

Cimmco Limited

Annual Report 2009-2010



Cimmco Limited (formerly Cimmco Birla Limited)

BOARD OF DIRECTORS

Shri Umesh Chowdhary	Chairman
Shri Jai Prakash Gupta	Executive Director
Shri Anil Kumar Agarwal	Non -Executive Director
Shri Jagdish Kumar Shukla	Independant Dircetor
Shri Ravi Kumar	Independant Dircetor
Shri Rakesh Mohan Agarwal	Nominee Director – Arcil
Shri Sanjoy Gupta	Nominee Director - Arcil
Shri Ashok Gupta	Special Director - BIFR

COMPANY SECRETARY

Shri Dipankar Ganguly

AUDITORS

M/s. L. B. Jha & Co.
Chartered Accountants

REGISTRAR & TRANSFER AGENT

MCS Limited
F-65, Okhla Industrial Area, Phase – I
New Delhi 110 020
Phone : 41406149
Fax : (011) 41709881
E-mail : admin@mcsdel.com

BANKER

ICICI Bank Limited

REGISTERED OFFICE

Indra Palace (3rd Floor)
H-Block, Connaught
Circus
New Delhi-110 001
Phone : (011) 23356463

CORPORATE OFFICE

A-35 (Ground Floor)
Sector - 2
Noida 201301
Uttar Pradesh
Phone: (0120) 4539800
Fax: (0120) 4539811
E-Mail: corp@cimmco.in

WORKS

Mal Godown Road
Bharatpur-321 001
Rajasthan
Phone : (05644) 238756
Fax : (05644) 238757



Cimmco Limited (formerly Cimmco Birla Limited)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the **Sixty-fifth Annual General Meeting** of the members of **CIMMCO LIMITED** (formerly Cimmco Birla Limited) will be held on **Wednesday, the 29th day of December, 2010 at 10.00 A.M.** at the 'Speaker Hall' of the Constitution Club of India, Rafi Marg, New Delhi 110001, to transact the following business:

Ordinary Business:

1. To consider and adopt the audited Balance Sheet of the Company as at June 30, 2010, Profit & Loss Account and Cash Flow Statement for the financial year ended on that date, together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Ravi Kumar, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri J. K. Shukla, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration by passing with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT in place of the retiring Auditors of the Company, M/s. L.B. Jha & Co. Chartered Accountants, who have intimated their un-willingness to be re-appointed, M/s. S.R. Batliboi & Co. Chartered Accountants, of 22, Camac Street, Block C, 3rd Floor, Kolkata 700017, having Firm Registration No.301003E, be and are hereby appointed as Auditors of the Company to hold office as such until the conclusion of the next Annual General Meeting of the Company and the Board of Directors of the Company be and is hereby authorised to fix their remuneration in addition to other applicable expenses in connection with statutory audit and/or continuous audit and also such other remuneration as may be decided to be paid by the Board/Committee of the Board for performing duties, other than those referred to hereinabove and the remuneration so fixed may be paid at such intervals during the year, as may be decided by the Board/Committee of the Board."

Special Business:

5. To consider and if thought fit to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT Shri Umesh Chowdhary, who was appointed as Nominee Director of Cimco Equity Holdings Private Limited by the Board of Directors of the Company with effect from March 14, 2010 and who holds office, as per Section 260 of the Companies Act, 1956, upto the date of this Annual General Meeting, being eligible for appointment and in respect of whom the Company has received a Notice in writing pursuant to Section 257 of the Companies Act, 1956 from a shareholder entitled thereto proposing his candidature for the office of Nominee Director, be and is hereby appointed as a Director of the Company."

6. To consider and if thought fit to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT Shri Anil Kumar Agarwal, who was appointed as Nominee Director of Cimco Equity Holdings Private Limited by the Board of Directors of the Company with effect from March 14, 2010 and who holds office, as per Section 260 of the Companies Act, 1956, upto the date of this Annual General Meeting, being eligible for appointment and in respect of whom the Company has received a Notice in writing pursuant to Section 257 of the Companies Act, 1956 from a shareholder entitled thereto, proposing his candidature for the office of Nominee Director, be and is hereby appointed as a Director of the Company."

7. To consider and if thought fit to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to Article 160 of the Articles of Association of the Company and the provisions of Sections 198, 269, 309 and 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to such other approvals, as may be necessary, the Company hereby approves the re-appointment of Shri J. P. Gupta as the Whole-time Director, designated as Executive Director of the Company for a further period of one year w.e.f. August 01, 2010 subject generally to the Rules as laid down by the Board, at a remuneration by way of salary, perquisites and other allowances as detailed hereinbelow, with liberty to either party to terminate the appointment on three months' notice in writing to the other.

- | | | | | | | | | | | | |
|---------------------------------|---|----|--|----|--|----|--|----|--|----|--|
| A. Salary | : Rs. 50,000/- (Rupees fifty thousand only) and Special Allowance Rs.10,000/- (Rupees ten thousand only) per month. | | | | | | | | | | |
| B. Housing | : The expenditure by the Company on hiring unfurnished accommodation will be restricted to 60% of the Salary. In case no accommodation is provided by the Company, he shall be entitled to House Rent Allowance not exceeding Rs. 25,000/- (Rupees twenty five thousand only) per month. | | | | | | | | | | |
| C. Perquisites/ Benefits | <table border="0"><tr><td>a)</td><td>Reimbursement of medical/mediclaime insurance expenses – As per Company Rules.</td></tr><tr><td>b)</td><td>Personal Accident Insurance – As per Company Rules</td></tr><tr><td>c)</td><td>Leave Travel Concession – As per Company Rules</td></tr><tr><td>d)</td><td>Expenditure incurred by the Company on Electricity and Water shall be valued as per Income tax Rules, 1962</td></tr><tr><td>e)</td><td>Car and Telephone Expenses at Residence – As per Company Rules</td></tr></table> | a) | Reimbursement of medical/mediclaime insurance expenses – As per Company Rules. | b) | Personal Accident Insurance – As per Company Rules | c) | Leave Travel Concession – As per Company Rules | d) | Expenditure incurred by the Company on Electricity and Water shall be valued as per Income tax Rules, 1962 | e) | Car and Telephone Expenses at Residence – As per Company Rules |
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| b) | Personal Accident Insurance – As per Company Rules | | | | | | | | | | |
| c) | Leave Travel Concession – As per Company Rules | | | | | | | | | | |
| d) | Expenditure incurred by the Company on Electricity and Water shall be valued as per Income tax Rules, 1962 | | | | | | | | | | |
| e) | Car and Telephone Expenses at Residence – As per Company Rules | | | | | | | | | | |



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- f) *Gratuity at the rate of 15 days salary for each completed year of service at the end of the tenure, and*
- g) *Encashment of un-availed leave at the end of the tenure.*

D. Minimum Remuneration: *Where in any financial year, the Company has no profits or its profits are inadequate, the foregoing amount of remuneration and benefits shall be paid to Shri J. P. Gupta, as minimum remuneration within the limits specified in Part II Section II Para 1(C) of Schedule XIII to the Companies Act, 1956 (as amended from time to time), subject to such approvals as may be necessary.*

The items referred to in (f) and (g) shall not be included in the computation of limits of perquisites as mentioned at (C) above in terms of Schedule XIII Part II Section II Para 2 to the Companies Act, 1956.

RESOLVED FURTHER THAT *the Board of Directors of the Company or a duly constituted Committee thereof (the Board) be and is hereby authorized, without requiring any further resolution or consent of or reference to the general meeting, to confirm the re-appointment of Shri J. P. Gupta and to do all such acts, deeds, matters and things as in its absolute discretion, it may consider necessary, expedient or desirable, and to settle any question or doubt that may arise in relation thereto."*

8. To consider and if thought fit to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT *in modification of the resolution passed at the Forty-ninth Annual General Meeting held on September 29, 1994, the consent of the Company be and is hereby accorded under the provisions of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956 to the Board of Directors of the Company to borrow any sum or sums of money from time to time, notwithstanding that the money or moneys to be borrowed together with the moneys already borrowed by the Company (apart from the temporary loans and working capital facilities obtained from the Company's Bankers in the ordinary course of business) may exceed the aggregate of Paid-up Capital of the Company and its Free Reserves, that is to say, reserves not set apart for any specific purpose, provided, however, that the total amount upto which moneys may be borrowed shall not exceed the aggregate of the Paid-up Capital and Free Reserves of the Company by more than the sum of Rs. 500 Crores (Rupees five hundred crores only) at any time."*

By Order of the Board of Directors
For Cimmco Limited

Place: Noida (U.P.)
Date: November 14, 2010

Registered Office:
Indra Palace, (3rd Floor)
H-Block, Connaught Circus
New Delhi 110 001

Dipankar Ganguly
Company Secretary

NOTES:

- A. As stipulated under Clause 49 of the Listing Agreement, information in respect of the Directors of the Company seeking appointment/re-appointment at this Annual General Meeting is annexed hereto and also provided in the Corporate Governance Report, which forms part of the Annual Report.
- B. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND THE MEETING AND TO VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM AS PER THE FORMAT INCLUDED IN THE ANNUAL REPORT, DULY COMPLETED, SHOULD BE RETURNED TO THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY- EIGHT HOURS BEFORE COMMENCEMENT OF THE ANNUAL GENERAL MEETING.**
- C. The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, December 27, 2010 to Wednesday December 29, 2010 (both days inclusive), for the purposes of holding the Annual General Meeting.
- D. Members holding shares in dematerialized mode are requested to intimate all changes pertaining to their bank accounts, mailing addresses, etc. to their Depository Participants only and not to the Company/RTA. Changes intimated to the Depository Participants will then be automatically reflected in the Company's records, which will help the Company and its RTA to provide efficient and better service to the Members.
- E. Members seeking any information regarding the Accounts of the Company are requested to write to the Company at least ten days before the date of the Meeting, so as to enable the Management to keep the information ready at the Meeting.
- F. All the documents referred to in the Notice and Explanatory Statement are open for inspection at the Registered Office of the Company between 11.00 A.M. and 1.00 P.M. till the date of the 65th Annual General Meeting on all days except Saturdays, Sundays and holidays and shall also be available for inspection at the Annual General Meeting or any adjournment thereof.



EXPLANATORY STATEMENT

Pursuant to Section 173(2) of the Companies Act, 1956

Item Nos. 5 & 6

The Hon'ble BIFR by its Order dated 11.03.2010 has sanctioned a Scheme for rehabilitation of the Company under the provisions of the Sick Industrial Companies (Special Provisions) Act, 1985. Pursuant to this Scheme, Shri Umesh Chowdhary and Shri Anil Kumar Agarwal were co-opted as additional directors of the Company with effect from 14.03.2010, based on the nomination received by the Company to this effect from Cimco Equity Holdings Private Limited. Pursuant to the provisions of Section 260 of the Companies Act, 1956, read with Article 137 of the Articles of Association of the Company, Shri Umesh Chowdhary and Shri Anil Kumar Agarwal will hold office as Directors upto the date of the forthcoming Annual General Meeting. The Company has received notices in writing in terms of Section 257 of the Companies Act, 1956, proposing the candidatures of Shri Umesh Chowdhary and Shri Anil Kumar Agarwal for the office of Directors of the Company.

Accordingly, the resolutions set out in the Notice are commended for approval.

Shri Umesh Chowdhary and Shri Anil Kumar Agarwal are interested in the resolutions as these relate to their appointment. None of the other Directors of the Company are interested or concerned in these resolutions.

Item No. 7

Shri J. P. Gupta was appointed as Whole-time Director of the Company and designated as Director (Works) & President, Bharatpur Works, w.e.f. 01.08. 2000 for a period of five years. Thereafter, upon expiry of the said term of five years, Shri Gupta has continuously been re-appointed on a year to year basis as Whole-time Director of the Company (designated as Executive Director), the last was made at the 64th Annual General Meeting of the Company, which remained valid till 31.07. 2010. Considering the valued contribution of Shri Gupta over the years, the Remuneration Committee and the Board of Directors of the Company at their respective meetings held on 30.08. 2010 have unanimously approved the re-appointment of Shri J. P. Gupta as the Whole-time Director and designated as Executive Director of the Company for a further period of one year w.e.f. 01.08. 2010 upto 31.07. 2011 on the existing terms and conditions including remuneration payable by the Company to the incumbent. The re-appointment, so made, is however subject to approval of the Shareholders of the Company in the Annual General Meeting in terms of the provisions of the Articles of Association and the Companies Act, 1956.

Shri J. P. Gupta, aged 71 years, is B.Sc. B.E. (Mechanical.). As a Whole-time Director of the Company, he continues to be actively involved in the operations of the Company and has contributed immensely and particularly on matters relating to the Company's affairs, in his long association with the Company.

Details of the remuneration payable to Shri J. P. Gupta are set out in Resolution No.7. Accordingly, the Board recommends the resolution to the Shareholders for their approval by way of Special Resolution (since the incumbent has attained the age of 70 years) in the ensuing Annual General Meeting of the Company.

The terms of appointment of Shri J. P. Gupta, as stated in this Notice, may be treated as the abstract under Section 302 of the Companies Act, 1956. The copy of the relevant resolution of the Board of Directors in respect to the appointment is available for inspection by the Members at the Registered Office of the Company between 11.00 A.M. and 1.00 P.M. on all working days till the date of the 65th Annual General Meeting.

None of the Directors, except Shri J. P. Gupta, is concerned or interested in the Resolution concerning his re-appointment and remuneration payable to him as a Whole-time Director (designated as Executive Director).

The Board recommends the proposed Special Resolution for your approval.

Item No. 8

The Members are aware that the Company is registered with the Hon'ble Board for Industrial & Financial Reconstruction (BIFR) as 'Sick Industrial Company' for rehabilitation of which, a scheme has been sanctioned by the Hon'ble BIFR by its Order dated 11.03.2010. Post sanction of the Scheme by the Hon'ble BIFR, the Company has received orders for execution of which timely working capital facilities are required besides the funds for capital expenditure, repayment of debt and long-term working capital to ensure that revival process envisaged in the Scheme is smoothly and efficiently implemented. To that end, ICICI Bank Ltd. has since sanctioned credit facilities aggregating Rs. 130 Crores.

Section 293(1)(d) of the Companies Act, 1956 requires consent of the Company in General Meeting authorizing the Board of Directors to borrow money for the requirements of the Company in excess of the aggregate of the Paid-up Capital and Free Reserves of the Company. In the opinion of the Board of Directors, the present borrowing limit of Rs. 75 Crores pursuant to the resolution passed by the Shareholders at the Annual General Meeting of the Company held in the year 1994 should be modified suitably to accommodate the borrowing requirements of the Company, if any, in future.

The Board of Directors recommends the resolution for your approval.

None of the Directors are concerned or interested in the proposed resolution.

By Order of the Board of Directors
For Cimmco Limited

Place: Noida (U.P.)
Date: November 14, 2010

Dipankar Ganguly
Company Secretary

Registered Office:
Indra Palace, (3rd Floor)
H-Block, Connaught Circus
New Delhi 110 001



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PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES, FOLLOWING INFORMATION IS FURNISHED ABOUT THE DIRECTORS PROPOSED TO BE APPOINTED/RE-APPOINTED, VIDE ITEM NOS. 2, 3, 5, 6 & 7 OF THE NOTICE DATED NOVEMBER 14, 2010 CONVENING THE 65TH ANNUAL GENERAL MEETING OF CIMMCO LIMITED:

- 1. Name of the Director** : **Shri Ravi Kumar**
Date of Birth : 08.11.1946
Date of appointment on the Board as Director : 10.07.2007
Date of last re-appointment as Director : 31.12.2009
Expertise in specific functional areas : Management Consultant & Professor
Qualification : B.E. MBA (FMS Delhi)
Number of Equity Shares held in the Company : 70
List of outside Directorship/Committee Membership held in Public Companies : None
- 2. Name of the Director** : **Shri J K Shukla**
Date of Birth : 01.07.1943
Date of appointment on the Board as Director : 31.03.2009
Date of last re-appointment as Director : 31.12.2009
Expertise in specific functional areas : Sr. Management Executive (Retd.)
Qualification : M.A.
Number of Equity Shares held in the Company : Nil
List of outside Directorship/Committee Membership held in Public Companies : None
- 3. Name of the Director** : **Shri Umesh Chowdhary**
Date of Birth : 24.04.1974
Date of appointment on the Board as Director : 14.03.2010
Date of last re-appointment as Director : NA
Expertise in specific functional areas : Entrepreneur
Qualification : B.Com.
Number of Equity Shares held in the Company : Nil
List of outside Directorship/Committee Membership held in Public Companies : Directorship
a) Titagarh Wagons Limited
b) Titagarh Shipyard Limited
c) Continental Valves Limited
d) La Compagnie AFR Titagarh, France
Committee Membership
Shareholders'/Investors' Grievance Committee,
Titagarh Wagons Limited
- 4. Name of the Director** : **Shri Anil Kumar Agarwal**
Date of Birth : 05.07.1975
Date of appointment on the Board as Director : 14.03.2010
Date of last re-appointment as Director : NA
Expertise in specific functional areas : Finance & Accounts
Qualification : B.Com. ACA
Number of Equity Shares held in the Company : Nil
List of outside Directorship/Committee Membership held in Public Companies : None
- 5. Name of the Director** : **Shri J P Gupta**
Date of Birth : 01.12.1939
Date of appointment on the Board as Director : 01.08.2000
Date of last re-appointment as Director : 31.12.2009
Expertise in specific functional areas : Engineering & Administration
Qualification : B.Sc. B.E (Mechanical)
Number of Equity Shares held in the Company : 170
List of outside Directorship/Committee Membership held in Public Companies : None



DIRECTORS' REPORT

Dear Shareholders

Your Directors have pleasure in presenting the 65th Annual Report, together with the audited accounts of the Company for the financial year ended June 30, 2010.

Financial Results:

The Company was referred to Hon'ble BIFR in the year 2000, declared '*Sick Industrial Company*' within the meaning of Section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) by the Hon'ble BIFR in the year 2002 and registered with Reference No. 372/2000. The operations of the Company were stalled following the lockout at its Bharatpur Plant w.e.f. 13.11.2000, and could be resumed only after lifting of the lockout w.e.f. 14.09.2008. After deliberations and examining the Company's revival proposal over considerable period, the Hon'ble BIFR has sanctioned the Rehabilitation Scheme for the Company by its order dated 11.03.2010 under the provisions of SICA, which is in the process of implementation in right earnest. In this backdrop, your Directors were of the opinion that post-sanction of the Scheme, the first audited Balance Sheet of the Company should incorporate the immediate adjustments/set-off/repayments, etc. arising out of the Sanctioned Scheme of the Hon'ble BIFR to reflect its true financial status in a prudent manner, and as such, the financial year of the Company under review has been extended by three months so as to end on 30.06.2010 in place of the usual closure on 31.03.2010 and accordingly the figures given below for the current year are not comparable with that for the previous accounting year.

[Rs./Lacs]

Particulars	Year ended 30.06.2010 (15 Months)	Year ended 31.03.2009 (12 Months)
Profit/(Loss) before Extra-ordinary Items & Tax	338.66	(10,346.62)
Extra-ordinary Items (arising out of the sanctioned Scheme of BIFR)	55,208.23	(287.11)
Profit/(Loss) before Taxation	55,546.89	(10,633.73)
Profit/(Loss) after Taxation	55,682.65	(10,637.99)
Balance carried to Balance Sheet	(3,104.79)	(59,010.13)
Reserves & Surplus	3,220.32	222.69
Net Worth	2,130.37	(57,357.00)
Earnings per Share (before Extra-ordinary Items) (Rs.)	3.05	(72.58)

Dividend:

In view of the restrictions imposed under the Scheme sanctioned by the Hon'ble BIFR, your Directors regret their inability to recommend any dividend for the year.

Developments at BIFR:

As stated in our last Report, the Company had submitted the draft revival scheme which, *inter alia*, envisages strengthening the management by joining of Titagarh Wagons Limited as 'Co-Promoter'; infusion of the requisite funds and further to contribute towards the business development as well as the

settlement of dues of the financial institutions and the banks, rationalization of operating costs and financial re-engineering, thereby enabling the faster turnaround and a healthy balance sheet for the Company. The draft revival scheme of the Company received the support and consent of all the major stakeholders, based on which, the Hon'ble BIFR has sanctioned the Rehabilitation Scheme for the Company by order dated 11.03.2010. The rehabilitation strategy envisages reliefs and concessions from various agencies including Central and State Governments, and also induction of fresh funds by the Promoter and Co-Promoter for revival of the Company's operations. Pursuant to and in compliance with this Sanctioned Scheme, the Company has already complied with most of the directions of the Hon'ble BIFR, which include re-organization of share capital by reduction and consolidation, infusion of funds and issue of fresh shares, settlement of labour dues, repayment of the secured and unsecured loans of the Company.

Review of Operations and Future Outlook:

The operations of the Company at its Plant at Bharatpur resumed after having remained closed for almost eight years, following withdrawal of the lock-out on 14.09.2008. The Company, with its glorious history in the fields of manufacture of railway wagons and other heavy engineering products, has again started participating in the tenders floated by the Ministry of Railways and other Public/Private Sector Units to pursue and regain its prominence in the industry in due course. It gives pleasure to your Directors to inform you that the Company has successfully rolled out 123 wagons from its factory during the period under review. The Railway Board has recently placed an order on your Company valued at more than Rs. 250 Crores, which has been partly released for execution. This apart, the Company has received number of other orders from Private/Public Sector units, being under execution. To meet the operational requirements, ICICI Bank Limited has since sanctioned financial assistance by way of term loan and working capital facilities aggregating Rs.130 Crores.

Management Discussion and Analysis:

The Management Discussion and Analysis Report as stipulated under Clause 49 of the Listing Agreement with Stock Exchanges, forming part of Director's Report for the year under review, is given in a separate section of this Annual Report.

Directors :

Shri Sanjiv K. Jha and Shri Rakesh Khandelwal, Directors of the Company, have resigned w.e.f. 22.10.2010 and 14.11.2010 respectively. The Directors place on record their appreciation for the valuable services rendered by Shri Jha and Shri Khandelwal during their tenure as Directors.

The nomination of Shri R. K. Goel, as Nominee Director was withdrawn by Asset Reconstruction Company (India) Limited (Arcil) vide its letter dated 27.01.2010 and in his place, Shri Sanjoy Gupta has joined the Board of Directors of the Company as Nominee Director of Arcil, with effect from the same date.

Pursuant to the Sanctioned Scheme of the Hon'ble BIFR, Shri Umesh Chowdhary and Shri Anil Kumar Agarwal were nominated by the joint promoters and co-opted as Additional Directors of the Company w.e.f. 14.03.2010. In terms of the provisions of Section 260 of the Companies Act, 1956, read with Article 137 of the



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Articles of Association of the Company, Shri Umesh Chowdhary and Shri Anil Kumar Agarwal will hold office as Directors upto the date of the forthcoming Annual General Meeting. The Company has received notices under the provisions of Section 257 of the Companies Act, 1956, proposing the candidatures of Shri Umesh Chowdhary and Shri Anil Kumar Agarwal for the office of Nominee Directors of the Company.

Subsequent to the sanction of the Scheme by the Hon'ble BIFR, in exercise of the powers conferred under Section 16(4) of SICA the Hon'ble BIFR by its Order dated 19.07.2010 has appointed Shri Ashok Gupta as 'Special Director' in the Board of Directors of the Company. The appointment shall remain valid until further order of the Hon'ble BIFR or for a period of three years from the date of appointment or till the date on which Shri Gupta attains the age of 65 years, whichever is earlier.

The term of office of Shri J. P. Gupta as Executive Director of the Company expired on 31.07.2010. Considering his long association with the Company and valued contribution, the Board of Directors has again re-appointed Shri Gupta as Whole-time Director of the Company (designated as Executive Director) for a period of one year w.e.f. 01.08.2010. His appointment and remuneration payable to him requires consent of the Shareholders at the ensuing Annual General Meeting of the Company.

In accordance with the provisions of the Companies Act, 1956 read with the Articles of Association, Shri Ravi Kumar and Shri J. K. Shukla, Directors of the Company retire by rotation and being eligible, offer themselves for re-appointment.

Directors' Responsibility Statement:

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- (a) in preparation of the annual accounts for the financial year ended June 30, 2010 the applicable accounting standards have been followed and proper explanations relating to material departures, if any, have been provided;
- (b) the accounting policies selected and applied are consistent and the judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year, and of the Profit of the Company for that period;
- (c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;
- (d) the annual accounts have been prepared on a going concern basis.

Auditors:

M/s. L. B. Jha & Co., Chartered Accountants, Statutory Auditors of the Company shall retire at the conclusion of the ensuing Annual General Meeting and intimated their un-willingness to be re-appointed due to unavoidable circumstances. As such, it is proposed to appoint M/s. S. R. Batliboi & Co. Chartered Accountants, as the Statutory Auditors of the Company to hold office until the conclusion of the next Annual General Meeting, for which, the Company has received the statutory confirmation that the proposed appointment, if made, will be in accordance with the limit prescribed under Section 224(1B) of the Companies Act, 1956.

Auditors' Report:

Observations of the Auditors, when read together with the relevant notes to accounts and accounting policies, are self explanatory.

The Company is taking all action necessary in a time bound manner in regard to the observations made by the Auditors in the Annexure to their Report and therefore, the same require no further clarification.

Corporate Governance:

A separate section on Corporate Governance as prescribed under Clause 49 of the Listing Agreement along with the Certificate obtained from the Auditors' of the Company regarding compliance of conditions of Corporate Governance is included in the Annual Report.

Listing with Stock Exchanges:

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

The trading in equity shares of the Company was under suspension at BSE with effect from 07.01.2002. As communicated in the last year's report, based on the application submitted by the Company and on compliance of the stipulations prescribed by BSE, the ongoing suspension at BSE has been revoked and trading in equity shares of the Company has resumed w.e.f. 26.10.2010. However, the suspension in trading of equity shares of the Company at NSE is continuing w.e.f. 07.05.2009, for revocation of which, the application submitted by the Company is under consideration.

Unpaid/Unclaimed Fixed Deposits & Dividend:

As stated in the last year's report, the balances in the unpaid/unclaimed dividend accounts, debenture redemption and interest on debenture accounts of the Company pertaining to financial years 1996-97, 1997-98, 1998-99 and 1999-2000 have since been transferred to the credit of the Investor Education and Protection Fund (IEPF), as required under Section 205C of the Companies Act, 1956. The unpaid fixed deposits shall be repaid in accordance with the Sanctioned Scheme of the Hon'ble BIFR.

Disclosures:

1. Under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended :

During the year under review, none of the employees of the Company was in receipt of the remuneration requiring statutory disclosure.

2. Under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, as amended:

The Plant of the Company at Bharatpur was under management lockout since November 2000. The lockout was withdrawn on 14.09. 2008 and thereafter, power connection was restored in October 2008 followed by



Cimmco Limited (formerly Cimmco Birla Limited)

revamping of Plant & Machinery which were lying in un-used/ rundown condition. Due to the circumstances beyond control of the Company, there was no scope for undertaking any measures during the year under review towards conservation of energy and/or technology absorption, adaptation and/or innovation. The Company did not have any foreign exchange earnings and outgo during the year under review.

Acknowledgement:

Your Directors wish to place on record their sincere gratitude to the IDBI Bank Limited (Monitoring Agency appointed by Hon'ble BIFR) for their continuous guidance and support, the secured lenders including Arcil, creditors, deposit-holders for their support and understanding in bearing with the Company. Your Directors are also thankful for the understanding of the employees/ex-employees of the Company who have been affected by the disruption of work and of the dedicated services being put in by them. Your Directors also place on record their deep appreciation and gratitude to the Governments of Rajasthan and Madhya Pradesh, local administration and other Government Departments for their kind support and cooperation at all times.

For and on behalf of the Board

Place: Noida
Date: November 14, 2010

Umesh Chowdhary
Chairman

MANAGEMENT DISCUSSION & ANALYSIS REPORT

1. Industry Structure & Development – Opportunities—Threats — Risks & Concerns

The operations of the Company are primarily in Capital Goods Sector with main business segments being Wagon Building, Engineering & Project Business and Others, which consists of miscellaneous business comprising of less than 10% revenue and include transactions relating to Lease/Sub-Lease of wagons.

A. Wagon Business

- The market for wagons is restricted to a major buyer i.e. Indian Railways and comparatively lower off-take by other bulk users of wagons in private and public sector.
- In the Railway Budget of 2010-11, the procurement target for wagons has been set at 18,000 to meet the growing transportation demands of the economy. Besides, several initiatives in freight business have been proposed in the Budget, which include (a) introduction of modified wagon investment scheme for high capacity general purpose and special purpose wagons (b) introduction of policy to permit private operators to invest in infrastructure on the lines of container train operators and run special freight train for commodities such as automobiles, vegetable oil, molasses, chemicals, petro-chemicals and bulk traffic like fly ash, cement, etc. (c) setting up of automobile

and ancillary hubs at 10 locations (d) extension of roll-on-roll-off service to zonal railways in phased manner. These proposals, when implemented, along with the ongoing project on Dedicated Freight Corridor will certainly have a positive impact in the industry resulting firm demand for wagons in future.

- The number of wagon manufacturers in private sector being restricted to a few, the increased demand for the railway wagons would generate a tangible opportunity to the Company for turnaround in the operations.
- Uncertainty as to timely availability of raw materials & components and rising costs are major challenges for Wagon Industry in India.
- The Company's operations require substantial amounts of steel, specialized components including bogies, coupler sets, air brakes and CTR bearings and are exposed to volatility in prices and availability. The cost of steel plates is significantly dependent on the prices of steel prevalent in the International markets which are highly volatile and cyclical in nature. To the extent the Company is not able to pass on such increase in the cost of steel, such absorption stands to adversely affect the margins.

B. Engineering Project Business

- The industry is wide open from small to large projects and services catering to various unlimited tailor-made industry needs. Prior to its lockout, the Company used to operate mostly in the manufacture and installation of Cement Plant Machinery, Hydro-mechanical Equipment and to a lesser extent, in Hydrocarbon & Chemical Plants, Material Handling Equipment & System, Infrastructure Projects, Construction and Trading Business – domestic as well as overseas.
- After resuming operations, the Company is getting itself equipped to restore its presence in this field.

2. Segment-wise Performance

Members are aware that the Company's operations were stalled consequent to the Lockout at the Plant at Bharatpur w.e.f. 13.11.2000 which had been withdrawn after a gap of almost eight years w.e.f. 14.09.2008. Immediately after lifting of the lockout, the electricity connection at the factory had been restored, plant and machineries had been revamped and the railway siding had been repaired and resumed with the help of the Railway Authorities. During the period under review, the Company has successfully rolled out 123 wagons from its factory, being the only source of revenue as reported in the financial statements.

3. Outlook

The Company has started participating in tenders and succeeded in getting orders from Ministry of Railways as well as other private customers. The present order book of the Company is more than Rs.250 crores comprising of the orders from Indian Railways and several other private & public sector units, being under execution.



4. Internal Control System & Their Adequacy

Internal Control Systems in the Company have been found to be adequate but are continuously reviewed with a view to improvement. After resumption of operations, the Control Systems are being strengthened to ensure that (i) its assets are safeguarded, (ii) the transactions are authorised, recorded and reported properly; and (iii) the accounting records are properly maintained and its financial statements are reliable.

5. Discussion on financial performance with respect to operational performance

With the Scheme of Revival being implemented in right earnest and all steps being taken to execute the orders for wagons as stipulated in the related contract(s), financial performance of the Company is expected to improve significantly owing to necessary emphasis on optimum resource deployment aimed at better manufacturing processes backed by improved productivity.

6. Human Resources & Industrial Relations

The Company recognizes that employees represent its greatest assets and potential. It is only through motivated, creative and business-minded employees the Company could sustain and regain its position in the Industry. During the period of lockout, the Company continued with a skeleton staff to ensure essential support system. After re-opening,

the Company is again focused on building up the team at different verticals for taking the task of rehabilitation of the Company ahead. As on 30.06.2010, the Company had 180 employees on its roll.

Cautionary Statement:

Statements made in the Management Discussion & Analysis Report which seeks to describe the Company's objective, projections, estimates, expectations or predictions may be considered to be "forward-looking statements" within the meaning of applicable securities laws and/or regulations, based on beliefs of the management of your Company. Such statements reflect the Company's current views with respect to the future events and are subject to risks and uncertainties.

Many factors could cause the actual result to be materially different from those projected in this report, including amongst others, changes in the general economic and business conditions affecting demand/supply and price conditions in the segment in which the Company operates, change in business strategy, interest rates, inflation, deflation, foreign exchange rates, competition in the industry, changes in governmental regulations, tax laws and other Statutes and other incidental factors.

The Company does not undertake any obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.