

cimmco



Cimmco Limited | Annual Report 2010-11

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CORPORATE INFORMATION

Board of Directors

Shri J P Chowdhary	<i>Executive Chairman (w.e.f. May 10, 2011)</i>
Shri Umesh Chowdhary	<i>Vice Chairman and Managing Director (Designated as Vice Chairman and Managing Director w.e.f. May 10, 2011)</i>
Shri D N Davar	<i>Independent Director</i>
Dr. Vinay Mohan	<i>Director (Corporate Affairs) and Officiating Chief Financial Officer</i>
Shri Anil Kumar Agarwal	<i>Nominee Director (Cimco Equity Holdings Pvt. Ltd.)</i>
Shri Jagdish Kumar Shukla	<i>Independent Director</i>
Shri Ravi Kumar	<i>Independent Director</i>
Shri Rakesh Mohan Agarwal	<i>Independent Director</i>
Dr. G B Rao	<i>Independent Director</i>
Shri J P Gupta	<i>Director</i>

Company Secretary

Shri Dipankar Ganguly

Audit Committee

Shri Ravi Kumar	<i>Chairman</i>
Shri D N Davar	<i>Member</i>
Shri J K Shukla	<i>Member</i>
Shri Anil Kumar Agarwal	<i>Member</i>
Shri J P Chowdhary	<i>Special Invitee</i>
Shri Umesh Chowdhary	<i>Special Invitee</i>

Statutory Auditors

M/s. S R Batliboi and Co.
Chartered Accountants

Bankers

ICICI Bank Limited
Syndicate Bank

Registered Office

Premlata, 4th Floor,
39, Shakespeare Sarani, Kolkata-700017
Telephone : 91 33 4019 0800 Fax : 91 33 2289 1655
Email : corp@cimmco.in

Remuneration Committee

Shri D N Davar	<i>Chairman</i>
Shri J K Shukla	<i>Member</i>
Shri Ravi Kumar	<i>Member</i>

Shareholders'/Investors' Grievance Committee

Shri J K Shukla	<i>Chairman</i>
Shri Ravi Kumar	<i>Member</i>
Shri Umesh Chowdhary	<i>Member</i>
Shri D N Davar	<i>Special Invitee</i>

Works

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

Registrar and Transfer Agent

MCS Limited
F-65 Okhla Industrial Area, Phase-I
New Delhi 110020
Telephone : 91 11 4140 6149
Fax : 91 11 4170 9881
Email : admin@mcsdel.com



NOTICE

NOTICE is hereby given that the Sixty-sixth Annual General Meeting of the members of CIMMCO LIMITED will be held on Monday, the 5th day of December, 2011 at 'Kalakunj', 48 Shakespeare Sarani, Kolkata-700017 at 3.00 P.M. to transact the following business :

Ordinary Business :

1. To consider and adopt the audited Balance Sheet of the Company as at March 31, 2011, Profit & Loss Account and Cash Flow Statement for the financial year comprising nine months ended on that date, together with the Reports of the Directors and Auditors thereon.
2. To appoint Directors in place of those, who retire by rotation.
3. 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; Chartered Accountants of 22 Camac Street, Block C, 3rd Floor, Kolkata-700016 having Firm Registration No. 301003E, be and are hereby re-appointed as Statutory Auditors of the Company to hold office until the conclusion of the next Annual General Meeting of the Company for auditing the accounts of the Company for the financial year 2011-2012 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 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 consider and if thought fit to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT Shri J P Chowdhary, who was appointed as an Additional Director by the Board of Directors on 10th May, 2011 and holds office upto the date of this Annual General Meeting and in respect of whom a notice under Section 257 has been received from a member signifying his intention to propose Shri J P Chowdhary's candidature for the office of the Director, be and is hereby appointed as a Director of the Company.

RESOLVED FURTHER THAT approval of the shareholders be and is hereby accorded pursuant to Part III of the Schedule XIII, Sections 198, 269, 309 and other enabling provisions of the Companies Act, 1956 (the Act) to the appointment of Shri J P Chowdhary as Chairman cum Managing Director designated as Executive Chairman for a term of five years w.e.f. May 10, 2011 as approved pursuant to the Section 316 of the Act, by the Board of Directors at its meeting held on May 10, 2011, on the terms and conditions 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 also he is Executive Chairman.

RESOLVED FURTHER THAT the Board of Directors (which term shall include a Committee thereof) be and is hereby authorised to vary, alter or modify the terms and conditions of the appointment/agreement of Shri J P Chowdhary including remuneration payable to him within the limits prescribed in Schedule XIII to the Act or any amendment thereto as may be agreed between Shri J P Chowdhary and the Company."

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

"RESOLVED THAT approval of the shareholders be and is hereby accorded pursuant to Part III of the Schedule XIII, Sections 198, 269, 309 and other enabling provisions of the Companies Act, 1956 (the Act) to the appointment of Shri Umesh Chowdhary as Vice Chairman and Managing Director for a term of five years w.e.f. May 10, 2011 as approved pursuant to the Section 316 of the Act, by the Board of Directors at its meeting held on May 10, 2011, on the terms and conditions contained in the Agreement entered into between Shri Umesh Chowdhary and the Company which inter alia include that he shall draw remuneration from Titagarh Wagons Limited only of which also he is Vice Chairman & Managing Director.

RESOLVED FURTHER THAT the Board of Directors (which term shall include a Committee thereof) be and is hereby authorised to vary, alter or modify the terms and conditions of the appointment/agreement of Shri Umesh Chowdhary including remuneration payable to him within the limits prescribed in Schedule XIII to the Act or any amendment thereto as may be agreed between Shri Umesh Chowdhary and 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 D N Davar, who was appointed as an Additional Director by the Board of Directors on 31st March, 2011 and holds office upto the date of this Annual General Meeting and in respect of whom a notice under Section 257 has been received from a member signifying his intention to propose Shri D N Davar's candidature for the office of the Director, be and is hereby appointed as an Independent Director of the Company liable to retire by rotation."

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

"RESOLVED THAT Shri R M Agarwal, who was appointed as an Additional Director by the Board of Directors on 10th May, 2011 and holds office upto the date of this Annual General Meeting and in respect of whom a notice under Section 257 has been received from a member signifying his intention to propose Shri R M Agarwal's candidature for the office of the Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."

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

"RESOLVED THAT Dr. Vinay Mohan, who was appointed as an Additional Director by the Board of Directors on 10th May, 2011 and holds office upto the date of this Annual General Meeting and in respect of whom a notice under Section 257 has been received from a member signifying his intention to propose Dr. Vinay Mohan's candidature for the office of the Director, be and is hereby appointed as Director (Corporate Affairs) and Officiating Chief Financial Officer of the Company.

RESOLVED FURTHER THAT approval of the shareholders be and is hereby accorded pursuant to Part III of the Schedule XIII, Sections 198, 269, 309 and other enabling provisions of the Companies Act, 1956 (the Act) to the appointment of Dr. Vinay Mohan as Director (Corporate Affairs) and Officiating Chief Financial Officer of the Company for a term of two years w.e.f. May 10, 2011 as approved by the Remuneration Committee and endorsed by the Board of Directors



NOTICE

at their respective meetings held on May 10, 2011, on the terms and conditions contained in the Agreement entered into between Dr. Vinay Mohan and the Company.

RESOLVED FURTHER THAT the Board of Directors (which term shall include a Committee thereof) be and is hereby authorised to vary, alter or modify the terms and conditions of the appointment/agreement of Dr. Vinay Mohan including remuneration payable to him within the limits prescribed in Schedule XIII to the Act or any amendment thereto as may be agreed between Dr. Vinay Mohan and the Company.

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."

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

"RESOLVED THAT Dr. G B Rao, who was appointed as an Additional Director by the Board of Directors on 31st March, 2011 and holds office upto the date of this Annual General Meeting and in respect of whom a notice under Section 257 has been received from a member signifying his intention to propose Dr. G B Rao's candidature for the office of the Director, be and is hereby appointed as an Independent Director of the Company liable to retire by rotation."

Place: Kolkata
Date: October 17, 2011

Registered Office:
Premlata, 4th Floor,
39, Shakespeare Sarani,
Kolkata 700017

By Order of the Board of Directors
For **Cimmco Limited**

Dipankar Ganguly
Company Secretary

NOTES:

- 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.
- 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 THE SCHEDULED TIME OF THE MEETING.
- The Register of Members and the Share Transfer Books of the Company will remain closed from 28th November, 2011 to 5th December, 2011 (both days inclusive), for the purpose of holding the Annual General Meeting. The Company has been granted extension of time by Registrar of Companies for holding this Annual General Meeting.
- 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 would help the Company and RTA to provide efficient and better service to the Members.

- 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.
- All the documents referred to in the Notice and Explanatory Statement are open for inspection at the Registered Office of the Company between 10.30 A.M. and 1.30 P.M. till the date of the 66th 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.
- With Registered Office of the Company having been shifted to "Premlata", 4th Floor, 39 Shakespeare Sarani, Kolkata-700017, Telephone No. 91 33 4019 0800, Fax: 91 33 22891655 email: corp@cimmco.in w.e.f. October 17, 2011, it has been proposed to assign the share transfer and registration to Karvy ComputerShare Private Limited, Karvy House, 21 Avenue 4, Street No.1, Banjara Hills, Hyderabad- 500 086, Telephone: 91 40 2342 0815; Fax: 91 40 2342 0814 w.e.f. January 1, 2012.
- The Ministry of Corporate Affairs has vide Circular No.17/2011 dated 21.04.2011 followed by Circular No. 18/2011 dated 29.04.2011, taken "Green Initiative in the Corporate Governance" by allowing paperless compliances by the Companies through electronic mode and introduced e-mail addresses as one of the modes of sending communication to the shareholders under Section 53 of the Companies Act, 1956.

The new interface with the members is a welcome step as it would not only help to save the environment and facilitate fast communication but will also lead to cost saving for your Company.

To implement the said Circulars, the Company proposes to send to the members various documents including Notices and Annual Report, etc. from January 01, 2012 onwards in the electronic form to the e-mail addresses of members provided by them and made available to us by the Depositories (NSDL/CDSL), which you are advised to update by registering changes, if any, in your e-mail address from time to time with the concerned Depository.

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 member of the Company upon receipt of your 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.

In case you desire to receive the documents mentioned above in physical form, please write to us at the Registered Office of the Company at Premlata, 4th Floor, 39, Shakespeare Sarani, Kolkata 700017 quoting your Folio No./Client ID and DPID.

All those members who have not registered their e-mail addresses or are holding shares in physical form are requested to immediately register their e-mail addresses with NSDL/CDSL and/or with the Company at the Registered Office of the Company at Premlata, 4th Floor, 39, Shakespeare Sarani, Kolkata 700017 along with Folio No./Client ID and DPID.



NOTICE

EXPLANATORY STATEMENT

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

Item No. 4

The Board of Directors of the Company appointed Shri J P Chowdhary, as an Additional Director on May 10, 2011 and appointed him as Chairman cum Managing Director of the Company, designated as Executive Chairman w.e.f. that date for a period of 5 years. 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.

The brief profile and details as per Clause 49 in respect of Shri J P Chowdhary are provided in the Corporate Governance Report annexed to the Annual Report.

None of the Directors except Shri J P Chowdhary and Shri Umesh Chowdhary being related to him are concerned or interested in the aforesaid Resolution.

The Directors recommend passing of the aforesaid Special Resolution.

Item No. 5

Shri Umesh Chowdhary was appointed on the Board on 14th March, 2010 as a Nominee Director of Cimco Equity Holdings Private Limited (holding company). In view of the role and responsibilities undertaken by him in revival and rehabilitation of the Company and also being instrumental in ensuring its subsequent deregistration from the Board for Industrial and Financial Reconstruction (BIFR) in a short span of time, the Board decided to appoint Shri Umesh Chowdhary as Managing Director of the Company designated as Vice Chairman and Managing Director w.e.f. May 10, 2011. Shri Umesh Chowdhary being the Vice Chairman & Managing Director also of Titagarh Wagons Limited (TWL) shall continue to draw remuneration from TWL only and not from the Company.

The brief profile and details as per Clause 49 in respect of Shri Umesh Chowdhary are provided in the Corporate Governance Report annexed to the Annual Report. He does not hold any shares in the Company.

None of the Directors except Shri Umesh Chowdhary and Shri J P Chowdhary being related to him are concerned or interested in the aforesaid Resolution.

The Directors recommend passing of the aforesaid Special Resolution.

Item No. 6, 7 and 9

In order to strengthen the Board, Shri D N Davar and Dr. G B Rao were appointed as Additional Directors of the Company on March 31, 2011. Shri Davar has vast experience and expertise in industrial banking & finance and various functions of management. Dr. G B Rao, Past President of ICSI and ICWA has extensive experience in finance, corporate law and corporate affairs.

The Board also appointed Shri R M Agarwal as an Additional Director on May 10, 2011. Shri Agarwal has 40 long years of experience in the railway sector.

None of the above Directors hold any shares in the Company. The respective profiles and details of these directors are provided as per Clause 49 in the Corporate Governance Report annexed to the Annual Report.

Continuation of the aforesaid Directors on the Board would be in the interest of the Company.

Except the above Directors who are concerned or interested in their respective appointments no other director is concerned or interested in the respective Resolutions under the Items No. 6, 7 and 9.

Item No. 8

The Board appointed Dr. Vinay Mohan as Additional Director of the Company on May 10, 2011 and designated him as Director (Corporate Affairs) and Officiating Chief Financial Officer for a term of two years w.e.f. 10th May, 2011. Dr. Vinay Mohan has rich experience in banking, finance and general management and his continuance on the Board would be beneficial to the Company.

Dr. Mohan does not hold any shares in the Company and his brief profile and details are provided as per Clause 49 in the Corporate Governance Report annexed to the Annual Report.

None of the Directors except Dr. Vinay Mohan is concerned or interested in the aforesaid Resolution.

The Directors recommend passing of the aforesaid Special Resolution.

Place: Kolkata
Date: October 17, 2011

Registered Office:
Premlata, 4th Floor,
39, Shakespeare Sarani,
Kolkata 700017

By Order of the Board of Directors
For Cimcco Limited

Dipankar Ganguly
Company Secretary

Note : Refer Page No. 36 for Supplementary Notice.

DIRECTORS' REPORT

Dear Shareholders,

Your Directors present the 66th Annual Report, together with the audited accounts of the Company for the financial year comprising nine months ended March 31, 2011.

Financial Results

The rehabilitation Scheme of the Company was sanctioned by the Board for Industrial & Financial Reconstruction (BIFR) on 11.03.2010, the implementation of which was started in right earnest culminating in the net worth of the Company turning substantially positive from June 2010. In response to an application in this respect, the BIFR declared the Company as having ceased to be a sick industrial company and issued an order on the 7th December, 2010 discharging the Company from the purview of SICA/BIFR.

Performance of the Company has been satisfactory during the financial year (nine months) ended the 31st March, 2011. As the previous financial year was of fifteen months ended the 30th June, 2010, the figures given below for the nine months ended the 31st March, 2011 are not comparable with those of the previous financial year: (Rs. in lacs)

Particulars	Year ended 31.03.2011 (9 Months)	Year ended 30.06.2010 (15 Months)
Turnover	11,782.02	2,966.84
Profit before Extra-ordinary Items & Tax	1,004.18	338.66
Less : Exceptional Items	635.95	—
Add : Extra-ordinary Items (arising out of the sanctioned Scheme of BIFR)	—	55,208.23
Profit before Taxation	368.23	55,546.89
Add : Deferred Tax Credits	726.70	138.08
Less : Wealth Tax & Fringe Benefit Tax	1.22	2.32
Profit after Taxation	1,093.71	55,682.65
Loss brought forward from previous period	3,104.79	59,010.13
Loss carried to Balance Sheet	2,011.08	3,104.79
Reserves & Surplus	17,866.58	3,220.32
Earnings per Share (before Extra-ordinary Items) (Rs.)	5.43	3.05

Dividend

In the absence of adequate profit available for appropriation and some accumulated loss being carried forward, your Directors as a matter of prudence do not recommend any dividend for the year under review.

Review of Operations and Future Outlook

Following the receipt of order from the Indian Railways for wagons valued at over Rs.250 crores in the last week of September, 2010, the plant at Bharatpur had been satisfactorily in operation and during the nine months ended the 31st March, 2011 the Company produced 575 and sold 572 wagons.

The Company has been sanctioned sufficient working capital facilities to be fully equipped for execution of order for wagons expected to be secured by the Company. With the continuing improvement targeted in the operational efficiency commensurate with the orders for wagons under execution and those expected during the current year and all possible efforts being made to streamline activities based on cost effectiveness the overall performance for the current year appears encouraging.

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

Nominations of Shri Sanjoy Gupta and Shri R M Agarwal were withdrawn by Asset Reconstruction Company (India) Limited (ARCIL) w.e.f. the 21st April, 2011 and the 4th May, 2011 respectively. The Directors place on record their appreciation of the valuable services rendered by Shri Sanjoy Gupta and Shri R M Agarwal during their tenure as nominees of ARCIL. Shri D N Davar, Shri Jamil Ashraf and Dr. G B Rao had been appointed as

Additional Directors (all Independent) of the Company with effect from March 31, 2011 pursuant to Section 260 of the Companies Act, 1956 (the Act). Shri Jamil Ashraf resigned on 17th October, 2011 whereas Shri D N Davar and Shri G B Rao hold office upto the date of the ensuing Annual General Meeting of the Company (AGM) and are eligible for appointment in accordance with the provisions of Section 257 of the Act.

Shri J P Chowdhary co-opted on the Board at the meeting of Directors held on the 10th May, 2011 as an additional Director has been appointed Chairman cum Managing Director and designated as Executive Chairman of the Company with effect from the said date. Shri J P Chowdhary shall in terms of Section 260 vacate the office on the date of the ensuing Annual General Meeting of the Company and is eligible for appointment in accordance with the provisions of Section 257 of the Act.

Shri Umesh Chowdhary appointed as non executive Director on the 14th March, 2010 as nominee of the holding company (Cimco Equity Holdings Private Limited) has since been appointed Vice Chairman & Managing Director and CEO of the Company w.e.f. the 10th May, 2011.

Both Shri J P Chowdhary and Shri Umesh Chowdhary shall not draw any remuneration from the Company.

Shri R M Agarwal appointed as an Additional Director by the Board at its meeting held on the 10th May, 2011 holds office upto the date of ensuing Annual General Meeting and in accordance with Section 257 of the Act is eligible for appointment.

Dr. Vinay Mohan, Officiating Chief Financial Officer inducted as Additional Director of the Company pursuant to provisions of Section 260 of the Act, has been appointed as Director (Corporate Affairs) and Officiating Chief Financial Officer of the Company with effect from the 10th May, 2011 and vacates office on the date of the ensuing Annual General Meeting of the Company. Dr. Mohan is eligible for appointment in accordance with the provisions of Section 257 of the Act.

DIRECTORS' REPORT

Notice(s) pursuant to Section 257 proposing the respective candidature of the Directors named hereinabove have been received from the members of the Company proposing their appointment.

Shri Anil Kumar Agarwal, Director of the Company retires by rotation at the ensuing AGM and being eligible, offers himself for re-appointment.

Shri J P Gupta, whose term as an Executive Director ended on 31st July, 2011, retires by rotation at the ensuing AGM.

Directors' Responsibility Statement

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

- in preparation of the annual accounts for the financial year (nine months) ended March 31, 2011 the applicable accounting standards have been followed and proper explanations relating to material departures, if any, have been provided;
- 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;
- 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;
- the annual accounts have been prepared on a going concern basis.

Auditors

M/s. S. R. Batliboi & Co., Chartered Accountants, Statutory Auditors of the Company shall retire at the conclusion of the ensuing Annual General Meeting. They have intimated their willingness to be re-appointed 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 within the limit prescribed under Section 224(1B) of the Companies Act, 1956.

Auditors' Report

Observations of the Auditors in their Report vide Notes No. 15, 16, 17, 18 and 19 in Schedule 22 when read together with the relevant notes on accounts and accounting policies are self explanatory. The observation of the Auditors for enlargement of Internal Audit System is being catered to by the management and M/s. Lodha and Co., Chartered Accountants have been appointed as Internal Auditors of the Company. The Return of Deposit for the current financial year has been duly filed by the Company. The Directors have emphasized the need to expeditiously address the deficient areas appropriately and necessary steps are being taken in that regard by the management.

Subsidiary Companies

The Company does not have any subsidiary company.

Promoter Group

In accordance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, details of Promoters, Promoter Group and its constituents are disclosed in a statement annexed to this Report along with the details of the shares pledged by them and held by them in 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.

Listing with Stock Exchanges

The equity shares of the Company are listed at The National Stock Exchange of India Limited (NSE), The Bombay Stock Exchange Limited (BSE), The Delhi Stock Exchange Limited (DSE), The Calcutta Stock Exchange Limited (CSE) and The Madhya Pradesh Stock Exchange Limited (MPSE) and Listing fees for the financial year ending the 31st March, 2012 have also been duly paid.

The trading in equity shares of the Company which had been under suspension at the NSE has resumed w.e.f. September 8, 2011.

Unpaid/Unclaimed Fixed Deposits & Dividend

As stated in the last year's report, the balance in the Unpaid/Unclaimed Dividend Accounts, Debenture Redemption Reserve 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 have been 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) Amendment Rules, 2011, as amended :

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

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 disclosure required under the aforesaid provision has been attached separately marked as Annexure A to this Directors' Report and forms part of this Report.

Shifting of Registered Office

Your Company's application to the Company Law Board (CLB) for shifting of Registered Office of the Company from the State of Delhi to the State of West Bengal has been approved and its Registered Office has been shifted to Premlata Building, 4th Floor, 39, Shakespeare Sarani, Kolkata 700017 w.e.f. October 17, 2011.

Corporate Social Responsibility

Your Company's continuous endeavors to contribute suitably to the society by being involved in a series of community welfare programmes, directly or through philanthropic organizations continue. Bharatpur plant is located close to the Bharatpur Bird Sanctuary amidst vast green area and all care is taken to preserve the environment to allow the nature's expanse to remain healthy and grow healthily.

Acknowledgements

Your Directors wish to place on record their appreciation for the cooperation and support of the secured lenders including ICICI Bank, Syndicate Bank, Governments of Rajasthan, Madhya Pradesh and Delhi, local administration/ other Government Departments; for contribution of the employees/ ex-employees of the Company and all other stakeholders.

On behalf of the Board

Place: Kolkata
Date: October 17, 2011

J. P. Chowdhary
Executive Chairman

ANNEXURE TO DIRECTORS' REPORT

As required under clause 3(a) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, the following entities constitute "Group" for the purpose of the aforesaid SEBI Regulations :

Promoter and Promoter Group Shareholding as at 31st March, 2011

Name of Shareholders	Number of shares held	% of total paid up equity
Promoter		
Cimco Equity Holdings Pvt. Ltd.	1,62,88,923	80.84
Promoter Group		
Mr. Gaurav Kajaria	14,000	0.07
Mrs. Vinita Bajoria	13,424	0.07
Mrs. Sumita Kandoi	4,000	0.02
Total Promoter/Promoter Group Holding	1,63,20,347	81.00

The following entities although not holding any equity shares in the Company are Promoter group entities as disclosed in the disclosures/distribution pattern submitted to the Stock Exchanges:

Listed:

- (1) Titagarh Wagons Limited
- (2) Continental Valves Limited
- (3) Apex Traders & Exporters Limited

Unlisted:

- (1) Greysham and Co. Private Limited
- (2) Flourish Securities and Finance Private Limited
- (3) Titagarh FreightCar Private Limited
- (4) Titagarh Singapore Pte. Limited
- (5) Titagarh Wagons AFR
- (6) Titagarh Capital Management Services Private Limited

- (7) Tecalemit Industries Limited
- (8) Navyug Business Private Limited
- (9) Simplex Developments Private Limited
- (10) Traco International Investment Private Limited
- (11) Singhal Contractors and Builders Private Limited
- (12) Shivalik Mercantile Private Limited
- (13) Titagarh Logistics Infrastructures Private Limited
- (14) Titagarh Marine Limited
- (15) Bhatpara Papers Limited
- (16) Titagarh Papers Limited
- (17) West Bengal Pulpwood Development Corporation Limited
- (18) Sourenee Leaves Private Limited

Individuals:

- (1) Shri Jagdish Prasad Chowdhary
- (2) Shri Umesh Chowdhary
- (3) Smt. Savitri Devi Chowdhary
- (4) Smt. Rashmi Chowdhary
- (5) Smt. Bimla Kajaria
- (6) Smt. Panna Devi Kajaria
- (7) Shri Pawan Kumar Kajaria
- (8) Shri Sanjay Kumar Bajoria
- (9) Shri Saket Kandoi
- (10) Shri Subhash Kandoi
- (11) Shri Aditya Kumar Saraogi
- (12) Shri Sushil Kumar Saraogi

Non-Incorporated Promoter Group entities :

- (1) J P Chowdhary and Others (HUF)
- (2) Prithish Family Trust
- (3) Sree Kashi Nath Bhagwati Devi Chowdhary Charitable Trust
- (4) Umesh Chowdhary (HUF)

MANAGEMENT DISCUSSION AND ANALYSIS

OVERALL REVIEW

The overall performance of the Company during the financial year comprising nine months ended the 31st March, 2011 has been satisfactory. Following the sanction of the Scheme of Rehabilitation sanctioned by the Board for Financial and Industrial Reconstruction (BIFR) in March, 2010, the Company's net worth turned positive and the Company came out of the purview of BIFR by an order issued on the 7th December, 2010.

The Company received order for Wagons valued at over Rs.250 crores from Indian Railways in the last week of September 2010 and commenced production at its Bharatpur facilities in right earnest to ensure that the stipulated delivery schedule is adhered to.

The facilities at Bharatpur are also capable of executing Engineering & Project Business and Others (consisting of miscellaneous business comprising less than 10% revenue and include transactions relating to Lease/Sub-Lease of wagons), however, at present focus though on Wagons only, efforts are being made to secure orders also for other segments.

BUSINESS SEGMENT

Wagons

a) Industry Outlook : The Railway Budget announced in February, 2011 envisages many new railway lines to be laid in the different regions of the country, more particularly in Eastern Region in order to extend the cargo carrying network. Passenger coaches are another segment where

substantial rise in demand is expected. Overall industry outlook in the medium term appears to be encouraging.

b) Opportunities : 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 for the Company to pursue expansion of business. The Government's focus on building infrastructure is expected to present opportunity for the other product capabilities of the Company.

c) Challenges: Uncertainty as to timely availability of raw materials & components and rising costs are major challenges for Wagon Industry in India. The dependence on one customer i.e. Indian Railways is a 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, 2011	June 30, 2010
Production of Wagons	No.	575	123
Sales	No.	572	123
Average Realisation	Rs.Lacs/No.	18.46	21.98

Comparative data are not given since the last financial year was of fifteen months whereas the financial year under review comprises nine months ended 31st March, 2011.

Review of Operations: Performance of the Wagons segment has been satisfactory and has enabled the Company to gain confidence of full-fledged operations again at Bharatpur plant which had been closed for

ANNEXURE TO DIRECTORS' REPORT

almost 8 years prior to lifting of the management lockout in September, 2008.

e) Company Outlook: The Company has started participating in tenders and after having secured its first order post resumption of operations will continue to pursue orders from Ministry of Railways as well as other private customers. This augurs well for the current financial year.

RISKS AND CONCERNS

The major risk factors applicable to the Company are:

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 impact the business of the Company.

Increase in the cost of raw materials and other inputs

- (i) The major raw materials required by the Company include steel, scrap, specialized components including bogies, coupler sets, air brakes etc. which are exposed to volatility in prices and availability in required specifications.
- (ii) Steel based raw materials being the principal inputs in manufacturing wagons and heavy engineering equipment, cost of finished goods totally depends on the prices of steel prevalent in both National and International markets which are highly volatile and cyclical in nature.

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.

Risks associated with Organic growth of business

Growth and expansion of the business of the Company involves financial, managerial & other risks. The Company has engaged the services of professional firm to identify and submit a report on risk mitigation.

INTERNAL CONTROL SYSTEM AND ADEQUACY

The Company has an adequate system of internal controls for imposing necessary checks 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.

For ensuring the correctness of the internal checks and control, the Company has also appointed a firm of Chartered Accountants to conduct internal audit, periodic reports of which are reviewed by the Audit Committee and management and their suggestions are considered for improving the checks and balances.

Discussion on Financial Performance with respect to Operational Performance

Notwithstanding the factors referred to hereinabove impacting the operations, securing of order for wagons, streamlined operations which were restarted after suspension for eight years, better manufacturing processes, focus on improved productivity, optimization of resource deployment resulted in satisfactory performance.

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 can regain and sustain its position in the Industry. After revival of the Company, focus is laid on building up the team at different verticals for realizing the optimum potential of the Company. As on March 31, 2011, the Company had 154 employees in its roll.

Industrial relations at the factory site of the Company and otherwise remained cordial.

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.

Place: Kolkata
Date: October 17, 2011

For and on behalf of the Board
J. P. Chowdhary
Executive Chairman

ANNEXURE TO DIRECTORS' REPORT

ANNEXURE A

Particulars required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY:

a) Energy conservation measures taken:

1. Use of transparent sheets in sheds to utilize sunlight for illumination and thus reducing electrical energy input for illumination.
2. Installation of power saver compressor units replacing old and inefficient compressors.
3. Welding machines with power savers (inverter base) installed to save power.
4. Use of HSD in DG sets.

b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:

1. Usage of CFL/Energy Efficient lighting system for shop floor illumination.
2. Energy saving units being installed in lighting circuit to reduce consumption.
3. Replacement of rewound and inefficient drives.

(c) Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on cost of production of goods:
The measures taken as above will result in saving of non renewable sources of power and energy which are scarce and expensive in the country and thus will result in lowering of the cost of production as well as saving the non renewable sources of energy.

(d) Total Energy Consumption and Energy Consumption per unit of Production :

		2010-11
a)		
i)	Electricity - Purchased	
	Units (Kwh)	1382508
	Total Amount (Rs. in lacs)	73.12
	Rate/Unit (Rs.)	5.29
ii)	Furnace Oil/LDO/LVFO	
	Quantity (K Litres)	31252
	Total cost (Rs. in lacs)	12.32
	Average rate (Rs.)	39.43

b) Consumption per unit of production

Products	Standards (if any)	2010-11
No. of Wagons produced	—	575
Electricity (Kwh) per Wagon manufactured	—	2404
HSD Oil (Ltrs.) per wagon manufactured	—	54.35

The figures for previous year could not be obtained since the power connection was restored in October, 2008, after remaining suspended for almost 8 years of management lockout followed by revamping of plant and machinery which were lying in unused/rundown condition. Due to the circumstances beyond control, the proper records could not be maintained for previous financial year.

B. TECHNOLOGY ABSORPTION

1. Efforts made in technology absorption Research & Development (R & D)

1. Specific areas in which R & D carried out by the Company :

The Company is in the process of completing inhouse design for special type of wagons as part of its R & D activities.

2. Benefits derived as a result of the above R & D:

The benefits from the above are expected to be significant, however, the same can only be ascertained in tangible terms in future.

3. Future plan of action:

The Company is focussed on value addition in the manufacture and marketing of wagons. The research and development in other fields will be carried out in due course.

4. Expenditure on R & D : (Rs./lacs)

	2010-11	2009-10
Capital	Nil	Nil
Recurring	Nil	Nil
Total	Nil	Nil
Total R & D expenditure as a percentage of total turnover	N.A.	N.A.

Technology absorption, adaptation and innovation

1. Efforts, in brief, made towards technology absorption, adaptation and innovation:

The Company is in process of innovative solutions for optimum processes used for manufacture of wagons.

2. Benefits derived as a result of the above efforts :

The benefits from the above are expected to be significant, however the same can only be ascertained in future.

3. Information on imported technology

- i) Technology imported : Nil
- ii) Year of import : N.A.
- iii) Has technology been fully absorbed? : N.A.
- iv) If not fully absorbed, areas where this has not taken place, reasons therefore and future plan of action : N.A.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

a) Activities relating to exports, initiatives taken to increase exports, development of new export markets and export plans:

The Company at present has no orders for export. However, the Company is fully equipped to seize the export opportunities, if any, coming its way.

b) Total foreign exchange used and earned: Nil

For and on behalf of the Board

J. P. Chowdhary

Executive Chairman

Place: Kolkata

Date: October 17, 2011

CORPORATE GOVERNANCE REPORT

1. Company's Philosophy on Corporate Governance

Cimmco's philosophy of Corporate Governance is based on the tenets of trusteeship, empowerment, accountability, control and ethical corporate citizenship with transparency at its core. The basic objective of governance pursued by Cimmco is to foster, on a sustainable basis the interest of all the stakeholders with values backed by commitment of dedicated and self-disciplining team voluntarily contributing to sound corporate practices.

2. Board of Directors

A. Composition & Category

The composition of the Board of Directors of the Company including the presence of independent and non-independent directors as at March 31, 2011 (as set out in Table 1 below) is in compliance with Clause 49 of the Listing Agreement.

Composition of the Board of Directors as at March 31, 2011, Attendance at the Board Meetings during the Financial Year comprising nine months ended 31st March, 2011 at the last Annual General Meeting, outside directorships and other Board Committees :

Sl No.	Director	No. of Board Meetings attended	Attendance at previous AGM on 30/12/2010	No. of other Directorships held ^a	No. of other Membership/ Chairmanship in Committees ^b	Executive/ Non-Executive/ Independent
1.	Shri Umesh Chowdhary	1	Absent	3	1	Chairman (Non Executive) [Nominee of Cimco Equity Holdings Private Limited (CEHPL)]
2.	Shri J. P. Gupta	3	Present	—	—	Executive Director
3.	Shri Anil Kumar Agarwal	—	Absent	2	—	Non Executive (Nominee of CEHPL)
4.	Shri J K Shukla	3	Present	—	—	Independent
5.	Shri Ravi Kumar	3	Absent	—	—	Independent
6.	Shri D N Davar	—	N. A.	14	9	Independent
7.	Dr. G B Rao	—	N.A.	4	—	Independent
8.	Shri J Ashraf	—	N.A.	—	—	Independent
9.	Shri R M Agarwal	3	Absent	—	—	Nominee of ARCIL
10.	Shri Sanjoy Gupta	3	Absent	—	—	Nominee of ARCIL
	Shri Rakesh Khandelwal	1	N.A.	N.A.	N.A.	Independent
	Shri Sanjiv K Jha	1	N.A.	N.A.	N.A.	Independent
	Shri Ashok Gupta	2	Absent	N.A.	N.A.	Special Director-BIFR Nominee

- a. Excludes directorships in Indian private limited companies, foreign companies, companies u/s 25 of the Companies Act, 1956 (the Act)
b. Committees include only Audit Committee and Shareholders'/ Investors' Grievance Committee.

Notes:

- Shri Sanjiv K Jha and Shri Rakesh Khandelwal resigned from the Board w.e.f. 22.10.2010 & 14.11.2010 respectively.
- Nomination of Shri Ashok Gupta, Special Director appointed by BIFR withdrawn by BIFR w.e.f. 15.12.2010.
- Shri D N Davar, Dr. G B Rao and Shri J Ashraf appointed as Additional Directors (Independent) w.e.f. 31.03.2011
- Nomination of Shri Sanjoy Gupta and Shri R M Agarwal withdrawn by Asset Reconstruction Company (India) Limited (ARCIL) w.e.f. 21st April, 2011 and 4th May, 2011 respectively.
- Shri Jamil Ashraf resigned w.e.f. 17th October, 2011.
- Shri J P Gupta's term as Executive Director ended on 31st July, 2011.

B. Board Meetings held during the Financial Year ended the 31st March, 2011 (Nine months)

Three meetings of the Board of Directors were held: on 30th August, 2010, 14th November, 2010 and 14th February, 2011 during the financial year ended March 31, 2011 comprising nine months starting from July 1, 2010.

C. Appointment/Reappointment of Directors

- Shri J P Chowdhary**, aged about 70 years is an industrialist with 50 years of experience in railways sector/heavy engineering industry. A Graduate in Commerce and Diploma holder in Business Management, Shri Chowdhary is regarded as a turnaround expert, taking over ailing companies and turning around their operations with ingenuity and astuteness. Shri Chowdhary has been President of Confederation of Indian Industry (CII) and President of All India Organisation of Employers, Indian Chamber of Commerce, Kolkata, All India Management Association, New Delhi and also served as the Sheriff of Kolkata in 1995. He is currently a member of Central Board of Trustees, Employees' Provident Fund Organisation and chairs the Board of Railway Equipment Division of Confederation of Indian Industry (CII). He joined the Board of Directors of the Company on 10.05.2011 as Chairman cum Managing Director and has been designated as Executive Chairman for a term of 5 years. He is the Executive Chairman & CEO of Titagarh Wagons Limited, Flagship Company of Titagarh Group having 3 manufacturing facilities in the State of West Bengal (India).
- Shri Umesh Chowdhary**, aged about 37 years, is a Graduate in Commerce from St. Xavier's College, Kolkata and has also been a part of Owner-President Management Programme at the Harvard Business School, Boston, USA. He is the Vice Chairman and Managing Director of Titagarh Wagons Limited (TWL) and possesses vast experience in the railway sector/heavy engineering industry having been instrumental in the impressive growth of TWL over the last few years and turnaround of Cimmco in a short span. In addition to Honorary Consul of Switzerland in Kolkata, Shri Umesh Chowdhary is Chairman of the MSME sub-committee of the CII, ER '08-'09; Member of the Regional committee of CII. He joined the Board of Directors of the Company on 14.03.2010 as Nominee Director of Cimco Equity Holdings Private Limited and considering his contribution, he was elevated to the position of Managing Director w.e.f.

CORPORATE GOVERNANCE REPORT

- 10.05.2011 to look after the day to day affairs of the Company, and designated as Vice Chairman and Managing Director and also appointed as Chief Executive Officer of the Company for a term of five years.
- (iii) **Shri D N Davar** has been consultant to international/multinational organizations like UNIDO & KFW for several years. With M.A. (Economics), B.Com (Hons.), CAIIB- Indian Institute of Bankers Fellow of the Economic Development Institute of the World Bank as academic and professional background, Shri Davar aged about 77 years has over 40 long years of Banking Development experience with intensive exposure to industrial finance and development and also corporate management. Last position held by him was that of Executive Chairman of Industrial Finance Corporation of India (1984 to 1992). Shri Davar is on the Board of several notable industrial companies and also associated with various social & educational institutions. He joined the Board of Directors of the Company on 31.03.2011.
- (iv) **Shri R M Agarwal**, Bachelor of Science with B.Tech. (Hons) in Civil Engineering from IIT, Kharagpur is at present Procurement Specialist for World Bank funded project for eastern sector of Dedicate Freight Corridor since 2008. At 67, he has over 40 years of experience in the railway sector and has been the Founder & Sr. Vice President of Indian Railways Institute of Logistics & Materials Management. He was Nominee Director of Asset Reconstruction Company (India) Limited on the Board of the Company. His nomination was withdrawn w.e.f. 04.05.2011. Considering his contributions in revival of operations of the Company, the Board appointed him as Additional Director w.e.f. 10.05.2011.
- (v) **Shri Anil Kumar Agarwal**, B. Com. ACA and a qualified CWA, aged about 35 years has around eleven years of experience in accounts, audit, finance and management. Recently he has been awarded Best CFO Award. He joined the Board of the Company as Nominee Director of Cimco Equity Holdings Pvt. Ltd. (Holding Company) w.e.f. 14.03.2010.
- (vi) **Shri J P Gupta**, aged 72 years is B.Sc., B.E. (Mechanical). He was appointed as Whole-time Director of the Company w.e.f. 01.08.2000. His term as Executive Director of the Company ended on 31.07.2011.
- (vii) **Dr. Vinay Mohan**, aged 61 years has 37 years long experience in banking & finance industry. He is a B.E. (Chemical) from B.I.T, Sindri, holds a degree of MBA (Finance) and is also a Ph.D. (Industrial Sickness and Rehabilitation Management). He has vast experience and expertise in Merchant Banking Project Appraisal, CDR Restructuring, NPA Management and Risk Management.
- (viii) **Dr. G B Rao**, aged about 67 years has 44 years experience in senior positions in Finance, Legal and General Management including as Finance Director of large competencies in Foreign Collaborations, Project Funding, Financial Restructuring, Mergers Amalgamations and Acquisitions. Dr. Rao authored Ph.D. thesis on "A study on the Pattern and Trends in Capital Markets of India-Raising Money from Capital Market and has co-authored a pioneering book- "Guide to Project Financing" and has been past president of the ICSI, ICWAI and Rotary Club, Modinagar. Dr. Rao, a University Topper in B.Com, is 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 Taxation Sub Committee of CII and ex member of Advisory Committee on Capital Issue Control and Expert Committee on Tax return Forms Directorate of Income Tax of Ministry of Finance, Advisory Committee of Department of Company Affairs of Ministry of Law and Justice and Company Affairs, National Productivity Council and Banking and Finance Sub Committee of FICCI, ASSOCHM, PHCOCI. He joined the Board of Directors of the Company on 31.03.2011.

None of the above mentioned Directors hold any shares in the Company.

The other directorships and membership of committees of the above Directors are given in the table below:

Name of Director	Other Directorships/ Committee memberships held
Shri J P Chowdhary	<p>Executive Chairman:</p> <ol style="list-style-type: none"> 1. Titagarh Wagons Limited <p>Directorships:</p> <ol style="list-style-type: none"> 1. Titagarh Marine Limited 2. Titagarh Logistics Infrastructures Private Limited 3. Continental Valves Limited 4. Titagarh Capital Management Services Private Limited 5. Sourenee Leaves Private Limited 6. Titagarh FreightCar Private Limited <p>Chairman of the Board:</p> <ol style="list-style-type: none"> 1. Titagarh Wagons AFR, France <p>Member of Committee of Directors :</p> <ol style="list-style-type: none"> 1. Titagarh Wagons Limited <p>Member of Shareholders'/Investors' Grievance Committee :</p> <ol style="list-style-type: none"> 1. Nil
Shri Umesh Chowdhary	<p>Vice Chairman and Managing Director:</p> <ol style="list-style-type: none"> 1. Titagarh Wagons Limited <p>Directorships:</p> <ol style="list-style-type: none"> 1. Continental Valves Limited 2. Titagarh Capital Management Services Private Limited 3. Sourenee Leaves Private Limited 4. Titagarh Logistics Infrastructures Private Limited 5. Titagarh Singapore Pte. Limited, Singapore 6. Titagarh Marine Limited 7. Titagarh Freight Car Private Limited <p>Vice Chairman of the Board:</p> <ol style="list-style-type: none"> 1. Titagarh Wagons AFR, France <p>Member of Shareholders'/Investors' Grievance Committee :</p> <ol style="list-style-type: none"> 1. Titagarh Wagons Limited <p>Member of Committee of Directors :</p> <ol style="list-style-type: none"> 1. Titagarh Wagons Limited
Shri D N Davar	<p>Director and Chairman:</p> <ol style="list-style-type: none"> 1. Sandhar Technologies Limited 2. Sandhar Infosystems Limited <p>Member of Audit Committee :</p> <ol style="list-style-type: none"> 1. Maral Overseas Limited 2. Rajasthan Spinning & Weaving Mills Ltd.

CORPORATE GOVERNANCE REPORT

	<p>3. Land Mark Property Developments Co. Ltd 4. Sandhar Steady Stream Tooling Private Limited</p> <p>Directorships : 1. Titagarh Wagons Limited 2. Maral Overseas Limited 3. HEG Limited 4. Rajasthan Spinning & Weaving Mills Limited 5. Parsvnath Hotels Limited 6. Parsvnath SEZ Limited 7. OCL India Limited 8. Indo-Continental Hotels & Resorts Limited 9. Ansal Properties & Infrastructure Limited 10. Hero Honda Finlease Limited 11. Adayar Gate Hotel Limited 12. S.P. Wahi Technology & Management Consultants Private Limited</p> <p>Chairman of Audit Committee : 1. Titagarh Wagons Limited 2. Hero Honda Finlease Limited</p>	<p>3. OCL India Limited 4. Ansal Properties & Infrastructure Limited 5. HEG Limited</p> <p>Member of Shareholder's Grievance Committee : 1. HEG Limited 2. Maral Overseas Limited</p> <p>Member of Remuneration Committee : 1. Titagarh Wagons Limited, Chairman 2. HEG Limited, Chairman</p> <p>Member of Committee of Directors : 1. Titagarh Wagons Limited - Member 2. Ansal Properties & Infrastructures Ltd-Chairman 3. OCL India Ltd-Chairman 4. Indo-Continental Hotels Ltd-Chairman 5. Hero Honda Finlease Ltd-Chairman 6. Adayar Gate Hotels Ltd-Chairman 7. Maral Overseas Ltd-Chairman</p>
Shri R M Agarwal	Directorships/Membership of Committees: Nil	
Shri A K Agarwal	<p>Directorships: 1. Greysham & Co. Pvt. Ltd. 2. Cimco Equity Holdings Pvt. Ltd. 3. Titagarh Papers Ltd.</p>	<p>4. Bhatpara Papers Limited</p> <p>Member of Committee : Nil</p>
Shri J P Gupta	Directorships/Membership of Committees: Nil	
Dr. Vinay Mohan	Directorships/Membership of Committees: Nil	
Dr. G B Rao	<p>Directorships: 1. Sandhar Technologies Barcelona, SL 2. Mars Finance & Consultancy Services Ltd. 3. Sai Krishna Capital Limited 4. Suja Global Solutions Limited 5. G.B. Capitals Pvt. Limited</p>	<p>Member of Committee : 1. Core Group on Corporate Governance Audit, Ministry of Corporate Affairs, Government of India</p>

Board Committees

3. Committee of Directors

A. Audit Committee

The Audit Committee comprises Shri Ravi Kumar, Shri D N Davar, Shri J K Shukla and Shri Anil Kumar Agarwal and is headed by Shri Ravi Kumar. Shri Umesh Chowdhary is a Special Invitee to the Committee. Shri Dipankar Ganguly, Company Secretary acts as the Secretary to the Audit Committee. The role and duties of the Audit Committee have been defined by the Board of Directors under Section 292A of the Companies Act, 1956 and covers the areas mentioned under Clause 49 of the Listing Agreement (as amended from time to time).

Attendance of the Directors at the Audit Committee Meetings :

Sl. No.	Name of the Director	Date of Audit Committee Meetings			Remarks
		30.08.10	14.11.10	14.02.11	
1.	Shri J. K. Shukla	Present	Present	Present	
2.	Shri Anil K Agarwal	-	-	-	
3.	Shri Ravi Kumar	Present	Present	Present	
4.	Shri J. P. Gupta	Present	Present	Present	Ceased to be a member w.e.f. 31.03.2011
5.	Shri R. M. Agarwal	Present	Present	Present	Special Invitee
6.	Shri Sanjoy Gupta	Present	Present	Present	Special Invitee
7.	Shri Ashok Gupta	Present	Present	-	Ceased to be a member w.e.f. 15.12.2010
8.	Shri D N Davar	N.A.	N.A.	N.A.	Member w.e.f. 31.03.2011
9.	Shri Umesh Chowdhary	N.A.	N.A.	N.A.	Special invitee w.e.f. 31.03.2011

With the nominations of Shri R M Agarwal and Shri Sanjoy Gupta having been withdrawn by ARCIL w.e.f. 21st April, 2011 and 4th May, 2011 respectively. Shri J P Chowdhary and Shri Umesh Chowdhary are Special Invitees.

B. Remuneration Committee

Shri D N Davar is Chairman of the Remuneration Committee; Shri J K Shukla and Shri Ravi Kumar being the other members whereas nominations of Shri Sanjoy Gupta & Shri R M Agarwal, nominees of ARCIL who were Special Invitees have been since withdrawn w.e.f. 21st April, 2011 & 4th May, 2011 respectively.

During the financial year (nine months) ended March 31, 2011 only one meeting of the Remuneration Committee was held on August 30, 2010. The meeting was attended by the then members Shri R. M. Agarwal, Shri J K Shukla, Shri Ravi Kumar, Shri Sanjoy Gupta and Shri Ashok Gupta. Shri Anil Kumar Agarwal did not attend the said meeting.

CORPORATE GOVERNANCE REPORT

The remuneration policy of the Company is based on the need to attract the best available talent and is in line with the prevailing trends in the industry.

All the elements of remuneration package of individual directors are disclosed in Table 4 below:

Remuneration paid to the Directors of the Company during Financial Year (nine months) ended 31.03.2011

Rs. in Lakhs

Sl. No.	Name of the Director	Number of Shares Held	Salary & Perquisites	Sitting Fees	Total Amount
1.	Shri Umesh Chowdhary	-	-	0.10	0.10
2.	Shri J. P. Gupta	-	21.88	-	21.88
3.	Shri Anil K Agarwal	-	-	-	-
4.	Shri J. K. Shukla	-	-	0.70	0.70
5.	Shri Ravi Kumar	12	-	1.10	1.10
6.	Shri Sanjiv K Jha	-	-	0.10	0.10
7.	Shri Rakesh Khandelwal	-	-	0.10	0.10
8.	Shri R. M. Agarwal	-	-	1.10	1.10
9.	Shri Sanjoy Gupta	-	-	0.70	0.70
10.	Shri Ashok Gupta	-	-	0.50	0.50
11.	Shri D N Davar	-	-	-	-
12.	Dr. G B Rao	-	-	-	-
13.	Shri Jamil Ashraf	-	-	-	-
	Total	12	21.88	4.40	26.28

Notes : 1. Shareholding figures are as on March 31, 2011: The Company has not issued any instruments convertible into equity shares. No Stock Option has been granted to any of the Directors of the Company.

2. None of the Directors are related to each other.

C. Shareholders'/Investors' Grievance Committee

The Shareholders'/Investors' Grievance Committee is headed by Shri J K Shukla. Shri Ravi Kumar and Shri Umesh Chowdhary are the other members and Shri D N Davar is a Special Invitee.

Attendance of the Directors at the Shareholders'/Investors' Grievance Committee Meetings

Name of the Director	Date of Shareholders'/Investors' Grievance Committee Meetings			Remarks
	31.07.10	30.10.10	04.02.11	
Shri R M Agarwal	Present	Present	Present	
Shri Ravi Kumar	Present	Present	Present	
Shri J P Gupta	Present	Present	Present	Ceased to be a Member w.e.f. 31.03.2011
Shri J K Shukla	N.A.	N.A.	N.A.	Chairman w.e.f. 31.03.2011
Shri D N Davar	N.A.	N.A.	N.A.	Special Invitee w.e.f. 31.03.2011
Shri Umesh Chowdhary	N.A.	N.A.	N.A.	Member w.e.f. 31.03.2011

During the year ended March 31, 2011 the Company received 140 complaints from investors which have been duly attended to and resolved by MCS Limited (RTA).

Share transfer and requests for other services are disposed by the RTA within the time stipulated in the Listing Agreements.

Shri Dipankar Ganguly, Company Secretary, acts as the Secretary to the Board Committees and is Compliance Officer.

4. General Body Meetings

A. Annual General Meetings (AGMs) and Special Resolutions passed therein in last three years

The date, time and venue of the last three AGMs of the Company and the Special Resolutions passed by the Shareholders in these AGMs are set out as follows :

Particulars of last three AGMs :

No. of AGM	Year	Venue	Date	Time
65th	2010	Speaker Hall of the Constitution Club of India, Rafi Marg, New Delhi 110001	29.12.2010	10.00 AM
64th	2009	Registered Office at Birla Nagar, Gwalior 474004	31.12.2009	11.00 AM
63rd	2008	Registered Office at Birla Nagar, Gwalior 474004	25.09.2008	11.00 AM

Special Resolutions passed in the last three AGMs :

No. of AGM	Year	Nature of Resolutions
65th	2010	• Re-appointment of Shri J P Gupta as Executive Director and the remuneration payable to him.
64th	2009	• Re-appointment of Shri J P Gupta as Executive Director and the remuneration payable to him. • Increase in Authorised Share Capital of the Company • Alteration in Articles of Association of the Company
63rd	2008	• Re-appointment of Shri J P Gupta as Executive Director and the remuneration payable to him.

CORPORATE GOVERNANCE REPORT

B. Postal Ballot Exercise during the year (nine months) ended March 31, 2011

Special Resolution for shifting of the then Registered Office of the Company from the State of Delhi to the State of West Bengal has been passed by means of Postal Ballot during the year ended 31.03.2011. Salient features of the Postal Ballot were:

- (i) Shri A K Kuchhal, Practicing Company Secretary was appointed as the Scrutinizer for conducting the Postal Ballot Process.
- (ii) Based on the Scrutinizer's Report, Shri J P Gupta, Executive Director declared the Results on March 5, 2011 at the Registered Office of the Company.
- (iii) The result declared was as follows :
 - a) Number of valid Postal Ballot Forms received : 57
 - b) Number and Percentage of votes in favour of the Resolution : 1,56,85,129 (99.99%)
 - c) Number and Percentage of votes against the Resolution : 229 (0.01%)

The Resolution was approved by the Members with overwhelming majority.

5. Disclosures

A. Subsidiary Company

The Company does not have any subsidiary company.

B. Related Party Transactions

The transactions entered into by the Company with the 'Related Parties' during the financial year ended March 31, 2011 are set out in the Notes to Accounts forming part of the Annual Report. The related party transactions were at an arm's length basis and do not conflict with the interest of the Company at large.

C. Code of Conduct for Prohibition of Insider Trading

In compliance with SEBI (Prevention of Insider Trading) Regulations, 1992 the Company has in place a 'Code of Conduct' applicable to the Directors and Senior Management Personnel to emphasize the importance of ethical behavior and for protection of all stakeholders' interest. Shri Dipankar Ganguly, Company Secretary has been appointed as Compliance Officer in respect of the compliance with the Code. In accordance with Clause 49 of the Listing Agreement, Chief Executive Officer's certificate of compliance of the Code of Conduct by the Board and Senior Management is appended to this report.

D. Non-Compliance/Strictures/Penalties

Save and except non-compliance(s) on the part of the Company mainly pertaining to the period when the operations of the Company were under lockout due to which trading in equity shares of the Company is suspended at NSE (trading at NSE resumed since 8th September, 2011), no penalties and/or strictures have been imposed on the Company by any Stock Exchange or SEBI or any other Statutory Authority.

E. Compliance with mandatory & non-mandatory requirements

The Company complies with all the mandatory requirements as prescribed under Clause 49 of the Listing Agreement.

In Non mandatory requirements, the Company has constituted a Remuneration Committee for deciding the remuneration to be paid to the Directors and relative of Directors, if any.

6. Means of Communication

The quarterly and annual financial results are published in compliance with Clause 41 of the Listing Agreement, in Business Standard/Financial Express (English daily) and Economic Times (Hindi edition). Besides, information and latest updates and the announcements regarding the Company including its shareholding pattern are also available on the website of the Company: www.cimmco.in and on the website(s) of NSE/BSE.

7. General Shareholder Information

A. Annual General Meeting

Day, Date & Time : Monday, the 5th December, 2011 at 3.00 P.M.
Venue : 'Kalakunj', 48 Shakespeare Sarani, Kolkata-700017

B. Financial Calendar

The tentative financial calendar for the current financial year, i.e. April 01, 2011 to March 31, 2012 is set out below:

Schedule for the Financial Year (FY) 2011-12 :

Publication of	Schedule
Un-Audited Financial Results Quarter ended June 2011	Unaudited Results published on 13th August, 2011
Un-Audited Financial Results Quarter ended September and December 2011	Within 45 days of the quarter ending.
Audited Financial Results FY 2011-12	Within May, 2012 (Tentative)

C. Date of Book Closure

The period of Book Closure is from 28th November, 2011 to 5th December, 2011 (both days inclusive).

D. Dividend Payment Date

Not applicable since no dividend has been recommended by the Board of Directors.

E. Listing on Stock Exchanges

The equity shares of the Company are listed at the 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 Fees payable to the Depositories, i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The shares of the Company are traded at BSE and trading in equity shares of the Company at NSE has been resumed since 8th September, 2011.

CORPORATE GOVERNANCE REPORT

Stock Code

The codes assigned to the equity shares of the Company by NSE, BSE and NSDL/CDSL are given below :

Codes assigned to the equity shares of the Company

NSDL/CDSL (ISIN)	NSE Stock Code	BSE Stock Code
INE 184C01028	CIMMCO	505230

F. Market Price Data

Monthly closing high and low quotations and volume of shares traded on the Bombay Stock Exchange Limited are shown in the Chart below. There was no trading in the Company's equity shares at the National Stock Exchange of India Limited since the trading was under suspension during the period.

Month	High (Rs.)	Low (Rs.)	Volumes (in Nos.)
October, 2010	57.87	50.00	13,315
November, 2010	184.45	60.75	1,52,626
December, 2010	213.45	124.50	2,38,080
January, 2011	154.00	101.50	52,882
February, 2011	136.00	91.20	39,651
March, 2011	98.00	68.60	90,828

G. Registrar & Share Transfer Agent (RTA)

MCS Limited, (Unit: Cimmco Limited)

F-65, Okhla Industrial Area, Phase – I, New Delhi 110020. Phone: (011) 4140 6149, Fax: (011) 4170 9881, E-mail: admin@mcsdel.com

H. Share Transfer System

For registration of transfer of shares held in physical mode, the share certificate(s) in original, alongwith the share transfer deed(s) and other relevant documents, should be submitted at the Registered Office/Corporate Office of the Company or with its RTA. In case the documents are in order, the requests for registration of transfer of shares is processed which takes upto 2 weeks from the date of receipt of complete documentation.

I. Distribution of Shareholding

The shareholding pattern and distribution of the shareholding of the equity shares of the Company, in terms of categories of shareholders and size of holding respectively are as follows :

Shareholding Pattern as at March 31, 2011 (Category) :

Category of Shareholders	Mode of Holding Shares		Total Shareholding	
	Physical	Demat	Number	%
Promoters and Promoter Group	-	1,63,20,347	1,63,20,347	81.00
Bodies Corporate	3,99,547	15,28,337	19,27,884	9.57
Financial Institutions/Banks	1,55,992	6,304	1,62,296	0.80
Mutual Funds	3,137	368	3,505	0.02
Insurance Companies	-	2,41,896	2,41,896	1.20
NRIs	424	15,709	16,133	0.08
Individuals	4,43,080	10,31,265	14,74,345	7.32
Others	680	1,440	2,120	0.01
Total	10,02,860	1,91,45,666	2,01,48,526	100.00

Distribution of Shareholding as on March 31, 2011 :

Category of Shareholders (Range of shareholding)	Folio/Client ID		Shareholding	
	Number	%	Number	%
Upto 500	61,517	99.4793	8,01,291	3.9769
From 501 to 1000	156	0.2523	1,18,309	0.5872
From 1,001 to 2,000	71	0.1148	1,09,869	0.5453
From 2,001 to 3,000	35	0.0566	86,187	0.4278
From 3,001 to 4,000	15	0.0243	54,431	0.2701
From 4,001 to 5,000	5	0.0081	22,663	0.1125
From 5,001 to 10,000	14	0.0226	97,543	0.4841
10,001 and above	26	0.0420	1,88,58,233	93.5961
Total	61,839	100.00	2,01,48,526	100.00

J. Dematerialization of Shares

The number of equity shares of the Company held in dematerialized mode through National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and in physical form as on March 31, 2011 are as follows :

Shareholding in Demat & Physical modes as on March 31, 2011 :

NSDL		CDSL		Physical		Total	
No. of Shares	% of Capital	No. of Shares	% of Capital	No. of Shares	% of Capital	No. of Shares	% of Capital
18871014	93.66	274652	1.36	1002860	4.98	20148526	100.00%

K. Outstanding GDRs/ADRs/Warrants or any other instruments, which are convertible into equity shares of the Company

The Company has not issued any GDRs/ADRs/Warrants or any other instruments, which are convertible into equity shares of the Company.

CORPORATE GOVERNANCE REPORT

L. Plant Location

Mal Godown Road, Bharatpur 321001, Rajasthan

M. Address for Correspondence

Company	RTA
Registered Office: Premlata Building, 4th Floor, 39, Shakespeare Sarani Kolkata 700017; Phone: Telephone No. 91 33 4019 0800, Fax: 91 33 22891655; email: corp@cimmco.in	MCS Limited, Unit – Cimmco Limited F-65, Okhla Industrial Area, Phase - I, New Delhi 110020 Phone: (011) 41406149, Fax: (011) 41709881, E-Mail: admin@mcsdel.com

Kolkata,
October 17, 2011

For and on behalf of Cimmco Limited
J P Chowdhary
Executive Chairman

Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification

The Board of Directors

Cimmco Limited

Dear Sirs,

We have reviewed the financial statements read with the Cash Flow Statement of Cimmco Limited for the year comprising nine months ended the 31st day of March 2011 and to the best of our knowledge and belief, we state that:

- These statements do not contain any materially untrue statement or omit any material fact or contain statements, that might be misleading;
- These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct;
- We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and steps taken or proposed to be taken for rectifying these deficiencies;
- We have indicated to the auditors and the Audit Committee:
 - Significant changes in internal control during the year;
 - Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements;
 - Instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

Kolkata, October 17, 2011

Umesh Chowdhary
Vice Chairman & Managing Director & CEO

Dr. Vinay Mohan
Officiating Chief Financial Officer

Declaration Affirming Compliance of Provisions of the Code of Conduct

To the best of my knowledge and belief and on the basis of declarations given to me, I hereby affirm that all the Board members and the senior management personnel have fully complied with the provisions of the Code of Conduct for Directors and Senior Management Personnel during the financial year comprising nine months ended 31st March, 2011.

Kolkata
Date: October 17, 2011

For Cimmco Limited
Umesh Chowdhary
Vice Chairman & Managing Director and CEO

Certificate on Corporate Governance

To the Members of Cimmco Limited,

We have examined the compliance of conditions of Corporate Governance by Cimmco Limited for the period from 1st July 2010 to 31st March 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring for compliance of the conditions of Corporate Governance. It is neither an audit nor expression of the opinion on the financial statements of the Company.

In our opinion and to the best of my information and according to explanations given to us, we certify that the Company has complied with the conditions of the Corporate Governance, as stipulated in above mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness, with which the Management has conducted the affairs of the Company.

Place: Kolkata
Date: October 17, 2011

M RATHI & CO.
Company Secretaries
(Kumkum Rathi)
Partner
C P No. 6010



AUDITORS' REPORT

1. We have audited the attached Balance Sheet of **Cimmco Limited** ('the Company') as at March 31, 2011 and also the Profit and Loss Account and the Cash Flow Statement for the nine months period ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that :
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - v. On the basis of the written representations received from the directors, as on March 31, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - vi. Without qualifying our opinion, attention is drawn to the following notes on Schedule 22 :
 - a) Note No. 15 regarding certain claims of Rs. 5049.34 lacs which have been considered good of recovery since the management, based on the current status of negotiation is hopeful to recover these claims in full.
 - b) Note No. 18 regarding certain raw material inventories of Rs 1250.20 lacs lying in the bonded warehouse under the custody of Custom Authorities, for which auction proceedings have been initiated. Pending confirmation from the Custom Authorities, we are unable to offer our comment about the carrying value of such inventories.
 - vii. *Attention is also drawn to the following notes on Schedule 22 :*
 - a) *Note Nos. 16 and 17 regarding certain debts & advances of Rs. 1588.40 lacs which have been considered good of recovery by the management. However, pending final outcome of the court cases/negotiations/ completion of assessment proceedings with the relevant parties/authorities, we are unable to comment upon their recoverability and impact on the profit of the Company.*
 - b) *Note No 19 regarding non reconciliation/pending confirmation of the account with Asset Reconstruction Company (India) Limited, the impact whereof is presently unascertainable.*
 - viii. *Subject to the effect of matters referred to in Para vii above, whose impact on the Company's profit is presently unascertainable, and read with our observation in para vi above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;*
 - a) in the case of Balance Sheet, of the state of affairs of the Company as at March 31, 2011;
 - b) in the case of Profit and Loss Account, of the profit for the nine months period ended on that date; and
 - c) in the case of Cash Flow Statement, of the cash flows for the nine months period ended on that date.

Place: Kolkata
Date: May 24, 2011

For **S.R. BATLIBOI & CO.**
Firm registration No. : 301003E
Chartered Accountants
per **R K AGRAWAL**
Partner
Membership No.: 16667



AUDITORS' REPORT

ANNEXURE TO THE AUDITORS' REPORT

[Referred to in our report of even date to the members of Cimmco Limited as at and for the nine months period ended March 31, 2011]

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
(b) All fixed assets have not been physically verified by the management during the period but there is a regular programme of verifying the fixed assets over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
(c) There was no substantial disposal of fixed assets during the period.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the period except for stocks lying at bonded warehouse as indicated in Note No 18 on Schedule 22.
(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on such physical verification.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Therefore, the provisions of Clauses 4(iii)(b) to (d) of the Order, are not applicable.
(b) According to the information and explanations given to us, the Company has not taken loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Therefore the provisions of Clauses 4(f) and (g) of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, having regard to the explanation that some of the items purchased are of special nature and suitable alternative sources do not exist for obtaining comparable quotations thereof, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas and we have also not observed any continuing failure to correct major weakness in the internal control system of the Company.
- (v) According to the information and explanations provided by the management, there are no transactions during the period that need to be entered into the register maintained under Section 301 of the Companies Act, 1956.
- (vi) In respect of deposits accepted, in our opinion and according to the information and explanations given to us, the directives issued by the Reserve Bank of India and the provisions of Sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under, to the extent applicable, have been complied with *except for non filing of return of deposit*. We are informed by the management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vii) The Company has an internal audit system, *the scope and coverage of which, in our opinion requires to be enlarged, commensurate with the size and nature of its business*.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess have generally been regularly deposited with the appropriate authorities though there has been slight delays in a few cases.
Further, since the Central Government has till date not prescribed the amount of cess payable under Section 441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.
(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the period end, for a period of more than six months from the date they became payable.
(c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows :

AUDITORS' REPORT

Name of the statute	Nature of dues	Amount (Rs in Lacs)	Period to which the amount relates	Forum where dispute is pending
The Central Excise Act, 1944	Incorrect availment of CENVAT credit, non payment of excise duty etc.	400.12	Various	At various, Appellant Authorities, High Court, Supreme Court
The Customs Act, 1962	Differential Customs Duty	32.17	The details are not readily available	
The Rajasthan Sales Tax Act / Central Sales Tax Act, 1956	Differential Sales Tax	1864.24	1982-83 to 2000-01	Deputy Commissioner, Jaipur
Orissa Value Added Tax Act, 2004	Differential Sales Tax	36.76	1997-98 to 1999-00	Details are not readily available.
The MP Sales Tax Act	Differential Sales Tax	13.08	1995-96	High Court, Gwalior
The Income Tax Act, 1961	Disallowance of certain tax benefits	2805.26	1990-1991 to 2007- 2008	Appellate Authorities
The Foreign Trade Development & Regulation Act, 1992	Penalty for non fulfillment of export obligations	2122.00	1997-2000	Additional DGFT

- (x) Without considering the consequential effects, if any, of the matters stated in paragraph 4(vii), whose impact is presently unascertainable and read with our observations in para 4(vi) of our Auditors' Report, the Company's accumulated losses at the end of the financial period are less than fifty per cent of its net worth and it has not incurred cash losses in the current and immediately preceding financial period.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable.
- (xiv) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares during the period to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company has unsecured debentures outstanding during the period on which no security or charge is required to be created.
- (xx) The Company has not raised any money through public issue during the period.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For S.R. BATLIBOI & CO.
Firm registration No. : 301003E
Chartered Accountants
per R K AGRAWAL
Partner
Membership No.: 16667

Place: Kolkata
Date: May 24, 2011

BALANCE SHEET as at March 31, 2011

(Rs. in lacs)

	Schedules	As at March 31, 2011	As at June 30, 2010
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	2,014.85	2,014.85
Reserves and Surplus	2	17,866.58	3,220.32
Loan Funds			
Secured Loans	3	16,334.74	14,419.00
Unsecured Loans	4	106.34	108.62
		<u>36,322.51</u>	<u>19,762.79</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	21,952.91	7,267.92
Less : Accumulated Depreciation/Amortisation		4,717.38	4,802.05
Net Block		17,235.53	2,465.87
Capital Work -in- Progress		311.18	189.29
		17,546.71	2,655.16
Investments	6	0.05	0.05
Deferred Tax Assets (Net) (Refer Note No. 12 of Schedule 22)		864.78	138.08
Current Assets, Loans and Advances			
Inventories	7	9,168.05	6,683.34
Sundry Debtors	8	5,151.47	1,743.53
Cash and Bank Balances	9	3,384.24	1,077.83
Other Current Assets	10	43.28	4.84
Loans and Advances	11	7,048.48	6,840.31
		24,795.52	16,349.85
Less : Current Liabilities and Provisions			
Current Liabilities	12	8,871.66	2,462.14
Provisions	13	23.97	23.00
		8,895.63	2,485.14
Net Current Assets		15,899.89	13,864.71
Profit & Loss Account Debit Balance		2,011.08	3,104.79
		<u>36,322.51</u>	<u>19,762.79</u>
Significant Accounting Policies & Notes on Accounts	22		
The Schedules referred to above form an integrated part of the Balance Sheet			

As per our Report of even date
For **S. R. Batliboi & Co.**
Firm Registration No: 301003E
Chartered Accountants

per **R. K. Agrawal**
Partner
Membership No. 16667

Place: Kolkata
Dated: May 24, 2011

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As Approved
For and on behalf of the Board of Directors

Umesh Chowdhary
Vice Chairman & Managing
Director and CEO

J K Shukla
Director

Anil Agarwal
Director

Dr. Vinay Mohan
Officiating CFO & Executive
Director (Corporate Affairs)

Ravi Kumar
Director

Dipankar Ganguly
Company Secretary

PROFIT & LOSS ACCOUNT for the nine months' period ended March 31, 2011

	Schedules	For the period ended March 31, 2011 (9 months)	For the period ended June 30, 2010 (15 months)
(Rs. in lacs)			
Income			
Turnover (Gross)			
Sales & Services	14	11,782.02	2,966.84
Less: Excise Duty		205.84	248.77
		11,576.18	2,718.07
Other Income	15	289.75	265.47
		11,865.93	2,983.54
Expenditure			
Raw Materials & Components Consumed	16	7,877.41	2,002.98
Manufacturing Expenses	17	1,551.45	600.11
(Increase)/Decrease in Stocks	18	98.98	(1,110.62)
Excise Duty and Cess on Stocks (Refer Note No. 5 on Schedule 22)		50.32	57.97
Payments to and Provisions for Employees	19	263.81	359.53
Administration, Selling and Other Expenses	20	569.84	526.39
Interest	21	135.30	0.06
Irrecoverable Debts, Advances etc. Written off		174.43	-
Depreciation/Amortisation		140.52	208.46
Less: Transfer from Revaluation Reserve		0.31	-
		10,861.75	2,644.88
Profit before Exceptional, Extraordinary Items & Taxes		1,004.18	338.66
Less: Exceptional Items (Refer Note No. 20 on Schedule 22)		635.95	-
Profit before Extraordinary Items & Taxes		368.23	338.66
Add: Extraordinary Items (Net)		-	55,208.23
Profit before Taxes		368.23	55,546.89
Deferred Tax Credits		(726.70)	(138.08)
Wealth Tax		1.22	1.08
Fringe Benefit Tax		-	1.24
Profit after Taxes		1,093.71	55,682.65
Loss brought forward from previous period		3,104.79	59,010.13
Less:			
Capital Reserve Adjusted		-	1.91
Capital Subsidy Reserve Adjusted		-	1.68
Debenture Redemption Reserve Adjusted		-	98.00
Securities Premium Adjusted		-	121.10
Loss carried to the Balance Sheet		2,011.08	3,104.79
Basic & Diluted Earning Per Share before Extraordinary Items (Rs.)		5.43	3.05
Basic & Diluted Earning Per Share after Extraordinary Items (Rs.) [Nominal value of share Rs. 10 each] (Refer Note No. 11 on Schedule 22)		5.43	358.32
Significant Accounting Policies & Notes on Accounts	22		
The Schedules referred to above form an integrated part of the Profit & Loss Account			

As per our Report of even date
For **S. R. Batliboi & Co.**
Firm Registration No: 301003E
Chartered Accountants

per **R. K. Agrawal**
Partner
Membership No. 16667

Place: Kolkata
Dated: May 24, 2011

As Approved

For and on behalf of the Board of Directors

Umesh Chowdhary
Vice Chairman & Managing
Director and CEO

Dr. Vinay Mohan
Officiating CFO & Executive
Director (Corporate Affairs)

J K Shukla
Director

Ravi Kumar
Director

Anil Agarwal
Director

Dipankar Ganguly
Company Secretary

CASH FLOW STATEMENT for the nine months period ended March 31, 2011

	(Rs. in lacs)	
	For the period ended March 31, 2011 (9 months)	For the period ended June 30, 2010 (15 months)
A. Cash flow from Operating Activities		
Net Profit Before Taxes	368.23	55,546.89
Adjustments for Non Cash/ Non Operating Items:		
Depreciation & Amortisation of Expenses	140.21	208.46
(Gain) / Loss on Sale / Discard of Fixed Assets (Net)	16.65	(110.45)
Irrecoverable Debts, Advances etc. Written off	174.43	-
Exceptional Items	635.95	-
Extraordinary Items	-	(55,208.23)
Interest Expense	135.30	0.06
Interest Income	(137.48)	(82.43)
Dividend Income	(5.53)	-
Excess Provisions written back	(0.97)	(15.80)
Gain on Sale of Investments	(0.20)	-
Operating Profit before Working Capital Changes	1,326.59	338.50
Adjustments for		
(Increase) in Inventories	(2,484.70)	(2,044.10)
(Increase) / Decrease in Trade and other Receivables	(3,501.50)	1,622.73
(Increase) / Decrease in Loans & Advances	(2,496.00)	1,272.44
Increase / (Decrease) in Current Liabilities & Provisions	6,175.77	(3,219.18)
Cash used in Operations	(979.84)	(2,029.61)
Taxes Paid	(40.70)	(1.24)
Net Cash used in Operating Activities (A)	(1,020.54)	(2,030.85)
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(402.15)	(271.26)
Sale of Fixed Assets	-	112.59
Interest Received	99.04	82.43
Purchase of Investments	(750.00)	-
Proceeds from Sale of Investments	750.20	-
Dividend received	5.53	-
Net Cash used in Investing Activities (B)	(297.38)	(76.24)
C. Cash Flow from Financing Activities		
Receipt of Long Term Borrowings	7,500.00	-
Repayment of Long Term Borrowings	(4,394.02)	(2,855.26)
Net movement in Short Term Borrowings	1,515.74	-
Interest Paid	(3,241.28)	(0.06)
Proceeds from Issue of Shares (including Securities Premium)	-	4,849.21
Repayment of Public Deposits	(2.28)	-
Refund of Share Application Money	(0.79)	-
Net Cash generated from Financing Activities (C)	1,377.37	1,993.89
D. Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	59.45	(113.20)
Cash and Cash Equivalents - Opening Balance	65.72	178.92
Cash and Cash Equivalents - Closing Balance	125.17	65.72
Cash & Cash Equivalents represents: *		
Cash on hand	1.62	22.07
Balances with Scheduled Banks on Current Accounts	123.55	43.65
	125.17	65.72

* Excludes bank balances lying in Unclaimed Debenture account which are not available for use by the Company as they represent corresponding unpaid debenture liabilities.

As per our Report of even date
For **S. R. Batliboi & Co.**
Firm Registration No: 301003E
Chartered Accountants

per **R. K. Agrawal**
Partner
Membership No. 16667

Place: Kolkata
Dated: May 24 2011

As Approved
For and on behalf of the Board of Directors

Umesh Chowdhary
Vice Chairman & Managing
Director and CEO

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Officiating CFO & Executive
Director (Corporate Affairs)

J K Shukla
Director

Ravi Kumar
Director

Anil Agarwal
Director

Dipankar Ganguly
Company Secretary

SCHEDULES forming part of the Balance Sheet

(Rs. in lacs)

	As at March 31, 2011	As at June 30, 2010
SCHEDULE 1 : SHARE CAPITAL		
Authorised		
5,00,00,000 Equity Shares of Rs. 10/- each	5,000.00	5,000.00
	<u>5,000.00</u>	<u>5,000.00</u>
Issued, Subscribed and Paid up		
2,01,48,526 Equity Shares of Rs. 10 each fully paid-up [Of the above 1,62,88,923 Equity Shares are held by Cimco Equity Holdings Private Limited, the Holding Company] [Of the above, 10,07,426 Equity Shares were allotted as fully paid up for consideration other than cash]	2,014.85	2,014.85
	<u>2,014.85</u>	<u>2,014.85</u>
SCHEDULE 2 : RESERVES AND SURPLUS		
Capital Reserve		
As per last Balance Sheet	-	1.91
Less: Adjusted with Profit & Loss Account Debit Balance	-	1.91
	-	-
Capital Subsidy Reserve		
As per last Balance Sheet	-	1.68
Less: Adjusted with Profit & Loss Account Debit Balance	-	1.68
	-	-
Debentures Redemption Reserve		
As per last Balance Sheet	-	98.00
Less: Adjusted with Profit & Loss Account Debit Balance	-	98.00
	-	-
Revaluation Reserve		
Arised during the period on revaluation	14,646.57	-
Less: Transfer to Profit and Loss Account	0.31	-
	<u>14,646.26</u>	-
Securities Premium		
As per last Balance Sheet	3,220.32	121.10
Add: Received during the period	-	3,220.32
	3,220.32	3,341.42
Less: Adjusted with Profit & Loss Account Debit Balance	-	121.10
	<u>3,220.32</u>	<u>3,220.32</u>
	<u>17,866.58</u>	<u>3,220.32</u>
SCHEDULE 3 : SECURED LOANS		
Term Loans		
From a Scheduled Bank	7,500.00	-
From Others	7,319.00	11,313.02
Interest Accrued & Due	-	3,105.98
Working Capital Facilities from Scheduled Banks	1,515.74	-
	<u>16,334.74*</u>	<u>14,419.00</u>
* Amount repayable within one year Rs. 8,834.74 Lacs (Rs. 10,057.00 Lacs)		
SCHEDULE 4 : UNSECURED LOANS		
From Exim Bank	106.34	106.34
Public Deposits	-	2.28
	<u>106.34*</u>	<u>108.62</u>
* Amount repayable within one year Rs. 106.34 Lacs (Rs. 108.62 Lacs)		

SCHEDULES forming part of the Balance Sheet

(Rs. in lacs)

SCHEDULE 5 : FIXED ASSETS

Particulars	GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK		
	As at June 30 2010	Additions	Additions on Revaluation during the period (a)	Sales/ Adjustments	As at March 31 2011	Upto June 30 2010	For the period	Less : On sales/ Adjustments	Upto March 31 2011	As at March 31 2011	As at June 30 2010
Tangible Assets											
Land											
- Freehold	52.00	-	7,568.30	-	7,620.30	-	-	-	-	7,620.30	52.00
- Leasehold	1,084.01	-	7,078.27	-	8,162.28	228.43	14.25	-	242.68	7,919.60	855.58
Buildings	2,318.84	19.37	-	-	2,338.21	1,157.20	53.18	-	1,210.38	1,127.83	1,161.64
Plant and Machinery	3,422.24	240.36	-	-	3,662.60	3,144.48	59.80	-	3,204.28	458.32	277.76
Railway Siding	41.77	-	-	-	41.77	35.86	1.15	-	37.01	4.76	5.91
Furniture & Fixtures	68.96	1.16	-	54.46	15.66	52.20	0.71	52.03	0.88	14.78	16.76
Vehicles	87.44	12.54	-	33.60	66.38	40.28	4.27	32.40	12.15	54.23	47.16
Computers	93.95	3.26	-	69.49	27.72	71.40	3.18	67.85	6.73	20.99	22.55
Equipment & Fittings	88.24	3.57	-	84.29	7.52	70.94	2.42	72.91	0.45	7.07	17.30
Intangible Assets											
Computer Software	10.47	-	-	-	10.47	1.26	1.56	-	2.82	7.65	9.21
Total	7,267.92	280.26	14,646.57	241.84	21,952.91	4,802.05	140.52	225.19	4,717.38	17,235.53	2,465.87
Capital Work In Progress	189.29	381.62	-	259.73	311.18	-	-	-	-	311.18	189.29
Grand Total	7,457.21	661.88	14,646.57	501.57	22,264.09	4,802.05	140.52	225.19	4,717.38	17,546.71	2,655.16
Previous Period's Total	7,481.99	332.11	-	356.89	7,457.21	4,887.50	208.46	293.91	4,802.05	2,655.16	

(a) Capitalised on revaluation of Company's Land at net replacement basis, as on March 31, 2011, based on the report of an approved valuer.

	No. of Shares	Face Value per share (Rs.)	As at March 31, 2011	As at June 30, 2010
SCHEDULE 6 : INVESTMENTS				
(A) Long Term, Trade, Unquoted Partly Paid -up				
Equity Shares of Wagon India Limited *	1,500	10	-	-
(B) Long Term, Non Trade				
Quoted				
Fully paid - up Equity Shares of				
Ryam Commerce & Plantations Limited *	500	10	-	-
Orissa Sponge Iron Limited	500	10	0.05	0.05
Unquoted				
Fully paid - up Equity Shares of				
The Kutch Salt & Allied Industries Limited *	625	10	-	-
Udyog Services Limited *	2	100	-	-
Partly paid - up Equity Shares of P.T. Nalin, Indonesia *	4,000	US\$100	-	-
[Lying with a bank under lien as security against Bank Guarantee]				
			0.05	0.05
Note :				
Aggregate cost of Investments				
Quoted			0.05	0.05
Unquoted			-	-
			0.05	0.05
Market Value of Quoted Investments			1.55	1.70
* Full Value Re. 1.00 (Re. 1.00 each)				

Note : Besides the above, 74,916 units of Mutual Fund (other than trade, quoted) have been purchased and sold during the period.

SCHEDULES forming part of the Balance Sheet

(Rs. in lacs)

	As at March 31, 2011	As at June 30, 2010
SCHEDULE 7 : INVENTORIES		
(At lower of cost and net realisable value)		
Raw materials and Components (including in Transit)	5,988.99	3,778.28
Stores and Spares Parts	502.62	129.64
Work in Progress	1,504.92	1,493.11
Finished goods	632.65	599.48
Saleable Scrap	538.87	682.83
	9,168.05	6,683.34
SCHEDULE 8 : SUNDRY DEBTORS (Unsecured, Considered Good)		
Outstanding for a period exceeding six months	352.31	352.17
Other Debts	4,799.16	1,391.36
	5,151.47	1,743.53
SCHEDULE 9 : CASH AND BANK BALANCES		
Cash on hand	1.62	22.07
With Scheduled banks on :-		
Current Account	123.55	43.65
Unclaimed Debenture Account	5.17	585.16
Margin Money	3,253.90	426.95
(Receipt lying with Banks as Security against Gaurantees/Letter of Credits issued by them)		
Balances with other Bank		
Banko Finenciero International - Cuba (Full amount Rs. Nil (Rs 223/-)	-	-
(Maximum amount outstanding during the period Rs. 223/- (Rs 223/-)		
	3,384.24	1,077.83
SCHEDULE 10 : OTHER CURRENT ASSETS (Unsecured , Considered good)		
Interest Receivable on Deposits	43.28	4.84
	43.28	4.84
SCHEDULE 11 : LOANS AND ADVANCES		
(Unsecured, Considered Good)		
Advances recoverable in cash or in kind or for value to be received *	1,290.38	1,026.89
Refunds & Claims Recoverable	5,051.75	5,051.75
Balance with Central Excise, Sales Tax & Other Government Authorities	150.16	235.59
Advance Income Tax/ Tax Deducted at Source [Net of Provisions of Rs. 0.90 Lacs (Rs 0.90 Lacs)]	525.21	485.21
Security Deposits	30.98	40.87
	7,048.48	6,840.31
* Includes dues from a Director Rs. Nil (Rs. 11.28 Lacs) Maximum amount outstanding during the period Rs 11.28 Lacs (Rs. 11.28 Lacs)		
SCHEDULE 12 : CURRENT LIABILITIES		
Acceptances	1,539.76	-
Sundry Creditors for Goods, Services, Expenses, etc		
a) Due to Micro & Small Enterprises (Refer Note No. 14 On Schedule 21)	-	-
b) Due to Others	4,013.71	1,209.25
Other Liabilities	1,107.05	544.03
Temporary Book Overdraft from Banks	-	122.30
Advance from Customers	2,205.97	-
Share Application Money Refundable	-	0.79
Investor Education and Protection fund:		
Unpaid/Unclaimed Interest on Fixed Deposit	-	0.61
Unpaid Debentures (Not due)	5.17	585.16
	8,871.66	2,462.14
SCHEDULE 13 : PROVISIONS		
Wealth Tax	3.06	2.54
Retirement Benefits		
Gratuity	9.32	10.29
Leave	11.59	10.17
	23.97	23.00

SCHEDULES forming part of Profit & Loss Account

	(Rs. in lacs)	
	For the period ended March 31, 2011 (9 months)	For the period ended June 30, 2010 (15 months)
SCHEDULE 14 : SALES & SERVICES (GROSS)		
Finished Goods	10,655.97	2,744.88
Services	65.00	10.00
Raw Materials	772.71	211.96
Saleable Scrap	288.34	-
	<u>11,782.02</u>	<u>2,966.84</u>
SCHEDULE 15 : OTHER INCOME		
Interest on Deposits with Banks (Gross)	137.48	82.43
(Tax deducted at source Rs. 5.07 Lacs (Rs. 15.69 Lacs)		
Excess provisions written back	0.97	15.80
Gain on Sale/ Disposal of Fixed Assets (Net)	-	110.45
Debts written off in earlier years, now recovered	145.57	-
Miscellaneous Receipts	-	56.79
Dividend on Investments (Current, Non Trade)	5.53	-
Gain on Sale of Investments (Current, Non Trade)	0.20	-
	<u>289.75</u>	<u>265.47</u>
SCHEDULE 16 : RAW MATERIALS AND COMPONENTS CONSUMED		
Opening Stock	3,778.28	3,062.15
Add: Purchases	10,088.12	2,719.11
	13,866.40	5,781.26
Less: Closing Stock	5,988.99	3,778.28
	<u>7,877.41*</u>	<u>2,002.98</u>
* Including Rs. 406.86 Lacs (Rs. 112.50 Lacs) being the cost of raw materials sold during the period.		
SCHEDULE 17 : MANUFACTURING EXPENSES		
Stores & Spare Parts consumed	871.32	166.33
Power and Fuel [Net of subsidy Rs. 3.57 Lacs (Rs. Nil)]	113.01	130.98
Design & Development Charges	4.64	1.80
Job Processing and other Machining Charges	476.33	92.97
Repairs - Buildings	29.40	89.85
- Plant and Machinery	31.86	117.76
- Others	24.89	0.42
	<u>1,551.45</u>	<u>600.11</u>
SCHEDULE 18 : (INCREASE) / DECREASE IN STOCKS		
Closing Stock		
Finished Goods	632.65	599.48
Work in Progress	1,504.92	1,493.11
Saleable Scrap	538.87	682.83
	<u>2,676.44</u>	<u>2,775.42</u>
Opening Stock		
Finished Goods	599.48	599.48
Work in Progress	1,493.11	1,003.24
Saleable Scrap	682.83	62.08
	<u>2,775.42</u>	<u>1,664.80</u>
	<u>98.98</u>	<u>(1,110.62)</u>
SCHEDULE 19 : PAYMENTS TO AND PROVISIONS FOR EMPLOYEES		
Salaries, Wages, Bonus, etc	232.94	309.44
Contribution to Provident and other Funds	16.61	28.69
Workmen and Staff Welfare Expenses	14.26	21.40
	<u>263.81</u>	<u>359.53</u>

SCHEDULES forming part of Profit & Loss Account

	(Rs. in lacs)	
	For the period ended March 31, 2011 (9 months)	For the period ended June 30, 2010 (15 months)
SCHEDULE 20 : ADMINISTRATION, SELLING AND OTHER EXPENSES		
Rent	30.43	31.94
Rates and Taxes	4.00	12.22
Insurance	9.02	13.08
Travelling Expenses	48.25	39.21
Legal & Professional Charges	126.04	193.65
Directors' Remuneration (Refer Note No. 13 on Schedule 22)	21.88	3.95
Directors' Sitting Fees	4.40	1.18
Postage & Communication Expenses	19.07	39.87
Selling Expenses	34.41	16.58
Auditors' Remuneration		
As Auditors		
- Audit fee	10.00	3.45
- Limited Review Fees	3.00	1.00
- Tax Audit fee	-	0.50
In Other Capacity for Certification, etc	0.08	1.11
- Out of pocket expenses	0.52	0.54
Bank Charges	129.43	3.89
Prior Period Expenses	39.47	-
Miscellaneous Expenses	73.19	164.22
Loss on Sale/Discard of Fixed Assets (Net)	16.65	-
	569.84	526.39
SCHEDULE 21 : INTEREST		
Interest on		
- Fixed Loans [Net of subsidy Rs. 68.15 Lacs (Rs. Nil)]	86.43	-
- Other Loans	48.87	0.06
	135.30	0.06

SCHEDULE 22 : SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation

The financial statements have been prepared to comply in all material respects with the Accounting Standards notified by the Companies' Accounting Standards Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis, under the historical cost convention, except for certain fixed assets which are revalued. The accounting policies applied by the Company are consistent with those used in the previous year.

b) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon the management's best knowledge of current events and actions, actual results could differ from these estimates.

c) Fixed Assets

- Fixed Assets are stated at cost (or revalued amounts, as the case may be), less accumulated depreciation and impairment, if any. The cost of acquisition comprises purchase price inclusive of duties (net of Cenvat), taxes, incidental expenses, erection/commissioning/trial run expenses and interest etc, up to the date the assets are ready for intended use.
- In case of revaluation of fixed assets, the original cost as written up by the approved valuers is considered in the accounts and the differential amount is credited to revaluation reserve.
- Machinery spares which can be used only in connection with an item of fixed assets and whose use, as per technical assessment, is expected to be irregular, are capitalized and depreciated over the residual life of the respective assets.
- Assets awaiting disposal are valued at the lower of written down value and net realizable value and disclosed separately.
- Capital work-in-progress includes machinery to be installed, construction & erection materials and capital advances.

d) Intangible Assets

Research costs are expensed as and when incurred. Development expenditure incurred on an individual project is carried forward when its future recoverability can be regarded as assured. Any expenditure carried forward is amortised over the period of expected future sales from the related project, not exceeding ten years.

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

Computer software not being part of the hardware operating system, is assessed to have a useful life of 5 years.

SCHEDULES to the Balance Sheet and Profit & Loss Account

e) Depreciation

- 1) Depreciation is provided using the Straight Line Method as per the useful lives of the fixed assets estimated by the management, or at the rates prescribed under schedule XIV of the Companies Act, 1956 whichever is higher.
- 2) Depreciation on revalued assets is provided at the rates specified in Section 205(2) (b) of The Companies Act, 1956. However in case of fixed assets whose life is determined by the valuer to be less than their useful life under Section 205, depreciation is provided at the higher rate, to ensure the amortisation of these assets over their life determined by the valuer.
- 3) Additional depreciation arising due to revaluation of fixed assets is adjusted against Revaluation Reserve.
- 4) Leasehold Land is amortized over the period of lease.
- 5) Depreciation on fixed assets added / disposed off during the period, is provided on pro-rata basis with reference to the date of addition/ disposal.

f) Impairment of Fixed Assets

The carrying amounts of assets are reviewed at each balance sheet date to determine if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount which is the greater of the net selling price of the assets and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

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

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

g) Leases

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalized.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalized leased assets are depreciated over the shorter of estimated useful life or the lease term.

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

h) Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

i) Inventories

- 1) Raw materials & Components and Stores & Spares Parts are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of finished goods are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis.
- 2) Goods under process and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials, labour cost and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty.
- 3) Obsolete/damaged stores and saleable scrap are valued at estimated net realizable value.
- 4) Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

j) Revenue Recognition

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

Sale of Goods : Revenue from sale of goods is recognized on dispatch of goods to customers, which is incidental to transfer of significant risk and reward of ownership. Sales are net of returns, claims, trade discounts, sales tax etc.

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

k) Retirement and other Employee Benefits

- 1) Retirement benefits in the form of Provident Fund and Employees' State Insurance are defined contribution schemes and the contributions are charged to Profit and Loss Account of the year when the contributions to the respective funds are due. There are no obligations other than the contribution payable to the respective funds.
- 2) Gratuity liability is a defined benefit obligation and is provided for on the basis of actuarial valuation on projected unit credit method made at the end of each financial period.
- 3) Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation, as per projected unit credit method, made at the end of each financial period.
- 4) Actuarial gains/losses are taken to Profit and Loss Account and are not deferred.

l) Taxes on Income

Tax expense comprises of current, deferred and prior year tax expenses, if any.

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

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against

SCHEDULES to the Balance Sheet and Profit & Loss Account

which such deferred tax assets can be realized. If the Company has carry forward unabsorbed depreciation and carry forward tax losses, deferred tax assets are recognized only if there is virtual certainty backed by convincing evidence that such deferred tax assets can be realized against future taxable profits. Unrecognized deferred tax assets of earlier periods are re-assessed and recognized to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realized.

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

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

m) Provisions and Contingencies

Provisions involving substantial degree of estimation in measurement (without being discounted to its present value) are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources and a reliable estimate can be made of the amount of the obligation. These are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Contingent Assets are neither recognized nor disclosed in the financial statements. Contingent liabilities are not provided for and are disclosed by way of notes.

n) Segment Reporting

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

Allocation of common costs: Common allocable costs are allocated to each segment on case to case basis by applying the ratio, appropriate to each relevant case.

Revenue and expenses which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis, are included under the head "Unallocated – Common".

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

o) Earning Per Share

Basic earning per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

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

p) Excise Duty & Custom Duty

Excise duty is accounted for at the point of manufacture of goods and accordingly is considered for valuation of finished goods stock lying in the factories as on the balance sheet date. Similarly, customs duty on imported materials in transit / lying in bonded warehouse is accounted for at the time of import / bonding of materials.

q) Government Grants and Subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with.

When the grant or subsidy relates to an expense item, it is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate.

Where the grant or subsidy relates to an asset, its value is deducted from the gross value of the asset concerned in arriving at the carrying amount of the related asset.

r) Cash and Cash Equivalents

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

2. Contingent Liabilities not provided for in respect of :

(Rs. in Lacs)

Particulars	As At March 31, 2011	As At June 30, 2010
A Claims against the Company not acknowledged as debts (pending at various courts/under negotiation)	9,382.37*	7,765.02*
B Matters under appeal with:		
Sales Tax Authorities	1,914.08	1,914.84
Income Tax Authorities	3,366.22	16.00
Customs and Excise Authorities	2,558.78	436.73
C Letters of Credit, Bills discounted and Bank Guarantees outstanding	8,167.70	-
D Custom Duty on import of equipments and spare parts under EPCG-scheme	640.28	640.28

* Includes Rs. 5034.56 Lacs (Rs. 5034.56 Lacs) which in terms of BIFR order, even if decided against the Company, would stand at Rs. 503.46 Lacs (Rs. 503.46 Lacs) only.

In respect of above cases based on favourable decisions in similar cases/legal opinions taken by the Company/discussions with the solicitors etc., the Management is of the opinion that it is possible, but not probable, that the action will succeed and accordingly no provision for any liability has been made in the financial statements.

SCHEDULES to the Balance Sheet and Profit & Loss Account

3. Estimated amount of capital commitments (net of advances) remaining to be executed - Rs. Nil (Rs. Nil).
4. Term loan from a scheduled bank is secured by exclusive first charge on land situated at Gwalior and also by first *pari passu* charge over the other fixed assets and second *pari passu* charge over the current assets of the Company, both present and future.
Term loans from others are secured by first *pari passu* charge (created / to be created) over entire fixed assets (excluding land at Gwalior) and also by first *pari passu* charge on all the current assets of the Company, both present and future.
Working Facilities from scheduled banks are secured by first *pari passu* charge over all current assets, both present and future and also by a second *pari passu* charge over entire fixed assets of the Company (excluding land at Gwalior).
The loans from a scheduled bank are also backed by put options granted by Titagarh Wagons Limited.
5. Excise Duty & Cess on stocks represents differential excise duty and cess on opening and closing stock of Finished Goods and saleable scrap.
6. Hon'ble Board for Industrial and Financial Reconstruction (BIFR) vide its order dated December 15, 2010 has discharged the Company from the purview of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) noting the positive networth of the Company and satisfactory implementation of the rehabilitation plan.
7. During the period, the Company has implemented a new ERP system which required a change in the method of valuation of Raw Materials & Components and Stores & Spare Parts inventories from "First in First out" to weighted average basis. Further, the management also believes that such change in the method of valuation of inventories will result in a more appropriate presentation of these inventories and will give a systematic basis for charge of Raw Materials & Components and Stores & Spare Parts consumption and would be more representative of the time pattern in which the economic benefits will be derived from the use of such inventories. Had the Company continued to use the earlier basis of valuation, the charge to Profit and Loss Account for the nine month period ended March 31, 2011 would have been higher by Rs. 74.98 Lacs and Raw Materials & Components and Stores & Spare Parts inventories would have been lower by Rs. 70.91 Lacs and Rs. 4.07 Lacs respectively.
8. **Gratuity and other post retirement benefit plans**
The Company has a defined benefit gratuity plan which is unfunded. Every employee who has completed five years or more of service is entitled to Gratuity on terms not less favorable than the provisions of the Payment of Gratuity Act, 1972.
The Company also extends benefit of compensated absences to the employees, whereby they are eligible to carry forward their entitlement of earned leave for encashment. This is also an unfunded plan.
The following tables summaries the components of net benefit/ expense recognised in the Profit and Loss Account and Balance Sheet for the respective plans.

(a) Expenses recognized in the Profit and Loss Account for the respective periods are as follows:

(Rs. in Lacs)

Particulars	Gratuity		Leave	
	2010-11	2009-10	2010-11	2009-10
Current service cost	4.21	4.87	1.11	7.85
Interest cost on benefit obligations	0.59	2.12	0.65	0.74
Net actuarial gains recognized in the year	(5.77)	(22.79)	(0.34)	(6.03)
Net benefit expense	(0.97)	(15.80)	1.42	2.56

(b) Net Liability recognized in the Balance Sheet as at the respective dates are as follows :-

(Rs. in Lacs)

Particulars	Gratuity		Leave	
	March 31, 2011	June 30, 2010	March 31, 2011	June 30, 2010
Defined benefit obligations	9.32	10.29	11.59	10.17

(c) Changes in the present value of the defined benefit obligation during the respective years are as follows :-

(Rs. in Lacs)

Particulars	Gratuity		Leave	
	2010-11	2009-10	2010-11	2009-10
Opening defined benefit obligations	10.29	26.09	10.17	7.61
Interest cost	0.59	2.12	0.65	0.74
Current service cost	4.21	4.87	1.11	7.85
Benefit paid	-	-	-	-
Actuarial gains on obligation	(5.77)	(22.79)	(0.34)	(6.03)
Closing defined benefit obligations	9.32	10.29	11.59	10.17

d) The principal assumptions used in determining gratuity and leave liability are as shown below:

Particulars	Gratuity		Leave	
	2010-11	2009-10	2010-11	2009-10
Discount rate	8%	7.5%	8%	7.5%
Rate of increase in salary	5%	6.5%	5%	6.5%
Expected average remaining working live of the employees	14.02	16.08	14.02	16.08
Mortality Table	Standard Table LIC (1994-1996)			

SCHEDULES to the Balance Sheet and Profit & Loss Account

(e) Amounts for the current and previous periods are as follows :-

(Rs. in Lacs)

Particulars	Gratuity				Leave			
	2010-11	2009-10	2008-09	2007-08	2010-11	2009-10	2008-09	2007-08
Defined benefit obligations	9.32	10.29	26.09	1,386.32	11.59	10.17	7.61	124.45
Experience adjustments on plan liabilities - gains	(5.77)	(22.79)	(115.16)	(231.93)	(0.34)	(6.03)	(117.81)	(32.98)

Since Accounting Standard 15 (revised) on Employee Benefits was adopted from 1st April 2007, the above disclosures have been made accordingly.

(f) The estimate of future salary increase, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employee market.

(g) The amounts provided for defined contribution plans are as follows :

(Rs. in Lacs)

Particulars	2010-11	2009-10
Provident Fund	13.48	16.64
Employees' State Insurance	3.13	12.05
Total	16.61	28.69

9. Segment Information

Business Segments : The Company has only one business segment, i.e., Wagon & Engineering Products and thus no further disclosure are required in accordance with Accounting Standard-17 notified by the Companies (Accounting Standards Rules), 2006 (as amended) of the Companies Act, 1956.

Geographical Segments : The Company primarily operates in India and therefore the analysis of geographical segments is demarcated into its Indian and Overseas Operations.

The following table shows the distribution of the Company's sales by geographical market :

(Rs. in Lacs)

Geographical Segment Revenue	2010-11	2009-10
Domestic (Net of Excise Duty)	11,576.18	2,718.07
Overseas	-	-
Total	11,576.18	2,718.07

The Company has common fixed assets for producing goods for domestic and overseas markets hence separate figures for fixed assets/additions to fixed assets for these two segments are not furnished.

10. Related Party Disclosures

A. Name of Related Parties :

a) Holding Company	Cimco Equity Holdings Private Limited
b) Joint Venturer	Titagarh Wagons Limited
c) Key Management Personnel & their Relatives	Mr. J P Gupta – Executive Director Ms. Manju Gupta, Wife of Mr. J P Gupta
d) Enterprises over which Key Management Personnel/Share Holders/Relatives have significant influence	Flourish Securities & Finance Private Limited

B. Related Parties Transactions

(Rs. in Lacs)

Nature of Transactions	Holding Company	Joint Venturer	Key Management Personnel & their Relatives	Enterprises over which Key Management Personnel/ Share Holders/Relatives have significant influence	Total
Sales of Goods, Services and Raw Materials					
Titagarh Wagons Limited		883.77			883.77
		(263.36)			(263.36)
Purchase of Raw Materials					
Titagarh Wagons Limited		2,784.27			2,784.27
		(652.14)			(652.14)
Payment of Rent					
Ms. Manju Gupta			2.70		2.70
			(4.50)		(4.50)
Managerial Remuneration					
Mr. J. P. Gupta			21.88		21.88
			(3.95)		(3.95)
Allotment of share capital					
Cimco Equity Holdings Private Limited	-				-
	(4,849.21)				(4,849.21)

SCHEDULES to the Balance Sheet and Profit & Loss Account

B. Related Parties Transactions (Contd.)

(Rs. in Lacs)

Nature of Transactions	Holding Company	Joint Venturer	Key Management Personnel & their Relatives	Enterprises over which Key Management Personnel/ Share Holders/Relatives have significant influence	Total
Refund of Share Application Money					
Cimco Equity Holdings Private Limited	0.79				0.79
	-				-
Put Option given to lenders					
Titagarh Wagons Limited		13,000.00			13,000.00
		-			-
Pledge of Shares					
Cimco Equity Holdings Private Limited	1,439.57				1,439.57
	-				-
Loans Received					
Flourish Securities & Finance Pvt. Limited				7,319.00	7,319.00
				-	-
Balances outstanding at the end of the year (Credit)					
Titagarh Wagons Limited		2,013.26			2,013.26
		(136.83)			(136.83)
Mr. J. P. Gupta			4.44		4.44
			-		-
Ms. Manju Gupta				0.30	0.30
				(0.25)	(0.25)
Cimco Equity Holdings Private Limited	-				-
	(0.79)				(0.79)
Flourish Securities & Finance Pvt. Limited				8,002.22	8,002.22
				-	-
Balances outstanding at the end of the year (Debit)					
Mr. J. P. Gupta			-		-
			11.28		11.28

11. Basis for calculation of Basic and Diluted Earning per Share is as follows :

	2010-11	2009-10
Net Profit available to share holders before extra ordinary item (Rs. in Lacs)	1,093.71	474.42
Weighted Average no. of equity shares	20,148,526	15,539,951
Basic /Diluted earnings per share of Rs. 10 each (Rs.)	5.43	3.05
Net Profit available to share holders after extra ordinary item (Rs. in Lacs)	1,093.71	55,682.65
Weighted Average no. of equity shares	20,148,526	15,539,951
Basic /Diluted earnings per share of Rs. 10 each (Rs.)	5.43	358.32

12. In terms of Accounting Standard 22, net Deferred Tax Asset of Rs. 864.78 lacs (Rs. 138.08 lacs) has been recognized in the accounts up to March 31, 2011, based on confirmed sales order, which are expected to generate sufficient taxable profit in the future to set-off the above Deferred Tax Asset. The break-up of major components of such Deferred Tax Asset is as follows :

(Rs. in Lacs)

Components of Deferred Tax (Liability)/Asset	As at March 31, 2011	As at June 30, 2010
Timing difference on depreciable assets	(430.63)	(449.92)
Timing difference due to disallowance under Section 43B of the Income Tax Act, 1961	6.94	15.74
Brought forward losses allowable against taxable income in future years	1,288.47	572.26
Net Deferred Tax Asset	864.78	138.08

Deferred tax asset of Rs. 471.87 Lacs (Rs. 1,348.18 Lacs) has not been recognised in the accounts as a matter of prudence and in terms of the accounting policy indicated in Note No 1 (l) above.

SCHEDULES to the Balance Sheet & Profit & Loss Account

13. Details of Managerial Remuneration paid to a Whole time Director :

(Rs. in Lacs)

Particulars	2010-11	2009-10
a) Salary, Wages & Bonus	19.73	9.00
b) Perquisites	2.15	6.23
Less : Shown as advances	-	11.28
Total	21.88	3.95

Notes :

- i) Current period Director's remuneration includes Rs. 11.28 Lacs (Rs. Nil) paid to a director for the earlier period (August 02, 2009 to June 30, 2010), which has been charged to Profit & Loss Account of the current period on receipt of required approval from the Central Government as per provisions of the Companies Act, 1956.
 - ii) As the future liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the director is not ascertainable and, therefore, not included in above.
14. As per information available with the Company, there are no suppliers covered under Micro, Small & Medium Enterprise Development Act, 2006. As a result, no interest provision/payment have been made by the Company to such creditors, if any, and no disclosure thereof is made in these accounts.
15. Refunds & Claims Recoverable in Schedule 11 includes the following :
- a) Rs. 3,952.35 Lacs (Rs. 3,952.35 Lacs) recoverable from Indian Railway on account of differential wagon sub lease rental for the period 1997-98 to 2008-09, net of Rs. 1,316.84 Lacs, being the cost of wheel sets to be returned to the railways. The matter is under arbitration and the Company is pursuing the railways for recovery of these dues in terms of directions issued by Board for Industrial and Financial Reconstruction (BIFR). The management is hopeful to recover the amount in full.
 - b) Rs. 203.97 Lacs (Rs. 203.97 Lacs) due from SBI Capital Markets Limited (SBI Caps) on account of Company's share of lease rental. The amount is retained by SBI Caps due to its certain tax disallowances, which are contested by SBI Caps separately. Further, SBI Caps has claimed Rs. 1,128.95 Lacs, being the amount of such disallowance from the Company which as per lease and sub lease arrangement with SBI Caps and Indian Railways is recoverable from Indian Railway on back to back basis and hence included in the contingent liabilities as indicated in Note 2 above. The Company is pursuing the matter with SBI Caps and is hopeful to recover the dues.
 - c) Rs. 893.02 Lacs (Rs. 893.02 Lacs) recoverable from National Insurance Company Limited towards insurance claims in terms of an order passed by the Hon'ble High Court of Delhi in favour of the Company. The management is taking necessary steps to recover the above claim amount and is certain about the realization of the total outstanding amount.
16. Loans and Advances in Schedule 11 includes the following :
- a) Rs. 352.26 Lacs (Rs. 352.26 Lacs) recoverable from Income Tax Department, being the tax refunds for various assessment years against which the Company's appeal/claims are pending at various levels. No value adjustment has been considered necessary by the management, pending disposal of such appeals.
 - b) Rs. 883.97 Lacs (Rs. 966.87 Lacs) recoverable from various parties which are more than three years old. The management is taking necessary steps including legal proceedings to recover these amounts and is hopeful about the realization of the total outstanding amount.
17. Sundry Debtors include Rs. 352.17 Lacs (Rs. 352.17 Lacs) recoverable from Export and Guarantee Corporation of India Limited which is subject to confirmation. The management is taking legal steps to recover this amount and considers the amount as fully recoverable.
18. Raw Materials and Components include wheel-sets of Rs. 1,250.20 Lacs (Rs. 1,250.20 Lacs) lying in bonded warehouse for which auction proceeding have been initiated by the Custom Authorities. Pending confirmation from the Custom Authorities, these have been considered as a part of Inventories and valued at cost.
19. The account between Asset Reconstruction Company (India) Limited (ARCIL) and the Company is subject to confirmation/reconciliation. Any adjustment in this regard would be carried out after the above reconciliation/receipt of confirmation.
20. Exceptional items of Rs. 635.95 lacs represents additional amount paid paid/payable to ARCIL in terms of revised restructuring of the dues.
21. The Company has taken certain premises on non-cancellable operating lease for a period of 3 years, which are renewable on expiry of the lease period at mutually acceptable terms. Lease payments recognized in the Profit & Loss Account under 'Rent' amounts to Rs. 23.78 Lacs (Rs. 8.60 Lacs) for the year and the particulars of future lease payments are as under.

(Rs. in Lacs)

Up to 1 year	Later than 1 year and not later than 5 years	More than 5 years
28.24	84.72	-
(28.23)	(105.89)	(-)

22. Details of equity shares pledged by the Promoter or persons forming part of the Promoter Group ('Promoter Group') of the Company as on the balance sheet date are as follows :

Particulars	March 31, 2011	June 30, 2010
Total Number of Equity shares held by the Promoter Group	16,320,347	16,670,322
Total Number of Equity shares pledged by the Promoter Group	5,440,102	Nil
Percentage of total shares pledged to total shareholding of the Promoter Group	33.33%	Nil
Percentage of total shares pledged to total outstanding shares of the Company	27.00%	Nil

SCHEDULES to the Balance Sheet and Profit & Loss Account

23. Information pursuant to the provisions of paragraphs 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956 :

I. Quantitative details of products manufactured

(a) Installed Capacity and Production :

	Annual Installed Capacity (b)	Production	
		2010-11	2009-10
Wagons (Nos)	2,240	575	123
Engineering Products (MT)	17,200	33	-
(a) Licensed capacity is not applicable as the industry is de-licensed			
(b) As certified by the management			

(b) Details of Opening Stock, Purchases, Sales & Closing Stock :

Item	Opening Stock*		Sales (Including Excise Duty)		Closing Stock *	
	Qty.	Rs. in Lacs	Qty.	Rs. in Lacs	Qty.	Rs. in Lacs
Wagons (Nos)	54 (54)	590.62 (590.62)	572 (123)	10,557.69 (2,703.54)	57 (54)	624.04 (590.62)
Engineering Products (MT)	124 (124)	8.86 (8.86)	33 (-)	31.80 (-)	124 (124)	8.61 (8.86)
Others				66.48 (41.34)		
Total	- -	599.48 (599.48)	-	10,655.97 (2,744.88)	- -	632.65 (599.48)

* After adjustment of Shortage / Excess

II. Raw Materials & Components consumed :

Item	2010-11		2009-10	
	Qty	Rs. in Lacs	Qty	Rs. in Lacs
Bogies (Nos)	1124	1,755.67	246	307.21
Couplers (Nos)	1150	729.98	244	70.76
Steels (MT) [Refer Note (c)]	2281.32	450.28	2633.7	795.37
Wheel Sets (Sets)	296	459.95	492	785.58
Other Components [Refer Note (b)]		4,481.53		44.06
Total		7,877.41		2,002.98

Notes:

- The consumption figures shown above and also in Schedule "16" are after adjusting excess and shortages, if any, on physical count, unserviceable items, etc and excluding materials received from customers on free supply basis.
- It is not practicable to furnish quantitative information in view of the large number of items which differ in size and nature; each, however, being less than 10% in value of the total consumption figures.
- Includes 2075MT of steel valuing Rs. 406.86 Lacs (561MT of steel valuing Rs. 112.50 Lacs) sold during the period.

III. Break-up of Raw Materials & Components and Stores & Spare Parts consumed (including items debited to other heads of expenses :

Particulars	Raw materials & components		Stores & Spare Parts	
	Rs. In Lacs	%	Rs. In Lacs	%
Indigenous	7,877.41 (2,002.98)	100% (100%)	871.32 (166.33)	100% (100%)
Imported	Nil (Nil)	0% (0%)	Nil (Nil)	0% (0%)
Total	7,877.41 (2,002.98)	100% (100%)	871.32 (166.33)	100% (100%)
			2010-11	2009-10
IV. CIF Value of imports			Nil	Nil
V. Expenditure in foreign currency			Nil	Nil
VI. FOB value of exports			Nil	Nil
VII. Amount remitted in foreign currency on account of dividends			Nil	Nil
VIII. No. of Non-Resident shareholders and shares held by them			Nil	Nil

SCHEDULES to the Balance Sheet & Profit & Loss Account

24. The comparative figures of the previous period as appearing in the financial statement have been audited by the Company's previous auditors L. B. Jha & Co.
25. Previous period's figures including those given in brackets have been regrouped / rearranged where necessary to conform to the current period's classification. Further, the current period's figures being for nine months are not comparable with previous period's figure, which were for fifteen months.

Signatories to Schedules 1 to 22

As per our Report of even date
For **S. R. Batliboi & Co.**
Firm Registration No: 301003E
Chartered Accountants

per **R. K. Agrawal**
Partner
Membership No. 16667

Place: Kolkata
Dated: May 24, 2011

As Approved
For and on behalf of the Board of Directors

Umesh Chowdhary
*Vice Chairman & Managing
Director and CEO*

J K Shukla
Director

Anil Agarwal
Director

Dr. Vinay Mohan
*Officiating CFO & Executive
Director (Corporate Affairs)*

Ravi Kumar
Director

Dipankar Ganguly
Company Secretary

BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE

a	Registration Details	
	Registration No.	222
	State Code	55
	Balance Sheet Date	31.03.2011
b	Capital raised during the year (Rs. in Lacs)	
	Public Issue	NIL
	Rights Issue	NIL
	Bonus Issue	NIL
	Private Placement	NIL
c	Position of mobilization and deployment of funds (Rs.in Lacs)	
	Total Liabilities (including Profit & Loss Account Debit Balance)	43207.08
	Total Assets	43207.08
	Sources of Funds	
	Paid up Capital	2014.85
	Reserves and Surplus	17866.85
	Secured Loans	16334.74
	Unsecured Loans	106.34
	Deferred tax liability	-
	Application of Funds	
	Net Fixed Assets (Including CWIP)	17546.72
	Investments	0.05
	Net Current Assets	15899.87
	Miscellaneous Expenditure (Profit & Loss Account Debit Balance)	2011.09
	Deferred tax asset	864.78
d	Performance of the Company (Rs.in Lacs)	
	Turnover (including other income)	11865.93
	Expenditure	10861.75
	Profit before tax	368.23
	Profit after tax	1093.71
	Earnings per share (Basic) (Rs.)	5.43
	Earnings per share (Diluted) (Rs.)	5.43
	Dividend per shares (%)	-
e	Generic names of three principal products/ services of the Company	
	Products Description	
	Railway Wagons	860610
	Industrial Machinery	84742001

SUPPLEMENTARY NOTICE

SUPPLEMENTARY NOTICE for the Sixty-sixth Annual General Meeting of the members of CIMMCO LIMITED to be held on Monday, the 5th day of December, 2011 at 'Kalakunj', 48 Shakespeare Sarani, Kolkata-700017 at 3.00 P.M. to transact the following business :

Special Business:

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

"RESOLVED THAT Shri M J Z Mowla, who was appointed as an Additional Director by the Board of Directors on 8th November, 2011 and holds office upto the date of this Annual General Meeting and in respect of whom a notice under Section 257 has been received from a member signifying his intention to propose Shri M J Z Mowla's candidature for the office of the Director, be and is hereby appointed as an Independent Director of the Company liable to retire by rotation."

Place: Kolkata
Date : November 08, 2011
Registered Office:
Premlata, 4th Floor,
39, Shakespeare Sarani,
Kolkata 700017

By Order of the Board of Directors
For **Cimmco Limited**

Dipankar Ganguly
Company Secretary

EXPLANATORY STATEMENT

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

In order to strengthen the Board, Shri M J Z Mowla has been appointed as Additional Director of the Company on November 8, 2011. Shri Mowla at 66 years has expertise in Legal, Corporate and General Management with about 40 long years of experience and has served Bata Limited in the past.

Shri Mowla does not hold any shares in the Company. His brief profile and other details as per Clause 49 of the Listing Agreement are as follows :

Name of Director	Shri M J Z Mowla
Date of Birth	15th March, 1945
Date of Appointment	8th November, 2011
Expertise in specific functional areas	Legal and Corporate Management
Qualification	B. A. (Hons.), LL.B.
No. of Equity Shares held	Nil
List of outside Company Directorships held	Nil
Chairman/Member of the Committees of the Board of Directors of the Company	Member : Audit Committee
Chairman/Member of the Committees of Directors of other companies in which he is a Director	None

His continuation on the Board would be in the interest of the Company.

The Directors recommend passing of aforesaid Resolution.

Except Shri Mowla none of the other directors are concerned or interested in the aforesaid Resolution.

Place: Kolkata
Date: November 08, 2011
Registered Office:
Premlata, 4th Floor,
39, Shakespeare Sarani,
Kolkata 700017

By Order of the Board of Directors
For **Cimmco Limited**

Dipankar Ganguly
Company Secretary

cimmco Limited

Registered Office : Premlata, 4th Floor, 39 Shakespeare Sarani, Kolkata-700017

PROXY FORM

REGD. FOLIO NO. :

D.P. ID No.

NO. OF SHARES :

Client ID No.

I/We

of

..... being a Member/Members of CIMMCO LIMITED

hereby appoint.....of.....

or failing himof.....

or failing himof.....

as my/our Proxy to attend and vote for me/us on my/our behalf at the 66th ANNUAL GENERAL MEETING of the Company to be held on Monday, the 5th December, 2011 or at any adjournment thereof.

Signed thisday of2011.

Signature.....

Revenue
Stamp

Note : The Proxy Form duly completed must reach/be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.

cimmco Limited

Registered Office : Premlata, 4th Floor, 39 Shakespeare Sarani, Kolkata-700017

ATTENDANCE SLIP

Please complete the Attendance Slip and hand it over at the entrance of the Meeting Hall. Please also bring your copy of the Annual Report.

I hereby record my presence at the 66th ANNUAL GENERAL MEETING of the Company at "Kalakunj", 48, Shakespeare Sarani, Kolkata 700 017 on Monday, the 5th December, 2011 at 3.00 P.M.

REGD. FOLIO NO. :

D.P. ID No.

NO. OF SHARES :

Client ID No.

NAME OF THE SHAREHOLDER/PROXY (IN BLOCK LETTERS)
(If the Proxy attends, instead of Shareholder)

SIGNATURE OF THE SHAREHOLDER OR PROXY