



**Cimmco Limited**  
Annual Report 2013-14

## CONTENTS

Corporate Information	1
Notice	2
Directors' Report & Management Discussion and Analysis	7
Corporate Governance Report	12
Independent Auditors' Report	19
Balance Sheet	22
Statement of Profit & Loss	23
Cash Flow Statement	24
Notes to Financial Statements	25

## CORPORATE INFORMATION\*

## Board of Directors

Shri J P Chowdhary	Executive Chairman
Shri Umesh Chowdhary	Vice Chairman and Managing Director
Shri D N Davar	Independent Director
Shri Anil Kumar Agarwal	Nominee Director Cimco Equity Holdings Private Limited
Shri Jagdish Kumar Shukla	Independent Director
Shri Rakesh Mohan Agarwal	Non Executive Director
Dr. G B Rao	Independent Director
Shri M J Z Mowla	Independent Director
Shri K S B Sanyal	Independent Director
Shri R N Tiwari	Director (Works)

## Chief Financial Officer

Shri Raj Kumar Agarwal

## Company Secretary

Shri Dipankar Ganguly

## Audit Committee

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

## Nomination &amp;

## Remuneration Committee

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

## Stakeholders'

## Relationship Committee

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

## Auditors

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

## Bankers

ICICI Bank Limited  
Syndicate Bank

## Registered Office

**cimmco Limited**

CIN : L28910WB1943PLC168801

756, Anandapur, E M Bypass, Kolkata-700107

Telephone: +91 33 40190800

Fax: +91 33 40190823, Email: corp@cimmco.in

## Works

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

## Registrar and Transfer Agent (RTA)

Karvy Computershare Private Limited  
Plot No. 17 – 24, Vittal Rao Nagar  
Madhapur, Hyderabad 500 081  
Phone: +91 40 44655000, Fax: +91 40 23420814  
E-mail for Investors: einward.ris@karvy.com

\*As on 7th August, 2014

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Sixty-ninth Annual General Meeting of the members of CIMMCO LIMITED will be held at "Rotary Sadan", 94/2, Chowringhee Road, Kolkata-700020 on Thursday, the 11th of September, 2014 at 10.30 A.M. to transact the following businesses:

### Ordinary Business :

1. To consider and adopt the audited financial statement of the Company for the financial year ended March 31, 2014, the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Anil Kumar Agarwal (DIN: 01501767) who is a nominee of the holding company and retires by rotation at this Annual General Meeting pursuant to the provisions of Section 152 of the Companies Act, 2013 and being eligible, has offered himself for re-appointment.
3. To appoint a Director in place of Shri J. K. Shukla (DIN: 01780212) who retires by rotation at this Annual General Meeting pursuant to the provisions of Section 152 of the Companies Act, 2013 and being eligible, has offered 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** M/s. S R Batliboi & Co LLP; Chartered Accountants of 22 Camac Street, Block C, 3rd Floor, Kolkata-700016 having Firm Registration No. 301003E, pursuant to the provisions of Section 139 of the Companies Act, 2013 read with the Rules made thereunder be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) until the conclusion of the Seventy First (71st) AGM of the Company (subject to ratification of their appointment at every AGM) and the Board of Directors of the Company be and is hereby authorised to fix their remuneration plus other applicable expenses in connection with statutory audit and/or continuous audit and also such other remuneration, as may be decided to be paid by the Board/Committee of the Board, for performing duties if any other than those referred to hereinabove and the remuneration so fixed may be paid at such intervals during the year as may be decided by the Board/Committee of the Board."

### Special Business :

5. To appoint Shri J K Shukla as an Independent Director and in this regard to consider and if thought fit to pass, with or without modification(s), the following resolution as a Special Resolution:  
**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 ('the Act') and the Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and Clause 49 of the Listing Agreement, Shri Jagdish Kumar Shukla (DIN: 01780212), an

*Independent Director of the Company since 31/03/2009 who retires by rotation at this Annual General Meeting and has offered himself for re-appointment, be and is hereby appointed as Independent Director of the Company to hold office for a term ending on the 31st March, 2019."*

6. To appoint Shri M J Z Mowla as an Independent Director and in this regard to consider and if thought fit to pass, with or without modification(s), the following resolution as an Ordinary Resolution:  
**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 ('the Act') and the Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and Clause 49 of the Listing Agreement, Shri M J Z Mowla (DIN: 01004409), an Independent Director of the Company since 08/11/2011 be and is hereby appointed as Independent Director of the Company to hold office for a term ending on the 31st March, 2019."
7. To appoint Shri K S B Sanyal as an Independent Director and in this regard to consider and if thought fit to pass, with or without modification(s), the following resolution as an Ordinary Resolution:  
**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 ('the Act') and the Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and Clause 49 of the Listing Agreement, Shri K S B Sanyal (DIN: 00009497), an Independent Director of the Company since 24/03/2012 be and is hereby appointed as Independent Director of the Company to hold office for a term ending on the 31st March, 2019."
8. To appoint Dr. G B Rao as an Independent Director and in this regard to consider and if thought fit to pass, with or without modification(s), the following resolution as an Ordinary Resolution:  
**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 ('the Act') and the Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and Clause 49 of the Listing Agreement, Dr. G B Rao (DIN: 00493992), an Independent Director of the Company since 31/03/2011 be and is hereby appointed as Independent Director of the Company to hold office for a term ending on the 31st March, 2019."
9. To consider and if thought fit to pass, with or without modification(s), the following resolution as an Ordinary Resolution:  
**"RESOLVED THAT** pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the consent of the members be and is hereby accorded to payment of Rs. 45,000

## NOTICE OF ANNUAL GENERAL MEETING

*(Rupees Forty-Five Thousand only) as remuneration plus taxes as may be applicable and reimbursement of reasonable out of pocket expenses as may be incurred by the firm, to M/s. D. Radhakrishnan & Co.; Cost Accountants, 11-A Dover Lane, Flat No. B1/34, Kolkata-700029 appointed by the Board as Cost Auditors of the Company for the year 2014-15."*

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

**"RESOLVED THAT** pursuant to the revised Clause 49 of the Listing Agreement and other enabling/applicable provisions of law as may be applicable and subject to such approvals, consents, permissions of the authorities as may be necessary, consent of the Company be and is hereby accorded to the Board of Directors to enter into a contract or arrangement or Continuing Contract/Arrangement for purchase/sale of materials and/or supply of services between Titagarh Wagons Limited, holding company (TWL) and the Company from time to time during the three financial years ending on the 23rd May, 2017 with an estimated ceiling of Rs. 60 Crores per annum and on the terms and conditions as may be mutually agreed upon between the Board of Directors of TWL and the Company.

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

Place : Kolkata  
Date : August 07, 2014  
Registered Office :  
756 Anandapur,  
E M Bypass, Kolkata -700107

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

### Notes :

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL, ON HIS BEHALF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** Proxies submitted on behalf of limited companies, societies etc. must be supported by appropriate resolutions/authority, as applicable. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
- Proxies in order to be effective must be received by the Company at the registered office address not less than 48 hours before the commencement of the Annual General Meeting (AGM).
- The Register of Members and the Share Transfer Books of the Company will remain closed from the Saturday, the 6th September, 2014 to Thursday, the 11th September, 2014 (both days inclusive), for the purpose of holding the Annual General Meeting.
- The Company shall also display full text of these communications/documents/reports at its website [www.cimmco.in](http://www.cimmco.in) and physical copies of such communications/documents/Annual Reports will be made available at the Registered Office of the Company for inspection by the shareholders during the office hours on working days.  
  
Please note that as a member of the Company upon receipt of request, you will be entitled to receive free of cost, copy of such communications/documents/Annual Reports and all other documents required to be attached thereto.
- The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.
- Details under Clause 49 of the Listing Agreement with the Stock Exchange in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting, forms integral part of the notice. The Directors have furnished the requisite declarations for their appointment/re-appointment.
- Electronic copy of the Annual Report for 2014 is being sent to all the members whose email IDs are registered with the Company/ Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for 2014 is being sent in the permitted mode.
- Electronic copy of the Notice of the 69th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 69th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip is being sent in the permitted mode.
- Members may also note that the Notice of the 69th Annual General Meeting and the Annual Report for 2014 will also be available on the Company's website [www.cimmco.in](http://www.cimmco.in) for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost.

## NOTICE OF ANNUAL GENERAL MEETING

### 10. Voting through electronic means

A. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 69th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by National Securities Depository Limited (NSDL):

(a) **In case of Shareholders' receiving e-mail from NSDL**

- (i) Open the e-mail and open PDF file viz: "Cimmco e-Voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password for e-voting. Please note that the password is an initial password.
- (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
- (iii) Click on Shareholder - Login
- (iv) Put user ID and password as initial password noted in step (i) above. Click Login.
- (v) Password change menu appears. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (vi) Home page of e-Voting opens. Click on e-Voting: Active Voting Cycles.
- (vii) Select "EVEN" of Cimmco Limited
- (viii) Now you are ready for e-Voting as Cast Vote page opens
- (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- (x) Upon confirmation, the message "Vote cast successfully" will be displayed
- (xi) Once you have voted on the resolution, you will not be allowed to modify your vote
- (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail [corp@cimmco.in](mailto:corp@cimmco.in) in a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

(b) **In case of Shareholders' receiving Postal Ballot Form by Post:**

- (i) Initial password is provided as below/at the bottom of the Attendance Slip for the AGM.

EVEN (E Voting Event Number)	USER ID	PASSWORD/PIN

- (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.

B. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the Downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com).

C. If you are already registered with NSDL for e-voting then you can use your existing user ID and password for casting your vote.

D. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

E. The e-voting period commences on 5th September, 2014 (9:00 am) and ends on 7th September, 2014 (6:00 pm). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 8th August, 2014, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.

F. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of 8th August, 2014.

G. Messrs Sushil Goyal & Co., Company Secretaries have been appointed as the Scrutinizers to scrutinize the e-voting process in a fair and transparent manner.

H. The Scrutinizers shall within a period not exceeding three(3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.

I. The Results shall be declared at or after the AGM of the Company. The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's website [www.cimmco.in](http://www.cimmco.in) and on the website of NSDL within two (2) days of passing of the resolutions at the AGM of the Company.

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

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

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

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

#### Items No. 5 to 8

Messrs J K Shukla, M J Z Mowla, K S B Sanyal and G B Rao were appointed as Independent Directors on 31st March, 2009, 8th November, 2011, 24th March, 2012 and 31st March, 2011 respectively.

## NOTICE OF ANNUAL GENERAL MEETING

In terms of Section 149 of the Act, the above named directors being eligible for appointment are proposed to be appointed as Independent Directors for a term upto 31st March, 2019. In the opinion of the Board, the aforesaid Directors fulfill the conditions specified in the Act and rules made thereunder for their respective appointment as Independent Directors of the Company.

Shri J K Shukla aged 71 years, is a retired executive of Life Insurance Corporation of India (LIC), with vast experience and expertise in corporate management.

Shri M J Z Mowla aged 69 years, is B.A. (Hons), LLB. He has expertise in legal, corporate and General Management with about 44 long years of experience and has served Bata Limited in the past.

Shri K S B Sanyal aged 82 years, holds master Degree in English Literature and is also CBIM, FIP (London). He was Chairman of Andrew Yule & Company Limited and Tide Water Oil Co. India Limited. He has over 44 years of experience as a Professional Manager. He was also Sheriff of Kolkata (1986-87).

Dr. G B Rao, aged 70 years has 49 years experience in senior positions in finance, legal and general management. He is B.Com., a fellow member of ICAI, ICWAI, ICSI, IIFT, IIA, BIM (London), IIA (USA) and member of Government of India, Ministry of Company Affairs- "Core Group on Corporate Governance Audit" and is professionally associated with other prestigious Authorities/Bodies.

The Board considers that the above named Directors' continued association as Independent Directors would be of immense benefit to the Company. Notices in writing under Section 160 of the Act have been received from members signifying intention proposing the candidature of the aforesaid Directors. Accordingly, the Board recommends the resolutions at Items No. 5 to 8 for the approval by the shareholders of the Company.

Except the above named directors, being the appointees, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financial or otherwise, in the resolution set out at the Items No. 5 to 8.

### Item No. 9

The Company with the recommendation of Audit Committee and approval of the Board at its meeting held on 24th May, 2014, has appointed M/s. D. Radhakrishnan & Co.; Cost Accountants, 11-A Dover Lane, Flat No. B1/34, Kolkata-700029 as Cost Auditor of the Company for the financial year 2014-15 at a remuneration of Rs. 45,000 (Rupees Forty-Five Thousand) Pursuant to Section 148 of the Companies Act, 2013 read with The Companies (Audit and Auditors) Rules, 2014 the remuneration of the Cost Auditor, duly approved by the Board shall be ratified by the consent of Shareholders.

The Board recommends the resolution set forth in Item No. 9 above for approval of the members. None of the Directors or Key Managerial Personnel (KMP) or their relatives is in any way concerned or interested in the Resolution.

### Item No. 10

Titagarh Wagons Limited (TWL) and the Company propose to enter into transactions of sale/purchase of certain materials and/or provide services related thereto for manufacture of Wagons/products in the ordinary course of business under a continuing contract/arrangement. As TWL is a 'related party' within the meaning of Section 2(76) of the Act, the transaction requires the approval of members by a special resolution under Clause 49 of the Listing Agreement and other enabling/applicable provisions of law. The particulars of such contract/arrangement are as under :

1. Name of related party : Titagarh Wagons Limited
2. Name of the director or key managerial personnel who is related: Shri J P Chowdhary and Shri Umesh Chowdhary
3. Nature of relationship: Titagarh Wagons Limited (TWL) is the holding company and Shri J P Chowdhary, Shri Umesh Chowdhary and Shri D N Davar are common board members.
4. Monetary value: Estimated annual value of materials/services in aggregate not to exceed Rs.60 crore
5. Nature, material terms and particulars of the contract/arrangement:
  - a) Delivery terms : Ex-works of Cimmco
  - b) Freight charges : To be paid by TWL
  - c) Packing charges : To be paid by Cimmco
  - d) Loading charges : To be paid by Cimmco
  - e) Payment : 30 days
  - f) Amount payable will include all taxes as applicable
  - g) Other terms and conditions as may be mutually agreed by TWL and Cimmco
  - h) The terms and conditions stated above are standard in nature and subject to mutually agreed modifications in accordance with purchase order/requisition.

**Period:** Continuing: Starting from 24th May, 2014 to 23rd May, 2017 unless and until otherwise determined / terminated.

**Financial Extent / Limit of Contract :** Continuing contract with a ceiling of supply value of Rs.60 crores per year .

The Board recommends the resolution set forth in Item No. 10 above for approval of the members. None of the Directors or Key Managerial Personnel (KMP) or their relatives except Shri J P Chowdhary and Shri Umesh Chowdhary, is in any way concerned or interested in the Resolution.

Place : Kolkata  
Date : August 07, 2014  
*Registered Office :*  
756 Anandapur,  
E M Bypass, Kolkata -700107

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

# NOTICE OF ANNUAL GENERAL MEETING

### Detail of Directors seeking Appointment/Re-appointment at the Annual General Meeting

Particulars	Shri J K Shukla	Shri M J Z Mowla	Dr G B Rao	Shri K S B Sanyal	Shri Anil Kumar Agarwal
Date of Birth	01/07/1943	15/03/1945	18/03/1944	01/12/1932	05/07/1975
Date of Appointment	31/03/2009	08/11/2011	31/03/2011	24/03/2012	14/03/2010
Qualification	Master in Arts (M.A.)	B.A (Hons), LL.B.	B.Com, a fellow member of ICAI, ICWAUCSI, IIFTJIA, BIM(London), IIA(USA)and member of "Core Group on Corporate Governance Audit" Government of India Ministry of Company Affairs	Master Degree in English Literature and is also CBIM,FIP (London)	B.Com, Chartered Accountant and Cost Accountant
Expertise in specific Functional Areas	He is a retired executive of Life Insurance Corporation of India (LIC), with vast experience and expertise in corporate management.	He has expertise in legal, corporate and General Management with about 44 long years of experience and has served Bata Limited in the past.	He has 49 years experience in senior positions in finance, legal and general management.	He has over 44 years of experience as a Professional Manager. He was also Sheriff of Kolkata (1986-87).	He has over 20 years of experience in management field
Directorship held in other companies (excluding foreign companies)	Nil	Nil	- Sandhar Technologies - Barcelona SL - Mars Finance and Consultancy Services Limited - Sai Krishna Capital Limited - Suja Global Solutions Limited - G B Capital Private Limited - Landmark Property Development Limited - Advance Metering Technology Limited	- Philips Carbon Black Limited - IFGL Refractories Limited - IFGL Exports Limited - Woodlands Multispecialty Hospitals Limited	- Greysham and Co. Private Limited - Cimco Equity Holdings Private Limited - Titagarh Papers Limited - Bhatpara Papers Limited - Titagarh Agrico Private Limited
Membership/ Chairmanship of committees of other companies (including only Audit Committee and Shareholders/ Investors Grievance Committee)	Nil	Nil	Nil	Nil	<b>Shareholders' Grievance Committee</b> Bhatpara Papers Limited
No. of Shares held in the Company	Nil	Nil	Nil	Nil	Nil

## DIRECTORS' REPORT

*Dear Shareholders,*

Your Directors present the 69th Annual Report, together with the audited accounts of the Company for the financial year ended March 31, 2014.

### Financial Results

The performance of your Company during the financial year ended the 31st March, 2014 was as follows.

(Rs. in lacs)

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
Turnover	13,236.27	10,276.19
Profit/(Loss) before Extra-ordinary Items & Tax	450.64	(1,195.25)
Less/Add: Exceptional Items	1,250.00	(235.95)
(Loss) before Taxation	(799.36)	(959.30)
Deferred Tax Assets Reversed/Charge	439.34	40.97
(Loss) after Taxation	(1,238.70)	(1,000.27)
(Loss) brought forward from previous year	(2,592.72)	(1,592.45)
(Loss) carried to Balance Sheet	(3,831.42)	(2,592.72)
Reserves & Surplus	13,694.51	15,046.76
Earnings per Share (Rs.)	(6.15)	(4.96)

### Dividend

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

### Review of Operations and Future Outlook

During the financial year ended the 31st March, 2014 Wagon production at 644 Wagons was higher by about 21% as compared to 532 units and sales volume of 652 against 524 in the previous financial year was up by about 24%. Revenue from operations at Rs.10,456.24 lacs during the fiscal under review increased by about 12% as compared to Rs.9301.61 lacs in the FY 2012-13. However, your Company requires substantially larger quantity of wagons procurement order than that placed by the Indian Railways during the financial year ended March 31, 2014 to achieve reasonably sustainable financial results. Exceptional item of Rs.1250 lacs representing the settlement of all dues of an institution which participated as the then largest secured lender in the Scheme of Rehabilitation of the Company, charged to Profit before tax of Rs.450.64 lacs for the FY 2013-14 resulted in loss before tax of Rs.799.36 lacs.

As part of your Company's endeavor to mitigate the risk of predominant dependence on business from Indian Railways, a joint

venture has been entered into with two group companies for manufacture of tractors/agriculture implements at Bharatpur plant which is under implementation while development of other products within the core competencies of your Company is receiving consistently focused attention.

With uncertainty in wagons procurement by the Indian Railways persisting, the outlook for the current year is cautious.

### Authorised Capital and Issue of Preference Shares

In June, 2014 your Company's authorised capital has been reclassified and then increased from Rs.50 crore of equity to Rs.50 crore of Preference Shares and Rs.25 crore of equity divided into 2,50,00,000 equity shares and 5,00,00,000 preference shares of Rs.10/- each to facilitate issue and allotment of 8% Non Convertible Non Cumulative Preference Shares of Rs.10/- each aggregating Rs.40 crore to the promoter group entities.

Consequent to conversion of securities held by Titagarh Wagons Limited (TWL) in the Company's holding company: Cimco Equity Holdings Private Limited, your Company has become a step down subsidiary of TWL on and from April 15, 2014.

## DIRECTORS' REPORT

### 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 Directors' Report for the year under review, is given in a separate section of this Annual Report.

### Directors

Shri Anil Kumar Agarwal and Shri J. K. Shukla, Directors retire by rotation pursuant to the provisions of the Companies Act, 2013 ('the Act') and are eligible for reappointment. Messrs J K Shukla, K S B Sanyal, M J Z Mowla and G B Rao are proposed to be reappointed as Independent Directors at the ensuing Annual General Meeting (AGM) in accordance with the provisions of Sections 149 and 152 of the Act read with the rules made thereunder and the Clause 49 of the Listing Agreement with the Stock Exchanges concerned.

The information prescribed by Clause 49 of the Listing Agreement in respect of the above said Directors is given in the Notice of AGM.

### 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 March 31, 2014 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 Loss 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.

### Statutory Auditors & Auditor's Report

Messrs S R Batliboi & Co. LLP, Chartered Accountants, Auditors of the Company retire at the conclusion of ensuing 69th AGM and willing to continue, they have issued a certificate about their eligibility for reappointment until the conclusion of 71<sup>st</sup> AGM pursuant to the provisions of Section 139 of the Companies Act, 2013.

As regards the qualified opinion expressed by the Statutory Auditors, the Note 13.2 in the relevant notes on the financial statement (the Notes) is self explanatory requiring no further specific response from the Directors at this stage. The Company with its persistently diligent efforts is reasonably confident of recovering the entire amount receivable and address the issue in due course. The observation in the Annexure to the Auditor's Report regarding the Company's accumulated losses and cash losses has since been redressed by infusion of funds by the promoters through subscription to the capital of your Company (the Note 35 in the Notes).

### Cost Auditors

Messrs D. Radhakrishnan & Co., Cost Accountants have been re-appointed as Cost Auditors to conduct cost audit of the accounts maintained by the Company in respect of the products manufactured by the Company, for the Financial Year 2014-15 subject to ratification of their remuneration by the shareholders in accordance with the provisions of Section 148 of the Companies Act, 2013 and the Companies (Cost Records and Audit) Rules, 2014. The Cost Audit Report for the financial year ended 31st March, 2013 have been filed as stipulated by the applicable provisions of law.

### Public Deposits

During the year under review, no public deposits were accepted by the Company.

### Corporate Governance

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