6,175.00	-
Repayment of Long-term Borrowings	(1,134.89)	(849.16)
Short-term Borrowings - Receipts/(Payments)	(661.31)	(187.71)
Issue of Equity Shares by the Merged Company (Refer Note 41)	-	1,132.50
Finance Costs Paid	(1,001.02)	(990.93)
<b>Net Cash From/ (Used in) Financing Activities</b>	<b>3,377.78</b>	<b>(895.30)</b>
<b>Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>(120.49)</b>	<b>117.65</b>
Cash and Cash Equivalents at the beginning of the year (Refer Note 11.1)	195.15	41.18
Cash and Cash Equivalents transferred Pursuant to the Scheme of Amalgamation (Refer Note 41)	-	36.32
<b>Cash and Cash Equivalents at the end of the year (Refer Note 11.1)</b>	<b>74.66</b>	<b>195.15</b>

The above Cash Flow Statement has been prepared under the Indirect Method as set out in Ind AS-7 "Statement of Cash Flows". Refer Note 40 for Debt Reconciliation.

This is the Cash Flow Statement referred to in our Report of even date

For **Price Waterhouse & Co Chartered Accountants LLP**

Firm Registration No.: 304026E/E-300009

Chartered Accountants

**Avijit Mukerji**

Partner

Membership No. 056155

Place : Kolkata

Dated : 29th May, 2018

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

**Vineet Mohta**

Chief Financial Officer

**Dipankar Ganguly**

Company Secretary

## NOTES TO FINANCIAL STATEMENTS as at and for the year ended March 31, 2018

### 1 Corporate Information

Cimmco Limited (the 'Company') is a public limited company incorporated and domiciled in India. The registered office of the Company is located at 756, Anadapur, EM-Bypass, Kolkata - 700107 and has its manufacturing facility located at Mal Godown Road, Bharatpur-321001, Rajasthan. The equity shares of the Company are listed on the BSE Limited, the National Stock Exchange of India Limited and the Calcutta Stock Exchange Limited.

The Company is mainly engaged in the manufacturing and selling of freight wagons, engineering goods and tractors. The Company primarily caters to the domestic market.

The financial statements were approved and authorised for issue in accordance with the resolution of the Company's Board of Directors on May 29, 2018.

### 2 Significant Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of the financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### 2.1 Basis of Preparation

##### (i) Compliance with Indian Accounting Standards

The financial statements comply in all material respects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the 'Act') [Companies (Accounting Standards) Rules, 2015] and other provisions of the Act.

##### (ii) Historical Cost Convention

The financial statements have been prepared on a historical cost basis, except certain financial assets and liabilities that is measured at fair value.

##### (iii) Current versus Non-current Classification

The Company presents assets and liabilities in the Balance Sheet based on current/non-current classification.

An asset is classified as current when it is :

- expected to be realised or intended to be sold or consumed in the normal operating cycle,
- held primarily for the purpose of trading,
- expected to be realised within twelve months after the reporting period, or
- cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- it is expected to be settled in the normal operating cycle,
- it is held primarily for the purpose of trading,
- it is due to be settled within twelve months after the reporting period, or
- there is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current.

##### (iv) Rounding of Amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs and decimals thereof (Rs. 00,000.00) as per the requirement of Schedule III to the Act, unless otherwise stated.

#### 2.2 Property, Plant and Equipment

All items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

#### Depreciation Method, Estimated Useful Lives and Residual Values

Depreciation is calculated on pro-rata basis using the straight-line method to allocate their cost, net of their estimated residual value, over their estimated useful lives in accordance with Schedule II to the Act. Each component of an item of property, plant and equipment with a cost that is significant in relation to the cost of that item is depreciated separately if its useful life differs from the other components of the item.

The useful lives of the property, plant and equipment as estimated by the management are as follows :

Particulars	Useful Life
Factory Buildings / Other Buildings	30 / 60 years
Plant and Equipments	15 years
Furniture and Fixtures	10 years
Office Equipments	5 years
Railway Sidings	15 years
Computers	3 years
Vehicles	8 years

Leasehold land are amortised on straight - line basis over the primary lease period of 99 years or their estimated useful lives, whichever is shorter. Leasehold improvement are amortised on straight - line basis over the primary lease period (ranging from 2 to 10 years) or their estimated useful lives, whichever is shorter.

The useful lives, residual values and the method of depreciation of property, plant and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within 'Other Income'/'Other Expenses'.

Advances paid towards the acquisition of property, plant and equipment outstanding at each Balance Sheet date is classified as 'Capital Advances' under 'Other Non-current Assets' and the cost of property, plant and equipment not ready to use are disclosed under 'Capital Work-in-progress'.

#### Transition to Ind AS

On transition to Ind AS, the Company had opted to fair value its property, plant and equipment as on at 1st April 2015 (date of transition to Ind AS) and had considered the same as deemed cost as at 1st April 2015.

#### 2.3 Investment Properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.



## NOTES TO FINANCIAL STATEMENTS as at and for the year ended March 31, 2018

### 2.4 Intangible Assets

Intangible assets have a finite useful life and are stated at cost less accumulated amortisation and accumulated impairment losses, if any.

#### Computer Software

Computer software for internal use, which is primarily acquired from third-party vendors is capitalised. Subsequent costs associated with maintaining such software are recognised as expense as incurred. Cost of computer software includes license fees and cost of implementation/system integration services, where applicable.

#### Prototype

The Company had developed prototype for tractors which was capitalised.

#### Amortisation Method and Period

Computer software and prototype are amortised on a pro-rata basis using the straight-line method over its estimated useful life of 5 years and 10 years (until impaired) respectively from the date they are available for use. Amortisation method and useful lives are reviewed periodically including at each financial year end.

#### Research and Development

Research costs are expensed as incurred. Expenditure on development that do not meet the specified criteria under Ind AS 38 on 'Intangible Assets' are recognised as an expense as incurred.

#### Transition to Ind AS

On transition to Ind AS, the Company had elected to continue with the carrying value of all of its intangible assets recognised as at 1st April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.

### 2.5 Impairment of Non-financial Assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash-generating units).

### 2.6 Inventories

Inventories are stated at the lower of cost and net realisable value. However, material and other items held for use in production of inventories 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 of inventories comprises cost of purchases and all other costs incurred in bringing the inventories to their present location and condition. Cost of work-in-progress and finished goods comprises direct materials, direct labor and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost are assigned to individual items of inventory on weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

### 2.7 Leases

#### As a Lessee

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of

the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

### 2.8 Investments and Other Financial Assets

#### (i) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

#### (ii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

#### Debt Instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- **Amortised Cost** : Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost is recognised in profit or loss when the asset is derecognised or impaired.
- **Fair Value through Other Comprehensive Income (FVOCI)** : Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in the profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'Other Income/Other Expenses'.
- **Fair Value through Profit or Loss (FVTPL)** : Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instrument that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented net in the Statement of Profit and Loss within 'Other Income/Other Expenses' in the period in which it arises.

#### Equity Instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Changes in the fair value of financial assets at fair value through profit or loss are recognised in 'Other Income/Other Expenses' in the Statement of Profit and Loss.

## NOTES TO FINANCIAL STATEMENTS as at and for the year ended March 31, 2018

### (iii) Impairment of Financial Assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments, if any. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 37(iii) details how the Company determines whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109, 'Financial Instruments', which requires expected lifetime losses to be recognised from initial recognition of the receivables.

### (iv) Derecognition of Financial Assets

A financial asset is derecognised only when

- the Company has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

### (v) Income Recognition

#### Interest Income

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

#### Dividends

Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

### (vi) Fair Value of Financial Instruments

In determining the fair value of financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis and available quoted market prices. All methods of assessing fair value result in general approximation of value, and such value may never actually be realised.

### 2.9 Trade Receivables

Trade receivables are amounts due from customers for goods sold or services rendered in the ordinary course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

### 2.10 Trade Payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

### 2.11 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the Balance Sheet when the obligation specified in the contract is discharged, cancelled or expired.

### 2.12 Other Financial Liabilities

Other financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Other financial liabilities are initially measured at the fair value and subsequently measured at amortised cost using the effective interest method.

### 2.13 Compound Financial Instruments

Non-convertible, non-cumulative redeemable preference shares (NCNCRPS) are separated into liability and equity component based on the terms of the contract. On issuance of NCNCRPS, the fair value of the liability component is determined using a fair valuation principles as stated in IND AS 109. This amount is classified as financial liability measured at amortised cost until it is extinguished on redemption. The remainder of the proceeds is allocated to the benefit derived by the Company for obtaining the loan at below market rate of interest and is recognised in equity. The carrying amount of such equity is not re-measured in subsequent years. Refer Note 14(a) for details of the NCNCRPS.

### 2.14 Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount is reported in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

### 2.15 Cash and Cash Equivalents

For the purpose of presentation in the Cash Flow Statement, cash and cash equivalents includes cash on hand, deposits held with banks / financial institutions with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

## NOTES TO FINANCIAL STATEMENTS as at and for the year ended March 31, 2018

### 2.16 Borrowing Costs

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 capitalised as part of the cost of the asset. All other borrowing costs are expensed in the year in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

### 2.17 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Amount disclosed as revenue are inclusive of excise duty and net of returns, trade discounts, rebates, value added taxes, goods and service tax (GST) and amounts collected on behalf of third parties.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and specific criteria have been met for each of the Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

#### Sale of Products

Revenue from sale of products and scrap sales is recognised when the significant risk and rewards of ownership of the products have passed to the buyers as per the terms of contract.

#### Sale of Services

Revenue from services rendered is recognised as the services are rendered and is booked based on agreement / arrangements with the concerned parties.

### 2.18 Foreign Currency Transactions and Translation

#### (i) Functional and Presentation Currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Indian Rupee (Rupees or Rs.), which is the Company's functional and presentation currency.

#### (ii) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. At the year-end, monetary assets and liabilities denominated in foreign currencies are restated at the year-end exchange rates. The exchange differences arising from settlement of foreign currency transactions and from the year-end restatement are recognised in profit and loss.

### 2.19 Employee Benefits

#### (i) Short-term Employee Benefits

Liabilities for short-term employee benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

#### (ii) Post-employment Benefits

##### Defined Benefit Plans

The liability recognised in the Balance Sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, if any. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in 'Employee Benefits Expense' in the Statement of Profit and Loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. These are included in retained earnings in the Statement of Changes in Equity.

##### Defined Contribution Plan

Contributions under defined contribution plan payable in keeping with the related scheme are recognised as expenses for the period in which the employee has rendered the service.

#### (iii) Other Long-term Employee Benefits

Long-term compensated absences are provided for based on actuarial valuation, as per projected unit credit method, done at the end of each financial year. Accumulated leave, which is expected to be utilised 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. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

### 2.20 Income Taxes

The income tax expense for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax credits and to unused tax losses.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences, tax credits and losses.

The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be utilised.

## NOTES TO FINANCIAL STATEMENTS as at and for the year ended March 31, 2018

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, if any. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

### 2.21 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events, 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. The expenses relating to a provision is recognised in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risk specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### Warranty Provisions

Provisions for warranty related costs are recognised when the product is sold. Initial recognition is based on historical experience i.e. claims received up to the year end and the management's estimate of further liability to be incurred in this regard during the warranty period, computed on the basis of past trend of such claims. The initial estimate of warranty-related costs is revised annually.

#### Liquidated Damages

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

#### Litigation, Claims and Contingencies

The management estimates the provisions for pending litigations, claims and demands based on its assessment of probability for these demands crystallising against the Company in due course.

### 2.22 Contingencies

A disclosure for contingent liabilities is made when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources embodying economic benefits will be required to settle or a reliable estimate of the amount cannot be made.

### 2.23 Earnings / (Loss) Per Equity Share

#### (i) Basic Earnings / (Loss) Per Equity Share

- Basic earnings / (loss) per equity share is calculated by dividing:
- the profit / (loss) attributable to owners of the Company
  - by the weighted average number of equity shares outstanding during the financial year.

#### (ii) Diluted Earnings / (Loss) Per Equity Share

Diluted earnings / (loss) per equity share adjusts the figures used in the determination of basic earnings / (loss) per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and

- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

### 2.24 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments.

The chief operating decision maker is responsible for allocating resources and assessing performance of the operating segments and has been identified as the Board of Directors of the Company. Refer Note 35 for segment information presented.

### 2.25 Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within 'Other Income'.

### 2.26 Business Combinations

A common control business combination, involving entries or businesses in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination and where the control is not transitory, is accounted for using the pooling of interest method.

Other business combinations, involving entities or businesses are accounted for using acquisition method.

### 2.27 Recent Accounting Pronouncements

#### Standards Issued but not yet Effective

The Ministry of Corporate Affairs (MCA) notified the Companies (Indian Accounting Standards) Amendment Rules 2018 (the Rules) on March 28, 2018. The rules notify the new revenue standard Ind AS 115, Revenue from contracts with customers and also bring in amendments to existing Ind AS. The rules shall be effective from reporting periods beginning on or after April 1, 2018 and cannot be early adopted. The Company intends to adopt these standards, as applicable, when they become effective.

#### Ind AS 115, Revenue from Contracts with Customers

The Ministry of Corporate Affairs (MCA) has notified Ind AS 115, 'Revenue from Contracts with Customers', March 28, 2018, which is effective for accounting periods beginning on or after April 1, 2018. The new revenue standard is based on a transfer of control model, which fundamentally changes the basis of revenue recognition, presentation and disclosures. The standard could significantly change the amount and timing of revenue recognition. The core principle is described in a five-step model framework.

#### Amendments to Ind AS 40 Investment Property - Transfers of Investment Property

The amendments clarify that transfers to, or from, investment property can only be made if there has been a change in use that is supported by evidence. A change in use occurs when the property meets, or ceases to meet, the definition of investment property. A change in intention alone is not sufficient to support a transfer. The list of evidence for a change of use in the standard was re-characterised as a non-exhaustive list of examples and scope of these examples have been expanded to include assets under construction/development and not only transfer of completed properties.

## NOTES TO FINANCIAL STATEMENTS as at and for the year ended March 31, 2018

### Amendments to Ind AS 12 Income Taxes regarding Recognition of Deferred Tax Assets on Unrealised Losses

The amendments clarify the accounting for deferred taxes where an asset is measured at fair value and that fair value is below the asset's tax base. They also clarify certain other aspects of accounting for deferred tax assets set out below:

- A temporary difference exists whenever the carrying amount of an asset is less than its tax base at the end of the reporting period.
- The estimate of future taxable profit may include the recovery of some of an entity's assets for more than its carrying amount if it is probable that the entity will achieve this.
- Where the tax law restricts the source of taxable profits against which particular types of deferred tax assets can be recovered, the recoverability of the deferred tax assets can only be assessed in combination with other deferred tax assets of the same type.
- Tax deductions resulting from the reversal of deferred tax assets are excluded from the estimated future taxable profit that is used to evaluate the recoverability of those assets. This is to avoid double counting the deductible temporary differences in such assessment.

The Company is evaluating the requirements of the above amendments and the effect on the financial statements is being evaluated.

### 2.28 Critical Estimates and Judgements

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed at each Balance Sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements. The areas involving critical estimates or judgements are :

- **Employee Benefits (Estimation of Defined Benefit Obligation) - Notes 2.19 and 30**  
Post-employment benefits represent obligations that will be settled in the future and require assumptions to project benefit obligations. Post-employment benefit accounting is intended to reflect the recognition of future benefit costs over the employee's approximate service period, based on the terms of the plans and the investment and funding decisions made. The accounting requires the Company to make assumptions regarding variables such as discount rate and salary growth rate. Changes in these key assumptions can have a significant impact on the defined benefit obligations.
- **Impairment of Trade and Other Receivables - Notes 2.8(iii) and 37(iii)**  
The risk of uncollectibility of trade and other receivables is primarily estimated based on prior experience with, and the past due status of, doubtful receivables, based on factors that include ability to pay, bankruptcy and payment history. The assumptions and estimates applied for determining the provision for impairment are reviewed periodically.

- **Estimation of Expected Useful Lives of Property, Plant and Equipment - Notes 2.2 and 3(i)**

Management reviews its estimate of the useful lives of property, plant and equipment at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of property, plant and equipment.

- **Impairment of Non-financial Assets - Notes 2.5 and 3(i)**

Property, plant and equipment and intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. This requires determination of recoverable amount of such assets including estimation of value in use / fair value less costs of disposal.

- **Contingencies - Notes 2.21, 2.22 and 34**

Legal proceedings covering a range of matters are pending against the Company. Due to the uncertainty inherent in such matters, it is often difficult to predict the final outcome. The cases and claims against the Company often raise factual and legal issues that are subject to uncertainties and complexities, including the facts and circumstances of each particular case/claim, the jurisdiction and the differences in applicable law. The Company consults with legal counsel and other experts on matters related to specific litigations where considered necessary. The Company accrues a liability when it is determined that an adverse outcome is probable and the amount of the loss can be reasonably estimated. In the event an adverse outcome is possible or an estimate is not determinable, the matter is disclosed.

- **Valuation of Deferred Tax Assets - Notes 2.20 and 16**

Deferred income tax expense is calculated based on the differences between the carrying value of assets and liabilities for financial reporting purposes and their respective tax bases that are considered temporary in nature. Valuation of deferred tax assets is dependent on management's assessment of future recoverability of the deferred benefit. Expected recoverability may result from expected taxable income in the future, planned transactions or planned optimising measures. Economic conditions may change and lead to a different conclusion regarding recoverability.

- **Warranties and Liquidated Damages - Notes 2.21 and 15**

The Company's product warranty obligations and estimations thereof are determined using historical information of claims received up to the year end and the management's estimate of further liability to be incurred in this regard during the warranty period, computed on the basis of past trend of such claims.

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

Changes in estimated frequency and amount of future warranty claims/ liquidated charges, can materially affect warranty / liquidated damage expenses.

- **Fair Value Measurements - Notes 2.8(vi) and 36**

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair values are measured using valuation techniques, including the discounted cash flow model, which involve various judgements and assumptions.



## NOTES TO FINANCIAL STATEMENTS as at and for the year ended March 31, 2018

### 3. i) PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS (OTHER THAN GOODWILL)

(Rs. in Lacs)

	Tangible Assets											Intangible Assets		
	Free-hold Land	Lease-hold Land	Lease-hold Improvement	Buildings	Plant and Equipments	Railway Sidings	Furniture & Fixtures	Office Equipments	Computers	Vehicles	Total Tangible Assets	Prototype	Computer Software	Total Intangible Assets
Gross Carrying Amount														
<b>As at March 31, 2016</b>	<b>5,556.07</b>	<b>19,724.09</b>	<b>-</b>	<b>1,484.61</b>	<b>808.29</b>	<b>38.50</b>	<b>10.92</b>	<b>5.07</b>	<b>1.76</b>	<b>34.26</b>	<b>27,663.57</b>	<b>-</b>	<b>2.90</b>	<b>2.90</b>
Transferred pursuant to the Scheme of Amalgamation (Refer Note 41)	-	-	70.94	96.38	352.32	-	49.34	0.79	21.58	-	591.35	880.39	-	880.39
Additions	-	-	-	-	88.52	-	-	0.24	1.05	-	89.81	-	47.03	47.03
Disposals	-	-	-	-	9.36	-	-	-	-	-	9.36	-	-	-
Transfer to Investment Properties	821.24	-	-	-	-	-	-	-	-	-	821.24	-	-	-
<b>As at March 31, 2017</b>	<b>4,734.83</b>	<b>19,724.09</b>	<b>70.94</b>	<b>1,580.99</b>	<b>1,239.77</b>	<b>38.50</b>	<b>60.26</b>	<b>6.10</b>	<b>24.39</b>	<b>34.26</b>	<b>27,514.13</b>	<b>880.39</b>	<b>49.93</b>	<b>930.32</b>
Additions	-	-	-	64.99	134.24	-	0.58	0.45	-	11.30	211.56	-	3.80	3.80
Disposals	-	-	-	-	18.70	-	-	-	-	19.16	37.86	-	-	-
<b>As at March 31, 2018</b>	<b>4,734.83</b>	<b>19,724.09</b>	<b>70.94</b>	<b>1,645.98</b>	<b>1,355.31</b>	<b>38.50</b>	<b>60.84</b>	<b>6.55</b>	<b>24.39</b>	<b>26.40</b>	<b>27,687.83</b>	<b>880.39</b>	<b>53.73</b>	<b>934.12</b>
Accumulated Depreciation and Amortisation														
<b>As at March 31, 2016</b>	<b>-</b>	<b>162.36</b>	<b>-</b>	<b>140.00</b>	<b>68.15</b>	<b>11.26</b>	<b>1.89</b>	<b>1.26</b>	<b>0.06</b>	<b>12.23</b>	<b>397.21</b>	<b>-</b>	<b>1.60</b>	<b>1.60</b>
Transferred pursuant to the Scheme of Amalgamation (Refer Note 41)	-	-	25.01	2.66	37.66	-	5.04	0.12	8.70	-	79.19	44.02	-	44.02
Charge for the year	-	162.36	20.84	167.55	86.09	-	6.59	1.43	6.97	9.06	460.89	176.07	10.45	186.52
Disposals	-	-	-	-	0.47	-	-	-	-	-	0.47	-	-	-
<b>As at March 31, 2017</b>	<b>-</b>	<b>324.72</b>	<b>45.85</b>	<b>310.21</b>	<b>191.43</b>	<b>11.26</b>	<b>13.52</b>	<b>2.81</b>	<b>15.73</b>	<b>21.29</b>	<b>936.82</b>	<b>220.09</b>	<b>12.05</b>	<b>232.14</b>
Charge for the year	-	162.36	3.21	147.68	93.23	-	6.62	6.78	0.11	4.83	424.82	176.08	14.89	190.97
Disposals	-	-	-	-	2.97	-	-	-	-	18.20	21.17	-	-	-
<b>As at March 31, 2018</b>	<b>-</b>	<b>487.08</b>	<b>49.06</b>	<b>457.89</b>	<b>281.69</b>	<b>11.26</b>	<b>20.14</b>	<b>9.59</b>	<b>15.84</b>	<b>7.92</b>	<b>1,340.47</b>	<b>396.17</b>	<b>26.94</b>	<b>423.11</b>
Impairment														
<b>As at March 31, 2016</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Charge for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>As at March 31, 2017</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Charge for the year (Refer (c) below)	-	-	-	-	107.36	-	-	-	-	-	107.36	484.22	22.54	506.76
<b>As at March 31, 2018</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>107.36</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>107.36</b>	<b>484.22</b>	<b>22.54</b>	<b>506.76</b>
Net Carrying Amount														
<b>As at March 31, 2017</b>	<b>4,734.83</b>	<b>19,399.37</b>	<b>25.09</b>	<b>1,270.78</b>	<b>1,048.34</b>	<b>27.24</b>	<b>46.74</b>	<b>3.29</b>	<b>8.66</b>	<b>12.97</b>	<b>26,577.31</b>	<b>660.30</b>	<b>37.88</b>	<b>698.18</b>
<b>As at March 31, 2018</b>	<b>4,734.83</b>	<b>19,237.01</b>	<b>21.88</b>	<b>1,188.09</b>	<b>966.26</b>	<b>27.24</b>	<b>40.70</b>	<b>(3.04)</b>	<b>8.55</b>	<b>18.48</b>	<b>26,240.00</b>	<b>-</b>	<b>4.25</b>	<b>4.25</b>

- Freehold Land include freehold land aggregating to Rs. 4,734.83 Lacs (March 31, 2017 : Rs. 4,734.83 Lacs) of which original registered sale deed / conveyance deed / transfer deed / assignment deed are not traceable. However, Company has photo copy of the same.
- 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 was pending before the Hon'ble Supreme Court of India as at March 31, 2017 against which order in favour of the Company has been received during the year. Also Refer Note 34(E).
- The Management of the Company has impaired its Property, Plant and Equipment Rs. 107.36 Lacs (March 31, 2017 : Nil) and Intangible Assets Rs. 506.76 Lacs (March 31, 2017 : Nil) relating to the Tractors Division after evaluating the expected future performance of the division and the business strategy and disclosed the same under "Exceptional Items" in the Statement of Profit and Loss (Refer Note 27). While considering the Impairment Loss, the Company has considered its tractor division as a cash generating unit, in keeping with the accounting policy as set out in Note 2.5 and the fair value less costs of disposal as the recoverable amount.
- The Company had opted to fair value its Property, Plant and Equipment as on April 1, 2015 (transition date to Ind AS) in terms of exemption given in Ind AS 101 'First-time Adoption of Indian Accounting Standards' and considered the same as deemed cost as at April 1, 2015.
- Refer Note 33 for disclosure of contractual commitments for acquisition of Property, Plant and Equipment.
- Refer Note 14 for information on property, plant and equipment pledged as security by the Company.

## NOTES TO FINANCIAL STATEMENTS as at and for the year ended March 31, 2018

### 3 (ii) Investment Property

	(Rs. in lacs)
<b>Carrying Amount as at March 31, 2016</b>	<b>Freehold land</b>
Transfer from Property, Plant and Equipment	-
<b>Closing Balance as at March 31, 2017</b>	821.24
Additions	821.24
<b>Closing Balance as at March 31, 2018</b>	-
	<b>821.24</b>

The original title deeds in respect of above Investment Properties are not traceable. However, Company has photo copy of the same.

#### Information regarding Investment Property

The Company's Investment Property consists of two parcels of land situated at Bharatpur and Malanpur respectively. As at March 31, 2018, fair Valuation of the two properties is estimated to be Rs. 868.34 Lacs (March 31, 2017 : Rs. 889.91 Lacs). These valuations are based on valuations performed by an independent valuer who holds recognised and relevant professional qualifications. The fair value was derived using the market comparable approach based on recent market prices and the fair value measurement categorised within Level-3.

The Company has no restrictions on the realisability of its Investment Property and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance and enhancements. There are no income earned or expenditure incurred by the Company in relation to the Investment Property.

Significant Increase/(Decrease) in circle rate of land will result in significant higher/(lower) fair valuation of properties.

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at March 31, 2018 and March 31, 2017 are as shown below:

#### Significant unobservable inputs

For 5% change in Circle Rate for Land owned by the Company

#### Sensitivity of the input to fair value

5% Increase (Decrease) in the Circle Rate would result in Increase (Decrease) in fair value by Rs 43.42 Lacs (March 31, 2017: Rs 41.06 Lacs)

### 4. INVESTMENTS (NON-CURRENT)

	As at March 31, 2018 Rs. in Lacs	As at March 31, 2017 Rs. in Lacs
<b>Investment in Equity Shares (at FVTPL) (Quoted)</b>		
550 (March 31, 2017: 550) Equity shares of Rs. 10 each Fully Paid-up in Orissa Sponge Iron & Steel Limited #	0.05	1.21
<b>National Savings Certificate (at Amortised Cost)(Unquoted) @</b>	0.20	0.20
	<b>0.25</b>	<b>1.41</b>
Aggregate value of Quoted Investments	0.05	1.21
Aggregate value of Unquoted Investments	0.20	0.20
# Quotation not available. Refer Note 36 for determination of Fair Values.		
@ Pledged with the Commercial Tax Officer, Bharatpur as Security Deposit		

### 5. LOANS AND DEPOSITS - NON-CURRENT (at Amortised Cost)

	As at March 31, 2018 Rs. in Lacs	As at March 31, 2017 Rs. in Lacs
<b>Unsecured, Considered Good unless stated otherwise</b>		
Security Deposits		
Consider Good	50.61	19.63
Considered Doubtful	22.82	22.82
	73.43	42.45
Less: Provision for Doubtful Security Deposits	(22.82)	(22.82)
	<b>50.61</b>	<b>19.63</b>



## NOTES TO FINANCIAL STATEMENTS as at and for the year ended March 31, 2018

### 6. OTHER FINANCIAL ASSETS (at amortised cost)

(Unsecured, considered good unless stated otherwise)

	Non-current		Current	
	As at March 31, 2018 Rs. in Lacs	As at March 31, 2017 Rs. in Lacs	As at March 31, 2018 Rs. in Lacs	As at March 31, 2017 Rs. in Lacs
Claims Receivable [Refer Note (a) below]	854.81	854.81	-	-
Bank Deposits with remaining maturity of more than 12 months	-	0.92	-	-
Interest Accrued on Fixed Deposits and Loans	-	-	10.49	0.47
Charges Recoverable	-	-	649.79	-
<b>Total</b>	<b>854.81</b>	<b>855.73</b>	<b>660.28</b>	<b>0.47</b>

- a) Claims Receivable represents lease rent receivable from Indian Railways amounting to Rs 854.81 Lacs (March 31, 2017 : Rs 854.81 Lacs), net of expected credit loss amounting to Rs. 3,097.53 Lacs (March 31, 2017 : Rs. 3,097.53 Lacs), measured and recognised based on the management's estimate of time for final outcome of the matter in Court/Arbitration proceedings. The said matter was under arbitration proceedings since 2004 and finally, the Arbitrators, passed an award on February 3, 2016 whereby the Company's claims were rejected. Being aggrieved by the award, the Company filed an appeal under Section 34 of the Arbitration & Conciliation Act, 1996 (as amended) before the Hon'ble High Court, Delhi on April 29, 2016 and the 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.

### 7. NON - CURRENT TAX ASSETS

	As at March 31, 2018 Rs. in Lacs	As at March 31, 2017 Rs. in Lacs
Advance Tax (Including Tax Deducted at Source)	14.51	12.63
	<u>14.51</u>	<u>12.63</u>

### 8. OTHER ASSETS

Unsecured, Considered Good unless stated otherwise

	Non-current		Current	
	As at March 31, 2018 Rs. in Lacs	As at March 31, 2017 Rs. in Lacs	As at March 31, 2018 Rs. in Lacs	As at March 31, 2017 Rs. in Lacs
Capital Advances	-	0.74	-	-
Subsidy Receivable	-	-	-	42.16
Security Deposits	-	10.30	35.00	10.00
Advance recoverable in cash or kind				
Considered Good	-	-	101.78	111.85
Considered Doubtful	-	-	19.81	4.64
	-	-	121.59	116.49
Less: Provision for Doubtful Advances	-	-	19.81	4.64
	-	-	101.78	111.85
<b>Other Advances</b>				
Balance with Statutory/ Government Authorities	-	-	868.64	181.81
Prepaid Expenses	50.00	12.64	25.42	71.91
	<u>50.00</u>	<u>23.68</u>	<u>1,030.84</u>	<u>417.73</u>

### 9. TRADE RECEIVABLES (at amortised costs)

Unsecured, Considered Good unless stated otherwise

Secured, Considered Good	-	-	21.41	25.00
Unsecured, Considered Good	83.57	131.61	1,754.45	1,234.06
Considered Doubtful	55.21	-	78.62	148.78
	<u>138.78</u>	<u>131.61</u>	<u>1,854.48</u>	<u>1,407.84</u>
Less: Provision for Doubtful Debts	55.21	-	78.62	148.78
	<u>83.57</u>	<u>131.61</u>	<u>1,775.86</u>	<u>1,259.06</u>

Refer Note 14 for information on Trade Receivables pledged as security by the Company.

## NOTES TO FINANCIAL STATEMENTS as at and for the year ended March 31, 2018

### 10. INVENTORIES (Valued at lower of cost and net realizable value)

	As at March 31, 2018 Rs. in Lacs	As at March 31, 2017 Rs. in Lacs
Raw Materials and Components [Includes Goods-in-transit Rs. 4.25 Lacs (March 31, 2017 : Rs. 129.28 Lacs)]	1,788.96	2,353.70
Work-in-progress	691.15	970.61
Finished Goods	1,326.49	1,326.97
Stores and Spares	310.26	260.53
Stock-in-trade	-	10.06
Saleable Scrap	115.94	207.68
	<b>4,232.80</b>	<b>5,129.55</b>

- a) Refer Note 14 for information on Inventories pledged as security by the Company.  
b) Write-downs of inventories to net realisable value amounted to Rs. 103.87 Lacs (March 31, 2017: Rs. Nil). These were recognised under Cost of Raw Material and Components Consumed in the Statement of Profit and Loss.

### 11. CASH AND BANK BALANCES

	As at March 31, 2018 Rs. in Lacs	As at March 31, 2017 Rs. in Lacs
<b>11.1 Cash and Cash Equivalents</b>		
Cash in Hand	0.90	0.59
Deposits with Original Maturity of Less Than Three Months	-	100.00
Balances with Banks in Current Accounts	73.76	94.56
	<b>74.66</b>	<b>195.15</b>
<b>11.2 Other Bank Balances</b>		
On Unpaid Fractional Share Entitlement	2.48	2.48
Deposits held as Margin Money @	284.49	88.81
	<b>286.97</b>	<b>91.29</b>

- @ Receipts lying with banks as security against guarantees/ letters of credit issued by them.

### 12. EQUITY SHARE CAPITAL

	No. of shares	As at March 31, 2018 Rs. in Lacs	No. of shares	As at March 31, 2017 Rs. in Lacs
<b>Authorised Shares</b>				
Equity Shares of Rs. 10/- each [Refer Note 41(c)]	610.00	6,100.00	250.00	2,500.00
Preference Shares of Rs 10/- each	500.00	5,000.00	500.00	5,000.00
		<b>11,100.00</b>		<b>7,500.00</b>
<b>Issued, Subscribed and Paid-up Equity Shares</b>				
Equity Shares of Rs. 10/- each, Fully Paid-up	273.49	2,734.85	201.49	2,014.85
		<b>2,734.85</b>		<b>2,014.85</b>

- a) This note also covers the equity component of the issued 8 % Non-cumulative, Non-convertible Redeemable Preference Shares (NCNCRPS) [included in Other Equity in Note 13(A)]. The liability component is reflected in Borrowings Note 14(A).  
b) **Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**

	No. of shares	As at March 31, 2018 Rs. in Lacs	No. of shares	As at March 31, 2017 Rs. in Lacs
<b>Equity Shares</b>				
At the beginning of the year	201.49	2,014.85	201.49	2,014.85
Shares issued during the year (Refer Note 41)	72.00	720.00	-	-
<b>Outstanding at the end of the year</b>	<b>273.49</b>	<b>2,734.85</b>	<b>201.49</b>	<b>2,014.85</b>

- c) **Terms and 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.

- d) **Terms of NCNCRPS**

For terms and conditions, refer Note 14(a)

## NOTES TO FINANCIAL STATEMENTS as at and for the year ended March 31, 2018

### 12. EQUITY SHARE CAPITAL (Contd.)

e) <b>Shares held by holding/ultimate holding and/ or their subsidiaries/ associates</b>	As at March 31, 2018		As at March 31, 2017	
	No. of shares	Rs. in Lacs	No. of shares	Rs. in Lacs
<b>Equity Shares</b>				
Titagarh Wagons Limited, the Holding Company*				
Equity shares of Rs. 10/- each Fully Paid-up	222.65	2,226.54	150.65	1,506.54
<b>Preference Shares</b>				
Titagarh Wagons Limited, the Holding Company				
NCNCRPS of Rs. 10/- each Fully Paid-up	250.00	1,097.60	250.00	1,097.60
Titagarh Capital Private Limited, wholly owned subsidiary of the Holding Company				
NCNCRPS of Rs. 10/- each Fully Paid-up	150.00	821.11	150.00	821.11
* It includes 4,835,646 shares (March 31, 2017: 4,835,646 shares) held in the name of "Cimmco Equity Holdings Private Limited" (CEHPL). CEHPL has been merged with Titagarh Wagons Limited w.e.f. April 1, 2015 and an application for change of name has been submitted to the depository participant (ICICI Bank) which is under process.				
<b>f) 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, 2018		As at March 31, 2017	
	No. of shares in lacs		No. of shares in lacs	
Equity shares allotted as fully paid up pursuant to contracts for consideration other than cash [Refer Note 41]	72.00		-	
<b>g) Details of shareholders holding more than 5% shares in the Company</b>	As at March 31, 2018		As at March 31, 2017	
	No. of shares in lacs	% holding	No. of shares in lacs	% holding
<b>Equity Shares of Rs. 10 each Fully Paid-up</b>				
Titagarh Wagons Limited, the holding company	222.65	81.41%	150.65	74.77%
<b>NCNCRPS of Rs 10 each Fully Paid-up</b>				
Titagarh Wagons Limited	250.00	62.50%	250.00	62.50%
Titagarh Capital Private Limited	150.00	37.50%	150.00	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 ownership of shares.				

### 13. OTHER EQUITY

	As at March 31, 2018 Rs. in Lacs	As at March 31, 2017 Rs. in Lacs
<b>A. Equity Component of 8% NCNCRPS of Rs. 10 each issued and Fully Paid-up [Refer Note 14 (a)].</b>	<b>1,918.71</b>	<b>1,918.71</b>
<b>B. Shares pending Allotment (Refer Note 41)</b>		
Balance as per the Last Financial Statements	720.00	-
Arisen Pursuant to the Scheme of Amalgamation (Refer Note 41)	-	720.00
Issue of Equity Shares during the year	(720.00)	-
	<b>-</b>	<b>720.00</b>
<b>C. Securities Premium Account</b>	<b>3,220.32</b>	<b>3,220.32</b>
Premium received on equity shares issued are recognised in the Securities Premium Account. This reserve may be utilised in accordance with the provisions of Section 52 of the Act.		
<b>D. Capital Reserve (Refer Note 41)</b>		
Balance as per the Last Financial Statements	2,880.00	-
Arisen Pursuant to the Scheme of Amalgamation (Refer Note 41)	-	2,880.00
	<b>2,880.00</b>	<b>2,880.00</b>
<b>E. Retained Earnings</b>		
Balance as per the Last Financial Statements	7,737.39	10,911.71
Arisen Pursuant to the Scheme of Amalgamation (Refer Note 41)	-	(1,265.42)
Loss for the year	(2,331.82)	(1,916.84)
Item of Other Comprehensive Income recognised directly in Retained Earnings		
- Remeasurement (Gains) / Losses on Defined Benefit Plan	(0.62)	7.94
	<b>5,404.95</b>	<b>7,737.39</b>
	<b>13,423.98</b>	<b>16,476.42</b>

## NOTES TO FINANCIAL STATEMENTS as at and for the year ended March 31, 2018

### 14. BORROWINGS (At Amortised Cost)

	Non-current		Current	
	As at March 31, 2018 Rs. in Lacs	As at March 31, 2017 Rs. in Lacs	As at March 31, 2018 Rs. in Lacs	As at March 31, 2017 Rs. in Lacs
<b>Liability Component of Compound Financial Instruments</b>				
A. Non-Cumulative, Non-convertible Redeemable Preference Shares (NCNCRPS) [Refer (a) below]	3,462.54	3,058.88	-	-
<b>Secured</b>				
B. Indian Rupee Loan from banks [Refer (b) below]	6,090.38	1,614.53	2,098.32	1,506.37
Less: Amount disclosed under Other Financial Liabilities (Refer Note 18)	-	-	(2,098.32)	(1,506.37)
	<u>6,090.38</u>	<u>1,614.53</u>	<u>-</u>	<u>-</u>
C. Cash Credits from Banks [Refer (c) below]	-	-	949.43	1,110.74
<b>Unsecured</b>				
D. Loan from a Related Party [Refer (d) below]	-	-	500.00	1,000.00
	<u>-</u>	<u>-</u>	<u>500.00</u>	<u>1,000.00</u>
<b>Total (A+B+C+D)</b>	<b><u>9,552.92</u></b>	<b><u>4,673.41</u></b>	<b><u>1,449.43</u></b>	<b><u>2,110.74</u></b>

#### a) Terms of NCNCRPS

The Company had issued 400.00 Lacs of 8% NCNCRPS of Rs. 10 each fully paid-up at par during the year ended March 31, 2015 to related parties (Refer Note 32). 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. The presentation of the liability and equity portion of these shares is explained in Note 2.13.

#### b) Terms of Repayment of Secured Loans:

- i) Term Loan of Rs. 1,994.05 Lacs (March 31, 2017: Rs. 3,120.90 lacs) carries an interest @ 10.60% p.a (March 31, 2017 @ 11.10%) (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.

The above term loan is secured by a first pari passu charge on land admeasuring 18.75 acres situated at Gwalior and also first pari passu charge over the other fixed assets (including land admeasuring 470 Bigha 1 Biswa at Bharatpur, Rajasthan) of the Company. The loan is further backed by a "Put Option" of Titagarh Wagons Limited(TWL), the 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.

- ii) Term Loan of Rs. 6,194.65 lacs (March 31, 2017: Rs. Nil) carries an interest @ 9.05% p.a (March 31, 2017: Nil) linked to 1 year MCLR and is repayable in 14 quarterly installments starting from December 2019 to September 2024.

There are certain financial covenants as per the terms of the loan agreement which have not been met as at March 31, 2018. However, the Company has been regular and timely in payment of interest. The management believes that it is not a material breach and the loan will continue to be on the same repayment terms and conditions as agreed at the time of disbursement. The Company has till date also not received any notice in this regard from the bank. Accordingly the year end loan amount has been classified as non-current in accordance with the terms agreed at the time of disbursement.

Above term loan is secured by a first pari-passu charge by way of mortgage upon all fixed assets including land and building, plant and machinery and other movable/immovable assets at Company's Bharatpur Plant. The loan is further secured by the second charge on all current assets of the Company and unconditional and irrevocable corporate guarantee of Titagarh Wagons Limited, in relation to the entire amount payable under the facility.

- c) 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 rate ranging between 9.50% to 14% p.a linked with MCLR.

#### d) Terms of Repayment of Unsecured Loans :

Loan from Related Party carries interest rate of 11% p.a.( March 31, 2017 : 15 % p.a.) and is repayable on demand. Also refer Note 32.

## NOTES TO FINANCIAL STATEMENTS as at and for the year ended March 31, 2018

### 15. PROVISIONS

	<b>Non-current</b>		<b>Current</b>	
	As at March 31, 2018 Rs. in Lacs	As at March 31, 2017 Rs. in Lacs	As at March 31, 2018 Rs. in Lacs	As at March 31, 2017 Rs. in Lacs
<b>Provisions for Employee Benefits :</b>				
Gratuity [Refer Note No. 30(i)]	22.83	21.73	39.92	30.24
Leave Benefits [Refer Note No. 30(iii)]	-	-	25.98	22.00
	<b>22.83</b>	<b>21.73</b>	<b>65.90</b>	<b>52.24</b>
<b>Other Provisions :</b>				
Warranties [Refer (a) below for movement] #	-	-	29.32	36.98
Liquidated Damages [Refer (a) below for movement] #	-	-	131.48	38.16
Litigation, Claims and Contingencies #	-	-	95.16	95.16
	-	-	<b>255.96</b>	<b>170.30</b>
	<b>22.83</b>	<b>21.73</b>	<b>321.86</b>	<b>222.54</b>

**a) The movement in Provision for Warranties and Liquidated Damages are as follows :**

	<b>Warranties</b>		<b>Liquidated damages</b>	
	As at March 31, 2018 Rs. in Lacs	As at March 31, 2017 Rs. in Lacs	As at March 31, 2018 Rs. in Lacs	As at March 31, 2016 Rs. in Lacs
At the beginning of the year	36.98	37.32	38.16	224.53
Made during the year	18.00	7.45	126.23	14.31
Utilised during the year	-	(6.29)	(32.91)	-
Unused amounts reversed	(25.66)	(1.50)	-	(200.68)
At the end of the year	29.32	36.98	131.48	38.16

# The Management inter alia based on the past trend expects to settle the provision within twelve months from the Balance Sheet date and has therefore classified the entire amount as Current.

### 16. DEFERRED TAX LIABILITIES (NET)

	As at March 31, 2018 Rs. in Lacs	As at March 31, 2017 Rs. in Lacs
<b>Deferred Tax Liabilities</b>		
Relating to origination and reversal of temporary differences on non-depreciable assets (fair valuation of land)	2,412.44	2,450.79
Arising out of temporary differences in depreciable assets	229.84	320.01
<b>A</b>	<b>2,642.28</b>	<b>2,770.80</b>
<b>Deferred Tax Assets</b>		
Provision for Doubtful Financial Assets	1,129.17	1,123.48
Provision for Liquidated Damages and Warranties	56.19	26.00
Provision for Litigation, Claims and Contingencies	33.25	32.93
Provision for Doubtful Advances	6.92	1.61
Provision for Employee Benefits	31.01	25.60
Unabsorbed Depreciation	571.09	453.33
Carried Forward Business Losses	2,648.15	2,632.53
	4,475.78	4,295.48
Deferred Tax Asset not recognised	(4,245.94)	(3,975.47)
<b>Net Deferred Tax Assets</b>	<b>B</b> <b>229.84</b>	<b>320.01</b>
<b>Deferred Tax Liabilities (Net)</b>	<b>A-B</b> <b>2,412.44</b>	<b>2,450.79</b>

Deferred Tax Liabilities have been recognised on the impact of fair valuation of land. Impact on account of change in tax base of said land and tax rates is taken to tax expenses in statement of Profit and loss. Further in absence of reasonable certainty supported with convincing evidence, the Company has not recognised the deferred tax assets on unabsorbed depreciation, carried forward business losses (expiring from the financial year 2018-19 to 2024-25) and other items (except to the extent of deferred tax liabilities arising out of temporary differences in depreciable assets).

## NOTES TO FINANCIAL STATEMENTS as at and for the year ended March 31, 2018

### 17. TRADE PAYABLES (At amortised Cost)

	As at March 31, 2018 Rs. in Lacs	As at March 31, 2017 Rs. in Lacs
Acceptances	1,271.95	2,840.47
Trade Payables [Refer (a) below]	1,064.79	3,310.82
	<b>2,336.74</b>	<b>6,151.29</b>

- a) Trade Payables include payable to Titagarh Wagons Limited, the holding company, Rs. 608.71 Lacs (March 31, 2017 : Rs. 1,665.71 Lacs). Also Refer Note 32.
- b) Refer Note 42 for disclosures relating to Micro, Small & Medium Enterprise Development Act, 2006.

### 18. OTHER FINANCIAL LIABILITIES (At amortised Cost)

	As at March 31, 2018 Rs. in Lacs	As at March 31, 2017 Rs. in Lacs
Current Maturities of Long-term Debt [Refer Note 14(B)]	2,098.32	1,506.37
Payable towards Purchase of Property, Plant and Equipment	44.98	5.96
Interest Accrued but not due on Borrowings	2.17	14.21
Others		
Employee Related Liabilities	40.23	65.72
Interest Free Deposits from Dealers	72.85	99.19
Investor Education and Protection Fund will be credited by following amounts (as and when due)		
Unpaid Fractional Shares	2.48	2.48
Other Liabilities	94.71	99.74
	<b>2,355.74</b>	<b>1,793.67</b>

### 19. OTHER CURRENT LIABILITIES

Statutory Dues	21.01	145.75
Advances from Customers	1,645.24	177.87
Other Liabilities	15.91	15.91
	<b>1,682.16</b>	<b>339.53</b>

### 20. REVENUE FROM OPERATIONS

	For the year ended March 31, 2018 Rs. in Lacs	For the year ended March 31, 2017 Rs. in Lacs
<b>Sale of Products (including Excise Duty)</b>		
Finished Products	12,765.18	11,773.92
Sale of Materials and Components	-	166.33
Sale of Traded Goods - Spare Parts	8.59	11.60
<b>Sale of Services</b>		
Job Processing Charges	335.01	554.36
<b>Other Operating Revenues</b>		
Scrap Sales	353.23	289.42
<b>Revenue from Operations (Gross)</b>	<b>13,462.01</b>	<b>12,795.63</b>

Sale of Products include Excise Duty collected from customers amounting to Rs. 138.26 Lacs (March 31, 2017: Rs. 428.78 Lacs). Post applicability of Goods and Service Tax (GST) w.e.f July 1, 2017, revenue from operations is disclosed net of GST. However, revenue for the period up to June 30, 2017 is inclusive of excise duty. Accordingly, revenue from operations and total expenses for the year ended March 31, 2018 are not comparable with the previous year.

## NOTES TO FINANCIAL STATEMENTS as at and for the year ended March 31, 2018

### 21. OTHER INCOME

	For the year ended March 31, 2018 Rs. in Lacs	For the year ended March 31, 2017 Rs. in Lacs
<b>21.1 Interest Income</b>		
On Financial Assets Carried at Amortised Cost - Bank Deposits	16.15	14.09
On Others	-	4.97
	<b>16.15</b>	<b>19.06</b>
<b>21.2 Others</b>		
Unspent Liabilities / Provisions No Longer Required Written Back	156.98	376.31
Other Non-operating Income	27.19	29.27
	<b>184.17</b>	<b>405.58</b>
	<b>200.32</b>	<b>424.64</b>

### 22. COST OF RAW MATERIALS AND COMPONENTS CONSUMED

Inventories at the beginning of the year	2,353.70	235.91
Inventories transferred pursuant to the Scheme of Amalgamation (Refer Note 41)	-	343.18
Add: Purchases	8,970.03	12,194.10
	11,323.73	12,773.19
Less: Inventories at the end of the year	1,788.96	2,353.70
	<b>9,534.77</b>	<b>10,419.49</b>

### 23. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS, STOCK-IN-TRADE AND SALEABLE SCRAP

	For the year ended March 31, 2018 Rs. in Lacs	For the year ended March 31, 2017 Rs. in Lac
<b>Inventories at the beginning of the year</b>		
Finished Goods	1,326.97	296.53
Work-in-progress	970.61	443.94
Stock-in-trade	10.06	-
Saleable Scrap	207.68	225.24
(A)	<b>2,515.32</b>	<b>965.71</b>
<b>Inventories transferred pursuant to the Scheme of Amalgamation (Refer Note 41)</b>		
Finished Goods	-	203.24
Work-in-progress	-	23.54
Stock-in-trade	-	8.29
(B)	<b>-</b>	<b>235.07</b>
<b>Inventories at the end of the year</b>		
Finished Goods	1,326.49	1,326.97
Work-in-progress	691.15	970.61
Stock-in-trade	-	10.06
Saleable Scrap	115.94	207.68
(C)	<b>2,133.58</b>	<b>2,515.32</b>
(Increase)/ Decrease	<b>(A+B-C) 381.74</b>	<b>(1,314.54)</b>

### 24. EMPLOYEE BENEFIT EXPENSES

	For the year ended March 31, 2018 Rs. in Lacs	For the year ended March 31, 2017 Rs. in Lacs
Salaries, Wages and Bonus	497.64	679.80
Contribution to Provident Fund [Refer Note 30(ii)]	24.31	34.22
Gratuity Expense [Refer Note 30(i)]	10.69	11.92
Staff Welfare Expenses	46.23	26.91
	<b>578.87</b>	<b>752.85</b>



## NOTES TO FINANCIAL STATEMENTS as at and for the year ended March 31, 2018

### 25. FINANCE COSTS

	For the year ended March 31, 2018 Rs. in Lacs	For the year ended March 31, 2017 Rs. in Lacs
Interest Expense on Financial Liabilities Carried at Amortised Cost		
- Borrowings from Banks [Net of Subsidy Rs. Nil (March 31, 2017 : Rs 139.61 Lacs)]	873.98	723.26
- Preference Shares	403.67	333.82
Other Borrowing Costs (Bank Charges, etc)	156.89	122.14
	<b>1,434.54</b>	<b>1,179.22</b>

### 26. OTHER EXPENSES

	For the year ended March 31, 2018 Rs. in Lacs	For the year ended March 31, 2017 Rs. in Lacs
Consumption of Stores and Spares	887.66	724.95
Job Processing and other Machining Charges (including Contract Labour Charges)	783.00	821.40
Power and Fuel	260.38	173.66
Design and Development Expenses	2.95	7.66
Repairs		
Plant and Machinery	10.62	33.34
Buildings	43.10	86.57
Others	4.04	15.94
Rent (Refer Note 31)	2.22	4.72
Rates and Taxes	6.42	12.75
Insurance	23.21	26.68
Advertising and Sales Promotion	10.02	21.33
Travelling and Conveyance	57.17	113.87
Freight and Forwarding Charges [Net of Recovery Rs. 20.48 Lacs (March 31, 2017 : Rs 3.96 Lacs)]	30.46	30.22
Postage and Telegram	6.35	14.13
Legal and Professional Fees	158.52	212.65
Directors Sitting Fees	13.60	19.59
Payment to Auditors		
As Auditors		
Audit fee	5.00	14.75
Limited Reviews	3.00	9.45
In other capacity		
Other Services (Certification Fees)*	7.39	8.55
Reimbursement of Expenses	0.06	3.71
Liquidated Damages	32.91	-
Less: Adjusted with Provision	32.91	-
Provision for Liquidated Damages	126.23	14.31
Warranty charges	-	10.62
Less: Adjusted with Provision	-	6.29
Provision for Warranties	18.00	7.45
Provision for Doubtful Debts and Advances	139.00	147.03
Net Loss on Disposal of Property, Plant and Equipment	0.11	-
Loss on Fair Valuation of Investments Carried at Fair Value through Profit or Loss	1.16	0.06
Irrecoverable Debts / Advances Written Off	-	0.04
Miscellaneous Expenses	201.59	148.99
	<b>2,801.26</b>	<b>2,678.13</b>

\* Includes Rs. 7.39 Lacs (March 31, 2017 Rs. Nil) paid to the preceding auditors of the Company.

## NOTES TO FINANCIAL STATEMENTS as at and for the year ended March 31, 2018

### 27. EXCEPTIONAL ITEMS

	For the year ended March 31, 2018 Rs. in Lacs	For the year ended March 31, 2017 Rs. in Lacs
Impairment of Property, Plant and Equipment and Intangible Assets [Refer Note 3(i)(c)]	614.12	-
Settlement of Claim [Refer (a) below]	-	325.00
Sales Tax [Refer (b) below]	-	124.91
	<b>614.12</b>	<b>449.91</b>

- (a) Represents pending legal dispute with a subcontractor relating to its dues amounting to Rs 2,525.85 lacs (including interest of Rs 1,721.63 lacs) on which an arbitration award passed against the Company and was appealed against by the Company. During the previous year, a settlement agreement was entered into with the said party pursuant to which an amount of Rs. 325.00 Lacs was paid as full and final settlement of all its dues.
- (b) Represents Sales Tax liability paid during the previous year under the amnesty scheme of Government of Rajasthan for the years relating to pre lock out period.

### 28. INCOME TAX EXPENSE

	For the year ended March 31, 2018 Rs. in Lacs	For the year ended March 31, 2017 Rs. in Lacs
<b>A) Amount recognised in the Statement of Profit and Loss</b>		
<b>Current Tax</b>		
Adjustments relating to earlier years	-	3.34
<b>Deferred Tax</b>		
Origination and reversal of temporary differences	(38.35)	(131.83)
	<b>(38.35)</b>	<b>(128.49)</b>
<b>B) Numerical Reconciliation of Income Tax Expense to Prima Facie Tax Payable</b>		
Accounting Loss before Tax	(2,370.17)	(2,045.33)
<b>At India's Statutory Income Tax Rate of 34.608% (March 31, 2017: 34.608%)</b>	<b>(820.27)</b>	<b>(707.85)</b>
Expenses not allowed as deductions	140.58	117.81
Deferred tax asset to the extent not recognised in absence of reasonable certainty	641.34	458.21
Adjustment relating to earlier years	-	3.34
	<b>(38.35)</b>	<b>(128.49)</b>

### 29. LOSS PER EQUITY SHARE

	For the year ended March 31, 2018	For the year ended March 31, 2017
Weighted average number of Equity Shares outstanding during the year @	27,348,526	27,348,526
Loss for the year (Rs in lacs)	(2,331.82)	(1,916.84)
Nominal Value per Equity Share (Rs)	10.00	10.00
Loss per Equity Share - Basic and Diluted (Rs.)	(8.53)	(7.01)

@ Includes 7,200,000 equity shares issued pursuant to the Scheme of Amalgamation considered from April 1, 2016. Also refer Note 41.

### 30. EMPLOYMENT BENEFITS

#### i) Post Employment Defined Benefit Plan

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 following table sets forth the particulars in respect of the gratuity plan of the Company :

	<b>Gratuity (Rs. in lacs)</b>	
	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>a) Statement of Profit and Loss</b>		
<b>Net Employee Benefits Expense recognised in the employee cost</b>		
Current Service Cost	7.48	8.13
Net Interest Cost	3.21	3.79
<b>Total (Recognised as 'Gratuity Expense' in Note 24)</b>	<b>10.69</b>	<b>11.92</b>

## NOTES TO FINANCIAL STATEMENTS as at and for the year ended March 31, 2018

### 30. EMPLOYMENT BENEFITS (Contd.)

	Gratuity (Rs. in lacs)	
	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>b) Expenses recognised in Other Comprehensive Income (OCI)</b>		
Remeasurements (Gains) / Losses	0.62	(7.94)
<b>Total</b>	<b>0.62</b>	<b>(7.94)</b>
<b>c) Net Liability recognised in Balance Sheet</b>		
<b>Changes in the Present Value of the Defined Benefit Obligation are as follows:</b>		
Opening Present Value of Defined Benefit Obligation	51.97	49.10
Current Service Cost	7.48	8.13
Interest Cost	3.21	3.79
Benefits Paid	(0.53)	(1.11)
Remeasurements (Gains) / Losses		
Financial assumption changes	(1.69)	1.39
Experience Variance	2.31	(9.33)
<b>Closing Present Value of Defined Benefit Obligation</b>	<b>62.75</b>	<b>51.97</b>
<b>d) Maturity profile of the Defined Benefit Obligation</b>		
<b>Weighted average duration of the defined benefit obligation</b>	4 years	3 years
Expected benefit payments for the year ending		
Not later than 1 year	33.77	30.24
Later than 1 year and not later than 5 years	11.94	9.07
Later than 5 year and not later than 10 years	14.71	16.50
More than 10 years	27.03	26.98
<b>e) The principal assumptions used in determining Gratuity are shown below :</b>		
Discount Rate	7.70%	7.00%
Rate of increase in salary	5.00%	5.00%
Mortality	Indian Assured Lives Mortality (2006-08) (modified)	

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.

A quantitative sensitivity analysis for significant assumption on the gratuity plan is as shown below : (Rs. in lacs)

Sensitivity Analysis	Impact on Defined Benefit Obligation			
	March 31, 2018		March 31, 2017	
	Increase	Decrease	Increase	Decrease
Discount Rate (+/- 1%)	(59.05)	54.45	(49.76)	54.48
Salary Growth Rate (+/- 1%)	54.38	(59.09)	54.51	(49.69)

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit obligation recognised in the Balance Sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

#### ii) Post Employment Defined Contribution Plan - Provident Fund

Certain categories of employees of the Company receive benefits from a provident fund, a defined contribution plan. Both the employee and employer make monthly contributions to a government administered fund at specified percentage of the covered employee's qualifying salary. The Company has no further obligations under the plan beyond its monthly contributions.

The amount paid for defined contribution plan are as follows :

	For the year ended March 31, 2018	For the year ended March 31, 2017
Provident Fund	24.31	34.22

## NOTES TO FINANCIAL STATEMENTS as at and for the year ended March 31, 2018

### 30. EMPLOYMENT BENEFITS (Contd.)

#### iii) Leave Benefits

The Company provides for accumulation of leave by its employees. The employees can carry forward a portion of the unutilised leave balances and utilise it in future periods or receive cash in lieu thereof as per the Company's policy. The Company records a provision for leave benefits in the period in which the employee renders the services that increases this entitlement. This is an unfunded plan.

The total provision recorded by the Company towards this obligation as at year end was Rs. 25.98 Lacs (March 31, 2017: Rs 22.00 Lacs). The amount of the provision is presented as current, since the Company does not have an unconditional right to defer settlement for any of these benefits. However, based on past experience, the Company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following amounts reflect leave that is not expected to be taken or paid within the next 12 months.

	For the year ended March 31, 2018 Rs. in Lacs	For the year ended March 31, 2017 Rs. in Lacs
Leave provision not expected to be settled within the next 12 months	10.05	5.73

#### iv) Risk Exposure

Through its defined benefit plans, the Company is exposed to some risks, the most significant of which are detailed below :

##### Discount Rate Risk

The Company is exposed to the risk of fall in discount rate. A fall in discount rate will eventually increase the ultimate cost of providing the above benefit thereby increasing the value of the liability.

##### Salary Growth Risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. An increase in the salary of the plan participants will increase the plan liability.

##### Demographic Risk

In the valuation of the liability, certain demographic (mortality and attrition rates) assumptions are made. The Company is exposed to this risk to the extent of actual experience eventually being worse compared to the assumptions thereby causing an increase in the benefit cost.

### 31. LEASES

The Company does not have any non-cancellable lease agreement. Operating lease rentals on machineries for the year recognised in the Statement of Profit and Loss amounts to Rs. 2.22 Lacs (March 31, 2017 - Rs. 4.72 Lacs). There are no restrictions imposed by lease arrangements and there are no purchase options or sub leases or contingent rents.

### 32. RELATED PARTY DISCLOSURES

#### (A) Names of related parties and Related Party relationship

##### Related parties where control exists:

Holding Company : Titagarh Wagons Limited

##### Other Related Parties with whom transactions have taken place during the year

Fellow Subsidiaries : Titagarh Capital Private Limited

[Excluding Titagarh Agrico Private Limited  
[merged with the Company pursuant to the  
Scheme of Amalgamation (Refer Note 41)]]

Key Management Personnel (KMPs) : Mr. J P Chowdhary – Executive Chairman  
Mr. Umesh Chowdhary – Vice Chairman  
Mr. R N Tiwari, Director (Works)  
Mr. Anil Kumar Agarwal - Whole time Director (w.e.f. January 1, 2017),  
Non-Executive Director (till December 31, 2016)  
Dr G.B. Rao - Independent Director  
Mr. J.K.Shukla - Independent Director  
Mr. Kanwar Satya Brata Sanyal - Independent Director  
Mr. Matblubul Jamil Zillay Mowla - Independent Director  
Mr. Nandan Bhattacharya - Independent Director  
Mrs. Vinita Bajoria - Non-Executive Director

KMP of Holding Company : Mr. D.N. Davar  
(Titagarh Wagons Limited)

## NOTES TO FINANCIAL STATEMENTS as at and for the year ended March 31, 2018

**(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	Year	Holding Company	Fellow Subsidiaries	KMP	Total
<b>In relation to the Statement of Profit and Loss</b>					
<b>Sale of Products (Gross)</b>					
Titagarh Wagons Limited	2017-18	119.06	-	-	119.06
	2016-17	126.76	-	-	126.76
<b>Job Processing Charges</b>					
Titagarh Wagons Limited	2017-18	295.61	-	-	295.61
	2016-17	475.10	-	-	475.10
<b>Rent Expenses</b>					
Titagarh Wagons Limited	2017-18	-	-	-	-
	2016-17	4.66	-	-	4.66
<b>Purchase of Raw Materials and Components</b>					
Titagarh Wagons Limited	2017-18	1,949.02	-	-	1,949.02
	2016-17	1,789.64	-	-	1,789.64
<b>Interest Expense on Borrowings</b>					
Titagarh Capital Private Limited	2017-18	-	211.37	-	211.37
	2016-17	-	144.58	-	144.58
<b>Directors Remuneration - Short-term employee benefits [Refer (E) below]</b>					
Anil Agarwal	2017-18	-	-	12.00	12.00
	2016-17	-	-	3.00	3.00
R.N. Tiwari	2017-18	-	-	22.66	22.66
	2016-17	-	-	20.96	20.96
<b>Directors Remuneration - Contribution to Provident Fund</b>					
R. N. Tiwari	2017-18	-	-	1.34	1.34
	2016-17	-	-	1.25	1.25
<b>Legal and Professional Fees</b>					
D.N. Davar	2017-18	-	-	2.92	2.92
	2016-17	-	-	3.50	3.50
<b>Sitting Fees to Directors</b>					
Anil Kumar Agarwal	2017-18	-	-	0.60	0.60
	2016-17	-	-	2.60	2.60
G.B. Rao	2017-18	-	-	1.40	1.40
	2016-17	-	-	1.20	1.20
J. K. Shukla	2017-18	-	-	3.20	3.20
	2016-17	-	-	4.20	4.20
Kanwar Satya Brata Sanyal	2017-18	-	-	2.80	2.80
	2016-17	-	-	2.60	2.60
Matlubul Jamil Zillay Mowla	2017-18	-	-	1.70	1.70
	2016-17	-	-	2.50	2.50
Nandan Bhattacharya	2017-18	-	-	2.60	2.60
	2016-17	-	-	2.40	2.40
Vinita Bajoria	2017-18	-	-	1.00	1.00
	2016-17	-	-	1.40	1.40
<b>Reimbursement of expenses from</b>					
Titagarh Wagons Limited	2017-18	-	-	-	-
	2016-17	1.86	-	-	1.86
<b>Reimbursement of expenses to</b>					
Titagarh Wagons Limited	2017-18	367.40	-	-	367.40
	2016-17	-	-	-	-

## NOTES TO FINANCIAL STATEMENTS as at and for the year ended March 31, 2018

**(B) Details of transactions between the Company and Related Parties and outstanding balances as at the year end are given below:**  
(Contd.)

Rs in Lacs					
Nature of transactions	Year	Holding Company	Fellow Subsidiaries	KMP	Total
<b>In relation to the Balance Sheet</b>					
<b>Sale of Property, Plant and Equipment</b>					
Titagarh Wagons Limited	2017-18	20.12	-	-	20.12
	2016-17	15.15	-	-	15.15
<b>Purchase of Property, Plant and Equipment</b>					
Titagarh Wagons Limited	2017-18	5.88	-	-	5.88
	2016-17	3.06	-	-	3.06
<b>Loans Taken</b>					
Titagarh Wagons Limited	2017-18	-	-	-	-
	2016-17	6.18	-	-	6.18
Titagarh Capital Private Limited	2017-18	-	3,500.00	-	3,500.00
	2016-17	-	550.00	-	550.00
<b>Loans Repaid</b>					
Titagarh Capital Private Limited	2017-18	-	4,000.00	-	4,000.00
	2016-17	-	200.00	-	200.00
Titagarh Wagons Limited	2017-18	-	-	-	-
	2016-17	6.18	-	-	6.18
<b>Balance outstanding as at the year end</b>					
<b>Borrowings- Current</b>					
Titagarh Capital Private Limited	March 31, 2018	-	500.00	-	500.00
	March 31, 2017	-	1,000.00	-	1,000.00
<b>Borrowings- Non- current - Liability Component of Compound Financial Instruments</b>					
Titagarh Capital Private Limited	March 31, 2018	-	1,295.88	-	1,295.88
	March 31, 2017	-	1,128.67	-	1,128.67
Titagarh Wagons Limited	March 31, 2018	2,166.66	-	-	2,166.66
	March 31, 2017	1,930.21	-	-	1,930.21
<b>Other Financial Liabilities - Interest Accrued</b>					
Titagarh Capital Private Limited	March 31, 2018	-	2.17	-	2.17
	March 31, 2017	-	-	-	-
<b>Trade Payables</b>					
Titagarh Wagons Limited	March 31, 2018	608.71	-	-	608.71
	March 31, 2017	1,665.71	-	-	1,665.71

(C) The Company has obtained a loan from ICICI bank in earlier years for Rs. 4,000 Lacs 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. The Outstanding balance of the said loan as on March 31, 2018 is Rs. 1,994.05 lacs (March 31, 2017: Rs. 3,120.90 lacs). Also Refer Note 14 (b)(i).

The Company has obtained a loan from IndusInd Bank of Rs. 6,500 Lacs during the current year which is inter-alia secured by unconditional and irrevocable corporate guarantee of TWL. The Outstanding balance of the said loan as on March 31, 2018 is Rs. 6,194.65 lacs (March 31, 2017: Nil). Also Refer Note 14(b)(ii)

**(D) Terms and conditions of transactions with related parties**

The sales / services to and purchases from related parties are made in the ordinary course of business.

Outstanding balances at the year-end are unsecured and interest free (except loans taken) and settlement occurs in cash. The Company has not recorded any impairment of receivables relating to amounts owed by related parties.

(E) The remuneration to Key Management Personnel does not include provisions made for gratuity and leave benefits as they are determined on an actuarial basis for the Company as a whole.

(F) Refer Note 34 (c) for certain claims relating to a fellow subsidiary.

## NOTES TO FINANCIAL STATEMENTS as at and for the year ended March 31, 2018

### 33. COMMITMENTS

	As at March 31, 2018 Rs. in Lacs	As at March 31, 2017 Rs. in Lacs
Estimated amount of contracts remaining to be executed on Capital account and not provided for (net of advances)		
Property, Plant and Equipment	-	19.70

### 34. CONTINGENT LIABILITIES

(A) Disputed claims contested by the Company / pending at various courts.*	2,208.40	2,214.41
Matters under appeal with:		
Excise, Customs and Sales Tax Authorities	572.46	2,482.94
Income Tax Authorities	73.98	45.91

\* Includes Rs 1,360.45 Lacs (March 31, 2017: Rs 1,292.95 Lacs) which in terms of BIFR order, even if decided against the Company, would stand at Rs 136.04 Lacs (March 31, 2017 : 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 there against has been made in the financial statements.

- (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 licenses. 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 November 27, 2000 wherein a rehabilitation package was sanctioned by the BIFR on March 31, 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 December 21, 2010 had extended the EO period upto March 31, 2016. 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 had 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 in the previous year. However, in absence of complete list of licenses along with 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. In year ended March 31, 2017 the Company had received a demand of Rs. 1,234.20 Lacs from Titagarh Capital Pvt. Ltd. (TCPL), 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. Being aggrieved by the Order, Indian Railways preferred to file a Special Leave to Petition before the Hon'ble Supreme Court of India and the Hon'ble Supreme Court, with the consent of the parties vide its order dated September 17, 2015, disposed of the SLP by referring all the disputes relating to 687 BOXN Wagons and 200 BCNA Wagons, total 887 Wagons, to the sole Arbitration of Hon'ble Mr. Justice (Retd.) S.S.Nijjar. In view of ultimate claim against the Indian Railways, TCPL and the Company jointly filed claims aggregating Rs. 2,582.32 Lacs (March 31, 2017 : Rs. 2,582.32 Lacs) before the Ld. Sole Arbitrator and have also sought payment by Indian Railways of the user charges for the 687 BOXN Wagons and 200 BCNA Wagons for the period after the expiry of the primary lease period till the date of realisation along with interest at the rate of 22% per annum for delayed payment of user charges for the 687 BOXN Wagons and 200 BCNA Wagons till the date of realisation and also a direction on Railways to return possession of the 687 BOXN Wagons and 200 BCNA Wagons and order of injunction restraining the Indian Railways from using the Wagons. Indian Railways have filed their counter claim seeking to acquire ownership and title of the wagons at the residual value of 1% of the cost of acquisition. In the arbitration proceedings, the pleadings have been completed at the hearing on April 25, 2017 and next date for final arguments is yet to be fixed. During the legal proceedings before the various forum, Indian Railways had specifically admitted to their willingness to make payment of the lease rentals for the secondary lease period. As on March 31, 2018, the amount of claim before the Sole Arbitrator works out to Rs. 1,669.85 Lacs (March 31, 2017 : Rs. 1,499.54 Lacs) on account of secondary lease rental for 887 wagons and Rs. 2,482.83 Lacs (March 31, 2017 : Rs. 1,974.21 Lacs) on amount of interest computed @ 22% per annum as per terms of the Agreement. The realisable value of 887 wagons (based on independent Valuer) as at March 31, 2018 works out to Rs. 4,664.94 Lacs (March 31, 2017 : Rs. 2,336.35 Lacs). The Company has not provided for this claim since it has a back-to-back claim for the sub-lease on Indian Railways.
- (D) SBI Caps has raised an invoice of Rs 1,128.95 lacs on the Company on account of disallowance of depreciation by the income tax authorities on the wagons leased by SBI Caps to Cimmco which in turn has been sub leased by the Company to Indian Railways. The same pertains to the assessment year 1998-99 to 2004-05 (period prior to change of management in terms of the BIFR order) and the matter is pending with



## NOTES TO FINANCIAL STATEMENTS as at and for the year ended March 31, 2018

ITAT Mumbai. As per the separate lease agreements entered between SBI CAPS, Cimmco Limited and Indian Railways, any claims, charges, duties taxes and penalties as may be levied by the Government or any other authority pertaining to leased wagons shall be borne by the Indian Railways. Considering the above terms contained in the above agreements and also favorable ITAT judgements regarding the admissibility of the depreciation on the leased assets the Company believes that there would not be any liability that would crystallise on account of the above.

- (E) A third party (MITS) had preferred an appeal before the Hon'ble Supreme Court (SC) against the order passed in favour of the Company by the Hon'ble Division Bench of High Court, M.P. setting aside the order of the State Government Department's office by which purported allotment was sought to be made to MITS of Leasehold / Freehold land of the Company at Gwalior measuring 20 bighas 8 biswa, which is valued at Rs 2,345.81 lacs. The Hon'ble SC has since disposed of the said appeal by an order dated February 19, 2018, stating inter alia therein that it will be open to the State of M.P. to pass an appropriate order in accordance with law, without being influenced by any observation in the impugned order in the matter, within two months after hearing the parties. The State of M.P. has not issued any notice in the matter. Accordingly the purported dispute against the Company's said land stands dismissed.
- (F) In respect of above Contingent Liabilities, it is not practicable for the Company to estimate the timings of cash outflows, if any, pending resolution of the respective proceedings. The Company does not expect any reimbursements in respect of the above.

### 35. SEGMENT INFORMATION

Consequent to amalgamation with Titagarh Agrico Private Limited (Refer Note 41), the Company's Board of Directors have identified two reportable segments, as under :

- a) Wagons & Engineering Products – Consists of manufacturing of wagons and engineering products.  
b) Tractors - Consists of manufacturing of tractors.

Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements. Also, the Company's borrowings (including finance costs), income taxes and investments are managed at head office and are not allocated to operating segments.

Segment revenue is measured in the same way as in the Statement of Profit and Loss.

Segment assets and liabilities are measured in the same way as in the financial statements. These assets and liabilities are allocated based on the operations of the segment and the physical location of the assets.

#### Information about Operating Segments

##### For the year ended March 31, 2018

	Rs. in Lacs		
	Wagons & Engineering Products	Tractors	Total
<b>Revenue from Operations</b>			
<b>Segment Revenue (External)</b>	<b>13,197.51</b>	<b>264.50</b>	<b>13,462.01</b>
<b>Segment Profit / (Loss) *</b>	<b>243.75</b>	<b>(991.99)</b>	<b>(748.24)</b>
<b>Unallocated Income / (Expenses)</b>			
Finance Costs			(1,434.54)
Interest Income			16.15
Other Corporate Expenses			(203.54)
<b>Loss before Taxes</b>			<b>(2,370.17)</b>
Tax Expenses			(38.35)
<b>Loss for the Year</b>			<b>(2,331.82)</b>
<b>Material Non-cash (Income) / Expenses:</b>			
Depreciation and Amortisation Expense	365.24	250.55	615.79
Provision for Doubtful Debts and Advances	121.60	17.40	139.00
Unspent Liabilities / Provisions no longer required Written Back	(152.23)	(4.75)	(156.98)
<b>Segment Assets</b>	<b>34,354.29</b>	<b>654.94</b>	<b>35,009.23</b>
<b>Unallocated Assets</b>			
Investments			0.25
Cash and Cash Equivalents			74.66
Other Bank Balances			286.97
Investment Properties			821.24
Non-current Tax Assets			14.51
Other Unallocated Assets			86.09
<b>Total Assets</b>			<b>36,292.95</b>
<b>Segment Liabilities</b>	<b>4,502.97</b>	<b>111.95</b>	<b>4,614.92</b>
<b>Unallocated Liabilities</b>			
Deferred Tax Liabilities (Net)			2,412.44
Borrowings			13,100.67
Other Unallocated Liabilities			6.09
<b>Total Liabilities</b>			<b>20,134.12</b>

\* Including exceptional item (Refer Note 27)

## NOTES TO FINANCIAL STATEMENTS as at and for the year ended March 31, 2018

### 35. SEGMENT INFORMATION (Contd.)

#### Information about Operating Segments For the year ended March 31, 2017

	Rs. in Lacs		
	Wagons & Engineering Products	Tractors	Total
<b>Revenue from Operations</b>			
<b>Segment Revenue (External)</b>	<b>12,221.71</b>	<b>573.92</b>	<b>12,795.63</b>
<b>Segment Profit / (Loss)</b>	<b>540.18</b>	<b>(733.00)</b>	<b>(192.82)</b>
<b>Unallocated Income / (Expenses)</b>			
Finance Costs			(1,179.22)
Interest Income			19.06
Other Corporate Expenses			(692.35)
<b>Loss before Taxes</b>			<b>(2,045.33)</b>
Tax Expenses			(128.49)
<b>Loss for the Year</b>			<b>(1,916.84)</b>
<b>Material Non-cash (Income) / Expenses :</b>			
Depreciation and Amortisation Expense	363.44	283.97	647.41
Provision for Doubtful Debts and Advances	141.42	5.61	147.03
Unspent Liabilities / Provisions no longer required Written Back	(375.74)	(0.57)	(376.31)
<b>Segment Assets</b>	<b>33,300.80</b>	<b>1,779.77</b>	<b>35,080.57</b>
<b>Unallocated Assets</b>			
Investments			1.41
Cash and Cash Equivalents			195.15
Other Bank Balances			91.29
Investment Properties			821.24
Non-current Tax Assets			12.63
Other Unallocated Assets			52.68
<b>Total Assets</b>			<b>36,254.97</b>
<b>Segment Liabilities</b>	<b>6,555.93</b>	<b>359.53</b>	<b>6,915.46</b>
<b>Unallocated Liabilities</b>			
Deferred Tax Liabilities (Net)			2,450.79
Borrowings			8,290.52
Other Unallocated Liabilities			106.93
<b>Total Liabilities</b>			<b>17,763.70</b>
	For the year ended March 31, 2018	For the year ended March 31, 2017	
	Rs. in Lacs	Rs. in Lacs	

#### Entity-wide Disclosures :

(A) The Company is domiciled in India. The amount of its revenue from external customers broken down by location of the customers is shown below :

India	13,462.01	12,446.61
Rest of the World	-	349.02
	<b>13,462.01</b>	<b>12,795.63</b>

(B) All Non-current Assets (excluding Financial Assets) of the Company are located in India.

(C) Total Revenue from external customers include sales to one party of Rs. 8,084.33 Lacs (March 31, 2017: Rs. 10,991.04 Lacs) which represents more than 10% of the Total Revenue from external customers of the Company.

### 36. FAIR VALUES

#### (i) Fair Value Hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into level prescribed under the accounting standard. An explanation of the level is given below.

Level 1: Level 1 hierarchy includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Level 2 hierarchy includes financial assets and liabilities measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

## NOTES TO FINANCIAL STATEMENTS as at and for the year ended March 31, 2018

### 36. FAIR VALUES (Contd.)

Level 3: Level 3 hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair Values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. There are no transfers in fair value measurements during the years ended March 31, 2018 and March 31, 2017.

	Date of Valuation	(Rs. in Lacs) Level 3
Quantitative disclosures fair value measurement hierarchy for assets carried at FVTPL :		
Investments@	March 31, 2018	0.05
	March 31, 2017	1.21

@ The management has assessed the fair values and determined that any change in fair values will not have a material effect on the financial statements.

- (ii) The management assessed that the carrying amount of Long-term Borrowings which are at floating interest rates are a reasonable approximation of their fair values and the difference between the carrying amounts and fair values is not expected to be significant.

The management assessed that the fair values of remaining financial assets and liabilities at amortised cost approximates to their carrying amounts largely due to short term maturities of these instruments.

Management uses its best judgement in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimate technique. Therefore for substantially all financial instruments, the fair value estimates are not necessarily indicative of the amounts that the Company could have realised or paid in sale transactions as of respective dates. As such, fair value of financial instruments subsequent to the reporting dates may be different from the amounts reported at each reporting date.

### 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's financial liabilities comprise borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's financial assets include trade and other receivables, cash and cash equivalents and deposits.

The Company has a Risk Management Committee that ensures that risks are identified, measured and managed in accordance with Risk Management Policy of the Company. The Board of Directors also review these risks and related risk management policy, which are summarised below.

#### I) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: currency risk and other price risk, such as equity price risk. Financial instruments affected by market risk include FVTPL investments, trade payables, trade receivables, borrowings, other receivables etc.

#### II) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities. Such foreign currency exposures are not hedged by the Company. The Company has a treasury department which monitors the foreign exchange fluctuations on the continuous basis and advises the management of any material adverse effect on the Company.

There is no Foreign Currency Risk as there is no Foreign Currency Receivable or Payable outstanding at the end of the reporting periods.

#### III) Credit Risks

The Company has exposure to credit risk, which is the risk that counterparty will default on its obligations resulting in financial loss to the Company. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets.

##### a) Trade and Other Receivables

Customer credit risk is managed by the Company through established policy and procedures and control relating to customer credit risk management. Trade Receivables are non-interest bearing. The Company has a detailed review mechanism of overdue customer receivables at various levels within organisation to ensure proper attention and focus for realisation.

The Company uses specific identification method in determining the allowances for credit losses of trade receivables considering historical credit loss experience and is adjusted for forward looking information.

Receivables are deemed to be past due or impaired with reference to the Company's normal terms and conditions of business. These terms and conditions are determined on a case to case basis with reference to the customer's credit quality and prevailing market conditions.

## NOTES TO FINANCIAL STATEMENTS as at and for the year ended March 31, 2018

### 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

#### b) Other Financial Assets and Deposits

Credit Risk from balances with banks, deposits, etc is managed by the Company's finance department. Investments of surplus funds are made only with approved counterparties in accordance with the Company's policy.

#### c) Reconciliation of Impairment Provision

	Trade Receivables	Claims Receivable	(Rs in Lacs) Security Deposits
<b>Opening Balance as at March 31, 2016</b>	17.74	3,192.51	22.82
Provision made during the year ended March 31, 2017	147.03	-	-
Provision written back during the year ended March 31, 2017	(15.99)	(94.98)	-
<b>Closing Balance as at March 31, 2017</b>	<b>148.78</b>	<b>3,097.53</b>	<b>22.82</b>
Provision made during the year ended March 31, 2018	120.75	-	-
Provision written back during the year ended March 31, 2018	(135.70)	-	-
<b>Closing Balance as at March 31, 2018</b>	<b>133.83</b>	<b>3,097.53</b>	<b>22.82</b>

The impairment provision as disclosed above are based on assumptions about risk of default and expected credit loss rates. The Company uses judgement in making these assumptions based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

### IV) Liquidity Risks

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations at a reasonable price. The Company's treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash credits, bank loans among others.

#### Maturity profile of Financial Liabilities

	1 Year	1-3 years	3-5 Years	(Rs in Lacs) Total
<b>As at March 31, 2018</b>				
Borrowings (including interest thereon)*	4,407.87	6,583.95	5,522.01	16,513.83
Trade Payables	2,336.74	-	-	2,336.74
Other Financial Liabilities	255.25	-	-	255.25
	<b>6,999.86</b>	<b>6,583.95</b>	<b>5,522.01</b>	<b>19,105.82</b>
<b>As at March 31, 2017</b>				
Borrowings (including interest thereon)*	3,569.09	6,222.02	-	9,791.11
Trade Payables	6,151.29	-	-	6,151.29
Other Financial Liabilities	273.09	-	-	273.09
	<b>9,993.47</b>	<b>6,222.02</b>	-	<b>16,215.49</b>

\* Includes transaction cost adjustment on borrowings and contractual interest payment based on interest rate prevailing at the end of the reporting period.

### V) Interest Rate Risks

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to risk of changes in market interest rates relates primarily to the Company's debt interest obligation. Further the Company engages in financing activities at market linked rates, any changes in the interest rate environment may impact future rates of borrowings.

The Company's investments in term deposits with bank are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of changes in market interest rates.

#### Interest Rate Risk Exposure

The exposure of the Company's borrowings to interest rate changes at the end of the reporting period are as follows:

	As at March 31, 2018	As at March 31, 2017
Variable Rate Borrowings	9,138.13	4,231.64
Fixed Rate Borrowings	3,962.54	4,058.88
	<b>13,100.67</b>	<b>8,290.52</b>

## NOTES TO FINANCIAL STATEMENTS as at and for the year ended March 31, 2018

### 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

#### Sensitivity

Profit or Loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

Impact on Profit/(Loss) before Tax

	As at March 31, 2018	As at March 31, 2017
Interest Rates - Increase by 100 basis points *	(91.38)	(42.32)
Interest Rates - Decrease by 100 basis points *	91.38	42.32

\* Holding all other variables constant and on the assumption that amount outstanding as at reporting dates were utilised for the full financial year.

### 38. CAPITAL MANAGEMENT

The Company's objective when managing capital (defined as net debt and equity) is to safeguard the Company's ability to continue as a going concern in order to provide returns to shareholders and benefit for other stakeholders, while protecting and strengthening the balance sheet through the appropriate balance of debt and equity funding. The Company manages its capital structure and makes adjustments to it, in light of changes to economic conditions and strategic objectives of the Company.

39. The financial performance of the company has been severely impacted by the overall industry scenario and lower wagon procurement by the Indian Railways. Titagarh Wagons Limited, the parent company is committed to provide suitable financial support to the company for the near future. The Company is also confident of improvement in the industry scenario. In view of the above, these financial statements have been prepared on a going concern basis.

### 40. DEBT RECONCILIATION

This section sets out an analysis of debt and the movement in debt during the year.

This section sets out an analysis of debt and the movement in debt during the year.			(Rs in Lacs)
Particulars	March 31, 2018	March 31, 2017	
Non- current Borrowings	9,552.92	4,673.41	
Current Maturities of Long-term Debt	2,098.32	1,506.37	
Current Borrowings	1,449.43	2,110.74	
Interest Accrued but not due on borrowings	2.17	14.21	
<b>Total</b>	<b>13,102.84</b>	<b>8,304.73</b>	
	Non- current Borrowings	Current Borrowings	Total
<b>Debt as at March 31, 2017</b>	6,179.78	2,124.95	8,304.73
Finance Costs	436.64	997.90	1,434.54
<b>Cash Flows</b>			
Proceeds from Long-term Borrowings from Banks	6,175.00	-	6,175.00
Repayment of Long-term Borrowings from Banks	(1,134.89)	-	(1,134.89)
Short-term Borrowings - Receipts/(Payments)	-	(661.31)	(661.31)
Finance Costs Paid	(436.64)	(564.38)	(1,001.02)
<b>Non-cash transactions</b>			
Unspent Liabilities / Provisions no longer required Written Back	-	(14.21)	(14.21)
<b>Debt as at March 31, 2018</b>	<b>11,219.89</b>	<b>1,882.95</b>	<b>13,102.84</b>

### 41. SCHEME OF AMALGAMATION

- a) The Hon'ble National Company Law Tribunal, Kolkata Bench by an order dated October 16, 2017 has sanctioned the Scheme of Amalgamation (the "Scheme") of Titagarh Agrico Private Limited (TAPL), a fellow subsidiary of the Company. The certified true copy of the said Order has been received and filed with the Ministry of Corporate Affairs on November 14, 2017, thus making the Scheme effective. Since the appointed date of the Scheme was April 1, 2016, the effect of amalgamation has been considered in the books retrospectively as per the requirements of IND AS 103. The financial informations as at and for the corresponding year ended March 31, 2017 has been prepared considering the impact of aforesaid amalgamation with effect from April 1, 2016. Further, pursuant to the Scheme, the Company has allotted 72,00,000 equity shares of Rs. 10/- each to Titagarh Wagons Limited (TWL), the shareholder of TAPL in the ratio of 1 equity share of face value of Re. 10 each of the Company for every 5 Equity Shares of face value of Rs. 10 each held in TAPL and have considered the same for computing the earnings/ (loss) per equity share with effect from April 1, 2016.

## NOTES TO FINANCIAL STATEMENTS as at and for the year ended March 31, 2018

### 41. SCHEME OF AMALGAMATION (Contd.)

- b) The details of Assets and Liabilities transferred before elimination of inter-company balances from TAPL and accounting adjustments are as under :

	As at April 1, 2016 (Rs in Lacs)
<b>Non-current Assets</b>	
Property, Plant and Equipment (Net of Accumulated Depreciation Rs. 79.19 Lacs)	512.16
Intangible Assets (Net of Accumulated Amortisation Rs. 44.02 Lacs)	836.37
Intangible assets under development	36.92
Financial Assets	
(i) Investments	0.20
(ii) Loans and Deposits	0.28
(iii) Other Financial Assets	21.54
Non-current Tax Assets	0.03
Other Non-current Assets	0.72
<b>TOTAL - NON-CURRENT ASSETS</b>	<b>1,408.22</b>
<b>Current Assets</b>	
Inventories (Includes Raw Materials Rs. 343.18 Lacs, Finished Goods Rs. 203.24 Lacs, Work-in-progress Rs. 23.54 Lacs, and Stock-in-trade Rs. 8.29 Lacs)	602.18
Financial Assets	
(i) Trade Receivables	89.83
(ii) Cash and Cash Equivalents	36.32
(iii) Other Financial Assets	0.16
Other Current Assets	50.77
<b>TOTAL - CURRENT ASSETS</b>	<b>779.26</b>
<b>TOTAL - ASSETS</b>	<b>(A) 2,187.48</b>
<b>Liabilities</b>	
Non-current Liabilities	
Provisions	12.29
<b>TOTAL - NON-CURRENT LIABILITIES</b>	<b>12.29</b>
<b>Current Liabilities</b>	
Financial Liabilities	
(i) Borrowings	181.67
(ii) Trade Payables	479.78
(iii) Other Financial Liabilities	193.82
Other Current Liabilities	92.22
Provisions	25.62
<b>TOTAL - CURRENT LIABILITIES</b>	<b>973.11</b>
<b>TOTAL LIABILITIES</b>	<b>(B) 985.40</b>
<b>Deficit in Statement of Profit and Loss of TAPL as at April 1, 2016</b>	<b>(C) 1,265.42</b>
<b>Increase in Equity Share Capital in TAPL during the year ended March 31, 2017</b>	<b>(D) 1,132.50</b>
<b>Net Assets transferred from TAPL</b>	<b>(E= A-B+C+D) 3,600.00</b>
<b>Less: Shares to be issued to Titagarh Wagons Limited</b>	<b>(F) 720.00</b>
<b>Net Amount transferred to Capital Reserve</b>	<b>(E-F) 2,880.00</b>

- c) Pursuant to the Scheme, the authorised equity share capital of the Company stands increased by the authorised equity share capital of TAPL aggregating Rs. 3,600.00 Lacs (36,000,000 equity shares of face value of Rs. 10/-each) to Rs. 6,100.00 Lacs (61,000,000 equity shares of Rs. 10/- each).

### 42. DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES

There are no amounts payable to Micro and Small Enterprises as at March 31, 2018 and March 31, 2017. There are no Micro and Small Enterprises to whom the Company owes dues, which are outstanding for more than 45 days during the years ended March 31, 2018 and March 31, 2017. This information as required to be disclosed under Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties could be identified on the basis of information available with the Company.

## NOTES TO FINANCIAL STATEMENTS as at and for the year ended March 31, 2018

43. Details of Specified Bank Notes (SBN) held and transacted during the period November 8, 2016 to December 30, 2016 is provided in the table below:

			(Rs in Lacs)
Particulars	SBNs	Other denomination notes	Total
Closing Cash in Hand as on November 8, 2016	0.37	0.97	1.34
(+) Permitted receipts*	-	7.21	7.21
(-) Permitted payments	-	7.96	7.96
(-) Amount deposited in Banks	0.37	-	0.37
Closing Cash in Hand as on December 30, 2016	-	0.22	0.22

\* Represents cash withdrawals from bank accounts across various locations for petty cash purposes.

# For the purposes of this clause, the term 'Specified Bank Notes' (SBNs) shall have the same meaning as provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O.3407(E), dated 8th November, 2016.

For **Price Waterhouse & Co Chartered Accountants LLP**  
Firm Registration No.: 304026E/E-300009  
Chartered Accountants

**Avijit Mukerji**  
Partner  
Membership No. 056155

Place : Kolkata  
Dated : 29th May, 2018

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

**Vineet Mohta**                      **Dipankar Ganguly**  
Chief Financial Officer                      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/our behalf at the 73rd Annual General Meeting of the Company to be held on Monday, the 29th September, 2018 at 2:00 P.M. at "Rotary Sadan", 94/2, Chowringhee Road, Kolkata-700020 and at any adjournment thereof in respect of such 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, 2018.
2.	Re-Appointment of Smt Vinita Bajoria, Non-Executive Director (DIN: 02412990) retiring by rotation.
3.	Ratification of appointment of Statutory Auditors.
	<b>Special Businesses</b>
4.	Special Resolution for continuation of appointment of Shri Nandan Bhattacharya (DIN: 00313590) as an Independent Director for the remaining term of his tenure.
5.	Special Resolution for re-appointment of Shri J K Shukla (DIN: 01780212) as an Independent Director of the Company for a term of five years w.e.f. 1st April, 2019.
6.	Special Resolution for re-appointment of Shri K S B Sanyal (DIN: 00009497) as an Independent Director of the Company for a term of five years w.e.f. 1st April, 2019.
7.	Special Resolution for re-appointment of Dr. G B Rao (DIN: 00493992) as an Independent Director of the Company for a term of five years w.e.f. 1st April, 2019.
8.	Special Resolution for re-appointment of Shri M J Z Mowla (DIN: 01004409) as an Independent Director of the Company for a term of five years w.e.f. 1st April, 2019.
9.	Ordinary Resolution for arrangement with Titagarh Wagons Limited (TWL), the Holding Company, for giving corporate guarantee of Rs. 225 crore on behalf of the Company.
10.	Ordinary Resolution under Section 20 of the Companies Act, 2013 authorising Company to charge for service of documents to members of the Company.
11.	Ordinary Resolution for ratification of remuneration of Cost Auditor.

Signed this.....day of.....2018

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 10th August, 2018.