S.R. BATLIBOI & CO. LLP
Chartered Accountants

INDEPENDENT AUDITOR'S REPORT

To the Members of Titagarh Agrico Private Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Titagarh Agrico Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity 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 Ind AS financial statements that 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 accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act., read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 control 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS 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 of the standalone Ind AS financial statements 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 Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls 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

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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 Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Ind AS 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, 2017, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matter

We draw attention to Note 40 to the financial statements in respect of Scheme of Amalgamation to merge the business of the Company with Cimmco Limited, a fellow subsidiary, with effect from 1st April, 2016 subject to necessary approvals, more fully described therein. Pending completion of necessary approvals, no adjustment has been made in these financial statements. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

(b) 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 including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of section 164 (2) of the Act;

(f) 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;

(g) 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.

iv. The Company has provided requisite disclosures in Note 35 to these Ind AS financial statements as to the holding of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on our audit procedures and relying on the management representation regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the Management.

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 18, 2017

S.R. Batliboi & Co. LLP
Chartered Accountants

Annexure 1 referred to in paragraph 1 of the section on "Report on other legal and regulatory requirements" of our report of even date

To the members of Titagarh Agrico Private Limited

(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 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.

(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 18, 2017

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

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, 2017 in conjunction with our audit of the standalone 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 controls 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 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.

Our 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 controls 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 audit opinion on the internal financial controls system 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.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, 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.

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 18, 2017

Titagarh Agrico Private Limited
Balance Sheet as at March 31, 2017

	Notes	As at March 31, 2017 Amount in Rs.	As at March 31, 2016 Amount in Rs.	As at April 1, 2015 Amount in Rs.
I. ASSETS				
Non-current assets				
(a) Property, Plant and Equipment	3.1	41,453,094	51,213,534	53,772,103
(b) Intangible assets	3.2	69,772,891	83,636,721	-
(c) Intangible assets under development	4	-	3,692,132	88,087,784
(d) Financial assets				
(i) Investments	5	20,000	20,000	20,000
(ii) Loans and Deposits	6	28,000	28,000	17,000
(iii) Other Financial assets	7	92,266	2,153,652	1,910
(e) Non-current tax asset	8	98,659	3,060	-
(f) Other non-current assets	9	74,000	74,000	1,890,139
		111,538,910	140,821,099	143,788,936
Current assets				
(a) Inventories	10	49,291,373	60,217,565	24,301,903
(b) Financial assets				
(i) Trade receivables	11	9,536,810	8,983,195	-
(ii) Cash and cash equivalents	12.1	16,935,840	3,632,120	11,647,970
(iii) Other financial assets	7	18,380	16,287	-
(c) Other current assets	9	7,730,562	5,077,191	2,865,442
		83,512,965	77,926,358	38,815,315
Total Assets		195,051,875	218,747,457	182,604,251
II. EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital	13	360,000,000	244,722,000	140,000,000
(b) Other equity	14	(211,631,506)	(124,510,638)	(15,863,643)
		148,368,494	120,211,362	124,136,357
Liabilities				
Non-current liabilities				
(a) Financial Liabilities				
(i) Borrowings	15	-	-	26,272,236
(b) Provisions	16	611,089	1,223,828	1,252,332
		611,089	1,223,828	27,524,568
Current liabilities				
(a) Financial Liabilities				
(i) Borrowings	15	-	18,167,478	-
(ii) Trade payables	17	19,435,387	47,978,103	16,695,124
(iii) Other financial liabilities	18	14,428,127	19,381,777	7,628,796
(b) Other current liabilities	19	9,936,976	9,222,458	5,594,021
(c) Provisions	16	2,271,802	2,562,451	1,025,385
		46,072,292	97,312,267	30,943,326
Total Equity and Liabilities		195,051,875	218,747,457	182,604,251
Summary of significant accounting policies	2			

The accompanying notes are an integral part of the financial statements

As per our Report of even date

For S.R. Batliboi & Co. LLP
Chartered Accountants
Firm Registration No. 301003E/E300005

per Kamal Agarwal
Partner
Membership No 58652

Place: Kolkata
Date: 18th May 2017

For and on behalf of the Board of Directors of Titagarh Agrico Private Limited

J P Chowdhary
Executive Chairman

Umesh Chowdhary
Vice Chairman

Anil Agarwal
Director

Dinesh Arya
Company Secretary

Rakesh Purohit
Chief Financial Officer

TITAGARH AGRICO PVT. LTD.
KOL-107

Titagarh Agrico Private Limited
Statement of Profit & Loss for the year ended March 31, 2017

	Notes	For the year ended March 31, 2017 Amount in Rs.	For the year ended March 31, 2016 Amount in Rs.
Income			
Revenue from operations	20	57,392,770	49,977,013
Other income	21	1,026,080	119,478
Total Income (I)		58,418,850	50,096,491
Expenses			
Cost of raw materials & components consumed	22	46,060,205	50,744,060
Purchases of stock-in-trade		949,742	736,036
Change in inventories of finished goods, stock-in-trade and work-in-progress	23	(857,689)	(15,939,894)
Employee benefits expense	24	33,761,862	56,083,094
Excise duty expense		74,128	123,023
Finance cost	26	2,974,920	4,840,421
Depreciation and amortization expense	27	28,396,998	8,190,070
Other expenses	25	33,258,639	57,016,224
Total Expenses (II)		144,618,805	161,793,034
Loss before tax		(86,199,955)	(111,696,543)
Tax expense		-	-
Loss for the year		(86,199,955)	(111,696,543)
Other Comprehensive Income			
Other Comprehensive Income not to be reclassified to profit or loss in subsequent periods			
a) Re-Measurement gains on defined benefit plans		1,107,087	2,021,548
Other Comprehensive Income for the year		1,107,087	2,021,548
Total Comprehensive Loss for the year [Nominal value of share Rs. 10/- each (Rs.10/- each)]		(85,092,868)	(109,674,995)
Earnings per share (Basic & Diluted)	28	(2.78)	(6.71)
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements

As per our Report of even date

For S.R. Batliboi & Co. LLP
Chartered Accountants
Firm Registration No. 301003E/E300005

per Kamal Agarwal
Partner
Membership No. 58652

Place: Kolkata
Date 18th May 2017

For and on behalf of the Board of Directors of Titagarh Agrico Private Limited

J P Chowdhary
Executive Chairman

Umesh Chowdhary
Vice Chairman

Anil Agarwal
Director

Dinesh Arya
Company Secretary

Rakesh Purohiit
Chief Financial Officer

TITAGARH AGRICO PVT. LTD.
KOL-107

Titagarh Agrico Private Limited
Statement of Changes in Equity for the year ended 31st March 2017

A) Equity Share Capital

Equity Shares of Rs. 10 each issued, subscribed and fully paid	Number	Amount In Rs.
At the beginning of April 1,2015	14,000,000	140,000,000
Shares issued during the year	10,472,200	104,722,000
Balance as at March 31,2016	24,472,200	244,722,000
Shares issued during the year	11,527,800	115,278,000
Balance as at March 31, 2017	36,000,000	360,000,000

B) Other Equity

Amount In Rs.

	Reserves and Surplus		
Particulars	Money received Against Share Warrant including pending allotment	Retained Earnings	Total
Balance at April 1, 2015	1,000,000	(16,863,643)	(15,863,643)
Loss for the year ended March 31, 2016	-	(111,696,543)	(111,696,543)
Re-Measurement gains on defined benefit plans	-	2,021,548	2,021,548
Total comprehensive loss	-	(109,674,995)	(109,674,995)
Adjustments carried out during year ended March 31, 2016			
Money Received against Share Warrant	1,028,000	-	1,028,000
Balance at March 31, 2016	2,028,000	(126,538,638)	(124,510,638)
Loss for the year ended March 31, 2017	-	(86,199,955)	(86,199,955)
Re-Measurement losses on defined benefit plans	-	1,107,087	1,107,087
Total comprehensive loss	-	(85,092,868)	(85,092,868)
Adjustments carried out during the year ended March 31, 2017			
Issue of Shares	(2,028,000)	-	(2,028,000)
			-
Balance as at March 31, 2017	-	(211,631,506)	(211,631,506)

Significant accounting policies 2

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

As per our report of even date.

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

Per Kamal Agarwal
Membership No. 58652
Place : Kolkata
Date: 18th May 2017

P Chowdhary
Executive Chairman

Umesh Chowdhary
Vice Chairman

Anil Agarwal
Director

Dinesh Arya
Company Secretary

Rakesh Purohiit
Chief Financial Officer

TITAGARH AGRICO PVT. LTD. KOL-107

Titagarh Agrico Private Limited

CASH FLOW STATEMENT
For the year ended March 31,2017

	For the year ended March 31, 2017 Amount in Rs.	For the year ended March 31, 2016 Amount in Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
Loss before tax	(86,199,955)	(111,696,543)
Adjustments to reconcile loss before tax to net cash flows:		
Depreciation and amortization expense	28,396,998	8,190,070
Loss on redemption of Optionally Fully Convertible Debentures (OFCD)	-	20,611,873
Interest expense	2,051,059	3,596,498
Interest income	(969,206)	(32,345)
Operating Loss before Working Capital Changes	(56,721,104)	(79,330,447)
Movements in working capital :		
Increase / (Decrease) in financial liabilities, other liabilities and provisions	(30,421,794)	41,407,395
Increase in Trade Receivable	(553,615)	(8,983,195)
(Increase)/Decrease in Inventories	10,926,192	(35,915,662)
Increase in Loans & Advances	(595,636)	(4,372,749)
(Increase)/Decrease in Current Assets	1,559	(18,029)
	(20,643,294)	(7,882,240)
Cash used in operations	(77,364,398)	(87,212,687)
Direct taxes paid	(95,599)	(3,060)
Net Cash used in Operating activities (A)	(77,459,997)	(87,215,747)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets, including CWIP and capital advances	(2,666,433)	(1,846,738)
Interest received	969,206	32,345
Net Cash flow used in Investing Activities (B)	(1,697,227)	(1,814,393)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of equity share capital	115,278,000	104,722,000
Money received against Share Warrants	(2,028,000)	1,028,000
Net movement in short term borrowings	(570,519)	8,190,000
Repayment of OFCD	-	(49,500,000)
Proceed / (Repayment) from Cash credit facility	(18,167,478)	18,167,476
Interest paid	(2,051,059)	(1,593,186)
Net Cash flow generated from Financing activities (C)	92,460,944	81,014,290
Net (Decrease)/ Increase in cash & cash equivalent (A+B+C)	13,303,720	(8,015,850)
Cash and cash equivalents at the beginning of the year	3,632,120	11,647,970
Cash and cash equivalents at the end of the year	16,935,840	3,632,120
Components of cash and cash equivalents:		
Cash on hand	472	91,085
Balance with Banks:		
On Current Account	6,935,368	3,541,035
Deposit with remaining maturity less than 3 months.	10,000,000	-
Total cash and cash equivalents (note 12.1)	16,935,840	3,632,120

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

Place: Kolkata
Date: 18th May 2017

For and on behalf of Board of Directors of Titagarh Agrico Private Limited

J P Chowdhary
Executive Chairman

Umesh Chowdhary
Vice Chairman

Anil Agarwal
Director

Dinesh Arya
Company Secretary

Rakesh Purohiit
Chief Financial Officer

TITAGARH AGRICO PVT. LTD. KOL-107

1 Corporate Information
Titagarh Agrico Private limited (the Company) is a public company domiciled in India and incorporated under the provisions of the erstwhile Companies Act, 1956. The Company is engaged in manufacturing of agricultural and farm machinery including tractors and similar products. The Company caters to the domestic and export market. The registered office of the Company is located at 756, Anandapur, EM-Byepass, Kolkata - 700107.

These separate financial statements were authorised for issue in accordance with a resolution of the Directors on May 18, 2017.

2 Basis of preparation
For all periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

These financial statements for the year ended March 31, 2017 have been prepared in accordance with Indian Accounting Standards ("Ind-AS") consequent to the notification of The Companies (Indian Accounting Standards) Rules, 2015 (the Rules) (as amended) issued by the MCA. These are the first Ind-AS financial statements of the Company, wherein the Company has prepared its Balance Sheet as at 1st April 2015 and financial statements for the year ended and as at 31st March 2016 as per Ind-AS.
The financial statements have been prepared on a historical cost basis, except for certain items which are measured at fair value such as Optionally Fully Convertible Debentures etc. covered under IND AS 109 "financial instruments" etc.

2.1 Significant accounting policies

a. Revenue Recognition

Sale of goods
Revenue is recognised to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment for them is made. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

Excise duty is a liability of the manufacturer irrespective of whether the goods are sold or not. Hence, the recovery of excise duty flows to the Company on its own account and accordingly revenue includes excise duty. However, Sales tax/ value added tax (VAT) are collected on behalf of the government and accordingly, it is excluded from revenue.

The Company provides fixed number of free services to customers against sale of tractors. Consideration received by the Company on sale of tractors is allocated between the tractors sold and free services at their fair values. The fair value of free services is deferred and recognised as revenue when the services are obtained by the customers.

Interest Income
Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable effective interest rate (EIR).

b. Taxes
Current income tax
Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity).

Deferred tax
Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

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Deferred tax assets are recognised for all deductible temporary differences and carry forwards of unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

For items recognised in OCI or equity, deferred / current tax is also recognised in OCI or equity.

c. Property, plant and equipment (PPE)

PPE is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises of purchase price inclusive of taxes, commissioning expenses, etc. upto the date the asset is ready for its intended use.

Expenditure directly attributable to expansion projects is capitalised. Administrative, general overheads and other indirect expenditure (including borrowing costs) incurred during the project period which are not directly related to the project nor are incidental thereto, are expensed.

Machinery spare which meets the criteria of PPE is capitalized and depreciated over the useful life of the respective assets.

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

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Particular	Useful economic life
Factory building / Other building	5 - 30 years
Plant and equipment	5 - 15 years
Furniture and fixtures	10 years
Office equipment and computers	3-5 years
Vehicles	10 years

The Company, based on technical assessment made by technical expert and management's estimate, depreciates certain items of building, plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used

The Company has considered the residual values of the above assets at 5% of the original cost. It believes that these estimated useful lives and residual values are realistic and reflect fair approximation of the period over which the assets are likely to be used.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

An item of PPE and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

d. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is recognised in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

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A summary of the policies applied to the Company's intangible assets is, as follows:

Intangible assets	Useful lives	Amortisation method used	Internally generated or acquired
Prototypes	Finite (10 years)	Amortised on a straight-line basis over the useful life	Internally generated
Computer Software's	Finite (3 years)	Amortised on a straight-line basis over the useful life	Acquired

e. 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.

f. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between 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 recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company' s general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

g. Inventories

Inventories are valued at the lower of cost and net realisable value.
Costs incurred in bringing each product to its present location and condition are accounted for as follows:

(i) Raw materials, Components, Stores and Spares: These are valued at 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 includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

(ii) Finished goods and work in progress: These are valued at lower of cost and net realisable value. Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity. Cost of finished goods also includes excise duty. Cost is determined on weighted average basis.

(iii) 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.

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.

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h. Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset' s recoverable amount. An asset' s recoverable amount is the higher of an asset' s or cash-generating unit' s (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

i. Provisions

General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense 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 risks 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 upto 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.

j. Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service.

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

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 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.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

(i) Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and

(ii) Net interest expense or income

In case of gratuity, current and non current bifurcation is done as per Actuarial report.

k. Financial instruments

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or loss, are added to the fair value on initial recognition.

Subsequent measurement

Non-derivative financial instruments

(a) Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(b) Financial Liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Derecognition

A financial asset (or, where applicable, a part of a financial asset) is primarily derecognised when the rights to receive cash flows from the asset have expired. A financial liability is de-recognised when obligation under the liability is discharged or cancelled or expired.

Impairment of financial assets

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