



Cimmco Limited
Annual Report 2015 - 2016

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CORPORATE INFORMATION*

Board of Directors

Shri J P Chowdhary	<i>Executive Chairman</i>
Shri Umesh Chowdhary	<i>Vice Chairman</i>
Shri K S B Sanyal	<i>Independent Director</i>
Shri Jagdish Kumar Shukla	<i>Independent Director</i>
Shri Nandan Bhattacharya	<i>Independent Director</i>
Dr. G B Rao	<i>Independent Director</i>
Shri M J Z Mowla	<i>Independent Director</i>
Shri R N Tiwari	<i>Director (Works)</i>
Smt. Vinita Bajoria	<i>Non-Executive Director</i>
Shri Anil Kumar Agarwal	<i>Non-Executive Director</i>

Chief Financial Officer

Shri Lokesh Agarwal

Company Secretary

Shri Dipankar Ganguly

Audit Committee

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

Risk Management
Committee

Shri J K Shukla	Chairman
Shri J P Chowdhary	Member
Shri Umesh Chowdhary	Member
Shri D N Davar	Special Invitee

Nomination &
Remuneration Committee

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

Stakeholders'
Relationship Committee

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

Auditors

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

Bankers

ICICI Bank Limited
Syndicate Bank

Works

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

Registered Office

cimmco Limited

CIN : L28910WB1943PLC168801

756, Anandapur, E M Bypass, Kolkata-700107

Telephone: +91 33 4019 0800

Fax: +91 33 4019 0823, Email: corp@cimmco.in

Registrar and Transfer Agent (RTA)

Karvy Computershare Private Limited
Karvy Selenium Tower B, Plot 31-32, Gachibowli
Financial District, Nanakramguda, Hyderabad 500 032
Phone: +91 40 6716 2222, Fax: +91 40 2300 1153
E-mail for Investors: einward.ris@karvy.com

*as on 22nd August, 2016

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Seventy-First ANNUAL GENERAL MEETING of the members of CIMMCO LIMITED will be held at Manovikas Kendra, 482, Madudah, Plot I-24, Sector-J, E M Bypass, Kolkata-700107 on Thursday, the 29th September, 2016 at 12.30 P.M. to transact the following businesses:

Ordinary Business :

1. To consider and adopt the audited financial statement of the Company for the financial year ended March 31, 2016, the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Shri J P Chowdhary, Executive Chairman (DIN: 00313685) who retires by rotation and being eligible, offers himself for re-appointment.

3. **To re-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 and 142 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-Second (72nd) 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:

4. **To re-appoint Shri J P Chowdhary, Executive Chairman for a term of Five years 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 provisions of Sections 196, 197 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and pursuant to Article 160 of Articles of Association of the Company, the consent of the members be and is hereby accorded to the re-appointment of Shri J P Chowdhary (DIN: 00313685), as Executive Chairman of the Company for a period of five years commencing from 10.05.2016 on the existing terms and conditions as contained in the agreement entered into between Shri J P Chowdhary and the Company, which inter alia include that he shall draw remuneration from Titagarh Wagons Limited only of which he is the Executive Chairman.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to alter or vary the terms and conditions of the appointment/agreement, to the extent recommended by the Nomination and Remuneration Committee from time to time as may be considered appropriate, subject to the overall limits specified by this Resolution and the Act.

FURTHER RESOLVED THAT the Board of Directors (which term shall include a Committee thereof) be and is hereby authorised to take all steps and do acts, deeds and things as may be deemed necessary for giving effect to this Resolution."

5. **To ratify the remuneration of Cost Auditor and in this regard to consider and if thought fit to pass, with or without modification(s), the following resolution as an Ordinary Resolution :**

"RESOLVED THAT pursuant to the provisions of Section 148 of the Companies Act, 2013 read with The Companies (Audit and Auditors) Rules, 2014, the remuneration of Rs.1,00,000/- (Rupees One lac only) plus taxes as may be applicable and reimbursement of reasonable out of pocket expenses as may be actually incurred by the firm, payable to M/s. M. R. Vyas and Associates; Cost Accountants (Registration No. 2032) of D-219, Vivek Vihar, Phase-I, New Delhi - 110095 appointed by the Board as Cost Auditors of the Company for the financial year 2016-17 be and is hereby ratified."

Registered Office :
756 Anandapur,
E M Bypass, Kolkata - 700107
Place : Kolkata
Date : August 22, 2016

By Order of the Board of Directors
Dipankar Ganguly
Company Secretary

Notes :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL, ON HIS BEHALF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** Proxies submitted on behalf of limited companies, societies etc. must be supported by appropriate resolutions/authority, as applicable. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
2. Proxies in order to be effective must be received by the Company at the registered office address not less than 48 hours before the commencement of the Annual General Meeting (AGM).

NOTICE OF ANNUAL GENERAL MEETING

3. The Register of Members and the Share Transfer Books of the Company will remain closed from the 24th September, 2016, to 29th September, 2016 (both days inclusive), for the purpose of holding the Annual General Meeting.
4. The Company shall also display full text of these communications/documents/reports at its website www.cimmco.in 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.
5. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the RTA.
6. Details under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the Stock Exchange in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting, forms integral part of the Notice. The Directors have furnished the requisite declarations for their appointment/re-appointment.
7. Electronic copy of the Annual Report for FY 2015-16 is being sent to all the members whose email IDs are registered with the Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for FY 2015-16 are being sent in the permitted mode.
8. Electronic copy of the Notice of the 71st 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 Depository Participant(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 71st 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.
9. Members may also note that the Notice of the 71st Annual General Meeting and the Annual Report for FY 2015-16 will also be available on the Company's website 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.

10. Voting through electronic means

- a) Pursuant to the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Company (Management and Administration) Rules, 2015 and Regulation 44 of SEBI (LODR), Regulations, 2015, the Company is pleased to provide members the facility to exercise their vote through remote e-voting in respect of the resolutions proposed to be passed at the ensuing Annual General Meeting (AGM) by using the electronic voting facility provided by the Karvy Computershare Private Limited.
- b) **The remote e-voting period commences at 9:00 a.m. on Sunday, the 25th September, 2016 and ends at 5:00 p.m. on Wednesday, the 28th September, 2016. The remote e-voting module shall be disabled by Karvy for voting thereafter.**
- c) During the remote e-voting period, members of the Company, holding shares either in physical form or dematerialized form, as on the cut-off date i.e. Thursday, the 22nd September, 2016 may cast their vote electronically.
- d) **Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.**
- e) **Voting rights of the members shall be in proportion to their respective shareholding as on the cut-off date i.e. Thursday, the 22nd September, 2016.**
- f) The facility for voting through polling paper shall be made available at the AGM and members attending the meeting who have not cast their vote by remote e-voting shall be eligible to exercise their right to vote at the meeting through polling paper.
- g) The members who have cast their vote by remote e-voting prior to AGM may also attend the AGM but shall not be entitled to cast their vote again.
- h) Any person who acquires shares of the Company and becomes a member of the Company after the dispatch of this Notice and holds shares as on the cut-off date i.e. Thursday, the 22nd September, 2016 should follow the instructions for E-voting as mentioned below for FIRST TIME USER. In case of any queries, the shareholder may also contact the Registrar & Transfer Agent.
- i) The Board of Director has, at its meeting held on 22nd August, 2016, appointed M/s. Sushil Goyal & Co. Practicing Company Secretaries as the scrutinizer to scrutinize the voting process (electronically or otherwise) in a fair and transparent manner.

NOTICE OF ANNUAL GENERAL MEETING

- j) A person whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at AGM through ballot paper.
- k) **The Instructions for Shareholders voting electronically are as under :**
- A. In case a Member receiving an email of the AGM Notice from Karvy [for Members whose email IDs are registered with the Depository Participant(s)]:
- Launch internet browser by typing the URL: **<https://evoting.karvy.com>**.
 - Enter the login credentials (i.e., **User ID and password as provided at the bottom of the Attendance Slip**). Event No. followed by Folio No./ DP ID-Client ID will be your User ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.
 - After entering these details appropriately, Click on "LOGIN".
 - You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@, #, \$, etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
 - You need to login again with the new credentials.
 - On successful login, the system will prompt you to select the "EVENT" i.e., Cimmco Limited.
 - On the voting page, you may select 'YES' or 'NO' as desired. You may also choose the option ABSTAIN. If the shareholder does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.
 - Shareholders holding multiple folios/demat accounts shall choose the voting process separately for each folios/demat accounts.
 - Voting has to be done for each item of the Notice separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.
 - You may then cast your vote by selecting an appropriate option and click on "Submit"
- (xi) A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, Members can login any numbers of times till they have voted on the Resolution(s).
- (xii) Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter, etc. together with attested specimen signature(s) of the duly authorized representative(s), to the Scrutinizer at e mail ID: csskgoyal@gmail.com with a copy marked to evoting@karvy.com. The scanned image of the above mentioned documents should be in the naming format "Corporate Name_ EVENT NO."
- (xiii) In case a person has become the Member of the Company after the dispatch of AGM Notice but on or before the cut-off date i.e. 22nd September, 2016, may write to the Karvy on the email Id: varghese1@karvy.com or to Mr P. A. Varghese, Contact No. 040-33215424, at [Unit: Titagarh Wagons Limited] Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032, requesting for the User ID and Password. After receipt of the above credentials, please follow all the steps from Sr. No.(i) to (xii) as mentioned in (A) above, to cast the vote.
- B. In case of Members receiving physical copy of the AGM Notice by Post [for Members whose email IDs are not registered with the Depository Participant(s)]:
- User ID and initial password as provided at the bottom of the Attendance Slip.**
- | EVEN (E- Voting Event Number) | USER ID | PASSWORD/PIN |
|-------------------------------|---------|--------------|
| | | |
- Please follow all steps from Sr. No. (i) to (xii) as mentioned in (A) above, to cast your vote.
- l) The e-voting period commences on 9:00 a.m. on Sunday, the 25th September, 2016 and ends at 5:00 p.m. on Wednesday, the 28th September, 2016. During this period, the Members of the Company holding shares in physical form or in dematerialized form, as on the cut-off date being Thursday, 22nd September, 2016, may cast their vote by electronic means in the manner and process set out hereinabove. The e-voting module shall be disabled for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently. Further, the Members who have casted their vote electronically shall not vote by way of poll, if held at the Meeting.

NOTICE OF ANNUAL GENERAL MEETING

m) In case of any query pertaining to e-voting, please visit Help & FAQ's section of <https://evoting.karvy.com>. (Karvy's website).

n) The voting rights of the Members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date being **Thursday, 22nd September, 2016**.

The Company has appointed M/s. Sushil Goyal & Co., Practicing Company Secretaries as a Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

The Scrutinizer shall, after the conclusion of the AGM, first count the votes cast at the meeting and thereafter unlock the votes cast through remote e-voting in the presence of at least 2 (Two) witnesses not in the employment of the Company. The Scrutinizer shall, within a period of not more than three days from the conclusion of the AGM, prepare a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, and submit to the Chairman or any person authorised by him in writing, who shall countersign the same and declare the results of the voting.

o) The results so declared along with Scrutinizer's Report shall be placed on the website link : www.cimmco.com and subject to the receipt of requisite number of votes, the resolution set out in the Notice shall be deemed to be passed on the date of the Annual General Meeting. The results shall also be forwarded to the BSE and NSE and other stock exchanges whereat the Company's shares are listed.

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

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

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

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

Items No. 4

Shri J P Chowdhary was appointed on the Board on May 10, 2011 as Chairman cum Managing Director of the Company and designated as Executive Chairman w.e.f. that date for a period of 5 years. The Board has at its meeting held on April 29, 2016 approved his re-appointment for another term of five [5] years after approval of the proposal by the Nomination & Remuneration Committee (NRC), w.e.f. May 10, 2016.

Shri J P Chowdhary has vast experience and expertise in the wagon manufacturing/heavy engineering industry. Having him on the Board would be in the interest of the Company.

Shri J P Chowdhary, being the Executive Chairman also of Titagarh Wagons Limited (TWL) shall continue to draw remuneration from TWL only and not from the Company. He does not hold any shares in the Company.

None of the KMP or their relatives or Directors except Shri J P Chowdhary, Shri Umesh Chowdhary and Smt. Vinita Bajoria being related to him are concerned or interested in the aforesaid Resolution.

The Directors recommend passing of the aforesaid Special Resolution.

Item No. 6

The Company with the recommendation of Audit Committee and approval of the Board at its meeting held on 26th May, 2016, has appointed M/s. Vyas and Associates; Cost Accountants as Cost Auditor of the Company for the financial year 2016-17 at a remuneration of Rs.1,00,000/-. Pursuant to Section 148 of the Act read with The Companies (Audit and Auditors) Rules, 2014 the remuneration of the Cost Auditor is to be ratified by the shareholders.

The Board recommends the resolution set forth at this Item for approval of the members. None of the Directors or Key Managerial Personnel (KMP) or their relatives is in any way concerned or interested in the Resolution.

Registered Office :
756 Anandapur,
E M Bypass, Kolkata -700107
Place : Kolkata
Date : August 22, 2016

By Order of the Board of Directors
Dipankar Ganguly
Company Secretary

Detail of Director(s) seeking Appointment/Re-appointment at the Annual General Meeting

Particulars	Shri J P Chowdhary
Date of Birth	23.09.40
Date of Appointment as director	10.05.2011
Qualifications	B.COM.
Expertise in Specific Functional Areas	Over 54 years of experience in railway sector/heavy engineering industry.
Directorship held in other companies (excluding foreign companies)	<ul style="list-style-type: none"> Cimmco Limited Titagarh Capital Management Services Private Limited
Memberships/ Chairmanships of Committees of other companies (includes only Audit Committee and Stakeholders Relationship Committee)	NIL
No. of shares held in the Company	1,56,540 equity shares

DIRECTORS' REPORT AND MANAGEMENT DISCUSSION & ANALYSIS

Dear Shareholders,

Your Directors present the 71st Annual Report, together with the audited accounts of the Company for the financial year ended March 31, 2016.

Financial Results

The performance of your Company during the financial year ended the 31st March, 2016 was as follows.

(Rs. in lacs)

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
Turnover	6,870.66	3,421.72
Profit/(Loss) before Extra-ordinary Items & Tax	(1,000.35)	(1,473.65)
Add: Exceptional Items	131.54	1,069.91
(Loss) before Taxation	(1,131.89)	(2,543.56)
Tax Expense including Deferred Tax	51.20	34.41
(Loss) after Taxation	(1,183.09)	(2,577.97)
(Loss) brought forward from previous year	(6,496.49)	(3,831.42)
(Loss) carried to Balance Sheet	(7,679.58)	(6,496.49)
Reserves & Surplus	9,846.35	11,029.44
Earnings per Share (Rs.)	(5.87)	(12.79)

Company's Performance and Outlook

Your Company's financial performance was affected adversely due to lack of order for procurement of Wagons from Indian Railways, the largest customer whereas the counter offer from IR had to be declined since the substantially lower prices owing to predatory pricing resorted to by some of the manufacturers aimed at securing larger allocation in the tender rendered it un-remunerative. The Turnover during the year under review includes the amounts from orders placed by IR in the earlier financial year i.e. 2014-15 and about Rs.14 Crore from two private sector customers.

It is noteworthy that during the last tender of Indian Railways for procurement, your Company has been awarded in April, 2016 order for 1264 Wagons valued at Rs.183 Crore execution of which is progressing as per schedule.

As part of your Company's endeavour to mitigate the risk of predominant dependence on business from Indian Railways, the Board has accorded in principle approval to merger of Titagarh Agrico Private Limited, a subsidiary of your Company's holding company to derive the benefits of synergy in operations and more efficient utilization of combined resources subject to applicable compliances in this respect. Manufacture of tractors would be conveniently integrated with the core competencies of your Company's existing business.

Further, your Company has been issued Industrial License by the Government of India for manufacture of various products for defence sector of the country and necessary steps are being taken in this direction.

With the order in hand for wagons procurement by the Indian Railways and the efforts for diversification as stated herein, the outlook for the current year is reasonably optimistic.

Pursuant to the provisions of Section 23 of SICA, the Board has approved the Report stipulated thereby for placing the same before you at the Extra Ordinary General Meeting scheduled after the conclusion of the ensuing Annual General Meeting.

Overall Review

The overall performance of the Company during the financial year ended the 31st March, 2016 declined due to lack of order for procurement of Wagons from the Indian Railways.

Business Segment

Wagons

- Industry Outlook: Wagons industry is beset by irregular and decremental Wagons procurement orders by Indian Railways compounded by predatory pricing being resorted to by some of the wagon manufacturers. Notwithstanding the Government

DIRECTORS' REPORT AND MANAGEMENT DISCUSSION & ANALYSIS

of India's budget announcement, the expenditure is reportedly flowing into infrastructure while the Wagon Industry struggles for survival.

- b) Opportunities: Rail is expected to be the preferred mode of movement of cargo being an effective and more economical mode of carrying goods across the country. The Government's plans to expand the railway network and the project of dedicated freight corridors if implemented in right earnest, Wagon industry offers substantial opportunity which can be seized particularly by the established units to fullest extent.
- c) Challenges: Uncertainty in timely placement of wagons procurement orders by Indian Railways and availability of funds coupled with the stressed margins due to unhealthy competition in the industry besides rising cost of inputs are major challenges for Wagon Industry in India. The dependence on one customer i.e. Indian Railways is a serious concern in as much as any change in the Government policy stands to directly impact the industry.
- d) Segment Review and Analysis:

	Unit	March 31, 2016	March 31, 2015	% Change
Production of Wagons	No.	420	187	124.60
Sales	No.	466	141	230
Average Realisation	Rs. Lacs/No.	13.32	16.07	-17.11

Review of operations: Performance of the Wagons segment has been affected severely due to lack of order from the Indian Railways during the year under review.

- e) While the placement of order for Wagons by the Indian Railways in April, 2016 is encouraging the development of markets for other products takes substantial time and hence the outlook for current fiscal is reasonably optimistic.

Dividend

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

Internal Financial Controls

Appropriate policies and procedures have been adopted by the Board to ensure effective financial controls, risk assessment and mitigation measures, accuracy and completeness of the accounting records, the prevention and detection of frauds and errors and orderly and efficient conduct of the Company's business.

The internal financial controls (IFC) have been documented and adequacy of IFC has been evaluated by an external firm of experts and certified by the Statutory Auditors. Based on the aforesaid, the Board has concluded that during the year IFC were operating effectively.

Risks and Concerns

The Company has laid down a risk management mechanism which is reviewed periodically. A Risk Management Policy to identify and assess the key risk areas, monitor mitigation measures and report compliance has been adopted. Based on the review, the following key risks have been identified:

a) Dependence on the Indian Railways

The Company is engaged in the business of manufacturing wagons which is entirely dependent upon the policies of Indian Railways and any change in the policies whether positive or negative directly impacts the business of the Company.

b) Increase in the cost of raw materials and other inputs

The major raw materials required by the Company include steel, specialized components including bogies, coupler sets, air brakes etc. which are exposed to volatility in prices and availability in required specifications.

c) Risk of performance guarantee, product warranty and liquidated damages

The contracts involve performance guarantee based on contract value and warranty periods within which if any defect is detected in the products, the Company may have to incur expenditure for correcting the defects or even replacing the products. Delay in scheduled delivery may attract liquidated damages upto 10%.

Subsidiary Companies

There is no subsidiary of your Company.

Extract of Annual Return

The details forming part of the extract of the annual return in the Form MGT-9 is annexed and marked as **Annexure DR-1**.

Number of Board Meetings

The Board of Directors met eight (8) times during the financial year ended 31st March, 2016 as per the details provided in the Corporate Governance Report forming part of the Annual Report.

Loans, Guarantees and Investments

Particulars of loans, guarantees and investments made by the Company pursuant to the Section 186 of the Act are furnished under notes to financial statements.

Significant and material orders

There were no material/significant orders passed by any regulator/tribunal impacting the going concern status and the Company's operations in future.

DIRECTORS' REPORT AND MANAGEMENT DISCUSSION & ANALYSIS

Composition of Audit Committee

The Board has constituted the Audit Committee comprising Shri J K Shukla as the Chairman, Shri Anil Kumar Agarwal and Shri K S B Sanyal as the members and the details are provided in the Corporate Governance Report annexed hereto.

Related Party Transactions

All Related Party Transactions (RPTs) are entered in compliance with the applicable laws and also in accordance with the policy on the subject adopted by the Board. Audit Committee reviews and approves all the RPTs as stipulated by the Listing Regulations and based thereon final approval of the Board obtained. RPTs as approved by the Board during the financial year 2016 are furnished in the Form AOC 2 annexed hereto and marked as **Annexure DR-2**.

Corporate Governance Report

The Company has complied with the corporate governance requirements under the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. A separate section on corporate governance under Listing Regulations along with a certificate from a company secretary in practice confirming the compliance, is annexed to and forms part of the Annual Report.

Internal Control System

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

- that its assets are safeguarded
- that transactions are authorised, recorded and reported properly; and
- that the accounting records are properly maintained and its financial statements are reliable.

The Company has appointed external firm of Chartered Accountants to conduct internal audit whose periodic reports are reviewed by the Audit Committee and management for bringing about desired improvement wherever necessary.

Vigil Mechanism

A fraud free and corruption free environment as part of work culture of the Company cannot be over emphasized and with that objective a Vigil Mechanism policy has been adopted by the Board and is uploaded on the web site of the Company at www.cimmco.in. No complaint of this nature was received by the Audit Committee during the year.

Internal Complaints Committee

As per the requirement of Section 4 of The Sexual Harassment of Women At Workplace (Prevention, Prohibition and Redressal) Act, 2013 an Internal Complaints Committee has been formed by the

Company, the details of which are given in the Corporate Governance Report. No complaint has been lodged with the Committee during the year.

Directors

Retirement by rotation

Shri J P Chowdhary, Executive Chairman retires by rotation pursuant to the provisions of Section 152 of the Act and is eligible for re-appointment.

Re-appointment

The terms of appointment of Shri J P Chowdhary, Executive Chairman and Shri Umesh Chowdhary, Vice Chairman & Managing Director ended on 10th May, 2016. Pursuant to the decision of Nomination & Remuneration Committee, the Board at its meeting held on April 29, 2016, subject to approval of the shareholders reappointed them for Five years w.e.f. 11th May, 2016.

Shri Umesh Chowdhary has with a view to providing greater focus on the overseas subsidiaries of the holding company been re-designated from Vice Chairman & Managing Director to Vice Chairman as a Non-Executive Director, as approved by the Board at its meeting held on 25th May, 2016.

The information prescribed by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of the above said Directors is given in the Notice of Annual General Meeting.

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

In compliance with the Act and SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, the performance evaluation of the Board, Committees and Individual Directors was carried out during the year under review as per the details given in Corporate Governance Report.

Declaration by Independent Directors

Declarations pursuant to the Sections 164 and 149(6) of the Act and Listing Regulations and affirmation of compliance with the Code of Conduct as well as the Code for Regulation of Insider Trading adopted by the Board, by all the Independent Directors of the Company have been made.

Remuneration Policy and remuneration

A policy approved by the Nomination and Remuneration Committee and the Board is followed by the Company on remuneration of Directors and Senior Management Employees, as per the details provided in the Corporate Governance Report.