

**INDEPENDENT AUDITOR'S REPORT**

To the Members of **TITAGARH AGRICO PRIVATE LIMITED**

**Report on the Financial Statements**

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

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

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

**Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are



appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the financial statements.

### **Basis for qualified opinion**

The company has capitalised certain indirect expenses including business and market development amounting to Rs. 83,529,382 (including Rs. 33,220,171 recognised upto March 31, 2015) till December 31, 2015 as a prototype under intangible assets on the basis that the project has not started commercial production till December 31, 2015. This being a matter of management estimation and in the absence of adequate information on the evaluation of nature of activities performed during the period, we are unable to comment on the appropriateness of such capitalisation in terms of Accounting Standard 26 on Intangible Assets including any consequential adjustments that may be required in this regard in these financial statements. A similar qualification had been given in the auditor's report for the year ended March 31, 2015.

### **Qualified Opinion**

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

### **Report on Other Legal and Regulatory Requirements**

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



# **S.R. BATLIBOI & Co. LLP**


Chartered Accountants

- d) Except for the possible effect of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e) The matter described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
- f) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of section 164 (2) of the Companies Act, 2013;
- g) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.
- h) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure 2" to this report;
- i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company does not have any pending litigations which would impact its financial position;
  - ii. The Company did not have any long-term contracts, including derivative contracts, for which there were any material foreseeable losses;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

  
per Kamal Agarwal  
Partner

Membership Number: 058652

Place of Signature: Kolkata

Date: May 25, 2016



**Annexure 1 to the Auditor's Report**

**Referred to in our report of even date to the members of TITAGARH AGRICO PRIVATE LIMITED as at and for the year ended March 31, 2016**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets were physically verified by the management in the previous year in accordance with a planned programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management, there are no immovable properties, included in fixed assets of the company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the products of the Company.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.



- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of income tax, sales-tax, service tax, customs duty, excise duty, value added tax and cess which have not been deposited on account of any dispute.
- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of dues to a bank or debenture holder. The Company did not have any outstanding dues in respect of a financial institution or to government during the year.
- (ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer / further public offer / debt instruments and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no fraud on the company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given by the management, the Company has complied with provisions of section 42 of the Companies Act, 2013 in respect of the preferential allotment of shares during the year. According to the information and explanations given by the management, we report that the amounts raised, have been used for the purposes for which the funds were raised.



## **S.R. BATLIBOI & Co. LLP**

Chartered Accountants

- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

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

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

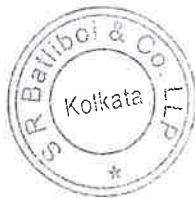


per Kamal Agarwal  
Partner

Membership Number: 058652

Place of Signature: Kolkata

Date: May 25, 2016





**ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE  
FINANCIAL STATEMENTS OF TITAGARH AGRICO PRIVATE LIMITED**

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

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

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

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

**Auditor's Responsibility**

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

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

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



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

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

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

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

### **Qualified Opinion**

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

Attention is drawn to Basis for qualified opinion paragraph of Auditors' Report on Financial Statements more fully described therein, resulting to capitalisation of certain indirect expenses including business and market development during the year as a prototype under intangible assets on the basis that the project has not started commercial production till December 31, 2015, which could potentially result in misstatements of Company's intangible assets.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, the Company has, in all material respects, maintained adequate internal financial controls over financial reporting as of March 31, 2016, based on the internal control





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

Chartered Accountants

over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India, and except for the possible effects of the material weakness described above on the achievement of the objectives of the control criteria, the Company's internal financial controls over financial reporting were operating effectively as of March 31, 2016.

### **Explanatory paragraph**

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

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

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005



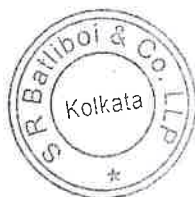
**per Kamal Agarwal**

Partner

Membership Number: 058652

Place of Signature: Kolkata

Date: May 25, 2016



Titagarh Agrico Private Limited  
Balance Sheet as at 31 March 2016

	Notes	As at March 31, 2016 Amount in Rs.	As at March 31, 2015 Amount in Rs.
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	3	244,722,000	140,000,000
Reserves and Surplus	4	(43,009,254)	(6,871,235)
Money received against Share Warrants		1,528,000	1,000,000
		<u>203,240,746</u>	<u>134,128,765</u>
Application money for Equity Share Warrants pending allotment		500,000	-
<b>Non - Current liabilities</b>			
Long - term Borrowings	5	-	49,500,000
Other Long-term liabilities	6	10,490,000	2,300,000
Long - term Provisions	7	1,223,828	1,252,332
		<u>11,713,828</u>	<u>53,052,332</u>
<b>Current liabilities</b>			
Short - term borrowings	8	18,167,478	-
Trade Payables	9.1	-	-
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		47,978,103	16,695,124
Other current liabilities	9.2	18,114,233	10,922,817
Short - term provisions	7	2,562,451	1,025,385
		<u>86,822,265</u>	<u>28,643,326</u>
<b>TOTAL</b>		<u><u>302,276,839</u></u>	<u><u>215,824,423</u></u>
<b>ASSETS</b>			
<b>Non - current assets</b>			
<b>Fixed assets</b>			
i. Tangible assets	10	51,213,535	53,772,104
ii. Intangible assets	10	167,166,102	-
iii. Intangible assets under development	11B	3,692,132	121,307,956
Non - current investments	12	20,000	20,000
Loans and advances	13	105,060	1,907,138
Other non-current assets	14	2,153,652	1,910
		<u>224,350,481</u>	<u>177,009,108</u>
<b>Current assets</b>			
Inventories	15	60,217,565	24,301,903
Trade Receivable	16	8,983,195	-
Cash and bank balances	17	3,632,120	11,647,970
Loans and advances	13	5,077,191	2,865,442
Other current assets	14	16,287	-
		<u>77,926,358</u>	<u>38,815,315</u>
<b>TOTAL</b>		<u><u>302,276,839</u></u>	<u><u>215,824,423</u></u>
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our Report of even date

For S. R. Batliboi & Co. LLP  
Firm Registration Number: 801003E/E300005  
Chartered Accountants

per Kamal Agarwal  
Partner  
Membership No.: 058652

For and on behalf of board of directors of Titagarh Agrico  
Private Limited

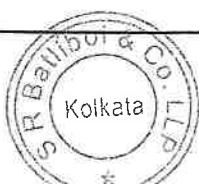
Pranab Ghosal  
Managing Director

Anil Kumar Agarwal  
Director

Place: Kolkata  
Date: 25th May 2016

Krishna Kumar Karwa  
Director

Nand Faundyan  
Chief Financial Officer



Titagarh Agrico Private Limited  
Statement of Profit & Loss for the year ended 31 March 2016

	Notes	For the year ended March 31, 2016 Amount in Rs.	For the year ended March 31, 2015 Amount in Rs.
Income			
Revenue from operations (gross)	18	50,236,713	-
Less: Excise duty		123,023	-
Revenue from operations (net)		50,113,690	-
Other income	19	32,345	75,738
I. Total Revenue		50,146,035	75,738
II. Expenses			
Cost of raw materials & components consumed	20	49,737,071	-
Purchase of traded goods		1,743,025	-
(Increase) / Decrease in inventories of finished goods, Work in progress and traded goods	21	(15,939,894)	-
Employee benefits expenses	22	17,706,907	-
Depreciation and amortization expense	23	12,586,353	220,389
Finance Costs	24	2,137,396	688,618
Other expenses	25	18,313,196	3,513,333
Total Expenses		86,284,054	4,422,340
III. Loss before tax (I-II)		(36,138,019)	(4,346,602)
IV. Tax expense		-	-
V. Loss for the year (III-IV)		(36,138,019)	(4,346,602)

Basic and diluted earnings per equity share [nominal value of share Rs. 10 (31st March 2015: Rs.10)] 26 (2.17) (0.52)

Summary of significant accounting policies 2.1

The accompanying notes are an integral part of the financial statements

As per our Report of even date

For S. R. Batliboi & Co. LLP  
Firm Registration Number: 301003E/E300005  
Chartered Accountants

per Kamal Agarwal  
Partner  
Membership No.: 058652

For and on behalf of board of directors of Titagarh Agrico Private Limited

Pranab Ghosal  
Managing Director

Anil Kumar Agarwal  
Director

Place: Kolkata  
Date: 25th May 2016

Krishna Kumar Karwa  
Director

Nand Pandey  
Chief Financial Officer



Sandv

Titagarh Agrico Private Limited

**CASH FLOW STATEMENT**  
For the year ended March 31, 2016

For the year ended  
March 31, 2016  
Amount in Rs.

For the year ended  
March 31, 2015  
Amount in Rs.

**A. CASH FLOW FROM OPERATING ACTIVITIES**

Loss before tax	(36,138,019)	(4,346,602)
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortization expense	12,586,353	220,389
Loss on sale of fixed assets	7,098	-
Interest expense	893,473	687,525
Interest income	(32,345)	(1,910)
Operating Loss before Working Capital Changes	(22,683,440)	(3,440,598)

**Movements in working capital:**

Increase in Trade Payables	31,282,977	19,684,241
Increase in Provisions	1,508,562	2,197,285
Increase in Other Liabilities	14,784,303	-
(Increase) in Trade Receivable	(8,983,195)	-
(Increase) in Inventories	(35,915,662)	(16,101,912)
(Increase) in Loans & Advances	(4,372,749)	(1,120,233)
(Increase) in Current Assets	(1,742)	-

Cash (used in)/ generated from operations	(1,697,506)	4,659,382
Direct taxes paid	(24,380,946)	1,218,784
Net Cash flow (used in)/ generated from Operating activities (A)	(24,384,006)	1,218,784

**B. CASH FLOW FROM INVESTING ACTIVITIES**

Purchase of fixed assets, including CWIP and capital advances	(56,589,729)	(159,836,899)
Proceeds from sale of fixed assets	30,400	-
Interest received	16,058	-
Net Cash flow used in Investing Activities (B)	(56,543,271)	(159,836,899)

**C. CASH FLOW FROM FINANCING ACTIVITIES**

Proceeds from issuance of equity share capital	104,722,000	118,750,000
Money received against Share Warrants	528,000	1,000,000
Equity warrant application money pending allotment	500,000	-
Net movement in short term borrowings	18,167,478	-
Proceeds from long-term borrowings	-	49,500,000
Repayment of Long Term Borrowings	(49,500,000)	-
Interest paid	(1,506,051)	-
Net Cash flow generated from Financing activities (C)	72,911,427	169,250,000

Net (Decrease)/ Increase in cash & cash equivalent (A+B+C)	(8,015,850)	10,631,885
Cash and cash equivalents at the beginning of the year	11,647,970	1,016,085
Cash and cash equivalents at the end of the year	3,632,120	11,647,970

**Components of cash and cash equivalents:**

Cash on hand	91,085	96,119
Balance with Banks:		
On Current Account	3,541,035	11,551,851
Total cash and cash equivalents (note 17)	3,632,120	11,647,970

As per our Report of even date

For S. R. Batliboi & Co. LLP  
Firm Registration Number: 301003E/E300005  
Chartered Accountants

per Kamal Agarwal  
Partner  
Membership No.: 058652

For and on behalf of board of directors of Titagarh  
Agrico Private Limited

Pranab Ghosal  
Managing Director

Anil Kumar Agarwal  
Director

Krishna Kumar Karwa  
Director

Nand Faundyan  
Chief Financial Officer

Place: Kolkata  
Date: 25th May 2016



25/05/16

## Titagarh Agrico Private Limited

### Notes to Financial Statements for the year ended March 31, 2016

#### 1. Corporate information

Titagarh Agrico Private Limited (Formerly Titagarh Cranes Private Limited) (the Company) is a Private Company domiciled in India and incorporated on 24th March, 2012. The Company is engaged in manufacturing of all makes or kinds of agricultural and farm machinery / equipment including tractors, cranes and similar products. The Company primarily caters to the domestic market.

#### 2. Basis of preparation

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

##### 2.1 Summary of Significant accounting policies

###### a) Change in Accounting policy

###### i) Component accounting

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

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

The company has also changed its policy on recognition of cost of major inspection/ overhaul. Earlier company used to charge such cost directly to statement of profit and loss. On application of component accounting, the major inspection/ overhaul is identified as a separate component of the asset at the time of purchase of new asset and subsequently. The cost of such major inspection/ overhaul is depreciated separately over the period till next major inspection/ overhaul. Upon next major inspection/ overhaul, the costs of new major inspection/ overhaul are added to the asset's cost and any amount remaining from the previous inspection/ overhaul is derecognized.

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

###### b) Use of estimates

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



Samov



## Titagarh Agrico Private Limited

### Notes to Financial Statements for the year ended March 31, 2016

#### c) Tangible Fixed Assets

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

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

Tangible fixed assets awaiting disposal are valued at the lower of written down value and net realizable value and disclosed separately.

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

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

#### d) Intangibles

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

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

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

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

#### e) Depreciation & amortization on tangible & intangible fixed assets

##### Tangible Assets

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. The company has used the following rates to provide depreciation on its fixed assets.

	Useful lives estimated by the management (years)
Factory buildings	30
Plant and equipment	15 - 20
Furniture and fixtures	8
Office equipment	8
Vehicles	5



Qasav

## Titagarh Agrico Private Limited

### Notes to Financial Statements for the year ended March 31, 2016

Depreciation on fixed assets added / disposed off during the year, is provided on pro-rata basis with reference to the date of addition / disposal.

Leasehold improvements are amortized over the period of lease.

#### Intangible Assets

A summary of amortization policies applied to the company's intangible asset is as below:

	Rates (SLM)
Prototype	20%

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

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

Impairment losses, including impairment on inventories, are recognized in the statement of profit and loss.

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

A previously recognized impairment loss is increased or reversed depending on the changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

#### g) Inventories

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

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

Traded goods are valued at lower of cost and net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis.

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

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

#### h) Revenue Recognition

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

#### Sale of goods

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. The company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

#### Interest Income



Sarav

## Titagarh Agrico Private Limited

### Notes to Financial Statements for the year ended March 31, 2016

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

#### i) Taxes on Income

Tax expense comprises of current and deferred taxes.

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

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

At each balance sheet date, the Company re-assesses unrecognized deferred tax assets. It recognizes deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

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

#### j) Segment Reporting

##### *Identification of segments*

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

##### *Inter-segment transfers*

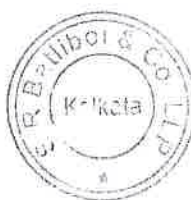
The company generally accounts for intersegment sales and transfers at cost plus appropriate margins.

##### *Allocation of common costs*

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

##### *Unallocated items*

Unallocated items include general corporate income and expense items which are not allocated to any business



30/04/16

## Titagarh Agrico Private Limited

### Notes to Financial Statements for the year ended March 31, 2016

segment.

#### *Segment accounting policies*

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

#### **k) Earning per share**

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

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

#### **l) Provisions**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Contingent Assets are neither recognized nor disclosed in the financial statements.

#### **m) Contingent liabilities**

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

#### **n) Cash and Cash equivalents**

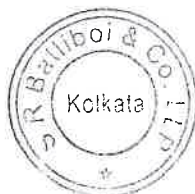
Cash and cash equivalents as indicated in the cash flow statement comprise of cash on hand, cash at bank and fixed deposits with an original maturity of three months or less.

#### **o) Lease**

Finance leases, which effectively transfer to the company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs of lease are capitalized.

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

#### **p) Retirement and other employee benefits**



10/04/16

## Titagarh Agrico Private Limited

### Notes to Financial Statements for the year ended March 31, 2016

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

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

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

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

#### **q) Borrowing costs**

Borrowing cost includes interest and amortization of ancillary costs incurred in connection with the arrangement of borrowings.

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



*10/10/16*



### 3. SHARE CAPITAL

	As at March 31, 2016 Amount in Rs.	As at March 31, 2015 Amount in Rs.
Authorized Shares 2,60,00,000 (31 March 2015: 1,50,00,000) equity shares of Rs. 10/- each	260,000,000	150,000,000
Issued, subscribed and fully paid-up shares 2,44,72,200 (31 March 2015: 1,40,00,000) equity shares of Rs. 10/- each	244,722,000	140,000,000
Total issued, subscribed and fully paid-up share capital	244,722,000	140,000,000

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

	As at 31 March 2016		As at 31 March 2015	
	Number	Amount( Rs.)	Number	Amount( Rs.)
Equity Shares outstanding at the beginning of the year	14,000,000	140,000,000	1,000,000	10,000,000
Issued during the year	10,472,200	104,722,000	13,000,000	130,000,000
Equity Shares outstanding at the end of the year	24,472,200	244,722,000	14,000,000	140,000,000

(b) Terms/rights attached to equity shares

The company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

As per Shareholder's Agreement dated August 8, 2014, executed between Titagarh Agrico Private Limited (TAPL), Emkay Corporate Services Private Limited (EMK), Shri Pranab Ghosal (PG) and Titagarh Wagons Limited (TWL), EMK and PG shall not transfer or create encumbrance on the whole or any part of the securities held by them in the Company without the prior written approval of TWL for a period until reaching of turnover of Rs. 100,000.00 lacs during any financial year or such lower turnover as may be agreed by the Board ("Lock - in period"). Post expiry of the lock in period, EMK and PG shall have the right to transfer the securities held by them to a Person who is not a competitor of TWL/ the Company, without obtaining the prior written consent of TWL, subject however to EMK and PG having given TWL a Right of First Refusal.

TWL or its affiliates shall not transfer or create encumbrance on the whole or any part of the securities held by them in the Company without the prior written consent of EMK/ PG for a period until the capital contribution is provided by TWL as per the Business Plan ("TWL Lock - in Period). Post expiry of the "TWL Lock in period, TWL or its affiliates shall have the right to transfer the securities held by them, subject to TWL or its affiliates having given EMK and PG a Right of First Refusal.

In the event, the Company makes profit for two consecutive years then it shall distribute a minimum of 20% of profit after tax (PAT) by way of dividend after providing for all statutory provisions/ reserves/ retentions for meeting the expenses, liabilities and contingencies. The said distribution shall be subject to availability of cash flow. The said distribution shall be increased to 25% of PAT in the event of continuous profitability and cash flow for four consecutive years.

(c) Shares held by holding/ultimate holding company and/or their subsidiaries/associates

Out of equity shares issued by the company, shares held by its holding company, ultimate holding company and their subsidiaries/ associates are as below:

	As at 31 March 2016	As at 31 March 2015
Titagarh Wagons Limited, the holding company 2,33,99,990 (31 March 2015: 1,34,99,990) equity shares of Rs. 10 each fully paid	233,999,900	134,999,900

(d) Details of shareholders holding more than 5% shares in the Company

Name of the shareholder	As at March 31, 2016		As at March 31, 2015	
	No. of shares	% holding	No. of shares	% holding
Equity shares of Rs. 10 each fully paid Titagarh Wagons Limited	23,399,990	95.62%	13,499,990	96.43%

As per records of the company, including its register of shareholders/ members and other declarations received from shareholders, the above shareholding represents legal ownerships of shares.

### 4. RESERVES AND SURPLUS

	As at March 31, 2016 Amount in Rs.	As at March 31, 2015 Amount in Rs.
Deficit in the statement of profit and loss		
Balance as per last financial statements	(6,871,235)	(2,524,633)
Loss for the year	(36,138,019)	(4,346,602)
Net deficit in the statement of profit and loss	(43,009,254)	(6,871,235)



1000

#### 5. LONG - TERM BORROWINGS

Debentures  
Nil (31 March 2015: 49,50,000) 0.10% Optionally Fully Convertible  
Debentures (OFCD) of Rs. 10 each (Unsecured)

The OFCD has been repaid by the company during the year.

As at March 31, 2016 Amount in Rs.	As at March 31, 2015 Amount in Rs.
-	49,500,000
-	49,500,000

#### 6. OTHER LONG - TERM LIABILITIES

Interest free deposits from dealers

As at March 31, 2016 Amount in Rs.	As at March 31, 2015 Amount in Rs.
10,490,000	2,300,000
10,490,000	2,300,000

#### 7. PROVISIONS

##### Provision for employee benefits

Provision for gratuity (note 27)

Provision for leave benefits

##### Other provisions

Provision for Warranties

Long-term		Short-term	
As at 31 March 2016	As at 31 March 2015	As at 31 March 2016	As at 31 March 2015
1,223,828	1,252,332	145,709	17,541
-	-	1,070,174	1,007,844
-	-	1,346,568	-
1,223,828	1,252,332	2,562,451	1,025,385

a) Movement of provision for warranties are as follows:

At the beginning of the year  
Arising during the year  
Utilized during the year  
At the end of the year

As at 31 March 2016 Amount in Rs.	As at 31 March 2015 Amount in Rs.
-	-
1,862,586	-
516,018	-
1,346,568	-

#### 8. SHORT - TERM BORROWINGS

Secured

Cash credit from bank

As at 31 March 2016 Amount in Rs.	As at 31 March 2015 Amount in Rs.
18,167,478	-
18,167,478	-

a) Cash Credit is secured by exclusive charge by way of hypothecation on the Company's current and movable fixed assets both present and future.  
b) Cash credit carry interest at base rate of 10.65% plus spread of 1.35% p.a and is repayable on demand.

#### 9.1 TRADE PAYABLES

- Total outstanding dues of micro enterprises and small enterprises (refer note 9.3 below)
- Total outstanding dues of creditors other than micro enterprises and small enterprises

As at 31 March 2016 Amount in Rs.	As at 31 March 2015 Amount in Rs.
-	-
47,978,103	16,695,124
47,978,103	16,695,124

#### 9.2 OTHER CURRENT LIABILITIES

Interest accrued and due on borrowings  
Statutory dues  
Employee related liabilities  
Payable towards purchase of fixed assets  
Advance from customers  
Total

As at 31 March 2016 Amount in Rs.	As at 31 March 2015 Amount in Rs.
-	612,579
2,204,877	1,594,021
6,709,479	3,743,612
2,182,298	972,605
7,017,579	4,000,000
18,114,233	10,922,817

#### 9.3

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



1 anov

Titagarh Agrico Private Limited  
Notes to the financial statements as at and for the year ended March 31, 2016

10. FIXED ASSETS

	Leasehold Improvements	Buildings	Plant and Equipment	Furniture and Fixtures	Office Equipment and Computers	Vehicles	Total Tangible Assets	Prototype	Total Intangible Assets
Cost or valuation									
At April 1, 2014	-	-	-	395,571	555,765	45,520	996,856	-	-
Additions	6,315,910	7,440,461	33,299,596	4,397,362	1,549,255	-	53,002,584	-	-
At March 31, 2015	6,315,910	7,440,461	33,299,596	4,792,933	2,105,020	45,520	53,999,440	-	-
Additions	778,129	2,197,799	1,932,828	140,934	131,100	-	5,180,790	175,964,318	175,964,318
Disposals	-	-	-	-	-	45,520	45,520	-	-
At March 31, 2016	7,094,039	9,638,260	35,232,424	4,933,867	2,236,120	-	59,134,710	175,964,318	175,964,318
Depreciation and Amortization									
At April 1, 2014	-	-	-	230	6,623	95	6,948	-	-
Charge for the year	-	-	-	37,598	178,465	4,326	220,389	-	-
At March 31, 2015	-	-	-	37,828	185,088	4,421	227,337	-	-
Charge for the year	2,501,219	265,825	3,765,713	467,840	697,662	3,601	7,701,860	8,798,216	8,798,216
Disposals	-	-	-	-	-	8,022	8,022	-	-
At March 31, 2016	2,501,219	265,825	3,765,713	505,668	882,750	-	7,921,175	8,798,216	8,798,216
Net Block									
At March 31, 2015	6,315,910	7,440,461	33,299,596	4,755,105	1,919,932	41,099	53,772,104	-	-
At March 31, 2016	4,592,820	9,372,434	31,466,711	4,428,199	1,353,370	-	51,213,535	167,166,102	167,166,102



राव

# 11. INTANGIBLE ASSETS UNDER DEVELOPMENT

	As at 31 March 2016 Amount in Rs.	As at 31 March 2015 Amount in Rs.
(A) Prototype		
Opening balance	121,307,956	14,473,642
Add: Expenses incurred during the year		
Cost of Raw Material and Components consumed	83,873,844	22,749,765
Consumption of Stores & Spares	2,361,020	4,884,195
Employee benefits expenses		
Salaries, wages and bonus	47,987,022	49,404,238
Contribution to provident and other funds	2,738,576	2,992,590
Gratuity expense	74,748	1,269,873
Staff welfare expenses	951,186	1,046,694
Testing Fees	1,796,636	2,565,177
Power & fuel	1,587,322	1,116,053
Insurance	306,277	9,959
Job Contractor Charges	1,494,717	314,947
Facility Charges	5,118,600	-
Depreciation	3,913,722	-
Advertisement and sales promotion	1,159,671	1,332,157
Repairs and maintenance	589,546	338,219
Travelling and conveyance	10,473,300	12,605,278
Communication costs	1,043,156	1,347,675
Printing and stationery	338,674	642,629
Legal and professional fees	3,306,149	3,303,699
Recruitment and meeting expense	332,311	911,166
Freight outward	1,497,115	-
Less: Sale of tractors & spare parts	(108,720,092)	-
Less: Stock of finished goods & work in progress transferred to inventory (refer note 21)	(7,567,138)	-
Less: Intangible Assets Capitalised	(175,964,318)	-
		121,307,956
Details of raw material and components consumed		
Engine	20,933,145	3,757,000
Transmission	4,538,300	2,452,732
Tyre	7,773,058	1,698,066
Others	50,629,341	14,841,967
	83,873,844	22,749,765

Pursuant to receipt of approval from Central Farm Machinery Training and Testing Institute, Budni, above expenditure incurred on development of Prototypes for Tractors has been capitalized on 31st December 2015. Further, the company has commenced commercial production w.e.f. 1st January 2016.

(B) ERP software under development	3,692,132	-
	<u>3,692,132</u>	<u>121,307,956</u>

## 12. NON-CURRENT INVESTMENTS

(valued at cost unless stated otherwise)

### Non-Trade Investments

Government and trust securities (un-quoted)

National saving certificates (pledged with the Commercial Tax Officer, Bharatpur as Security Deposit)	20,000	20,000
	<u>20,000</u>	<u>20,000</u>

## 13. LOANS AND ADVANCES

	Non - current		Current	
	As at 31 March 2016	As at 31 March 2015	As at 31 March 2016	As at 31 March 2015
Capital Advances				
Unsecured, considered good	74,000	1,890,138	-	-
Security Deposit				
Unsecured, considered good	28,000	17,000	-	-
Advances recoverable in cash or kind				
Unsecured, considered good	-	-	369,962	-
Other loans and advances				
Unsecured, considered good				
Advance income-tax	3,060	-	-	-
Prepaid expenses	-	-	1,000,461	423,979
Advance for expenses to employees	-	-	683,777	1,995,038
Balances with statutory / government authorities	-	-	3,022,991	446,425
	<u>105,060</u>	<u>1,907,138</u>	<u>5,077,191</u>	<u>2,865,442</u>



Sw

#### 14. OTHER ASSETS

Unsecured, considered good unless stated otherwise

Non-current bank balances (refer note 17)

Others

Interest accrued on fixed deposits

Interest accrued on investments

	Non - current		Current	
	As at 31 March 2016	As at 31 March 2015	As at 31 March 2016	As at 31 March 2015
Non-current bank balances (refer note 17)	2,150,000	-	-	-
Others				
Interest accrued on fixed deposits	-	-	16,287	-
Interest accrued on investments	3,652	1,910	-	-
	<u>2,153,652</u>	<u>1,910</u>	<u>16,287</u>	<u>-</u>

#### 15. INVENTORIES (valued at lower of cost and net realizable value)

Raw materials and components [includes in-transit Rs. 32,16,298 (31st March 2015: Rs. 4,25,752)] (refer note 20)

Work - in - progress (refer note 21)

Finished goods (refer note 21)

Traded goods (refer note 21)

Stores and spares

	As at March 31, 2016 Amount in Rs.	As at March 31, 2015 Amount in Rs.
Raw materials and components [includes in-transit Rs. 32,16,298 (31st March 2015: Rs. 4,25,752)] (refer note 20)	34,317,754	22,909,585
Work - in - progress (refer note 21)	2,354,165	-
Finished goods (refer note 21)	20,323,980	-
Traded goods (refer note 21)	828,887	-
Stores and spares	2,392,779	1,392,318
	<u>60,217,565</u>	<u>24,301,903</u>

#### 16. TRADE RECEIVABLES

(Considered good unless stated otherwise)

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

Secured

Unsecured

Other receivables

Secured

Unsecured

Total

	As at March 31, 2016 Amount in Rs.	As at March 31, 2015 Amount in Rs.
Outstanding for a period exceeding six months from the date they are due for payment	-	-
Secured	-	-
Unsecured	-	-
Other receivables	-	-
Secured	2,200,000	-
Unsecured	6,783,195	-
Total	<u>8,983,195</u>	<u>-</u>

#### 17. CASH AND BANK BALANCES

Cash and cash equivalents

Balances with banks:

On current accounts

Cash on hand

Other Bank Balances

Margin money deposit \*

Amount disclosed under non-current assets (refer note 14)

	Non - current		Current	
	As at 31 March 2016	As at 31 March 2015	As at 31 March 2016	As at 31 March 2015
Cash and cash equivalents				
Balances with banks:				
On current accounts	-	-	3,541,035	11,551,851
Cash on hand	-	-	91,085	96,119
	-	-	<u>3,632,120</u>	<u>11,647,970</u>
Other Bank Balances				
Margin money deposit *	2,150,000	-	-	-
	<u>2,150,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amount disclosed under non-current assets (refer note 14)	<u>(2,150,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>3,632,120</u>	<u>11,647,970</u>

\* Receipts lying with banks as security against letters of credits issued by them.

#### 18. REVENUE FROM OPERATIONS

Revenue from operations

Sale of products

Finished Goods

Traded goods

Revenue from operations (gross)

Less: Excise Duty \*

Revenue from operations (net)

Detail of products sold

Finished goods sold

Tractors

Traded goods sold

Spare parts

	For the year ended March 31, 2016 Amount in Rs.	For the year ended March 31, 2015 Amount in Rs.
Revenue from operations		
Sale of products		
Finished Goods	49,173,014	-
Traded goods	1,063,699	-
Revenue from operations (gross)	<u>50,236,713</u>	<u>-</u>
Less: Excise Duty *	123,023	-
Revenue from operations (net)	<u>50,113,690</u>	<u>-</u>
Detail of products sold		
Finished goods sold		
Tractors	<u>49,173,014</u>	<u>-</u>
Traded goods sold		
Spare parts	<u>1,063,699</u>	<u>-</u>

\* Excise duty on sales amounting to Rs 1,23,023 (Rs. Nil) has been reduced from sales in statement of profit & loss.



Jaar



19. OTHER INCOME

	For the year ended March 31, 2016 Amount in Rs.	For the year ended March 31, 2015 Amount in Rs.
Interest income on		
Long - term investments	1,742	1,910
Bank deposits	30,603	-
Other non-operating income	-	73,828
	<u>32,345</u>	<u>75,738</u>

20. COST OF RAW MATERIALS & COMPONENTS CONSUMED

	For the year ended March 31, 2016 Amount in Rs.	For the year ended March 31, 2015 Amount in Rs.
Inventory as at the beginning of the year	22,909,585	5,536,475
Add: Purchases	145,019,085	40,122,876
	<u>167,928,670</u>	<u>45,659,351</u>
Less: Inventory at the end of the year	34,317,754	22,909,586
Cost of raw materials & components consumed (gross)	<u>133,610,915</u>	<u>22,749,765</u>
Less: Transferred to Intangible assets under development (refer note 11A)	83,873,844	22,749,765
Cost of raw materials & components consumed (net)	<u>49,737,071</u>	<u>-</u>

Details of raw materials & components consumed

Engine	9,087,805	-
Transmission	2,972,463	-
Tyres & Tubes	6,219,047	-
Others	115,331,600	-
	<u>133,610,915</u>	<u>-</u>

Details of inventory

Raw materials and components

Engine	3,963,696	4,018,000
Transmission	2,980,988	2,426,061
Tyres & Tubes	1,026,925	1,286,534
Others	26,346,145	15,178,990
	<u>34,317,754</u>	<u>22,909,585</u>

21. (INCREASE)/ DECREASE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND TRADED GOODS

Inventories at the end of the year

Traded goods	828,887	-
Work in Progress	2,354,165	-
Finished Goods	20,323,980	-
	<u>23,507,032</u>	<u>-</u>

Inventories at the beginning of the year

Traded goods	-	-
Work in Progress	-	-
Finished Goods	-	-
	<u>-</u>	<u>-</u>
	<u>(23,507,032)</u>	<u>-</u>

Less: Transfer from Intangible assets under development (refer note 11A)

Work in Progress	3,282,503	-
Finished Goods	4,284,635	-
	<u>7,567,138</u>	<u>-</u>

(INCREASE)/ DECREASE IN INVENTORIES

	<u>(15,939,894)</u>	<u>-</u>
--	---------------------	----------

Details of purchase of traded goods

Spare parts	1,743,025	-
	<u>1,743,025</u>	<u>-</u>

Details of inventory

Traded goods		
Spare parts	828,887	-
	<u>828,887</u>	<u>-</u>

Work in Progress

Tractors	2,354,165	-
	<u>2,354,165</u>	<u>-</u>

Finished Goods

Tractors	20,323,980	-
	<u>20,323,980</u>	<u>-</u>



30/04

## 22. EMPLOYEE BENEFITS EXPENSES

Salaries, wages and bonus  
Contribution to provident & other funds  
Gratuity Expense (refer note 27)  
Staff Welfare Expenses  
Total

For the year ended March 31, 2016 Amount in Rs.	For the year ended March 31, 2015 Amount in Rs.
16,645,842	-
889,520	-
24,916	-
146,629	-
<u>17,706,907</u>	<u>-</u>

## 23. DEPRECIATION AND AMORTIZATION EXPENSE

Depreciation of tangible assets  
Amortization of intangible assets

For the year ended March 31, 2016 Amount in Rs.	For the year ended March 31, 2015 Amount in Rs.
3,788,137	220,389
8,798,216	-
<u>12,586,353</u>	<u>220,389</u>

## 24. FINANCE COSTS

Interest  
Bank charges

For the year ended March 31, 2016 Amount in Rs.	For the year ended March 31, 2015 Amount in Rs.
893,473	687,525
1,243,923	1,093
<u>2,137,396</u>	<u>688,618</u>

## 25. OTHER EXPENSES

Consumption of stores and spares  
Job work charges  
Power and fuel  
Freight outward charges  
Rent  
Rates and taxes  
Insurance  
Repairs and maintenance  
Buildings  
Others  
Advertisement and sales promotion  
Travelling and conveyance  
Communication costs  
Printing and stationery  
Legal and professional fees  
Director's sitting fees  
Payment to auditor (refer details below)  
Facility charges  
Guest house expenses  
Office maintenance expenses  
Warranty expenses  
General expenses  
Internal audit fees  
Recruitment and meeting expense  
Loss on sale of fixed assets  
Provision for warranties  
Miscellaneous expenses

For the year ended March 31, 2016 Amount in Rs.	For the year ended March 31, 2015 Amount in Rs.
864,689	-
393,192	-
659,389	165,084
1,367,988	-
663,409	153,600
989,330	1,163,410
150,913	-
59,380	-
72,134	-
745,999	-
3,664,010	84,103
117,643	-
116,840	-
1,082,242	-
771,990	217,500
962,918	561,800
1,717,500	-
784,690	380,139
421,529	340,796
516,018	-
83,867	203,296
176,288	170,000
88,407	-
7,098	-
1,346,568	-
489,165	73,605
<u>18,313,196</u>	<u>3,513,333</u>

## Payment to auditor

### As auditor:

Audit fees  
Limited review  
Reimbursement of expenses

For the year ended March 31, 2016 Amount in Rs.	For the year ended March 31, 2015 Amount in Rs.
572,500	561,800
342,500	-
47,918	-
<u>962,918</u>	<u>561,800</u>



*Sanu*

## 26. EARNINGS PER SHARE (EPS)

	For the year ended March 31, 2016 Amount in Rs.	For the year ended March 31, 2015 Amount in Rs.
Loss after tax	(36,138,019)	(4,346,602)
Weighted average number of equity shares in calculating basic EPS	16,643,176	8,383,125
Effect of dilution:		
Convertible warrants	80,604	45,753
Weighted average number of equity shares in calculating diluted EPS	16,723,781	8,428,878
Nominal value of each share	10	10
Earning per share (Rs per share)		
Basic EPS	(2.17)	(0.52)
Diluted EPS*	(2.17)	(0.52)

\* As the Company has incurred loss during the year, effect of dilution is anti-dilutive in nature.

## 27. RETIREMENT AND OTHER EMPLOYEE BENEFIT PLANS

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

The following tables summaries the components of employee benefit expenses recognised in the statement of profit and loss and balance sheet for the Gratuity plans.

### Statement of profit and loss

#### Net employee benefits recognised in the employee cost

	For the year ended 31 March 2016 Amount in Rs.	For the year ended 31 March 2015 Amount in Rs.
Current service cost	1,228,573	1,139,678
Interest cost on benefit obligation	99,050	-
Expected return on plan assets	-	-
Past Service Cost	7,157	-
Net actuarial( gain) / loss recognized in the year	(1,235,116)	130,195
Net benefit expense *	99,664	1,269,873

\* Rs. 74,748 (Rs. 12,69,873) and Rs. 24,916 (Rs. Nil) shown under note 11A and note 22 respectively.

#### Changes in the present value of the defined benefit obligation are as follows

Opening defined benefit obligation	1,269,873	-
Current service cost	1,228,573	1,139,678
Interest cost	99,050	-
Benefits paid	-	-
Plan Amendments	7,157	-
Actuarial (gains) / losses on obligation	(1,235,116)	130,195
Closing defined benefit obligation	1,369,537	1,269,873

The principal assumptions used in determining gratuity obligations for the company's plans are shown below:

	For the year ended 31 March 2016	As at 31 March 2015
Discount rate	7.80%	7.80%
Rate of increase in salary	5.00%	10.00%
Mortality rate	Indian Assured Lives Mortality (2006-08) Modified Ult.	Indian Assured Lives Mortality (2006-08) Modified Ult.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Amount for the current and previous period are as follows:

	For the year ended 31 March 2016	As at 31 March 2015
Defined benefit obligation	1,369,537	1,269,873
Experience adjustments on plan liabilities	(533,246)	130,195

The amounts provided for defined contribution plans are as follows:

	For the year ended 31 March 2016	For the year ended March 31, 2015
Provident fund	3,468,973	2,899,460



1000

**28. RELATED PARTY DISCLOSURES**

Names of related parties and related party relationship

Related parties where control exists

Holding Company : Titagarh Wagons Limited

Related parties under AS 18 with whom transactions have taken place during the year

Fellow subsidiaries : Titagarh Capital Private Limited

: Cimmco Limited

Key management personnel : Pranab Ghosal, Managing Director

Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

Nature of transactions	Holding company	Fellow subsidiaries	Key management personnel	Total
<b>Interest expense</b>				
Titagarh Capital Private Limited		37,159 (680,297)		37,159 (680,297)
<b>Rent expense</b>				
Titagarh Wagons Limited	663,409 (172,800)			663,409 (172,800)
<b>Facility charges paid</b>				
Cimmco Limited		6,836,100 (6,815,760)		6,836,100 (6,815,760)
<b>Electricity charges paid</b>				
Cimmco Limited		2,020,698 (1,114,053)		2,020,698 (1,114,053)
<b>Managerial Remuneration</b>				
Pranab Ghosal			11,990,760 (10,870,200)	11,990,760 (10,870,200)
<b>Share application money received</b>				
Titagarh Wagons Limited	99,000,000 (113,750,000)			99,000,000 (113,750,000)
<b>Issue of equity shares</b>				
Titagarh Wagons Limited	99,000,000 (125,000,000)			99,000,000 (125,000,000)
Pranab Ghosal			1,222,000 (2,750,000)	1,222,000 (2,750,000)
<b>Issue of share warrants</b>				
Pranab Ghosal			1,033,000 (550,000)	1,033,000 (550,000)
<b>Equity warrant application money pending allotment</b>				
Pranab Ghosal			500,000 (-)	500,000 (-)
<b>Loan taken</b>				
Titagarh Wagons Limited	2,350,898 (-)			2,350,898 (-)
Titagarh Capital Private Limited		(33,500,000)		(33,500,000)
<b>Loan converted to OFCD</b>				
Titagarh Capital Private Limited		(33,500,000)		(33,500,000)
<b>Issue of OFCD</b>				
Titagarh Capital Private Limited		(16,000,000)		(16,000,000)
<b>Repayment of OFCD</b>				
Titagarh Capital Private Limited		49,500,000 (-)		49,500,000 (-)
<b>Loan refunded</b>				
Titagarh Wagons Limited	2,064,698 (-)			2,064,698 (-)
<b>Balance outstanding as at the year end - (Cr.)</b>				
Titagarh Capital Private Limited		(50,109,460)		(50,109,460)
(Optionally Fully Convertible Debentures and interest thereon)				
Titagarh Wagons Limited	984,994 (-)			984,994 (-)
Cimmco Limited		2,821,018 (9,325,078)		2,821,018 (9,325,078)
Pranab Ghosal			868,254 (590,650)	868,254 (590,650)



*Sanu*

## 29. CAPITAL AND OTHER COMMITMENTS

(a) Estimated amount of contracts remaining to be executed on capital account and not provided for

As at 31 March 2016	As at 31 March 2015
Amount in Rs.	Amount in Rs.
332,050	4,663,062

(b) Under Memorandum of Agreement dated January 29, 2014 entered between Titagarh Agrico Private Limited (TAPL) and Cimmco Limited (Cimmco), Cimmco intends to enter into a strategic alliance / joint venture with TAPL in the business of tractors / farm / agriculture machinery / equipments, the space for which Cimmco has agreed to allow TAPL use a part of land for such business. TAPL has agreed to pay 3% of the sale price per tractor or a fixed amount of Rs 5,00,000 per month, whichever is higher subject to a cap of Rs 2,00,00,000 only per annum. This arrangement is fixed for an initial period of three years and shall be reviewed immediately thereafter. The agreement is valid for 10 years and shall be renewed on mutual discussion.

## 30. CONTINGENT LIABILITIES

Bills of exchange discounted with banks

As at 31 March 2016	As at 31 March 2015
Amount in Rs.	Amount in Rs.
10,239,000	Nil

## 31. DEFERRED TAX

### Deferred tax liability (DTL)

Timing difference in depreciable fixed assets

7,425,839 3,147,143

### Less:

Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis

(806,642) (739,006)

Provision for warranties

(445,216)

Deferred tax assets to the extent of DTL on Unabsorbed depreciation and carried forward business losses

(6,173,981) (2,408,138)

In absence of convincing evidence which demonstrates virtual certainty of realization of deferred tax assets, the Company has recognized deferred tax assets only to the extent of deferred tax liabilities.

## 32. IMPORTED AND INDIGENOUS RAW MATERIALS, COMPONENTS AND SPARE PARTS CONSUMED

	% of total consumption March 31, 2016	Value (Rs.) March 31, 2016	% of total consumption March 31, 2015	Value (Rs.) March 31, 2015
Raw material and components				
Indigenous *	100%	217,484,759	100%	22,749,765
	100%	217,484,759	100%	22,749,765

\* Rs. 8,38,73,844 (Rs. 2,27,49,765) and Rs. 4,97,37,071 (Rs. Nil) shown under note 11A and note 20 respectively.

### Stores and spares

Indigenous *	100%	3,225,709	100%	4,884,195
	100%	3,225,709	100%	4,884,195

\* Rs. 23,61,020 (Rs. 48,84,195) and Rs. 8,64,689 (Rs. Nil) shown under note 11A and note 20 respectively.

## 33. OPERATING LEASE

The Company has cancellable operating lease arrangement for corporate office premises which is in the nature of operating lease. The lease arrangement is for a period of two years. There is no obligation for renewal of this lease arrangement and are renewable by mutual consent.

### With respect to all operating lease

Lease payments recognised under Rent in the statement of profit and loss

For the year ended 31 March 2016	For the year ended 31 March 2015
Amount in Rs.	Amount in Rs.
663,409	153,600
663,409	153,600

## 34. SEGMENT REPORTING

The Company is primarily engaged in manufacture and marketing of "Tractors and other farm implements" in India. Accordingly the entire business has been considered as a single segment in terms of Accounting Standard (AS 17) on "Segment Reporting" notified under the Companies Act, 2013 and only one reportable geographical segment i.e. India.

35. The Company is in the process of appointing a Company Secretary to comply with the provisions of The Companies Act, 2013.

## 36. PREVIOUS YEAR FIGURES

Previous year figures have been regrouped / reclassified, where necessary, to conform to this year's classification.

As per our Report of even date

For S. R. Batliboi & Co. LLP  
Firm Registration Number: 301003E/E30005  
Chartered Accountants

per Kamal Agarwal  
Partner  
Membership No.: 058652

Place: Kolkata  
Date: 25th May 2016



For and on behalf of board of directors of Titagarh Agrico Private Limited

Pranab Ghosal  
Managing Director

Krishna Kumar Karwa  
Director

Anil Kumar Agarwal  
Director

Nand Faundya  
Chief Financial Officer

2016