

Corporate Information

Board of Directors

Shri J P Chowdhary	<i>Executive Chairman</i>
Shri Umesh Chowdhary	<i>Vice Chairman and Managing Director</i>
Shri D N Davar	<i>Independent Director</i>
Shri N Bhattacharya	<i>Independent Director</i>
Shri Alope Mookherjea	<i>Independent Director</i>
Shri Abhas Sen	<i>Independent Director</i>
Shri Manoj Mohanka	<i>Independent Director</i>
Mr. Charles Magolske	<i>Independent Director</i>
Shri N K Mittal	<i>Non Executive Director</i>
Shri Sanjay Kukreja	<i>Nominee Director (Goya Limited)</i>
Shri Arvind Pande	<i>Independent Director</i>

Shri Anil Kumar Agarwal	<i>Chief Financial Officer</i>
Shri Dinesh Arya	<i>Company Secretary</i>

Bankers

AXIS Bank Limited
ICICI Bank Limited
IDBI Bank Limited
State Bank of India
Syndicate Bank
Citibank N.A.
Yes Bank Limited

Auditors

M/s. S. R. Batliboi & Co
Chartered Accountants, Kolkata

Audit Committee

Shri D N Davar	<i>Chairman</i>
Shri Nandan Bhattacharya	<i>Member</i>
Shri Manoj Mohanka	<i>Member</i>

Registrar and Transfer Agent

Karvy Computershare Private Limited
Plot No. 17-24, Vitthal Rao Nagar, Madhapur
Hyderabad - 500081
Telephones : 91 40 44655000, Fax : 91 40 23420814
Email for Investors : einward.ris@karvy.com

Shareholders'/Investors' Grievance Committee

Shri Nandan Bhattacharya	<i>Chairman</i>
Shri Manoj Mohanka	<i>Member</i>
Shri Umesh Chowdhary	<i>Member</i>

Registered Office

 **TITAGARH WAGONS LIMITED**

Premlata, 4th Floor, 39 Shakespeare Sarani
Kolkata - 700 017
Telephones : 91 33 22834467, Fax : 22891655
Email : investors@titagarh.biz

Remuneration Committee

Shri D N Davar	<i>Chairman</i>
Shri Nandan Bhattacharya	<i>Member</i>
Shri Manoj Mohanka	<i>Member</i>

Nomination Committee

Shri D N Davar	<i>Chairman</i>
Shri Nandan Bhattacharya	<i>Member</i>
Shri Manoj Mohanka	<i>Member</i>

Notice of ANNUAL GENERAL MEETING

Notice is hereby given that the Fifteenth ANNUAL GENERAL MEETING of the members of **TITAGARH WAGONS LIMITED** will be held at Kalakunj, 48 Shakespeare Sarani, Kolkata - 700 017 on Saturday the 15th September, 2012 at 10.30 A.M. to transact the following business :

ORDINARY BUSINESS :

1. To consider and adopt the audited Balance Sheet as at 31st March, 2012, Statement of Profit & Loss and Cash Flow Statement for the year ended that date and the Reports of Directors and Auditors thereon.
2. To declare dividend on Equity Shares for the Financial Year Ended the 31st March, 2012.
3. To appoint a Director in place of Shri D N Davar who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Shri Nand Kishore Mittal who retires by rotation and being eligible offers himself for reappointment.
5. To appoint Auditors and fix their remuneration by passing the following resolution as an Ordinary Resolution with or without modification(s) :

"RESOLVED THAT M/s. S R Batliboi & Co. Chartered Accountants of 22 Camac Street, Block C, 3rd Floor, Kolkata - 700 016 having Firm Registration No. 301003E, be and are hereby re-appointed as 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 2012-2013 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 :

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

"RESOLVED THAT Shri Arvind Pande, who was appointed as an Additional Director by the Board of Directors on 24th March, 2012 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 Arvind Pande's candidature for the office of the Director, be and is hereby appointed as Independent Director of the Company who shall be liable to retirement by rotation."

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and 316 and other applicable provisions, if any read with Schedule XIII of the Companies Act, 1956 (the Act) as amended, approval of members be and is hereby accorded to the re-appointment of Shri J P Chowdhary as Chairman and Managing Director designated as Executive Chairman for a further term of five years w.e.f. January 8, 2012 by the Board at a remuneration approved by the Remuneration Committee in their respective meetings held on January 7, 2012, on the terms and conditions including particularly the remuneration and perquisites payable to him as Chairman and Managing Director and the minimum remuneration payable to him in case of absence of inadequacy of profits in any year, as set out in the draft agreement between the Company and Shri J P Chowdhary, with the liberty to the Board of Directors to alter and vary the terms and conditions and/or the agreement including remuneration payable to the Chairman and Managing Director so as not to exceed the limits specified and the manner prescribed in the Act, and also as may be agreed between the Company and Shri J P Chowdhary.

RESOLVED FURTHER THAT in the event of any statutory amendment(s) or modification(s) or relaxation(s) in the provisions relating to the payment of remuneration to the managerial persons or to the Act, 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 the Act or any amendment thereto as may be agreed between Shri J P Chowdhary 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."

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

"RESOLVED THAT pursuant to Sections 198, 269, 309, read with Schedule XIII of the Companies Act, 1956 (the Act) and such other enabling provisions of the Companies Act, 1956 (the Act) as may be applicable, approval of shareholders of the Company be and is hereby accorded to variation in the terms of remuneration of Shri Umesh Chowdhary, Vice Chairman & Managing Director at a remuneration approved by the Remuneration Committee at its meeting held on 7th January, 2012 such that the remuneration now consisting of restructured components viz. Salary, perquisites and performance bonus by way of commission (subject to the total remuneration per annum not exceeding 3.5% of the net profits of the Company computed in accordance with Sections 349 and 350 of the Act payable to him), from the financial year 2011-12 onwards during the remaining period of his tenure while the other terms and conditions of his appointment and remuneration as approved by the shareholders earlier remain unchanged.

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 the Act or any amendment thereto as may be agreed between Shri Umesh Chowdhary and the Company."

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

"RESOLVED THAT the approval of the shareholders of the Company under Section 31 and such other provisions of the Companies Act, 1956 (the Act) as may be applicable, be and is hereby accorded to alter the Articles of Association as follows, pursuant to Green Initiative in Corporate Governance launched by Ministry of Corporate Affairs vide its circulars No. 17/2011 and No. 18/2011 dated April 21, 2011 and April 29, 2011 respectively authorising the despatch of documents i.e. Notice of General Meeting, Postal Ballot, Annual Report or any communication to be sent to the shareholders in electronic mode and participation by Shareholders or Directors in meetings under the Act, through electronic mode vide

circular nos. 27/2011 and 28/2011 dated May 20, 2011, 35/2011, dated June 6, 2011 and 72/2011 dated December 27, 2011 :

The following :

Sub Article (5) be inserted under the Article 21 of Articles of Association :

'(5) Notices of general meetings, postal ballot, soft copies of Annual Reports, any communication under the provisions of the Act or other statute(s) sent by electronic mail to the shareholders shall be a valid despatch under Section 53 of the Act.'

Sub Article (10) be inserted under the Article 22 of Articles of Association :

'(10) Participation of shareholders in e-voting at any general meeting or postal ballot exercise and any business transacted and result whereof is announced in accordance with the applicable statute(s) shall constitute a valid and binding decision of such meeting or postal ballot on all the shareholders of the Company.'

Sub Article (10) be inserted under the Article 23 of Articles of Association :

'(10) Subject to any rights or restrictions for the time being attached to any class or classes of shares, on e-voting in video conferencing, on a show of hands, every member participating in e-meeting shall have one vote; and on a poll, the e-voting rights of the members shall be as laid down in the applicable provisions of law/statutes.'

Sub Article (18) be inserted under the Article 25 of Articles of Association :

'(18) every Director participating in e-meeting shall count for valid quorum as laid down in the applicable provisions of the Act/law.'

"RESOLVED FURTHER that notwithstanding anything to contrary contained in the Articles of Association, such of the clauses or sub clauses of Articles of Association as are not specifically set out hereinabove shall stand altered to facilitate implementation of the circulars/communication issued by the Ministry of Corporate Affairs in regard to e-service, e-voting, video conferencing of the meetings of the Board and shareholders as may be introduced from time to time and be in force for the time being."

Registered Office :

Premlata, 4th Floor, 39 Shakespeare Sarani
Kolkata - 700 017
July 30, 2012

By Order of the Board
Titagarh Wagons Limited
D. Arya
Company Secretary



Notice of ANNUAL GENERAL MEETING

Notes :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL, ON HIS BEHALF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. Proxies in order to be effective must be received by the Company at the registered office address not less than 48 hours before the commencement of the Annual General Meeting (AGM).
3. The Register of Members and Share Transfer Register shall remain closed with effect from Saturday September 8, 2012 to Saturday, September 15, 2012 (both days inclusive). The dividend, if declared, will be paid on or after 15th September, 2012 to those members whose names shall appear on the Register of Members of the Company on 15th September, 2012. In respect of dematerialized shares, the dividend will be payable on the basis of beneficial ownership as per the details to be furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for this purpose.
4. Members are requested to preferably send their queries to the Registered Office atleast 7 days before the date of the Annual General Meeting.
5. The documents pertaining to the special business set out at Items No. 6 to 9 of the Notice are available for inspection at the Registered Office of the Company during 10.30 A.M. to 1.00 P.M. on all working days.
6. Members are requested to note that dividends not encashed/claimed, unclaimed refund of application money paid for shares issued under IPO (Initial Public Offering) in the year 2008 and warrants for fractional entitlement of shares within seven years from the date of declaration of dividend/IPO will, as per Section 205A of the Act, be

transferred to Investor Education and Protection Fund (IEPF). After transfer of the said amount to IEPF, no claims in this respect shall lie against the Company. Members are requested to contact M/s. Karvy Computershare Private Limited, RTA of the Company for encashing the same.

The Company shall also display full text of these communications/documents/reports at its website www.titagarh.biz and physical copies of such communications/documents/Annual Reports will be made available at the Registered Office of the Company for inspection by the shareholders during the office hours on working days.

Please note that as a member of the Company upon receipt of request, you will be entitled to receive free of cost, copy of such communications/documents/Annual Reports and all other documents required to be attached thereto.

In case you desire to receive the documents mentioned above in physical form, please write to us at twl_cs@titagarh.biz 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 twl_cs@titagarh.biz along with Folio No./Client ID and DPID.

7. As required by the Clause 49 of Listing Agreement, members are informed that Shri D N Davar, Shri Nand Kishore Mittal and Shri Arvind Pande do not hold any equity shares in the Company and the additional information in respect of the said directors recommended for appointment/re-appointment/re-election respectively at the AGM is appearing in the Corporate Governance Report annexed to the Directors' Report.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956 (the Act)

Item No. 6

Shri Arvind Pande has been appointed as an Additional Director of the Company by the Board with effect from March 24, 2012 and in terms of the provisions of Section 260 of the Act, he would hold office upto the date of this AGM. The Company has received a notice in writing from a member alongwith a deposit of Rs. 500/- (Rupees Five Hundred only) proposing the candidature of Shri Arvind Pande for the Office of Director of the Company under the provisions of Section 257 of the Act. Shri Arvind Pande has served on Boards/Committees/Advisory Groups of major organisations like the Board for Reconstruction of Public Sector Enterprises, Govt. of India, National Council of Applied Economic Research (NCAER), HDFC Bank Ltd., Coal India Ltd., Visa Steel Ltd, XIM Bhubaneswar, CII National Council, International Iron and Steel Institute, Posco India Ltd., JPAL SA, advising on various issues like strategy and policy, Government relations, industrial finance, industrial relations, land acquisition, resettlement and rehabilitation, mining, environment and forest policy, environment impact assessment, CSR. Continuation of Shri Arvind Pande on the Board would be in the interest of the Company.

The Directors recommend passing of the Resolution.

Save and except Shri Arvind Pande, none of the other Directors of the Company is, in any way, concerned or interested in the Resolution.

Item No. 7

Shri Jagdish Prasad Chowdhary had been re-appointed as Chairman & Managing Director and designated as Executive Chairman for a period of five years from 8th January, 2012 and at present draws remuneration as contained in the Service Agreement dated 21st January 2012 i.e. Basic salary of Rs. 8,00,000 per month, and perquisites and Performance Bonus by way of commission on net profit so that aggregate of Salary, Perquisites and Performance Bonus shall not exceed 5% of net profit of the Company computed in the manner prescribed under the Act and the details of his emoluments have been already circulated to the members on January 16th 2012. Shri J P Chowdhary is also Executive Chairman of Cimmco Limited (Cimmco), however he does not draw any remuneration from Cimmco. The remuneration payable to Shri J P Chowdhary as Executive Chairman pursuant to the provisions of Sections 198, 309 and 310 of the Act, has been approved by the Remuneration Committee at its meeting held on the January 7, 2012.

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 Resolution as a Special Resolution.

Item No. 8

Shri Umesh Chowdhary had been appointed as Vice Chairman & Managing Director for a period of five years from October 1, 2010 with shareholders' approval obtained thereto at their meeting held on July 27, 2011 and at present draws remuneration with restructured components as contained in the Service Agreement dated January 21, 2012, i.e. Basic salary of Rs. 7,50,000 per month, and perquisites and Performance Bonus by way of commission on net profit so that aggregate of Salary, Perquisites and Performance Bonus shall not exceed 3.5% of net profits of the Company computed in the manner prescribed under the Act the details of his remuneration has been already circulated to the members on January 16, 2012. The remuneration payable to Shri Umesh Chowdhary as Vice Chairman & Managing Director pursuant to the provisions of Sections 198, 309 and 310 of the Act, has been approved by the Remuneration Committee at its meeting held on the January 7, 2012. Other terms and conditions of the appointment and remuneration of Shri Umesh Chowdhary shall be the same as contained in Service Agreement referred above.

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 Resolution as a Special Resolution.

Item No. 9

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. Further, Board and General Meetings by video conferencing have been allowed by the circular no. 27/2011 & 28/2011 dated May 20, 2011, 35/2011, dated June 6, 2011 and 72/2011 dated December 27, 2011.

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 alter the Articles of Association, and to send the members various documents including Notices, Annual Report etc. 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 they are advised to update by registering changes, if any, in their e-mail address from time to time with the concerned Depository.

None of the directors are concerned or interested in the aforesaid Resolution.

The Directors recommend passing of the Resolution as a Special Resolution.



Directors' REPORT

Dear Shareholders,

The Directors are pleased to present their Fifteenth Annual Report and Audited Accounts for the year ended the 31st March, 2012.

Profit, Retention & Dividend

Your Company's financial performance was as follows :

(Rs. in Lacs)

Particulars	2011-12	2010-11
Turnover	64,432.99	66,670.78
Profit Before Depreciation and Tax	12,040.97	12,838.07
Less : Depreciation	558.73	576.92
Profit Before Tax	11,482.24	12,261.15
Less: Provision For Taxation	3,819.79	4,121.73
Profit After Taxation	7,662.45	8,139.42
Balance Brought Forward from Last Account	23,301.75	17,761.16
Amount available for Appropriation	30,964.20	25,900.58
Appropriations		
Transfer to General Reserve	800.00	850.00
Dividend on Equity	1,604.73	1504.73
Tax on Dividend	260.33	244.10
Balance Carried to Balance Sheet	28,299.14	23,301.75

Economic Environment

Global economy, against a backdrop of unresolved structural fragilities suffered major setbacks during the financial year ended the 31st March, 2012 which include unrest in some oil-producing countries, substantial financial turbulence encountered by Euro zone, sell-off of risky assets. Following the aforesaid, Global growth is expected to moderate to 4% through 2012 and the real GDP in the advanced economies is projected to expand at a very slow pace of about 2% based on certain assumptions, whereas emerging and developing economies would record lower growth rate of about 6% in 2012. Indian economy is estimated to have grown @6.9% in 2011-12 after having grown at the rate of 8.4% in each of the two preceding years. However, slowdown in the industrial growth would lead to decline in the real GDP growth during this fiscal. Concomitantly, the domestic economy is faced with major challenges posed by high inflation rate and recently witnessed sharp depreciation in Rupee.

Company's Performance

The Company's Operating Profit during the year under review (FY 2011-12) at Rs.13,090.36 lacs, declined marginally as compared to

that in the previous financial year (FY 2010-11) and Profit Before Tax and Profit After Tax were lower by 6.35% & 5.86% respectively mainly due to lower sales realisation per unit from the main segment viz. Wagons and Coaches and rise in the input costs.

Your Company's focus on pursuing aggressive growth in the other business verticals coupled with innovative manufacturing processes for higher efficiency aimed at achieving inclusive growth in business continues for maximisation of shareholders value. Your Directors have in principle decided to restructure the Company through an appropriate scheme of Restructuring subject to all applicable compliances/approvals/laws, with a view to achieving the growth potential of the major verticals of the Company.

Dividend

The Board of Directors has recommended a dividend of 80% i.e. Rs. 8/- per share on 2,00,59,069 equity shares of Rs. 10/- each fully paid up subject to approval of the members, by appropriation of Rs. 1865.06 Lacs (including Rs. 260.33 lacs being Dividend Distribution Tax) after transferring Rs. 800 lacs to General Reserves from the profit for the Financial Year ended March 31, 2012.

Directors' REPORT

Conversion of Warrants into Equity Shares

During the year the Company's paid up capital increased from 1,88,09,069 equity shares of Rs. 10/- each to 2,00,59,069 equity shares of Rs. 10/- each upon conversion of 12,50,000 Warrants into equivalent equity shares on March 7, 2012.

Business Segments

Wagons and Coaches

Wagons segment of the Company continues to be the dominant contributor to revenues and operating profit of your Company, accounting for 88.00% and 80.05% of the total revenues and operating profit respectively during the year under review. During FY 2011-12 the Company manufactured 2761 and despatched 2855 Units of Wagons as against 2867 & 2870 respectively in FY 2010-11 representing production being lower by 3.69% and a negligible 0.52% decline in sales volume in that order when compared to the corresponding numbers in the previous financial year. During the FY 2011-12 two rakes of Coaches (EMUs) were despatched generating revenue of Rs. 1956.66 lacs. The Company has secured orders for 12 rakes of MEMU and 11 rakes of EMU from the Indian Railways during the year under review. The facilities at Uttarpara being equipped to turn out fairly large number of AC/EMUs per month, timely delivery of the said rakes of MEMU and EMU is expected to be smooth. The Operating Profit of the Segment at Rs. 10,471.62 lacs was lower by 6.58% than that in FY 2010-11 due to lower sales realisation per unit.

Metro Railways/Mass Rapid Transport System ("MRTS") in major cities across the country has been considered to be essential to cater to transportation needs of urban/semi urban commuters and there exists enormous potential for self-propelled railway passenger vehicles such as EMUs, Diesel Multiple Units ("DMUs"), Main Line Electrical Multiple Units ("MEMUs") and metro coaches etc.

Though demand for Wagons from Indian Railways (IR) is projected to be firm with quantities varying in line with the funds earmarked by IR and its policy for such procurement from year to year, introduction of Wagon Leasing Policy, new Wagon Investment Scheme is expected to provide the impetus to private sector customers for increase in the offtake of Wagons.

Steel Castings

Bulk of Steel Castings produced by the Company is used for captive consumption in the manufacture of critical components such as bogies and couplers at competitive prices. External Sales of the Segment at Rs. 4,045.76 lacs and Profit before Interest & Tax at Rs. 1,691.68 lacs during the year under review were higher by 79.62% and 32.31% respectively than that in the previous financial year ended the March 31, 2011. The Division besides being strategically of vital importance to ensuring ready availability of

castings for uninterrupted manufacture and timely delivery of Wagons, has great potential for growth in future.

Heavy Earth Moving Machinery (HEMM)

The Division recorded a marginal amount of loss at Rs. 34.96 Lacs during the year under review despite higher average sales realisation, mainly due to higher production cost caused by rise in input costs even as three machines manufactured during FY 2011-12 were deployed on lease to customers. Facilities of the Division have been revamped, however the change in marketing strategy in line with the demands of customers is in focus to tap the segment's real potential aimed at materially enhancing its contribution to the overall financial performance of your Company.

Special Projects - Steel Bridges

Revenue from Steel Bridges accounts for a marginal portion of the total revenues of the Company and income from sale of the product by the Company during FY 2011-12 at Rs. 711.80 lacs was lower by about 69% over those of FY 2010-11 as the volume of production and sale of Bailey Bridges went down by 50% and 48% respectively during the year under review. However, besides the eligibility of the Company to get a repeat order during the current year, the segment affords the prestige of being associated with the country's defence sector.

Strategic and Joint Venture Agreements

Your Company has entered into strategic partnerships mentioned below for growth and expansion of its businesses :

Cimco Equity Holdings Private Limited (CEHPL)

The Joint Venture namely Cimco Equity Holdings Private Limited (CEHPL) is the holding company of CIMMCO Limited (Cimmco) and Cimmco's net worth having turned positive in a short span of nine months, it was discharged by the Hon'ble BIFR from the provisions of SICA vide order dated December 7, 2010. Cimmco is a manufacturer of Wagons and Engineering Products, however there is no conflict of interest.

Greysham and Co. Private Limited (Greysham)

The joint venture namely, Greysham and Co. Private Limited for manufacture of Air Brakes and Slack Adjusters, being the critical components for production of Wagons was set up by the Company on June 13, 2008. Greysham is treated as a subsidiary of the Company in terms of the provisions of the Companies Act, 1956 pursuant to the right of the Company to appoint majority of Directors on its Board.

Joint Venture Agreement with FreightCar America Inc. (FCA)

Pursuant to the Joint Venture Agreement (JV) entered into between the Company and FCA, a private limited company, 'Titagarh FreightCar Private Limited' was incorporated in India (JVC) with the



stakes of the Company and FCA being 49% and 51% respectively in equity capital of JVC, to develop, design, manufacture, service and distribute Aluminium Rail Cars, Gondolas and such other products as may be agreed from time to time between the partners of the JV. Due to various compelling reasons, JVC has lately withdrawn its proposal for design approval submitted to RDSO. The Joint Venture is in course of being terminated, subject to implementation of concluding agreement amongst the parties.

Directors

Shri D N Davar and Shri N K Mittal, Directors retire by rotation and being eligible, offer themselves for re-appointment at the ensuing Annual General Meeting (AGM). Shri Arvind Pande appointed as an Additional Director by the Board w.e.f. the March 24, 2012, holds office upto the date of ensuing AGM and in accordance with Section 257 of the Act is eligible for appointment. Notice pursuant to the provisions of Section 257 proposing the candidature of Shri Pande has been received from a member of the Company proposing his appointment.

The information prescribed by Clause 49 of the Listing Agreement in respect of the said Directors is given in the Corporate Governance Report annexed to and forming part of this Report.

Directors' Responsibility Statement

The Directors state that :

Appropriate Accounting Standards as are applicable to the Annual Statement of Accounts for the financial year ended the March 31, 2012 have been followed in preparation of the said accounts and there were no material departures therefrom requiring any explanation;

The Directors have selected and followed the accounting policies as described in the Schedule 22 (Notes on Accounts) and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of financial year and of the profit and loss statement of the Company for that period;

Proper and sufficient care has been taken for maintaining 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 fraud and other irregularities; and

The Annual Accounts have been prepared on a going concern basis.

Auditors

Statutory Auditors & Auditors' Report

Messrs. S R Batliboi & Co., Chartered Accountants, Auditors of the Company retire at the conclusion of ensuing Annual General Meeting

and willing to continue, they have submitted the certificate pursuant to Section 224(1)(B) of the Companies Act, 1956 about their eligibility for re-appointment.

Cost Auditors

Messrs. D. Radhakrishnan & Co., Cost Accountants were re-appointed as Cost Auditor to conduct cost audit of the accounts maintained by the Company in respect of the products manufactured by the Company, for the Financial Year 2012-13.

Fixed Deposits

The Company did not accept any deposits during the financial year ended March 31, 2012.

Subsidiary Companies

A statement containing in brief the details required under Section 212(3) of the Companies Act, 1956 and pursuant to the Circular No. 2/2011 dated February 8, 2011 issued by Ministry of Corporate Affairs regarding Titagarh Capital Private Limited (Formerly known as Flourish Securities and Finance Private Limited), Titagarh Singapore Pte. Limited, wholly owned subsidiaries of the Company and Greysham and Co. Private Limited, Titagarh Wagons AFR, France, and Titagarh Marine Limited (w.e.f. March 3, 2012), subsidiaries of the Company is included in the Annual Report. The Consolidated Financial Statements including the details of the Accounts of the subsidiaries are attached to the Annual Report and Accounts. A copy of the Annual Accounts of the subsidiaries will be made available upon request for inspection by any member of the Company/its subsidiaries at the Registered Office of the Company and those of respective subsidiary companies.

Consolidated Financial Statements

In accordance with Accounting Standard 21-Consolidated Financial Statement of Accounts, Accounting Standard 23-Accounting for Investments in Associates in Consolidated Financial Statements and Accounting Standard 27- Financial Reporting of Interests in Joint Ventures issued by the Institute of Chartered Accountants of India, consolidated financial accounts prepared on the basis of financial statements received from subsidiaries, associates and joint venture companies as approved by their respective Boards, form part of this Report & Accounts. As regards the attention drawn by Statutory Auditors in their Report, Note no.32 is self-explanatory, requiring no specific response from the Directors at this stage.

Personnel

The particulars of employees pursuant to Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Amendment Rules, 2011 are set out in the Annexure to this Report.

Directors' REPORT

Industrial relations had been cordial throughout the year under review. The Directors express appreciation of the efficient services rendered by the employees at all levels.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

A statement pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Directors) Rules, 1988 on conservation of energy, technology absorption, foreign exchange earnings and outgo is annexed to and forms part of this Report.

Corporate Social Responsibility

Your Company's endeavors to contribute suitably to the society by being involved in a series of community welfare programmes, directly and through philanthropic organizations continue. The first batch of 126 students at the campus of Industrial Training Institute (the "ITI") set up on your Company's land at Titagarh plant situate in Barrackpore, North 24 Parganas under Private Public Partnership (PPP) with access to the tools, equipments and machinery together with experienced skilled officers as faculty provided by the Company for imparting hands-on training has successfully passed the first module and they have been admitted to the three advanced modules viz. TIG/MIG Welding, Structural Welding and Pressure Vessel & Pipe Welding.

Investment of about Rs. 750 lacs including Rs. 500 lacs on construction of building and Rs. 250 lacs of outlay in machinery,

equipments and other facilities has been committed by the State and land for ITI has been allotted by Khardah Municipality near Khardah Railway Station and your Company's contribution is by way of providing full support for training of about 180 students and offer them need based employment at the Company's facilities.

The second batch of 143 students has been admitted to the preliminary module - BBBT during the current year. Your Company is also in dialogue with Directorate of Technical Education for approval of industry specific course under specialized module on "Welding Technology for Fabrication of Railway Transportation Systems" to give the opportunity to the students of Advanced Module to train and be equipped with the skills for securing immediate employment. The ITI, once operational fully on the land allotted, shall also cater to the requirement of the industrial units in the adjoining area for skilled workmen.

Listing

The Company's Equity Shares are listed at the Bombay Stock Exchange Limited (BSE) and The National Stock Exchange of India Limited (NSE). The listing fees for the financial year ended March 31, 2013 have been duly paid.

Acknowledgement

Your Directors place on record their appreciation of the cooperation and support extended by the Government, Banks/Financial Institutions and all other business partners.

For and on behalf of the Board

Place : Kolkata
Date : July 30, 2012

J P Chowdhary
Executive Chairman

Annexure TO THE 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. Installation of capacitor bank at load end to reduce Reactive Energy intake and thus improving Power Factor.
4. Welding machines with power savers (inverter base) installed to save power.
5. 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 by 20%.
3. One power efficient 500 cfm compressor to be installed replacing old and inefficient compressor.
4. System being designed for reduction in No-Load Losses of Welding transformers, by automatically cutting off supply when not in operation.
5. Replacement of rewound and inefficient drives.
6. Water management by delinking industrial and domestic use.
7. Installation of capacitor banks to improve Power Factor at Steel Casting Unit.

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.

(a) Total energy consumption and energy consumption per unit of production :

a) i) Electricity

Purchased	2011-12	2010-11
Units (Kwh)	30,985,073	28,318,969
Total Amount (Rs. in lacs)	1951	1,719
Rate/Unit (Rs.)	6.30	6.07

ii) Furnace Oil/LDO/LVFO

Quantity (K Litres)	2064	1,655
Total cost (Rs. in lacs)	851	560
Average rate (Rs.)	41,244	33847

b) Consumption per unit of production

Products	Standards (if any)	2011-12	2010-11
Wagons and Coaches			
No. of Wagons produced	-	2761	2867
Electricity (Kwh) per Wagon manufactured	-	1784	2374
Steel Castings			
MT of Castings Produced	-	14,583	12,087
Electricity (Kwh) per MT of casting manufactured	-	1455	1637
Furnace Oil (Kl) per MT of casting manufactured	-	0.14	0.14
HEMM			
Number	-	13	10
Electricity (Kwh) per unit manufactured	-	299,960	163,746
Bailey Bridges			
No. of Bailey Bridges produced	-	15	30
Electricity (Kwh) per bridge manufactured	-	3541	2773

B. TECHNOLOGY ABSORPTION

Efforts made in technology absorption

Research & Development (R & D)

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

Techno-commercial activity in advanced stage for development of the following special purpose Wagons :

- Railway Wagons of BCNA-HL specification;
- Roll-on Roll-off Wagons (Ro-Ro);
- Cars on Rail (CoR) Wagons for carrying automobiles;
- Defence Wagons of MBVT specifications.

A highly cost effective 'Break-van' for Freight Container Rake (BLCA) has been designed and the Company has obtained the Patent for 'Ro-Ro' Wagons. Applications submitted for patents pertaining to the 'COR' Wagons for carrying automobiles and 'Break-van' for Freight Container Rake are under consideration of the appropriate authority.

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.

Future plan of action :

While implementation of the plans described hereinbefore is being pursued, the Company is focused on value addition in the manufacture & marketing of Wagons and Coaches. The Company has already set up an EMU manufacturing facility at its Uttarpara unit and a few rakes of the same have been despatched.

Expenditure on R & D :	Rs./Lacs	
	2011-12	2010-11
Capital	Nil	Nil
Recurring	18.95	16.93
Total	18.95	16.93
Total R & D expenditure as a percentage of total turnover	0.029%	0.025%

Technology absorption, adaptation and innovation

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

- a) A few critical wagon parts were produced by using specially developed Press Tools. More accurate

parts by this innovative process have been achieved. Earlier these parts were produced by Plasma Cutting process.

- b) Saving a considerable amount of Man-hours after making a few innovative process changes during the fabrication of wagons has been attained. As a result, re-work was reduced considerably.
- c) After the implementation of various innovative press tools, our NBC (IFS) productivity as well as Quality, has been improved substantially.
- d) Some of the Hydraulic Tanks required chilling plant from outside sources which are very costly. Own innovative design has been made and two machines in place of Hydraulic Tanks installed. Results were very effective.

2. Benefits derived as a result of the above efforts

Benefits accrued from above has not only led to a product development essentially for the Indian ambience but also resulted in to cost reduction in the form of development of an import substitution item. This would open a passage to world market as well.

3. Information on imported technology

- i) Technology imported : A large size VMC has been imported to machine co-co bogies in-house.
- ii) Year of import : 2009-10
- iii) Has technology been fully absorbed : Partially absorbed till date.
- iv) If not fully absorbed, areas where this has not taken place, reasons therefore and future plan of action : Step by step absorption is taking place.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

- a) Activities relating to exports, initiatives taken to increase exports, development of new export markets and export plans :
 - (i) A Memorandum of Understanding is proposed to be signed with the Government of India's agency RITE International for cooperation in respect of exclusive export market.
 - (ii) Efforts are being made to secure an order for limestone carrying wagons for Malaysian railway tracks.
- b) Total foreign exchange used and earned :
As per Notes No. 32 & 35 of the Notes to Accounts.



Annexure TO THE DIRECTORS' REPORT

ANNEXURE B

Particulars required under the Companies (Particulars of Employees) Amendment Rules, 2011

Particulars	Name of the Employees	
	Shri J P Chowdhary	Shri Umesh Chowdhary
Designation	Executive Chairman	Vice Chairman & Managing Director
Remuneration Received (Rs./Lacs)	641.72	449.20
Nature of employment	Contractual	Contractual
Nature of duties of employees	Managing the day to day affairs of the Company	Managing the day to day affairs of the Company
Qualifications	B.Com. MIMA	B. Com
Experience (Years)	50	20
Date of commencement of employment	08.01.2007	01.07.2002
Age (Years)	72	38
Last employment held	Bhartia Electric Steel Company Limited	Titagarh Industries Limited
Number and % of equity shares held in the Company	31,308 (0.16%)	15,485 (0.08%)

Shri J P Chowdhary and Shri Umesh Chowdhary are related to each other.

Statement regarding Subsidiary Companies as on March 31, 2012

Particulars required under Section 212 of the Companies Act, 1956

(Rs. in Lacs)

1	Name of the Subsidiary Company	Titagarh Capital Pvt. Ltd. (Formerly Flourish Securities and Finance Private Limited)	Titagarh Singapore Pte. Limited*	Titagarh Wagons AFR**	Greysam and Co. Private Limited	Titagarh Marine Ltd.
2	Financial period of the subsidiary ended on	31/03/2012	31/03/2012	31/03/2012	31/03/2012	31/03/2012
3	Holding Company's Interest	100% of the paid up Equity and Preference Share Capital	100% of the paid-up Equity Share Capital	90% of the paid-up Equity Share Capital	50% of the paid-up Equity Share Capital	98.90% of the paid-up Equity Share Capital
4	Share Capital (Issued, Subscribed and Paid up)					
	Equity Share Capital (Rs.)	1459.00	543.26	3389.00	71.00	455.00
	Preference Share Capital (Rs.)	2500.00	Nil	Nil	Nil	Nil
5	Reserves (including Profit and Loss Account -Debit balance)	(1321.35)	(122.15)	(417.38)	(33.07)	(33.48)
6	Total Assets	2657.77	443.01	13960.19	38.26	435.92
7	Total Liabilities	20.12	21.90	10988.58	0.33	14.39
8	Investments	Nil	Nil	Nil	Nil	Nil
9	Turnover	Nil	Nil	16351.59	Nil	Nil
10	Total Income	4.94	Nil	16409.03	0.18	2.03
11	Profit/(Loss) - (Before Tax)	(68.91)	(95.59)	443.87	(25.67)	(21.33)
12	Provision for Taxation (Including Deferred Taxes)	Nil	Nil	Nil	Nil	Nil
13	Profit/(Loss) After Tax	(68.91)	(95.59)	443.87	(25.67)	(21.33)
14	Proposed Dividend	Nil	Nil	Nil	Nil	Nil
15	Net Aggregate Profits/Losses for the current financial year since becoming subsidiary so far as it concerns the members of the holding company dealt with or provided for in accounts of the holding company	Nil	Nil	Nil	Nil	Nil
16	Net Aggregate Profits/Losses for the current financial year since becoming subsidiary so far as it concerns the members of the holding company not dealt with or provided for in accounts of the holding company	(68.91)	(95.59)	399.48	(12.84)	(21.10)
17	Net Aggregate Profits/Losses for the previous financial years since becoming subsidiary so far as it concerns the members of the holding company dealt with or provided for in accounts of the holding company	Nil	Nil	Nil	Nil	Nil
18	Net Aggregate Profits/Losses for the previous financial years since becoming subsidiary so far as it concerns the members of the holding company not dealt with or provided for in accounts of the holding company	(1254.68)	(26.56)	(723.20)	(3.70)	Nil

* Subject to audit as per the laws of Singapore.

**As per the review of Accounts by respective auditors.

[Exchange Rate for conversion : 1USD=Rs.51.01 as on March 31, 2012]

[Exchange Rate for conversion : 1Euro=Rs.67.78 as on March 31, 2012]

As Approved

For and on behalf of the Board of Directors

J P Chowdhary

Executive Chairman

D N Davar

Director

Dinesh Arya

Company Secretary

Umesh Chowdhary

Vice Chairman and Managing Director

Anil Kumar Agarwal

Chief Financial Officer

Management DISCUSSION AND ANALYSIS

Overall Review

The overall performance of the Company during the financial year 2011-12 was reasonably satisfactory despite the challenges faced by the industry in which your Company operates and the manufacture and supply of Wagons continued to be the top contributor to the revenues. With a view to creating maximum shareholder value, the Company's resources are aimed at

- Creating and maintaining niche markets and undertaking growth both through organic and inorganic routes
- Improvement in utilization of assets to achieve productivity gains
- Measures to consistently reduce costs and bringing improvement in productivity
- Improvement of Working capital management
- Expansion of capacity and Upgradation of facilities to be better prepared for the potential growth in demand for the Company's portfolio of products.

Business Segments

Wagons and Coaches

Wagons

- Industry Outlook : As per the Railway Budget announced in March, 2012, plan outlay of Rs. 60,100 Crores during 2012-13 is the highest ever set by the Government of India, however, the rolling stock programme for the year 2012-13 envisages

d) Segment Review and Analysis :

	Unit	2011-12	2010-11	% Change
Production of Wagons	No.	2761	2822	(3.69)
Sales	No.	2855	2825	(0.52)
Average Realisation	Rs. in Lacs/No.	18.76	19.04	(1.44)
Profit Before Interest & Tax	Rs. in Lacs	9822.65	11378.13	(3.67)

Review of operations : Operating Profit of the segment declined marginally due to lower sales realisation per unit caused by apparently aggressive competition by some of the other manufacturers and rising input costs, even though the volume of production and units of wagons despatched during the FY 2011-12 were comparable with the figures for the previous financial year.

- Company outlook : Demand for Wagons from IR is expected to be firm due to macro and micro economic factors however, IR's fund flow status and policy adopted by IR have direct bearing on the financial performance of the Company. As such the Company is focused on derisking its business even as the orders for wagons from customers in the private sector continue to be aggressively pursued encouraged by the announcement of Wagon Leasing Policy, new Wagon Investment Scheme by IR.

procurement of 13000 Wagons as against 18000 Wagons in the FY 2011-12. The Budget provides for freight loading capacity enhanced by 55 MT to 1025 MT, up by 5.6% over that in FY 2011-12. The PPP model of business, expansion in logistics and environment protection through Green initiatives are also in focus. Depreciating Rupee and rising oil prices would necessitate cost effective movement of cargo by railway network and would lead to continuing firm demand for Wagons in future.

- Opportunities : With increasing oil prices due to a host of factors pushing up the cost of movement of cargo by road combined with the depreciating Rupee, Wagons would continue to play an important role as an effective and more economical mode of carrying goods across the country. The Government's plans to expand the railway network and the project of dedicated freight corridors being implemented in right earnest, Wagon industry offers huge opportunity which can be seized particularly by established units to fullest extent.
- Challenges : Rising costs of certain inputs combined with substantial area of land required for expansion and uncertainty as to timely availability, free supply of raw materials & components and decision related issues are major challenges for Wagon industry in India. The dependence on one customer i.e. Indian Railways (IR) is a concern in as much as any change in the Government policy stands to directly impact the industry.

Coaches

- Industry Outlook : Metro Railways/Mass Rapid Transport System ("MRTS") in major cities across the country has become essential to cater to transportation needs of urban/semi urban commuters and the potential for self-propelled railway passenger vehicles such as EMUs, Diesel Multiple Units ("DMUs") and Main Line Electrical Multiple Units ("MEMUs") etc. is huge.
- Opportunities : With rapid urbanization production of Coaches offers great deal of Opportunities as there is huge demand of Metro Railways/Mass Rapid Transport System ("MRTS") for swift and cheap transportation of passengers.
- Challenges : The technology, skills and strictest quality standards in addition to expertise required in the manufacture of coaches pose challenge.

d) **Segment Review and Analysis :**

	Unit	2011-12	2010-11	% Change
Production of Coaches	No.	18	45	(60)
Sales	No.	18	45	(60)
Average Realisation	Rs. in Lacs/No.	108.70	97.00	2.06
Profit Before Interest & Tax	Rs. in Lacs	648.96	1175.41	(44.78)

Review of operations : Profitability from the segment was lower due to order for reduced number of rakes received during the year under review.

- e) Company Outlook : With orders for MEMU and EMU in hand, expected to be executed smoothly, the outlook for the segment is encouraging during the current year.

Steel Castings

- a) Industry Outlook : The Steel Castings industry has huge potential owing to the increasing demand for Wagons being the comparatively much cheaper mode of movement of cargo as the castings are essential components for production of Wagons. The products manufactured require complex technology and have to meet specific design and other

specifications spelt out by the discerning end users.

- b) Opportunities: The number of small manufacturers in private sector abound while the large manufacturing units generally set up in-house Foundry for eliminating any interruption in production and maintain quality of the output meant for end users for which the castings are specially made. New avenues are being added for increased cargo movement by IR resulting in expected higher demand for the Wagons which in turn would require larger quantities of steel castings.
- c) Challenges: Scrap being the chief raw material, castings industry is normally faced with volatile prices and uncertainty in availability of the steel besides the rising cost of other inputs, mainly power & fuel.

d) **Segment Review & Analysis :**

	Unit	2011-12	2010-11	% Change
Production of Steel Castings	M.T.	14583	12087	20.65
Sales	M.T.	14583 *	12087 **	20.65
Average Realisation	Rs. in Lacs/MT	1.51	2.67	(43.44)
Profit Before Interest & Tax	Rs. in Lacs	1691.68	1278.57	32.31

* Includes 11150 M.T. consumed internally for manufacture of Wagons

** Includes 11158 M.T. consumed internally for manufacture of Wagons

Review of operations : Moulding line capacity having been augmented, the segment's production went up by 20.65 % as compared to the corresponding period in the last fiscal ensuring timely availability of critical components for wagons segment which is the core competency of the Company.

- e) Company Outlook : Steel Castings segment presents many exciting possibilities of growth in the foreseeable future and the Company has ambitious plans for this Division.

Heavy Earth Moving Machinery (HEMM)

- a) Industry Outlook : Infrastructure projects and construction activities offer great many opportunities for heavy earth moving and mining machinery as the Government of India

has plans to continue pursuing development of infrastructure in the country by embarking upon massive projects.

- b) Opportunities : The need for infrastructure in the country including construction of bridges, highways, airports, ports and housing would continue to provide growth opportunities of varying degree to both the established and new players as well in the mining and heavy earth moving machinery space.
- c) Challenges : In addition to the volatility in prices and availability of principal raw material being steel and other inputs viz. power and fuel costs, financial capacity of the customers in this space poses the challenging task of devising the right marketing strategy in construction and mining.

Management DISCUSSION AND ANALYSIS

d) Segment review & Analysis :

	Unit	2011-12	2010-11	% Change
Production of Equipments	No.	13	10	30
Sales	No.	5	6	(6.67)
Average Realisation	Rs. in Lacs/No.	161.19	146.91	9.72
Profit Before Interest & Tax	Rs. in Lacs	(34.96)	139.18	(125.08)

Review of operations: The cost of production went up due to increased cost of inputs and lesser number of units sold even as three machines were given on lease to customers, despite higher average realisation per unit, resulted in marginal loss in the segment when compared to that in the FY 2010-11.

- e) Company Outlook : Post revamp of the facilities in the segment, focus of the Company is on effecting necessary changes in product to achieve enhanced revenues and profit.

Risks and Concerns

The Company is taking steps and evolving the right mechanism required for dealing with the following risks and areas of concern its operations are subject to:

Dependence on the Indian Railways

The Company's wagon manufacturing business is dependent upon the policies of Indian Railways and any change whether positive or adverse, has a direct impact on the Company's business.

Increase in the cost of raw materials and other inputs

- The Company's operations require substantial amounts of steel, scrap, specialized components including bogies, coupler sets, air brakes and CTR bearings and are exposed to volatility in prices and availability.
- Steel based raw materials are principal inputs in manufacturing Wagons, Bailey bridges and heavy engineering equipments. The cost of steel plates and steel beams are significantly dependent on the prices of steel prevalent in the International markets which are highly volatile and cyclical in nature. To the extent the Company is not able to pass on such increase in the cost of steel resultant absorption stands to adversely affect the margins.
- The Company needs to import certain raw materials and the depreciating Rupee necessitates an effective risk hedging mechanism to avoid/minimise loss on account of foreign exchange rate fluctuations.

Risk of performance guarantee, product warranty and liquidated damages

Some of the contracts for supply involve warranty periods varying from 12-24 months against manufacturing defects notwithstanding

the warranties on certain components extended by the respective third party suppliers, enforcement of these may not be always feasible. Further, certain contracts carry performance guarantee clause up to 10% of the contract value, valid for the duration of the warranty period, which can be invoked in the event of there being manufacturing defects that are not rectified by the Company to the customers' satisfaction resulting in loss of reputation.

Risks associated with Organic growth of business

Rapid expansion of the operations undertaken by the Company inter alia, involves financial, managerial & other risks to precious resources in successful execution.

Management, revival and integration of the businesses acquired

- Transfer of the license to manufacture air brakes and slack adjusters to Greysham and Co. Private Limited in which the Company has acquired strategic stake is subject to certain statutory approvals which are being actively pursued.
- Post successful revival of Cimmco Limited (Cimmco) through a joint venture company, Cimco Equity Holdings Pvt. Limited, integration of corporate practices thereat is progressing smoothly.
- Titagarh Capital Private Limited (formerly Flourish Securities & Finance Private Limited), a wholly owned subsidiary of the Company acquired in the FY 08-09 for arming itself with the flexibility of providing lease/finance option to its customers of Wagons is a Non Banking Financial Company (NBFC) registered with Reserve Bank of India and is subject to regulations prescribed by the said authority.
- With acquisition of the assets of Titagarh Wagons AFR, subsidiary in France enabling the Company to mark its presence in the International market, operations of the Unit thereat have been restarted and after being streamlined are performing reasonably.
- The Company's foray into shipbuilding business through its subsidiary, Titagarh Marine Limited (TML) during the year under review is through successful execution of the order by the entities having the requisite accreditations agreed to be taken over by TML.

Management, revival and integration of the above businesses with that of the Company pose a challenge and expose it to risk of resorting to debt financing besides affecting overall operational efficiency, profitability, growth and uncertainty of recouping the funds invested/committed.

The Company engaged the services of a professional agency to identify the risks the Company's businesses face and based on the report on risk management framework submitted by it, measures for mitigation of the risks are being reviewed periodically by the Audit Committee and management so as to evolve an appropriate risk management policy even as implementation of risk mitigation continues wherever necessary.

Internal Control System and Adequacy

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

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

The Company has appointed external firm of Chartered Accountants to conduct internal audit for bringing about desired improvement wherever necessary. This area is receiving management's attention.

Discussion on Financial Performance vis-à-vis Operational Performance

Notwithstanding the factors referred to hereinabove impacting the operations, better manufacturing processes, improved productivity and focus on optimization of resource deployment resulted in

reasonably improved performance viewed in the backdrop of the trends witnessed in the industries in which the Company operates.

Human Resources

A. Empowering the employees

The Company considers its organizational structure to be evolving consistently over time while continuing with its efforts to follow good HR practices. Adequate efforts of the staff and management personnel are directed on imparting continuous training to improve the management practices.

B. Industrial Relations

Industrial relations at all sites of the Company remained cordial.

C. No. of Employees :

Manpower employed as at March 31, 2012 was 989.

Forward Looking Statement

The statements in this report describing the Company's policy, strategy, projections, estimation and expectations may appear forward looking statements within the meaning of applicable securities laws or regulations. These statements are based on certain assumptions and expectations of future events and the actual results could materially differ from those expressly mentioned in this Report or implied for various factors including those mentioned in the paragraph "Risks and Concerns" herein above and subsequent developments, information or events.

Acknowledgement

Your Directors place on record their appreciation of the cooperation and support extended by the Government, Banks/Financial Institutions and all other business partners.

For and on behalf of the Board

J P Chowdhary

Executive Chairman

Place : Kolkata

Date : July 30, 2012



Corporate GOVERNANCE REPORT

Titagarh Wagons Limited (TWL)'s Philosophy on Code of Governance

TWL's corporate culture is imbued with standards of integrity and transparency by adhering to the policies laid down by the Board of Directors. Corporate Governance with transparency is based on the two important principles of 'team-work' and 'professionalism' and the stakeholders are the basics of the total approach.

TWL's business objective is to manufacture and market the products where the quality deservingly is the focus of attention consistently with the ultimate aim of bringing full satisfaction to its customers

Board of Directors

TWL's Board Comprises eleven directors including - Executive Chairman, Vice Chairman & Managing Director being the executive directors, one nominee director of equity investor, seven independent directors and one non-executive director.

Composition, Attendance at the Board Meetings and the last Annual General Meeting ('AGM'), Outside Directorships and other Board Committees :

Sl. No.	Director	No. of Board Meetings attended	Attendance at previous AGM on 27/07/2011	No. of other directorships held ^a	No. of membership/ chairmanship in Committees ^b	Category (Executive/ Non-Executive/ Independent)
1	Shri J P Chowdhary	9	Present	4	Nil	Promoter and Executive
2	Shri Umesh Chowdhary	11	Present	3	1	Promoter and Executive
3	Shri D N Davar	11	Present	13	9	Non-Promoter and Independent
4	Shri Nandan Bhattacharya	11	Present	1	2	Non-Promoter and Independent
5	Shri Abhas Sen	11	Present	2	1	Non-Promoter and Independent
6	Shri Alope Mookherjea	10	Present	4	1	Non-Promoter and Independent
7	Shri Manoj Mohanka	9	Present	7	4	Non-Promoter and Independent
8	Shri Sanjay Kukreja	2	Present	1	Nil	Nominee
9	Shri Nand Kishore Mittal	10	Present	2	1	Non-Promoter and Non Executive
10	Mr Charles Magolske	Nil	Absent	Nil	Nil	Non-Promoter and Independent
11	Shri Arvind Pande*	N.A.	N.A.	3	2	Non-Promoter and Independent

* Appointed as an Additional Director w.e.f 24.03.2012

[(a)-Directorship of Companies registered under the Companies Act, 1956 but excluding private companies and alternate directorship].

[(b)-Chairmanship/membership of Audit Committee & Shareholders/Investor Grievance Committee only]

Board Meetings held during the Financial Year Ended the March 31, 2012

During the Financial Year Ended the March 31, 2012, Eleven (11) Board Meetings were held on May 12, May 24, July 27, August 2, August 13, September 5, November 10, 2011, January 7, February 10, February 11, and March 24, 2012.

Appointment/Re-appointment of Directors

Shri Dharmendar Nath Davar and Shri Nand Kishore Mittal, Directors retire by rotation and are eligible for reappointment. Shri Arvind Pande, appointed as an Additional Director on March 24, 2012 vacates office at the ensuing Annual General Meeting (AGM) and is eligible for appointment pursuant to the Section 257 of the Companies Act, 1956 (the Act). A brief resume together with the

other directorship/ committee membership of the directors being appointed/reappointed are given below :

Shri J P Chowdhary

Shri J P Chowdhary aged about 72 years is an industrialist with 52 years experience in railways sector/heavy engineering industry. A graduate in Commerce and Diploma holder in Business Management, Shri Chowdhary is regarded as turn around expert, taking over ailing Companies and turning around their operations with in genuity 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 Sheriff of Kolkata in 1995. He is currently member of Central Board

Corporate GOVERNANCE REPORT

of Trustees, Employees Provident Fund Organisation and chairs the Board of Railway Board of Equipment Division of Confederation of Indian Industry (CII). He has been reappointed as Executive Chairman for a further term of five years w.e.f. 08.01.2012. He is also the Executive Chairman of Cimmco Ltd, group Company.

Shri Dharmendar Nath Davar

Shri D N Davar has been consultant to international/ multinational organisations like World Bank, UNIDO & KFW for several years. With M.A.(Economics), B.Com.(Hons), CAIIB-Indian Institute of Bankers, Fellow of Economic Development Institute of the World Bank, Shri Davar aged about 78 years has over 50 long years of Banking/ Development Banking experience with intensive exposure to industrial finance, industrial development and all-round corporate management. The last position held by him was that of Executive Chairman of Industrial Finance Corporation of India (1984-1992). On Board of the Company since December 2006, Shri Davar has been on the Board and Board level committees of several notable industrial companies and also associated with various social and educational institutions.

Shri Davar is also on the Boards of Sandhar Technologies Limited, Maral Overseas Limited, HEG Limited, Rajasthan Spinning and Weaving Mills Limited, Land Mark Property Developments Co. Ltd, Parsvnath Hotels Limited, Parsvnath SEZ Limited, OCL India Limited, Indo-Continental Hotels & Resorts Limited, Ansal Properties & Infrastructure Limited, Hero Fincorp Limited (earlier known as Hero Honda Finlease Limited), Adayar Gate Hotel Limited, Cimmco Limited, S. P. Wahi Technology & Management Consultants Private Limited and Sandhar Tooling Private Limited. Shri Davar is a Chairman of Audit Committees of Hero Fincorp Limited, OCL India Limited, Ansal Properties & Infrastructure Limited, HEG Limited, member of Audit Committee of Maral Overseas Limited, Cimmco Limited and Rajasthan Spinning and Weaving Mills Limited, member of Shareholder's Grievance Committee of Maral Overseas Limited and Rajasthan Spinning and Weaving Mills Limited.

Shri Nand Kishore Mittal

Mr Mittal is M Com (Gold Medallist) with extensive knowledge and experience in indirect and direct taxation. He is 68 years old and is on the Board of Tecalemit Industries Ltd, Singhal Contractors and Builders Pvt Ltd, Titagarh Capital Pvt Ltd (earlier known as Flourish Securities and Finance Pvt Ltd), Continental Valves Ltd, Sourenee Leaves Pvt Ltd,, Titagarh Capital Management Services Pvt Ltd, Titagarh Logistics Infrastructures Pvt Ltd, Messenger Courier &

Cargo Pvt Ltd, Simplex Development Pvt Ltd. Shri Mittal is a Chariman of Audit Committee of Titagarh Capital Pvt Ltd.

Shri Arvind Pande

Shri Arvind Pande, aged 69 years, after being educated at Allahabad and Cambridge Universities, joined the Indian Administrative Service in 1965. He was an Adviser to the Executive Director for India, Bangladesh and Sri Lanka at the World Bank, Washington D.C. from 1971 to 1974, represented the Govt. of India and assisted in processing of Bank assisted projects in India. Continued with World Bank assisted projects in the Department of Economic Affairs, Ministry of Finance, Govt. of India from 1974 to 1978. He moved to the Corporate Public Sector in 1986, joined the Board of Directors of Steel Authority of India Ltd.(SAIL) as a full time functional Director dealing with several areas like Corporate Planning, Personnel and Human Resources, Rourkela Steel Plant, Special Steel Plants, etc.

He has served on Boards/Committees/Advisory Groups of major organisations like the Board for Reconstruction of Public Sector Enterprises, Govt. of India, National Council of Applied Economic Research (NCAER), HDFC Bank Ltd., Coal India Ltd., Visa Steel Ltd, XIM Bhubhaneshwar, CII National Council, International Iron and Steel Institute, Posco India Ltd., JPAL SA, advising on various issues like strategy and policy, Government relations, industrial finance, industrial relations, land acquisition, resettlement and rehabilitation, mining, environment and forest policy, environment impact assessment, CSR. Shri Pande is an Independent Director on the Board of Bengal Aerotropolis Projects Ltd., Sandhar Technologies Ltd, Era Infra Engineering Ltd., he is a Chairman of Audit Committee of Sandhar Technologies Ltd and also a member of Audit Committee of Era Infra Engineering Ltd.

Board Committees

Audit Committee

The Audit Committee comprises Shri D N Davar, Shri Nandan Bhattacharya, Shri Manoj Mohanka (All Independent Directors). Shri D N Davar, Ex Chairman of Industrial Finance Corporation of India who is an expert inter alia in banking, development banking, financial and internal control areas, is the Chairman of the Audit Committee. Shri D Arya, Company Secretary acts as the Secretary to the 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 cover the areas mentioned under Clause 49 of the updated Listing Agreement). Attendance at and dates of Audit Committee meetings held are as follows :

Corporate GOVERNANCE REPORT

Attendance at the Audit Committee Meeting held on

Name	12.05.11	24.05.11	02.08.11	13.08.11	05.09.11	10.11.11	10.02.12	24.03.12
1 Shri D N Davar	Present	Present	Present	Present	Present	Present	Present	Present
2 Shri Nandan Bhattacharya	Present	Present	Present	Present	Present	Present	Present	Present
3 Shri Manoj Mohanka	Absent	Present	Present	Present	Present	Absent	Present	Present

Shareholders'/Investors' Grievance Committee

Shareholders'/Investors' Grievance Committee is headed by Shri Nandan Bhattacharya, an Independent Director with Shri Manoj Mohanka and Shri Umesh Chowdhary the other two members. Shri D Arya, Company Secretary is the Compliance Officer. The attendance at and dates of Shareholders'/Investors' Grievance Committee meetings held and the Status of Investors' complaints are as follows :

Attendance at the Shareholders'/Investors' Grievance Committee meetings held on

Name	12.05.2011	02.08.2011	10.11.2011	10.02.2012
1 Shri Nandan Bhattacharya	Present	Present	Present	Present
2 Shri Manoj Mohanka	Absent	Present	Absent	Present
3 Shri Umesh Chowdhary	Present	Present	Present	Present

In aggregate 47 cases of Investors' Grievances (including routine queries) were received during the Financial year 2011-12 pertaining to Non-Receipts of Dividend Warrants, Annual Reports, Non-Receipt of Certificate(s) and Credit of share(s) which were duly redressed in time and no Investors' Grievance is pending as at March 31, 2012. There was also no Investor complaint pending against the Company as at March 31, 2012 on SCORES, the web based complaint redressal system of SEBI.

All valid requests for transfer of shares in physical mode received during the financial year ended the March 31, 2012 have been acted upon by the Company and no such transfer is pending.

Remuneration Committee

Remuneration Committee comprising Shri D N Davar, Shri Nandan Bhattacharya and Shri Manoj Mohanka all independent directors, is headed by Shri D N Davar. Shri Dinesh Arya is the Secretary to the Committee. Attendance at and dates of Remuneration Committee meetings held are as follows :

Name of Directors	12.05.2011	10.11.2011	07.01.2012
1 Shri D N Davar	Present	Present	Present
2 Shri Nandan Bhattacharya	Present	Present	Present
3 Shri Manoj Mohanka	Absent	Absent	Present

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. The remuneration policy therefore is market led and aimed at leveraging the performance appropriately

Allotment Committee

Allotment Committee for issue and allotment for shares and securities of the Company comprising Shri Nandan Bhattacharya, Chairman of the Committee with Shri Abhas Sen being the other member. During the financial year 2011-12 one meeting was held on 07.03.2012.

Nomination Committee

Nomination Committee consists of Shri D N Davar, Shri Nandan Bhattacharya, and Shri Manoj Mohanka. All were present in the only meeting held during the FY 2011-12 on 27.02.2012

Committee of Directors

Committee of Directors comprises Shri J P Chowdhary, Chairman, and Shri Umesh Chowdhary, Shri D N Davar and Shri Nandan Bhattacharya as members to exercise such powers as may from time to time be delegated to it by the Board. Attendance at and dates of Committee of Directors meetings held are as follows :

Corporate GOVERNANCE REPORT

Name of Directors	22.04.2011	18.07.2011	19.12.2011
Shri J P Chowdhary	Present	Present	Present
Shri Umesh Chowdhary	Present	Absent	Present
Shri D N Davar	Present	Present	Present
Shri Nandan Bhattacharya	Absent	Present	Absent

Shri Dinesh Arya acts as Secretary to the above Committee of the Board.

Remuneration of Directors for the financial year ended the March 31, 2012 and their shareholding in the Company :

(Rs. in Lacs)

Name of Directors	Sitting Fees	Salaries and Perquisites	Commission	Total	No. of Shares held
Shri J P Chowdhary	Nil	95.64	546.08	641.72	31308
Shri Umesh Chowdhary	Nil	74.02	375.19	449.21	15485
Shri D N Davar	4.70	Nil	5.50	10.20	Nil
Shri Nandan Bhattacharya	4.70	Nil	0.75	5.45	Nil
Shri Abhas Sen	2.20	Nil	0.75	2.95	Nil
Shri Alope Mukherjea	2.00	Nil	0.75	2.75	Nil
Shri Manoj Mohanka	3.40	Nil	0.75	4.15	Nil
Shri Charles Magolske	Nil	Nil	Nil	Nil	Nil
Shri Sanjay Kukreja	Nil	Nil	0.75	0.75	Nil
Shri Nand Kishore Mittal	2.00	Nil	Nil	2.00	90
Shri Arvind Pande	Nil	Nil	0.75	0.75	Nil
Total	19.00	169.66	931.27	1119.93	46,883

Mr Sanjay Kukreja, Nominee Director has voluntarily waived the sitting fees for attending the meetings of Board.

There is no element of remuneration package of directors except as set out hereinabove.

Shri J P Chowdhary and Shri Umesh Chowdhary are related to each other.

General Body Meetings

Annual General Meetings held during the last three years are as follows :

Year	No. of Annual General Meeting	Venue	Date	Time	No. of special resolutions passed
2008-2009	12th	Kalakunj, 48 Shakespeare Sarani, Kolkata - 700 017	14.09.2009	11.00 A.M.	Three
2009-2010	13th	Rotary Sadan, 94/2 Chowringhee Road Kolkata - 700 020	27.08.2010	10.00 A.M.	Two
2010-2011	14th	Kalakunj, 48 Shakespeare Sarani, Kolkata - 700 017	27.07.2011	10.30 A.M.	Four

No Resolutions were passed through Postal Ballot during the year.
No Special Resolution required to be passed through Postal Ballot is proposed at the ensuing Annual General Meeting of the Company.

Disclosures

(i) The related party transactions have been disclosed in the

Notes on Accounts forming part of the Statement of Accounts for the financial year ended the March 31, 2012 and no transaction is considered to be pecuniary and/or in potential conflict with the interests of the Company at large.

(ii) There has not been any non-compliance, penalties or strictures imposed on the Company by the Stock Exchange(s),



Corporate GOVERNANCE REPORT

Securities and Exchange Board of India or any other statutory authority, on any matter relating to the capital markets, during the last 3 years.

- (iii) The Company affirms that no personnel has been denied access to the Audit Committee.
- (iv) All the mandatory requirements have been appropriately complied with and the non-mandatory requirements relating to Remuneration Committee have also been complied with.

Code of Conduct for Prohibition of Insider Trading

In accordance with the SEBI (Prohibition of Insider Trading) Regulations, 1992 the Board has approved and adopted a code of conduct governing all the directors, senior management and other employees at all locations of the Company. Shri D. Arya, Company Secretary has been appointed as the Compliance Officer in respect of compliance of the Code. Code of Conduct is posted on the Company's website. Chief Executive Officer's certificate of compliance of the Code of Conduct by the Directors and Senior Management is appended to this Report.

Means of Communication

Half-yearly report to shareholders, Quarterly Results, Newspapers in which published, Website etc.

The Quarterly, Half-yearly and Annual Results are published by the Company generally in English (Business Standard and/or Mint) and Vernacular (Aajkal or Ekdin) dailies. Interim Results/reports are not sent to the household of shareholders since the same are posted on the websites of the Company and BSE and NSE. The address of the Company's website is www.titagarh.biz

General Shareholder Information

Annual General Meeting

Date :	Saturday, the September 15, 2012
Time :	10.30 A.M.
Venue :	Kalakunj, 48, Shakespeare Sarani Kolkata - 700 017
Dividend Payment Date :	Within 30 days from the date of the Annual General Meeting.
Dates of Book Closure :	September 8, 2012 to September 15, 2012 (both days inclusive)

Financial Calendar :

First Quarter Results	July/August 2012
Second Quarter Results	October/November 2012
Third Quarter Results	January/February 2013
Fourth Quarter Results	April/May 2013

Conversion of Warrants into Equity Shares

Conversion of 12,50,000 Warrants took place on March 7, 2012 and Listing approvals were received on May 16, 2012 June 4, 2012 from NSE and BSE respectively. Pursuant to the trading approvals from NSE and BSE on June 28, 2012 and July 6, 2012 respectively the subject shares were credited to the allottees on June 11, 2012 (CDSL) and June 26, 2012 (NSDL) respectively.

Listing on Stock Exchanges and Stock Codes

Shares of the Company are listed at the Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) [Scrip Codes 532966 & TWL (EQ) respectively]. Listing fees for the year 2012-13 have been paid to both BSE and NSE.

ISIN for dematerialization is INE 615H01012

In accordance with newly inserted clause 5A of Listing Agreement, the Company has identified 737 folios comprising of 3,427 equity shares of face value of Rs. 10/- each, which are unclaimed as on 31st March, 2012. The Company is in the process of sending reminders to the concerned shareholders in accordance with the said clause.

Details of unclaimed shares allotted in the IPO pursuant to Clause 5A of Listing Agreement

Ten Equity shares of Rs. 10/- each of the Company allotted to an individual shareholder in the Initial Public Offer of the Company on April 9, 2008 could not be credited to his account, both at the beginning and end of the Financial year since operation of the Demat account of the shareholder had been suspended. Despite reminders from the Company the shareholder has not got his account regularized and the voting rights on these shares shall remain frozen till the shareholder concerned claims the shares.

Corporate GOVERNANCE REPORT

Market Price Data : High/Low in each month of Financial Year

A. BOMBAY STOCK EXCHANGE LIMITED

Month	High (Rs)	Low (Rs)	Quantity Traded (Shares)	Sensitive Index	
				High	Low
April 2011	405.00	328.00	6,39,280	19,811.14	18,976.19
May 2011	395.00	354.10	2,02,412	19,253.87	17,786.19
June 2011	428.50	377.40	2,50,788	18,873.39	17,314.38
July 2011	455.60	401.00	1,99,706	19,131.70	18,131.86
August 2011	440.00	353.50	1,13,513	18,440.07	15,765.53
September 2011	420.00	376.00	83,665	17,211.80	15,801.01
October 2011	458.95	392.00	77,855	17,908.13	15,745.43
November 2011	477.90	400.05	2,57,518	17,702.26	15,478.69
December 2011	454.90	355.50	2,07,015	17,003.71	15,135.86
January 2012	441.20	383.15	5,92,936	17,258.97	15,358.02
February 2012	483.90	404.80	10,83,946	18,523.78	17,061.55
March 2012	444.45	325.05	24,58,189	18,040.69	16,920.61

B. THE NATIONAL STOCK EXCHANGE OF INDIA LIMITED

Month	High (Rs)	Low (Rs)	Quantity Traded (Shares)	CNX Nifty	
				High	Low
April 2011	405.00	328.00	1407458	7425.52	7196.40
May 2011	396.00	353.10	556858	7163.96	6728.08
June 2011	427.80	379.90	713892	7133.60	6634.54
July 2011	454.90	400.45	581165	7239.36	6934.57
August 2011	440.00	367.00	290351	6978.58	6013.78
September 2011	485.35	377.00	280215	6529.77	6128.56
October 2011	459.00	391.55	210310	6797.88	6021.97
November 2011	477.90	410.00	546164	6708.99	5969.67
December 2011	454.55	352.40	608511	6421.38	5763.88
January 2012	439.70	382.00	1416348	6606.36	5881.28
February 2012	484.70	407.00	2562942	7120.15	6647.46
March 2012	465.00	320.15	6188426	6939.53	6580.17

Share Transfer System & Registrars and Transfer Agents ('RTA')

The Company has engaged the services of Karvy Computershare Private Limited, as the RTA for both physical and dematerialised share maintenance. Share transfers are generally effected within 15 days of lodgement or such period as may be permissible by law/regulatory authority.



Corporate GOVERNANCE REPORT

Categories of Shareholding as on the March 31, 2012

Category	No. of Shares held	% of total shares
Promoter & Promoter Group	1,06,53,314	53.11
Mutual Funds & UTI	12,77,611	6.37
Financial Institutions & Banks	94,617	0.47
Private Corporate Bodies	9,97,736	4.97
Indian Public	16,55,534	8.25
N R I s/O C B s	38,81,508	19.35
Foreign Institutional Investors	14,59,326	7.28
Clearing Members	39,423	0.20
TOTAL	2,00,59,069	100.00

Dematerialisation of shares and liquidity : 99.86% of total equity shares of the Company have been dematerialised as on March 31, 2012

Distribution of Shareholding as on March 31, 2012

Range of Shares	Number of Shares	No. of Shareholders	% to total Shares
1 to 5000	8,90,403	20,525	4.44
5001 to 10000	1,76,166	223	0.88
10001 to 20000	1,77,225	119	0.88
20001 to 30000	1,05,641	41	0.53
30001 to 40000	42,030	12	0.21
40001 to 50000	61,983	13	0.31
50001 to 100000	1,57,495	23	0.78
100001 & above	1,84,48,126	49	91.97
TOTAL	2,00,59,069	21,005	100.00

Corporate GOVERNANCE REPORT

Subsidiary Companies

There is no material non-listed Indian subsidiary Company requiring appointment of Independent Director of the Company on the Board of Directors of the subsidiary companies. The requirements of the Clause 49 of the Listing Agreement with regard to subsidiary companies have been complied with.

Plant Locations :

The Company's plants are located at :

1. Wagon Division

P.O. Titagarh - 743 188

District : 24 Parganas (N), West Bengal, India

Telephone : 91 33 2707 4078 Fax : 91 33 2501 0270

2. Heavy Engineering Division (HED)

Hindmotor - 712233

District : Hooghly, West Bengal, India

Telephone : 91 33 2664 1755 Fax : 91 33 2664 7333

3. Steel Castings Division

1, Abdul Quddus Road

Titagarh - 743 188

District : 24 Paraganas (N), West Bengal, India

Telephone : 91 33 2545 7067 Fax : 91 33 2545 7068

Address for correspondence :

1. Titagarh Wagons Limited

Premlata, 4th Floor

39 Shakespeare Sarani, Kolkata - 700 017

Telephone : 91 33 2283 4467 Fax : 91 33 2289 1655

Email for investors : investors@titagarh.biz

Website : www.titagarh.biz

2. Karvy Computershare Private Limited

Plot No. 17 - 24, Vittal Rao Nagar

Madhapur, Hyderabad - 500 081

Phone : 91 40 4465 5000, Fax : 91 40 2342 0814

E-mail for Investors : einward.ris@karvy.com

For and on behalf of the Board

J P Chowdhary

Executive Chairman

Place : Kolkata

Date : July 30, 2012

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 ended March 31, 2012.

For Titagarh Wagons Limited

Umesh Chowdhary

Vice - Chairman & Managing Director

Kolkata

July 30, 2012



Corporate GOVERNANCE REPORT

Certificate on Compliance of Corporate Governance

To the Members of Titagarh Wagons Limited

I have examined the compliance of conditions of Corporate Governance by Titagarh Wagons Limited for the year ended on March 31, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with relevant Stock Exchanges.

The compliance of the conditions of Corporate Governance is the responsibility of the management. My 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 my opinion and to the best of my information and according to explanations given to me, I certify that the Company has complied with the conditions of the Corporate Governance, as stipulated in Clause 49 of the Listing Agreement.

I further 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.

B P Dhanuka

Practicing Company Secretary

C P No. 6041

FCS 615

Place : Kolkata

Date : July 30, 2012

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

The Board of Directors Titagarh Wagons Limited

Dear Sirs,

We have reviewed the financial statements read with the cash flow statement of Titagarh Wagons Limited for the year ended on the March 31, 2012 and to the best of our knowledge and belief, we state that:

- a) These statements do not contain any materially untrue statement or omit any material fact or contain statements, that might be misleading;
- b) 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.
- c) 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;

- d) 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;
- e) We have indicated to the auditors and the Audit Committee:
 - i) Significant changes in internal control during the year;
 - ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements;
 - iii) 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.

Umesh Chowdhary

Vice - Chairman & Managing Director

Date : July 30, 2012

Anil Kumar Agarwal

Chief Financial Officer

Auditors' REPORT

To
The Members of
Titagarh Wagons Limited

1. We have audited the attached Balance Sheet of Titagarh Wagons Limited ('the Company') as at March 31, 2012 and also the Statement of Profit and Loss and the Cash Flow Statement for the year 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, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the Balance Sheet, the Statement of Profit and Loss and the 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, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - vi. 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 the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;
 - b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
 - c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **S. R. BATLIBOI & CO.**
Firm Registration Number : 301003E
Chartered Accountants

per **R. K. AGRAWAL**
Partner

Place : Kolkata
Date : April 28, 2012

Membership No. : 16667

Annexure to the Auditors' REPORT

Referred to in our report of even date to the members of Titagarh Wagons Limited as at and for the year ended March 31, 2012

- | | |
|--|--|
| <p>(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.</p> <p>(b) All fixed assets have not been physically verified by the management during the year 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.</p> <p>(c) There was no substantial disposal of fixed assets during the year.</p> | <p>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.</p> |
| <p>(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.</p> <p>(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.</p> <p>(c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.</p> | <p>(v) In our opinion, and as informed to us, there are no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956.</p> <p>(vi) The Company has not accepted any deposits from the public.</p> <p>(vii) The Company has an internal audit system, <i>the scope and coverage of which, in our opinion, requires to be enlarged to be commensurate with the size and nature of its business.</i></p> <p>(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, related to the manufacture of wagons, coaches and engineering products and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.</p> |
| <p>(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)(a) to (d) of the Order are not applicable to the Company.</p> <p>(e) According to the information and explanations given to us, the Company has not taken any 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 to the Company.</p> | <p>(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 and other material statutory dues have generally been regularly deposited with the appropriate authorities <i>though there has been slight delay in a few cases.</i></p> <p>(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 material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.</p> |
| <p>(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</p> | <p>(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 :</p> |

Annexure to the 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 Income Tax Act, 1961	Disallowance under various sections	646.18	2002-2003, 2004-2005, 2006-2007, 2008-2009	Deputy Commissioner/ Commissioner of Income Tax
The West Bengal Sales Tax Act, 1944	Deferment of sales tax liability	3.60	2004-2005	Additional Commissioner Commercial Taxes
	Short payment of sales tax	5.24	2004-2005	West Bengal Taxation Tribunal
The Central Sales Tax Act, 1956	Short payment of sales tax, non submission of forms and other documents	29.81	2005-2006 and 2007-2008	Joint Commissioner of Commercial Taxes
	Non submission of forms and others documents	262.01	2008-2009	Senior Joint Commissioner of Commercial Taxes
The Value Added Tax Act, 2003	Additional demand of sales tax under various sections, disallowance of input tax credit, levy of purchase tax etc.	42.00	2005-2006 and 2007-2008	Additional/Joint Commissioner
	Disallowance of ITC and levy of purchase tax due to non submission of relevant documents	216.16	2008-2009	Senior Joint Commissioner of Commercial Taxes
The Central Excise Act, 1944	Incorrect availment of cenvat credits, short payment of duty including interest etc.	7,301.71	1991-1992, 1996-1997, 2003-2004 to 2009-2011	Various Appellate Authorities

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (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 bank. There are no dues to financial institution and 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 to the Company.
- (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 to the Company.
- (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 made preferential allotment of shares during the year to a party and a company covered in the register maintained under Section 301 of the Companies Act, 1956. In our opinion, the price at which these shares have been issued, is not prejudicial to the interest of the Company.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money through public issue during the year.
- (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 year.

For **S. R. BATLIBOI & CO.**
Firm Registration Number : 301003E
Chartered Accountants
per **R. K. AGRAWAL**

Place : Kolkata
Date : April 28, 2012

Partner
Membership No. : 16667



Balance SHEET

As at March 31, 2012

		(Rs. in Lacs)	
	Notes	As at March 31, 2012	As at March 31, 2011
I. EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	2,005.91	1,880.91
Reserves and surplus	4	60,592.81	50,189.26
Money received against share warrants		–	1,209.38
		62,598.72	53,279.55
Non-current liabilities			
Long term provisions	5	442.96	492.17
Deferred Tax Liabilities (net)	10	228.41	–
		671.37	492.17
Current liabilities			
Short term borrowings	6	8,201.94	7,137.78
Trade payables	7.1	6,750.73	4,611.68
Other current liabilities	7.2	5,293.13	6,432.26
Short term provisions	5	2,559.23	4,086.67
		22,805.03	22,268.39
TOTAL		86,075.12	76,040.11
II. ASSETS			
Non current assets			
Fixed assets			
Tangible assets	8	10,167.91	9,407.07
Intangible assets	8	57.43	19.32
Capital work-in-progress		705.16	839.88
Intangible under development		69.14	–
Non-current investments	9	14,479.46	7,441.24
Deferred tax assets (Net)	10	–	19.53
Long term loans and advances	11	678.18	480.17
Other non current assets	12.2	56.00	3022.09
		26,213.28	21,229.30
Current assets			
Inventories	13	17,731.70	16,709.17
Trade receivables	12.1	8,187.71	12,066.44
Cash and bank balances	14	18,057.47	6,553.89
Short term loans and advances	11	14,897.15	17,965.48
Other current assets	12.2	987.81	1,515.83
		59,861.84	54,810.81
TOTAL		86,075.12	76,040.11
Summary of significant accounting policies	2		
The accompanying notes are an integral part of the financial statements			

As per our Report of even date
For **S. R. BATLIBOI & CO.**
Firm Registration No.: 301003E
Chartered Accountants
per **R. K. Agrawal**
Partner
Membership No. 16667
Place : Kolkata
Dated : April 28, 2012

For and on behalf of the Board of Directors

J P Chowdhary
Executive Chairman
D N Davar
Director
Dinesh Arya
Company Secretary

Umesh Chowdhary
Vice Chairman & Managing Director
Anil Kumar Agarwal
Chief Financial Officer

Statement of PROFIT AND LOSS

For the year ended March 31, 2012

			(Rs. in Lacs)
	Notes	For the year ended March 31, 2012	For the year ended March 31, 2011
INCOME			
Revenue from operations (gross)	15	66,773.39	68,590.16
Less : Excise duty		2,340.40	1,919.38
Revenue from operations (net)		64,432.99	66,670.78
Other Income	16	2,836.08	1,899.58
Total Revenue (I)		67,269.07	68,570.36
EXPENSES			
Cost of raw materials & components consumed	17	34,464.56	37,635.58
(Increase)/decrease in inventories of finished goods, Work in progress and saleable scrap	18	828.53	(879.33)
Excise duty on change in stocks (Note 36)		(218.42)	241.57
Employee benefits expenses	19	3,075.35	2,808.16
Other expenses	20	16,028.69	15,152.48
Total Expenses (II)		54,178.71	54,958.46
Earning before interest, taxes, depreciation & amortization (EBIDTA) (I-II)		13,090.36	13,611.90
Depreciation & amortization expenses	8	665.07	749.88
Less : Recoupment from revaluation reserve		106.34	558.73
Finance costs	21	1,049.39	773.83
Profit before taxes		11,482.24	12,261.15
Tax expenses			
Current tax		3,571.84	4,189.29
Deferred tax charge/(credit)		247.95	(31.88)
Income tax for earlier years		—	(35.68)
Total tax expenses		3,819.79	4,121.73
Profit for the year		7,662.45	8,139.42
Earnings per equity share			
[Nominal value of share Rs. 10/- (Rs 10/-)]	22		
(1) Basic		40.72	43.27
(2) Diluted		40.10	42.88
Summary of significant accounting policies	2		
The accompanying notes are an integral part of the financial statements			

As per our Report of even date
For **S. R. BATLIBOI & CO.**
Firm Registration No.: 301003E
Chartered Accountants
per **R. K. Agrawal**
Partner
Membership No. 16667
Place : Kolkata
Dated : April 28, 2012

For and on behalf of the Board of Directors

J P Chowdhary
Executive Chairman
D N Davar
Director
Dinesh Arya
Company Secretary

Umesh Chowdhary
Vice Chairman & Managing Director
Anil Kumar Agarwal
Chief Financial Officer



Cash Flow STATEMENT

For the year ended March 31, 2012

(Rs. in Lacs)

	For the year ended March 31, 2012	For the year ended March 31, 2011
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before taxation	11,482.24	12,261.15
Adjustments for :		
Depreciation & Amortisation expenses	558.73	576.92
Interest Expenses	614.19	425.98
Exchange Differences (unrealised)	(23.34)	(60.60)
Irrecoverable debts/advances written off	233.17	124.23
Irrecoverable debts written off in earlier years, now recovered	—	(43.89)
Loss/(gain) on sale of fixed assets (net)	(128.82)	0.62
Dividend Income on non-trade long term investments	(3.01)	(4.25)
Net gain on sale of investments (long term, Non-trade)	(105.38)	—
Unspent liabilities/provisions no longer required written back	(426.81)	—
Interest on Deposits from banks/loans, advances etc. (Gross)	(1,932.94)	(1,378.34)
Provision for Diminution in value of Investments	123.43	329.03
Provision for doubtful debts and advances	—	344.45
Operating Profit before Working Capital Changes	10,391.46	12,575.30
Increase/(decrease) in trade payables	2,528.85	(843.29)
Increase/(decrease) in provisions	(230.43)	(208.60)
Increase/(decrease) in other current liabilities	(1,078.51)	(1,655.59)
Decrease/(increase) in trade receivables	3,645.56	(2,473.59)
Decrease/(increase) in inventories	(1,022.53)	2,249.96
Decrease/(increase) in loans and advances	(5,860.07)	(181.16)
Decrease/(increase) in other current assets	40.56	(84.06)
Cash Generated from Operations	8,414.89	9,378.97
Taxes Paid	(5,080.27)	(2,950.51)
Net Cash from Operating Activities	3,334.62	6,428.46
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets including Capital work in progress	(1,452.34)	(584.46)
Proceeds from sale of Fixed Assets	156.01	0.25
Loans to Subsidiary	(358.77)	(5,105.44)
Loan refunded by Subsidiary	6,363.56	416.00
Loans refunded by Joint Venture	4,900.50	465.00
Loans to other related party	(2,100.00)	(95.50)
Purchase of Investments (Non-trade)	(19.88)	—
Proceeds from sale of Investments (Non-trade)	173.61	10.61
Investment in Subsidiary	(810.00)	(2,864.60)
Investment in Joint Venture	(6,400.00)	—
Investment in Bank Fixed Deposits	(16,171.90)	(21,349.31)
Fixed Deposits encashed/matured	11,005.33	22,382.38
Dividend Received	3.01	4.25
Interest Received	2420.40	800.63
Net Cash used in Investing Activities	(2,290.47)	(5,920.19)

Cash Flow STATEMENT

For the year ended March 31, 2012

	(Rs. in Lacs)	
	For the year ended March 31, 2012	For the year ended March 31, 2011
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Share Warrants	3,628.12	1,209.38
Net movement in Other Borrowings (short term)	1,845.36	(1,602.21)
Repayment of Sales Tax Deferment Loan	(56.65)	(6.78)
Net Movement in Buyer's Credit	(3,264.60)	1,434.35
Proceeds from Packing Credit loan	693.88	—
Proceeds/(Repayment) of Short Term Loan against Fixed Deposits	1,800.00	—
Interest Paid	(586.15)	(442.23)
Dividend Paid (including corporate dividend tax)	(1,748.83)	(1,096.65)
Net Cash (used)/from Financing Activities	2,311.13	(504.14)
Net decrease in Cash & Cash Equivalent (A+B+C)	3,355.28	4.13
Cash and Cash Equivalents - Opening Balance	325.11	320.98
Cash and Cash Equivalents - Closing Balance	3,680.39	325.11
Cash & Cash Equivalents (note 14) :		
Cash on hand	2.18	44.91
Balance with Scheduled Banks :		
Current Account	228.21	80.20
Deposits with original maturity of less than three months	3,450.00	200.00
	3,680.39	325.11

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 : April 28, 2012

For and on behalf of the Board of Directors

J P Chowdhary
Executive Chairman
D N Davar
Director
Dinesh Arya
Company Secretary

Umesh Chowdhary
Vice Chairman & Managing Director
Anil Kumar Agarwal
Chief Financial Officer



Notes to the FINANCIAL STATEMENT

As at and for the year ended March 31, 2012

1. Corporate Information

Titagarh Wagons Limited (the Company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on Bombay Stock Exchange and National Stock Exchange. The Company is engaged in the manufacturing and selling of Railway Wagons, Steel Castings, Heavy Earthmoving and mining equipments, Bailey Bridges, EMU etc. The Company primarily caters to the domestic market.

2. Summary of Significant Accounting Policies

a) Basis of preparation

The Company has prepared these financial statements to comply in all material respects with the Accounting Standards notified under the Companies' Accounting Standards Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which revaluation is carried out. The accounting policies adopted in the preparation of financial statements are consistent with those used in the previous year, except for 'b' below.

b) Change in accounting policy

Presentation and disclosure of financial statements

During the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act, 1956 has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the Revised Schedule VI requirements applicable in the current year.

Dividend on investment in subsidiary companies

As per requirements of Accounting Standard AS9 Revenue Recognition and revised schedule VI, the Company has changed its accounting policy for recognition of dividend income from subsidiary companies. In accordance with the revised policy, the company recognizes dividend as income only when the right to receive the same is established by the reporting date. The above change has no impact on the profit of the Company during the year.

c) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and disclosure of contingent liabilities, at the end of reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets and liabilities in future periods.

d) Tangible Fixed Assets

Tangible 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 of purchase price inclusive of duties (net of Cenvat/VAT), taxes, incidental expenses, erection/commissioning/trial run expenses and borrowing cost etc, up to the date the assets are ready for intended use.

In case of revaluation of tangible 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.

Tangible fixed 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 and construction & erection materials lying in stock.

e) Intangibles

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

Notes to the FINANCIAL STATEMENT

As at and for the year ended March 31, 2012

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

Computer softwares not being part of the hardware operating system, are assessed to have a useful life of 3 years and are capitalised as intangible fixed assets.

f) Depreciation & Amortisation on tangible & intangible fixed assets

Tangible Assets

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.

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.

Additional depreciation arising due to revaluation of fixed assets is adjusted against Revaluation Reserve.

Leasehold Land is amortized over the period of lease.

Depreciation on fixed assets added/disposed off during the year, is provided on pro-rata basis with reference to the date of addition/disposal.

Intangible Assets

Computer softwares capitalized as intangible fixed assets are amortised over their useful life of 3 years.

g) Leases

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased items, 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 the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are recognized as finance costs in the Statement of Profit and Loss. 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 the estimated useful life of the asset or the lease term.

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

h) Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

i) Impairment of tangible and intangible 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 the 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 assets' net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

After impairment, depreciation is provided on the revised carrying amount of the assets over its 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.

Notes to the FINANCIAL STATEMENT

As at and for the year ended March 31, 2012

j) Investments

Investments that are readily realizable and intended to be held for not more than a year from the date on which such investments are made 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 investment 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.

k) Inventories

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 include expenses incidental to procurement thereof and determined on a weighted average basis.

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 the normal operating capacity. Cost of finished goods includes excise duty and is determined on a weighted average basis.

Obsolete/damaged stores and saleable scraps are valued at estimated net realizable value.

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.

l) Revenue Recognition

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

Sale of Goods

In case of sale of goods, revenue is recognized when the significant risks and rewards of ownership of goods have passed to the buyer. Sales are net of returns, claims, discounts etc.

Interest Income

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

Dividends

Dividend income is recognized when the company's right to receive dividend is established by the balance sheet date.

m) Foreign Currency Transactions

Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange differences

Exchange differences arising on the settlement of monetary items or on restatement of monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

Forward Exchange Contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of the forward exchange contract is amortized as expense or income over the life of the contract. Exchange differences on such contracts are recognized in the Statement of Profit and Loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or expense for the year.

Notes to the FINANCIAL STATEMENT

As at and for the year ended March 31, 2012

n) Retirement and other Employee Benefits

Retirement benefits in the form of Provident and Superannuation funds are defined contribution schemes and the contributions are charged to the 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.

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.

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.

Actuarial gains/losses are taken to Statement of Profit and Loss and are not deferred.

o) 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 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 unrecognized deferred tax assets. It recognizes 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 is reviewed at each balance sheet date. The Company writes-down the carrying amount of a 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 realized. 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.

p) 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.

Inter Segment transfers

The Company accounts for inter segment transfers at prevailing market prices.

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.

q) 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. The weighted average number of equity shares

Notes to the FINANCIAL STATEMENT

As at and for the year ended March 31, 2012

outstanding during the period is adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).

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.

r) Provisions

Provisions involving substantial degree of estimation in measurement 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. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. 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.

Provision for product related warranties cost is based on the claims received upto the year end as well as the management's estimates of further liability to be incurred in this regard during the warranty period.

s) Cash and Cash equivalents

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

t) Liquidated Damages

Liquidated damages on supply of materials are provided based on the contractual obligations or deduction made by the customers, as the case may be.

u) 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.

v) Measurement of EBIDTA

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the Company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the Statement of Profit and Loss. The company measures EBITDA on the basis of profit/(loss) for the year excluding depreciation and amortization expense, finance costs and tax expense.

Notes to the FINANCIAL STATEMENT

As at and for the year ended March 31, 2012

(Rs. in Lacs)

	As at March 31, 2012	As at March 31, 2011
3. SHARE CAPITAL		
Authorised Shares		
9,60,00,000 (9,60,00,000) Equity shares of Rs. 10/- each	9,600.00	9,600.00
5,20,00,000 (5,20,00,000) Preference shares of Rs. 10/- each	5,200.00	5,200.00
	14,800.00	14,800.00
Issued, Subscribed and fully paid-up Shares		
2,00,59,069 (1,88,09,069) Equity shares of Rs. 10/- each fully paid up	2,005.91	1,880.91
	2,005.91	1,880.91

a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	2011-12		2010-11	
	No. of Shares	Rs. in Lacs	No. of Shares	Rs. in Lacs
Equity Shares				
At the beginning of the year	18,809,069	1,880.91	18,809,069	1,880.91
Allotment on conversion of equity warrants	1,250,000	125.00	—	—
Outstanding at the end of the year	20,059,069	2,005.91	18,809,069	1,880.91

b) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended March 31, 2012, the amount of dividend per share recognised as distributable to equity shareholders is Rs. 8/- (Rs. 8/-)

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) Aggregate number of bonus shares issued and share issued for consideration other than cash during the period of 5 years immediately preceding the reporting date

	As at March 31, 2012 No. of Shares	As at March 31, 2011 No. of Shares
Equity shares allotted as fully paid bonus shares by capitalisation of securities premium	13,046,224	13,046,224
Equity shares allotted as fully paid up, for consideration other than cash	366,954	366,954



Notes to the FINANCIAL STATEMENT

As at and for the year ended March 31, 2012

d) Details of shareholders holding more than 5% shares in the Company

	As at March 31, 2012		As at March 31, 2011	
	No. of Shares	% holding	No. of Shares	% holding
Titagarh Capital Management Services Private Limited	4,334,033	22%	3,964,033	21%
Savitri Devi Chowdhary	3,623,207	18%	3,623,207	19%
Rashmi Chowdhary	2,563,221	13%	1,683,221	9%
G E Capital International (Mauritius)	2,543,830	13%	2,543,830	14%
Goya Limited	465,079	2%	1,005,378	5%

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

e) Shares reserved for issue under options

	As at March 31, 2012 No. of Shares	As at March 31, 2011 No. of Shares
Number of equity shares to be issued on conversion of equity warrants	–	1,250,000

f) Details of equity shares pledged by the promoter or persons forming part of the promoter group ('Promoter Group') of the Company

	As at March 31, 2012 No. of Shares	As at March 31, 2011 No. of Shares
Total number of equity shares held by the Promoter Group	10,653,314 *	9,402,738
Total number of equity shares pledged by the Promoter Group	Nil	Nil
Percentage of total shares pledged to total shareholding of the Promoter Group	Nil	Nil
Percentage of total shares pledged to total outstanding shares of the Company	Nil	Nil

*Includes 1,250,000 equity shares allotted pursuant to conversion of equity warrants which are yet to be listed on the stock exchanges.

Notes to the FINANCIAL STATEMENT

As at and for the year ended March 31, 2012

(Rs. in Lacs)

	As at March 31, 2012	As at March 31, 2011
4. RESERVES AND SURPLUS		
A. Capital Reserve (as per the last financial statement)	9.18	9.18
B. Securities Premium Account		
Balance as per the last financial statements	21,481.95	21,481.95
Add : Additions during the year	4,712.50	—
	26,194.45	21,481.95
C. Revaluation Reserve		
Balance as per the last financial statements	991.77	1,164.73
Less : Amount transferred to the statement of profit and loss	106.34	172.96
	885.43	991.77
D. General Reserve		
Balance as per the last financial statements	4,404.61	3,554.61
Add : Amount transferred from surplus in the statement of profit and loss	800.00	850.00
	5,204.61	4,404.61
E. Surplus in the statement of profit and loss		
Balance as per the last financial statements	23,301.75	17,761.16
Profit for the year	7,662.45	8,139.42
Less : Appropriations		
Transfer to general reserve	800.00	850.00
Proposed equity dividend [amount per share Rs. 8/- (Rs.8 /-)]	1,604.73	1,504.73
Tax on proposed equity dividend	260.33	244.10
Total appropriations	2,665.06	2,598.83
	28,299.14	23,301.75
Total reserves and surplus (A+B+C+D+E)	60,592.81	50,189.26



Notes to the FINANCIAL STATEMENT

As at and for the year ended March 31, 2012

(Rs. in Lacs)

	Non Current		Current	
	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011
5. PROVISIONS				
Provisions for employee benefits*				
Gratuity (note 23)	342.71	313.07	107.22	92.95
Leave benefits	—	—	89.05	97.16
	342.71	313.07	196.27	190.11
Other provisions for :				
Warranties	100.25	179.10	31.48	25.00
Liquidated damages	—	—	212.43	491.32
Taxation (net of advance tax and tax deducted at source)	—	—	253.99	1631.41
Proposed equity dividend	—	—	1604.73	1504.73
Provision for tax on proposed equity dividend	—	—	260.33	244.10
	100.25	179.10	2362.96	3896.56
Total	442.96	492.17	2559.23	4086.67

* The classification of provisions for employee benefits into current/non current have been done by the actuary of the Company based upon estimated amount of cash outflow during the next twelve months from the balance sheet date.

a) Movement of provisions for warranty and liquidated damages are as follows :

	Warranties		Liquidated damages	
	2011-12	2010-11	2011-12	2010-11
At the beginning of the year	204.10	164.32	491.32	730.87
Arisen during the year	24.00	129.86	58.35	142.22
Utilized during the year	(11.34)	(90.08)	(337.24)	(381.77)
Unused amounts reversed	(85.03)	—	—	—
At the end of the year	131.73	204.10	212.43	491.32
Current portion	31.48	25.00	212.43	491.32
Non-current portion	100.25	179.10	—	—

Notes to the FINANCIAL STATEMENT

As at and for the year ended March 31, 2012

(Rs. in Lacs)

	As at March 31, 2012	As at March 31, 2011
6. SHORT TERM BORROWINGS		
Secured		
From Banks		
Cash credits	5,718.54	3,873.18
Buyers' credit (in foreign currency)	—	3,264.60
Packing credit loan (in foreign currency)	683.40	—
Short term loan	1,800.00	—
Total	8,201.94	7,137.78

Notes :

- Cash credit, Packing credit loan and Buyers' credit are secured by first charge on the Company's current assets, present and future and by way of collateral charge on fixed assets of the Company, both present and future. All the mortgages and charges created in favour of the above lenders rank pari passu with consortium member banks.
- Cash credit carries interest @11% to 14% p.a and are repayable on demand.
- Packing credit loan carries interest @ Libor + 3.5% and is repayable within three months from the balance sheet date.
- Short term loan carries interest @ 11.75% and is secured by fixed deposits. The loan is repayable within one month from the balance sheet date.

	As at March 31, 2012	As at March 31, 2011
7. OTHER CURRENT LIABILITIES		
7.1 Trade Payables		
Acceptances	3,183.96	1,470.15
Payables for goods and services @	3,566.77	3,141.53
	6,750.73	4,611.68
7.2 Other Liabilities		
Current maturities of long term borrowings		
Sales tax deferment loan (unsecured)	—	56.65
Interest accrued but not due on borrowings	44.27	16.23
Advance from customers	2,086.80	3,880.53
Others		
Statutory Dues	535.19	1,008.46
Other liabilities	2,610.29	1,469.45
Investor Education and Protection fund :		
Unpaid dividends (Not Due)	5.41	0.94
Unpaid fractional share (Not Due)	11.17	—
Total Other Liabilities	5,293.13	6,432.26
Total Current Liabilities	12,043.86	11,043.94

Note :

@ Includes dues to Micro & Small Enterprises in term of Micro, Small and Medium Enterprises Act, 2006 (MSME Act) as follows :



Notes to the FINANCIAL STATEMENT

As at and for the year ended March 31, 2012

(Rs. in Lacs)

	As at March 31, 2012	As at March 31, 2011
a) Principal amount remaining unpaid to any supplier at the end of accounting year (I)	188.89	264.79
Interest Due on Above (II)	—	1.95
Total of (I) and (II)	188.89	266.74
b) Amount of interest paid/adjusted by the Company to the suppliers	62.46	13.08
c) Amounts paid to the suppliers beyond the respective due date	—	258.38
d) Amount of interest due and payable for the period of delay in payments but without adding the interest specified under the Act	2.72	4.92
e) Amount of interest accrued and remaining unpaid at the end of each accounting year	17.84	77.58
f) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the MSME Act	2.72	6.87

8. FIXED ASSETS

	Land Freehold	Land Leasehold	Buildings	Plant & Machineries	Railway Sidings	Furniture & Fixtures	Office Equipments & Computers	Vehicles	Total Tangible Assets	Intangibles Computer Software	Grand Total
Cost or valuation											
At April 1 2010	1,801.80	88.52	2,652.99	7,719.98	84.69	133.89	254.07	299.04	13,034.98 (b)	77.57	13,112.55
Additions	151.00	—	1,280.77	317.07	160.69	1.70	33.94	8.64	1,953.81	6.82	1,960.63
Disposals	—	—	—	—	—	—	—	3.47	3.47	—	3.47
At March 31 2011	1,952.80	88.52	3,933.76	8,037.05	245.38	135.59	288.01	304.21	14,985.32 (b)	84.39	15,069.71
Additions	—	—	139.79	1,200.22	—	3.14	30.46	60.46	1,434.07	57.14	1,491.21
Disposals	—	—	—	133.77	—	—	—	39.02	172.79	—	172.79
At March 31 2012	1,952.80	88.52	4,073.55	9,103.50	245.38	138.73	318.47	325.65	16,246.60 (b)	141.53	16,388.13
Depreciation & Amortization											
At April 1 2010	—	7.56	322.62	4,146.96	22.12	94.28	150.43	113.51	4,857.48	38.56	4,896.04
Charge for the year	—	0.82	157.29	483.87	7.66	15.64	28.49	29.60	723.37	26.51	749.88
Disposals	—	—	—	—	—	—	—	2.60	2.60	—	2.60
At March 31 2011	—	8.38	479.91	4,630.83	29.78	109.92	178.92	140.51	5,578.25	65.07	5,643.32
Charge for the year	—	1.04	159.50	421.45	11.66	2.88	21.83	27.68	646.04	19.03	665.07
Disposals	—	—	—	121.91	—	—	—	23.69	145.60	—	145.60
At March 31 2012	—	9.42	639.41	4,930.37	41.44	112.80	200.75	144.50	6,078.69	84.10	6,162.79
Net Block											
At March 31 2011	1,952.80	80.14	3,453.85	3,406.22	215.60	25.67	109.09	163.70	9,407.07	19.32	9,426.39
At March 31 2012	1,952.80	79.10	3,434.14	4,173.13	203.94	25.93	117.72	181.15	10,167.91	57.43	10,225.34

- a) Deed of conveyance in respect of freehold land amounting to Rs. 1,164.08 lacs (Rs. 1,164.08 lacs) is pending registration.
- b) Include Rs. 1,345.49 lacs on account of revaluation of land, building and plant and machineries of the Company as on March 31, 2009 at net replacement cost basis.

Notes to the FINANCIAL STATEMENT

As at and for the year ended March 31, 2012

(Rs. in Lacs)

	No of Shares As at March 31 2012	2011	Face value per share (Rs.)	As at March 31, 2012	As at March 31, 2011
9. NON-CURRENT INVESTMENTS					
(Valued at cost unless stated otherwise)					
Non-trade investments					
In fully paid up equity shares					
Quoted					
Continental Valves Limited	160,000	(160,000)	10	14.78	14.78
Tata Steel Limited	—	(4,725)	10	—	8.09
Tube Investments of India Limited	—	(10,000)	2	—	0.75
Punjab National Bank	—	(883)	10	—	1.18
Indian Aluminium Company Limited	—	(2,000)	2	—	0.60
JSW Steel Limited	—	(437)	10	—	1.81
Syndicate Bank	—	(4321)	10	—	2.16
IDBI Bank Limited	—	(11,040)	10	—	8.97
Bank of Baroda	—	(5,000)	10	—	4.25
State Bank of Bikaner & Jaipur	—	(10,250)	10	—	5.54
Unquoted					
Titagarh Papers Limited	4,933,000	(4,933,000)	10	493.30	493.30
Less : Provision for diminution				(416.96)	(329.03)
				76.34	164.27
Tecalemit Industries Limited	885,000	(885,000)	10	22.82	22.82
Bhatpara Papers Limited	50,000	(50,000)	10	5.00	5.00
In Mutual Funds					
UTI Infrastructure Fund	—	(17,979)	10	—	5.00
UTI Lifestyle Fund	—	(100,000)	10	—	10.00
Trade investments					
In fully paid up unquoted equity shares					
Subsidiary Companies					
Titagarh Singapore Pte Limited (b)	1,065,000	(1,065,000)	USD 1	476.37	476.37
Titagarh Capital Private Limited (a)	1,459,000	(1,099,000)	100	1,501.57	1,141.57
Greysham and Company Private Limited (c)	355,000	(355,000)	10	35.50	35.50
Less : Provision for diminution				(35.50)	—
				—	35.50
Titagarh Wagons AFR (b)	4,500,000	(4,500,000)	EURO 1	2,864.60	2,864.60
Titagarh Marine Limited	4,500,000	(—)	10	450.00	—
Joint Venture Companies					
Cimco Equity Holdings Private Limited	500,000	(500,000)	10	50.00	50.00
Titagarh FreightCar Private Limited	1,179,822	(1,179,822)	10	117.98	117.98



Notes to the FINANCIAL STATEMENT

As at and for the year ended March 31, 2012

(Rs. in Lacs)

	No of Shares As at March 31 2012	2011	Face value per share (Rs.)	As at March 31, 2012	As at March 31, 2011
In fully paid up unquoted preference shares					
Subsidiary Company					
Titagarh Capital Private Limited (a)	2,500,000	(2,500,000)	100	2,500.00	2,500.00
In 0% optionally fully convertible debentures					
Joint Venture Company					
Cimco Equity Holdings Private Limited	64,000,000	(-)	10	6,400.00	—
				14,479.46	7,441.24
Aggregate amount of quoted investments				14.78	63.13
Aggregate amount of unquoted investments				14,464.68	7,378.11
Market value of quoted investments				17.60	194.90
Aggregate provision for diminution in value of Investments				452.46	329.03

(a) Formerly Flourish Securities and Finance Private Limited

(b) Valued at exchange rate prevailing on the date of transaction

(c) Subsidiary by virtue of the Company's control over the composition of its board of directors.

	As at March 31, 2012	As at March 31, 2011
10. DEFERRED TAX ASSETS / (LIABILITIES) (NET)		
Deferred tax liability		
Timing differences in depreciable assets	603.01	475.46
	603.01	475.46
Deferred tax assets		
Expenses allowable against taxable income in future years	374.60	494.99
	374.60	494.99
Net deferred tax assets / (liabilities)	(228.41)	19.53

Notes to the FINANCIAL STATEMENT

As at and for the year ended March 31, 2012

(Rs. in Lacs)

	Non-current		Current	
	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011
11. LOANS AND ADVANCES				
(Unsecured, considered good unless stated otherwise)				
Capital Advances	478.30	451.59	—	—
Loans to related parties (Note 27)	—	—	5,871.51	14,759.62
Security Deposits	199.88	28.58	1,077.00	305.42
Advance recoverable in cash or kind				
Considered good	—	—	6,378.80	1,498.07
Considered doubtful (related party)	344.45	344.45	—	—
	344.45	344.45	6,378.80	1,498.07
Provision for doubtful advances	(344.45)	(344.45)	—	—
	—	—	6,378.80	1,498.07
Balance with statutory/government authorities	—	—	1,135.58	1,038.56
Advance tax (net of provision for taxes)	—	—	221.81	90.80
Prepaid expenses	—	—	212.45	273.01
Total	678.18	480.17	14,897.15	17,965.48

	As at March 31, 2012	As at March 31, 2011	Maximum amount due at any time during the year	
			2011-12	2010-11
a) Advances recoverable in cash or kind				
Due from officers of the Company	—	6.25	6.25	21.37
b) Disclosure as per clause 32 of the Listing Agreement :				
Loans to Subsidiaries				
Titagarh Capital Private Limited	—	5,875.00	5,875.00	6,241.00
Titagarh Wagons AFR	3,758.72	3,984.12	3,984.12	3,984.12
Titagarh Singapore Pte Limited	12.79	—	12.79	—
Advances to Subsidiaries				
Greysham & Company Private Limited	—	—	—	344.45
Loans to Joint Venture				
Cimco Equity Holdings Private Limited	—	4,900.50	4,900.50	4,900.50



Notes to the FINANCIAL STATEMENT

As at and for the year ended March 31, 2012

(Rs. in Lacs)

	As at March 31, 2012	As at March 31, 2011
12. TRADE RECEIVABLES AND OTHER ASSETS		
12.1 TRADE RECEIVABLES		
(Unsecured, considered good unless stated otherwise)		
Outstanding for a period exceeding six months from the date they are due for payment	2,091.19	828.20
	2,091.19	828.20
Other receivables	6,096.52	11,238.24
	6,096.52	11,238.24
Total	8,187.71	12,066.44

	Non-current		Current	
	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011
12.2 OTHER ASSETS				
(Unsecured, considered good unless stated otherwise)				
Bank Balances (Note 14)	56.00	3,022.09	—	—
Receivable from related party	—	—	43.50	84.06
Interest accrued on fixed deposits and loans	—	—	944.31	1,431.77
[Including receivable from related party Rs. 109.32 Lacs (Rs. 1195.09 Lacs)]				
Total	56.00	3,022.09	987.81	1,515.83

	As at March 31, 2012	As at March 31, 2011
13. INVENTORIES		
(Valued at lower of cost and net realizable value)		
Raw materials & components	10,735.42	8,784.40
Work in progress	4,848.74	4,076.17
Finished goods	1,118.58	2,842.22
Saleable scrap	5.83	181.31
Stores and spares	1,023.13	825.07
Total	17,731.70	16,709.17

Notes to the FINANCIAL STATEMENT

As at and for the year ended March 31, 2012

(Rs. in Lacs)

	Non-current		Current	
	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011
14. CASH AND BANK BALANCES				
Cash and cash equivalents				
Balances with Banks :				
On current accounts	—	—	228.21	80.20
Deposits with original maturity of less than three months	—	—	3,450.00	200.00
Cash on hand	—	—	2.18	44.91
	<u>—</u>	<u>—</u>	<u>3,680.39</u>	<u>325.11</u>
Other Bank Balances				
Balances with Banks :				
On unpaid dividend account	—	—	5.41	0.94
On unpaid fractional share entitlement	—	—	11.17	—
Deposits with original maturity of more than 12 months	—	—	—	7.00
Deposits with original maturity for more than 3 months but less than 12 months	—	—	8,403.00	4,230.00
Margin money deposit #	56.00	3,022.09	5,957.50	1,990.84
	<u>56.00</u>	<u>3,022.09</u>	<u>14,377.08</u>	<u>6,228.78</u>
Amount disclosed under non-current assets (note 12.2)	(56.00)	(3,022.09)		
Total	<u>—</u>	<u>—</u>	<u>18,057.47</u>	<u>6,553.89</u>

Receipts lying with banks as security against loans, guarantees/letter of credits issued by them.



Notes to the FINANCIAL STATEMENT

As at and for the year ended March 31, 2012

(Rs. in Lacs)

	For the year ended March 31, 2012	For the year ended March 31, 2011
15. REVENUE FROM OPERATIONS		
Sale of Products		
Finished Goods	64,815.36	66,184.00
Sale of Raw Materials & Components	1,386.73	1,811.68
Other operating revenues		
Scrap sales	571.30	594.48
Revenue from operations (gross)	66,773.39	68,590.16
Less : Excise duty	2,340.40	1,919.38
Revenue from operations (net)	64,432.99	66,670.78
Details of products sold		
Finisheds goods		
Wagons	53,552.43	55,818.78
EMU Coaches	1,976.82	4,365.16
Steel Bridges	786.90	1,037.49
Casting	4,454.92	2,483.17
HEMM Machines	805.97	881.48
HEMM Spares	415.12	677.14
Shelters	2,823.19	920.78
	64,815.35	66,184.00
Raw Materials & Components		
Couplers	1,386.73	1,610.32
Steel	—	52.14
Others	—	149.22
	1,386.73	1,811.68
16. OTHER INCOME		
Interest Income on		
Bank deposits	1,203.05	571.23
Loans, advances etc	709.23	786.41
Others	20.66	20.70
Dividend Income on non-trade long term investments	3.01	4.25
Unspent liabilities/provisions no longer required written back	426.81	—
Net gain on sale of investments (long term, Non-trade)	105.38	—
Gain on sale of fixed assets (net)	128.82	—
Irrecoverable debts written off in earlier years, now recovered	—	43.89
Management Fee	164.79	53.43
Gain on foreign Exchange Fluctuations/Forward exchange Contracts (net)	—	345.88
Other non operating income	74.33	73.79
Total	2,836.08	1,899.58

Notes to the FINANCIAL STATEMENT

As at and for the year ended March 31, 2012

(Rs. in Lacs)

	For the year ended March 31, 2012	For the year ended March 31, 2011
17. COST OF RAW MATERIALS & COMPONENTS CONSUMED		
Inventory at the beginning of the year	8,784.40	11,950.81
Add : Purchases	36,415.58	34,469.17
	45,199.98	46,419.98
Less : Inventory at the end of the year	10,735.42	8,784.40
Cost of raw materials & components consumed	34,464.56	37,635.58
Details of raw materials & components consumed		
Couplers with Draft Gear	4,647.79	5,137.98
Steel	2,271.90	4,253.06
Wheel sets	1,266.61	4,099.43
Other Components (Note b)	26,278.26	24,145.11
	34,464.56	37,635.58

Notes :

- The consumption figures shown above 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 further details in view of the large number of items which differ in size and nature, each being less than 10% in value of the total consumption.

	For the year ended March 31, 2012	For the year ended March 31, 2011
18. (INCREASE)/DECREASE IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND SALEABLE SCRAP		
Closing Stock		
Finished Goods	1,118.58	2,842.22
Work in Progress	4,848.74	4,076.17
Saleable Scrap	5.83	181.31
	5,973.15	7,099.70
Opening Stock		
Finished Goods	2,842.22	1,743.97
Work in Progress	4,076.17	4,476.40
Saleable Scrap	181.31	—
	7,099.70	6,220.37
Less : Transferred to fixed assets	298.02	—
	828.53	(879.33)
DETAILS OF INVENTORY		
Finished Goods		
Wagons	42.38	2,205.03
Steel Bridges	—	49.78
Casting	106.53	—
HEMM Machines	969.67	587.41
	1,118.58	2,842.22
Work in Progress		
Wagons	68.42	—
Steel Bridges	24.16	59.63
Casting	3,813.39	3,426.16
HEMM Machines	621.69	180.47
Others	321.08	409.91
	4,848.74	4,076.17



Notes to the FINANCIAL STATEMENT

As at and for the year ended March 31, 2012

(Rs. in Lacs)

	For the year ended March 31, 2012	For the year ended March 31, 2011
19. EMPLOYEE BENEFITS EXPENSES		
Salaries, wages and bonus	1,620.68	1,516.55
Contribution to provident & other funds	160.89	129.91
Gratuity Expense	70.97	27.13
Staff Welfare Expenses	131.88	177.18
Directors' Remuneration		
Remuneration to Managing and Whole Time Directors :		
- Salary & Bonus	156.63	63.00
- Contribution to Provident Fund	13.02	7.56
- Commission on Profit	921.28	886.83
Total	3,075.35	2,808.16
	For the year ended March 31, 2012	For the year ended March 31, 2011
20. OTHER EXPENSES		
Consumption of stores & spares	4,778.90	4,347.48
Cost of raw material and components sold	1,356.84	1,776.16
Job Processing and other machining charges (including contract labour charges)	3,195.88	2,703.33
Power & Fuel	3,254.01	2,740.69
Design & development expenses	181.21	123.91
Expenses on interunit transfer of materials	89.94	19.89
Repairs and maintenance		
Plant & Machinery	85.82	147.64
Buildings	0.04	1.01
Others	70.54	61.11
Rent	238.07	46.89
Rates & Taxes	96.71	37.38
Insurance	20.39	24.84
Advertising and sales promotion	123.87	97.03
Brokerage and commission	114.89	35.60
Travelling and conveyance	362.23	359.01
Legal and professional fees	465.71	354.22
Commission to non-whole time directors	10.00	10.00
Directors sitting fees	19.00	17.00

Notes to the FINANCIAL STATEMENT

As at and for the year ended March 31, 2012

(Rs. in Lacs)

	For the year ended March 31, 2012	For the year ended March 31, 2011
20. OTHER EXPENSES (Contd.)		
Payment to Auditors :		
As Auditor :		
Audit fee	30.00	27.50
Limited review	20.50	19.50
In other capacity :		
Other services (certification fees)	9.85	8.75
Reimbursement of expenses	0.76	0.71
Provision for diminution in value of investments		
Trade	35.50	–
Non-trade	87.93	329.03
Warranty Claims	25.49	90.08
Less : Adjusted with provision	11.34	90.08
Provision for warranties		129.86
Liquidated Damages	577.88	921.15
Less : Adjusted with provision	337.24	381.77
Provision for liquidated damages		142.22
Irrecoverable debts/advances written off		124.23
Provision for doubtful debts and advances		344.45
Loss on sale of fixed assets (net)		0.62
Loss on foreign exchange fluctuations/forward exchange contracts (net)	143.05	–
Prior Period Expenses (Net)	63.29	–
Miscellaneous expenses	603.45	583.04
Total	16,028.69	15,152.48

	For the year ended March 31, 2012	For the year ended March 31, 2011
21. FINANCE COSTS		
Interest expenses	614.19	425.98
Bank charges	279.72	347.85
Exchange difference to the extent considered as an adjustment to borrowing costs	155.48	–
Total	1,049.39	773.83

Notes to the FINANCIAL STATEMENT

As at and for the year ended March 31, 2012

	For the year ended March 31, 2012	For the year ended March 31, 2011
22. EARNING PER SHARE (EPS)		
Present number of weighted average equity shares	18,817,607	18,809,069
Number of weighted average equity shares against share warrants	291,154	174,658
Potential number of weighted average equity shares	19,108,761	18,983,727
Profit after taxes (Rs. in Lacs)	7,662.45	8,139.42
Nominal value of each share (Rs.)	10.00	10.00
Earning per share : Basic (Rs.)	40.72	43.27
Diluted (Rs.)	40.10	42.88

23. RETIREMENT AND OTHER EMPLOYEE BENEFIT PLANS

The Company has a defined benefit gratuity plan which is unfunded (except for Titagarh Steels unit where it is administered through a trust and funded with Life Insurance Corporation of India (LIC) in the form of qualifying insurance policy). 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 following tables summaries the components of employee benefit expenses recognised in the statement of profit and loss and balance sheet for the Gratuity plans. (Rs. in Lacs)

	Gratuity (funded)		Gratuity (unfunded)	
	For the year ended March 31, 2012	For the year ended March 31, 2011	For the year ended March 31, 2012	For the year ended March 31, 2011
Statement of profit and loss				
Net employee benefit expenses recognized in the employee benefit expenses				
Current service cost	6.39	7.37	32.17	25.28
Interest cost on benefit obligations	11.60	13.35	25.63	24.64
Expected return on plan assets	(2.99)	(2.99)	—	—
Net actuarial (gain)/ loss recognised during the year	(10.53)	(20.92)	8.70	(19.60)
Net benefit expenses	4.47	(3.19)	66.50	30.32
Balance Sheet				
Benefit liability				
Present value of defined benefit obligations	144.75	145.13	342.57	298.28
Fair value of plan assets	37.39	37.39	—	—
Plan liability	107.36	107.74	342.57	298.28
Changes in the present value of the defined benefit obligations are as follows :				
Opening defined benefit obligations	145.13	154.23	298.28	317.67
Current service cost	6.39	7.37	32.17	25.28
Interest cost	11.60	13.35	25.63	24.64
Benefits paid	(7.46)	(8.49)	(22.21)	(49.71)
Actuarial (gains)/losses on obligations	(10.91)	(21.33)	8.70	(19.60)
Closing defined benefit obligations	144.75	145.13	342.57	298.28

Notes to the FINANCIAL STATEMENT

As at and for the year ended March 31, 2012

(Rs. in Lacs)

	Gratuity (funded)		Gratuity (unfunded)	
	For the year ended March 31, 2012	For the year ended March 31, 2011	For the year ended March 31, 2012	For the year ended March 31, 2011
23. RETIREMENT AND OTHER EMPLOYEE BENEFIT PLANS (Contd.)				
Changes in the fair value of plan assets are as follows :				
Opening fair value of plan assets	37.39	37.29		
Expected return	2.99	2.99		
Contributions by employer	4.85	6.01		
Benefits paid	(7.46)	(8.49)		
Actuarial gains/ (losses)	(0.38)	(0.41)		
Closing fair value of plan assets	37.39	37.39		
Actual Return on plan assets	2.99	2.99		
The major categories of plan assets as a percentage of the fair value of total plan assets are as follows :				
Investments with insurer	100%	100%		

The principal assumptions used in determining gratuity obligation are shown below :

Discount rate	8.00%	8.00%	8.00%	8.00%
Expected rate of return on assets	8.00%	8.00%	NA	NA
Rate of increase in salary	5.00%	5.00%	5.00%	5.00%
Expected average working life of the employees	8	9	15	15
Mortality table		Standard table LIC		

Amounts for the current and previous four years are as follows :

	For the year ended March 31, 2012	For the year ended March 31, 2011	For the year ended March 31, 2010	For the year ended March 31, 2009	For the year ended March 31, 2008
Defined benefit obligation - unfunded	342.57	298.28	317.67	296.35	282.72
Defined benefit obligation - funded	144.75	145.13	154.23		
Plan assets	37.39	37.39	37.29		
Deficit	449.93	406.02	434.61		
Experience adjustments on plan liabilities - unfunded [(gains)/losses]	8.70	(19.60)	10.38	24.39	
Experience adjustments on plan liabilities - funded [(gains)/losses]	(10.91)	(21.33)	(0.94)		
Experience adjustments on plan assets [(gains)/losses]	(0.38)	(0.41)	(1.36)		

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.

The Company expects to contribute Rs. 5.00 lacs (Rs. 6.00 lacs) to the gratuity fund during 2012-13.



Notes to the FINANCIAL STATEMENT

As at and for the year ended March 31, 2012

The amounts provided for defined contribution plans are as follows :

(Rs. in Lacs)

	For the year ended March 31, 2012	For the year ended March 31, 2011
23. RETIREMENT AND OTHER EMPLOYEE BENEFIT PLANS (Contd.)		
Provident Fund	120.27	98.94
Employee State Insurance	48.21	32.90
Superannuation Fund	5.43	5.63
Total	173.91	137.47

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 an unfunded plan.

24. LEASES

The Company has operating leases for office premises and land that are renewable on a periodic basis and are cancelable by giving a notice period ranging from one month to three months. There is no escalation clause and restriction under the lease agreement. There are no subleases.

	For the year ended March 31, 2012	For the year ended March 31, 2011
The amount of rent expenses included in statement of profit and loss	238.07	46.89

25. INTEREST IN JOINT VENTURES

Particulars of the Company's interest in Jointly Controlled Entities are as below :

Name of joint ventures	Percentage of ownership	Country of incorporation
Cimco Equity Holdings Private Limited (consolidated)	50%	India
Titagarh FreightCar Private Limited	49%	India

The Company's share in assets, liabilities, income and expenses in the above Jointly Controlled Entities as at and for the year ended March 31, 2012 based on the audited financial statements / financial statements certified by the management of the respective Companies are as follows :

	Cimco Equity Holdings Private Limited (Consolidated) - Audited		Titagarh FreightCar Private Limited	
	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011
Non-current assets	10,970.64	11,497.85	4.31	5.81
Current assets	6,239.32	12,113.75	11.49	17.54
Non-current liabilities	7,844.85	5,425.58	—	—
Current liabilities	3,977.86	11,645.86	3.28	1.76
Net Assets	5,387.25	6,540.16	12.52	21.59
Income	11,588.59	6,585.23	0.02	0.70
Expense	11,591.53	5,716.85	13.40	18.98
Profit after tax	(2.94)	868.38	(13.38)	(18.28)
Capital Expenditure Commitments	1.29	Nil	Nil	Nil
Contingent Liabilities	11,493.73	13,014.72	Nil	Nil

Notes to the FINANCIAL STATEMENT

As at and for the year ended March 31, 2012

26. SEGMENT INFORMATION

Based on the synergies, risks and return associated with business operations and in terms of Accounting Standard-17, the Company is engaged in following business segments.

- Wagons & Coaches – Consists of manufacturing of wagons and coaches as per customer specification
- Heavy Earth Moving Machineries (HEMM) – Consists of manufacturing of heavy earth moving equipments
- Steel Foundry – Consists of foundries casting including bogies and couplers
- Others - Consists of miscellaneous business comprising of less than 10% revenue on individual basis

Information about primary business segments

(Rs. in Lacs)

	Wagons & Coaches	HEMM	Steel Foundry	Others	Elimination	Total
Revenues (net of excise duty and cess)						
Income from operations (External sales)	55,842.25 (61,173.31)	1,112.50 (1,413.30)	4,045.76 (2,252.45)	3,432.48 (1,831.72)		64,432.99 (66,670.78)
Inter segment sales	862.24	–	11,084.25 (9,792.80)	–	(11,946.49) 9,792.80	– –
Total revenue	56,704.49 (61,173.31)	1,112.50 (1,413.30)	15,130.01 (12,045.25)	3,432.48 (1,831.72)	(11,946.49) 9,792.80	64,432.99 (66,670.78)
Results						
Segment results	10,471.62 (12,553.55)	(34.96) (139.18)	1,691.68 (1,278.57)	953.18 (474.42)		13,081.52 (14,445.72)
Less : Unallocated expenses net of unallocated income						(2,918.03) (3,136.93)
Operating profit						10,163.49 (11,308.79)
Add: Interest income (net of expenses)						(1,318.75) (952.36)
Profit before taxes						11,482.24 (12,261.15)
Income taxes						3,819.79 (4,121.73)
Net profit after taxes						7,662.45 (8,139.42)
Segment assets	29,677.10 (25,129.91)	3,775.46 (2,240.23)	10,489.02 (9,141.27)	1,217.52 (2,835.78)		45,159.11 (39,347.19)
Unallocated assets						40,916.01 (36,692.92)
Total assets						86,075.12 (76,040.11)
Segment liabilities	8,250.53 (4,165.12)	848.08 (997.72)	2,804.53 (2,506.58)	189.27 (2,000.14)		12,092.42 (9,669.56)
Unallocated liabilities						11,383.98 (13,091.00)
Total liabilities						23,476.40 (22,760.56)



Notes to the FINANCIAL STATEMENT

As at and for the year ended March 31, 2012

(Rs. in Lacs)

	Wagons & Coaches	HEMM	Steel Foundry	Others	Elimination	Total
Other segment information						
Capital Expenditure						
Tangible assets	135.41 (1,307.71)	831.72 (161.18)	286.06 (431.04)	180.88 (53.88)		1,434.07 (1,953.81)
Intangible assets	3.50 (4.95)	53.64 (-)	- (-)	- (1.87)		57.14 (6.82)
Depreciation						
Depreciation	266.07 (300.20)	63.32 (30.20)	158.50 (63.04)	70.85 (183.48)		558.73 (576.92)
Other non cash expenses						
Provision for diminution in value of investments				123.43 (329.03)		123.43 (329.03)
Provision for doubtful advances				- (344.45)		- (344.45)
Irrecoverable debts/advances written off				233.17 (124.23)		233.17 (124.23)

Geographical Segment :

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

	For the year ended March 31, 2012	For the year ended March 31, 2011
Geographical segment revenue		
Domestic (net of excise duty)	64,368.94	66,639.39
Overseas	64.05	31.39
Total	64,432.99	66,670.78

Export Segment assets consists of export debtors whose balance is less than 10% of total assets of the business segment and hence not disclosed as per Accounting Standard 17. 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.

27. RELATED PARTY DISCLOSURES

Names of related parties and related party relationship

Subsidiary Companies :	Titagarh Wagons AFR
	Titagarh Singapore Pte Limited
	Titagarh Capital Private Limited (Formerly Flourish Securities and Finance Private Limited)
	Greysham and Co. Private Limited (by virtue of control of composition of the Board of the Company)
	Titagarh Marine Limited (With effect from March 03, 2012)
Joint Venture Companies :	Cimco Equity Holdings Private Limited
	Titagarh Freightcar Private Limited
	Cimmco Limited, subsidiary of Cimco Equity Holdings Private Limited

Notes to the FINANCIAL STATEMENT

As at and for the year ended March 31, 2012

(Rs. in Lacs)

Key Management Personnel (KMPs) :	Mr. J P Chowdhary – Executive Chairman Mr. Umesh Chowdhary – Vice Chairman & Managing Director (With effect from October 1, 2010)
Relatives of KMPs :	Ms. Savitri Devi Chowdhary, Wife of Mr. J P Chowdhary Mr. Umesh Chowdhary, Son of Mr. J P Chowdhary Ms. Rashmi Chowdhary, Wife of Mr. Umesh Chowdhary Ms. Vinita Bajoria, Daughter of Mr. J P Chowdhary Ms. Sumita Kandoi, Daughter of Mr. J P Chowdhary
Enterprises over which KMP/Shareholders/ Relatives have significant influence :	Titagarh Logistics Infrastructure Services Private Limited Titagarh Capital Management Services Private Limited Traco International Investment Private Limited Titagarh Papers Limited

Details of transactions between the Company and related parties and outstanding balances as at the year end are given below :

Nature of transactions	Subsidiary Companies	Joint ventures	KMP	Relatives of KMP	Enterprise over which KMP/ shareholders/ relatives have significant influence	Total
Revenue from operations						
Cimmco Limited		4,236.77 (2,449.32)				4236.77 (2,449.32)
Titagarh Wagons AFR	62.82 (-)					62.82 (-)
Management Fees						
Titagarh Wagons AFR	164.79 (53.43)					164.79 (53.43)
Interest income on Advances/Loans						
Cimco Equity Holdings Private Limited		308.30 (668.41)				308.30 (668.41)
Titagarh Wagons AFR	243.67 (105.77)					243.67 (105.77)
Titagarh Papers Limited					167.42 (-)	167.42 (-)
Reimbursement of expenses						
Titagarh Wagons AFR	4.83 (84.06)					4.83 (84.06)
Purchase of raw materials & components						
Cimmco Limited		1,522.06 (1,018.64)				1,522.06 (1,018.64)
Titagarh Wagons AFR	3.01 (-)					3.01 (-)
Rent Paid						
Titagarh Papers Limited					179.97 (-)	179.97 (-)



Notes to the FINANCIAL STATEMENT

As at and for the year ended March 31, 2012

(Rs. in Lacs)

Nature of transactions	Subsidiary Companies	Joint ventures	KMP	Relatives of KMP	Enterprise over which KMP/ shareholders/ relatives have significant influence	Total
Provision for doubtful advances						
Greysam and Co. Private Limited	— (344.45)					— (344.45)
Provision for diminution in value of Investments						
Greysam and Co. Private Limited	35.50 (—)					35.50 (—)
Titagarh Papers Limited					87.93 (329.03)	87.93 (329.03)
Dividend paid						
Ms. Savitri Devi Chowdhary				289.86 (181.16)		289.86 (181.16)
Ms. Rashmi Chowdhary				134.66 (78.71)		134.66 (78.71)
Mr. J P Chowdhary			2.50 (1.57)			2.50 (1.57)
Mr. Umesh Chowdhary			1.24 (—)	— (0.77)		1.24 (0.77)
Ms. Vinita Bajoria				0.40 (0.25)		0.40 (0.25)
Ms. Sumita Kandoi				0.09 (0.24)		0.09 (0.24)
Traco International Investment Private Limited					2.43 (1.52)	2.43 (1.52)
Titagarh Capital Management Services Private Limited					317.12 (196.34)	317.12 (196.34)
Titagarh Logistics Infrastructure Services Private Limited					2.40 (—)	2.40 (—)
Remuneration (including contribution to Provident and other funds)						
Mr. J P Chowdhary			641.72 (695.97)			641.72 (695.97)
Mr. Umesh Chowdhary			449.21 (261.42)			449.21 (261.42)
Ms. Vinita Bajoria				22.77 (17.96)		22.77 (17.96)
Directors sitting fees						
Mr. Umesh Chowdhary				— (1.30)		— (1.30)
Money Received towards equity warrants / share capital including securities premium						
Ms. Rashmi Chowdhary				2,554.20 (1,209.38)		2,554.20 (1,209.38)
Titagarh Capital Management Services Private Limited					1,073.93 (—)	1,073.93 (—)

Notes to the FINANCIAL STATEMENT

As at and for the year ended March 31, 2012

(Rs. in Lacs)

Nature of transactions	Subsidiary Companies	Joint ventures	KMP	Relatives of KMP	Enterprise over which KMP/ shareholders/ relatives have significant influence	Total
ASSETS :						
Loans given						
Cimco Equity Holdings Private Limited		— (95.50)				— (95.50)
Titagarh Capital Private Limited	— (1,125.00)					— (1,125.00)
Titagarh Wagons AFR	347.65 (3,984.12)					347.65 (3,984.12)
Titagarh Papers Limited					2,100.00 (—)	2,100.00 (—)
Titagarh Singapore Pte Limited	12.79 (—)					12.79 (—)
Security Deposits given						
Titagarh Papers Limited					194.00 (—)	194.00 (—)
Investments made						
Titagarh Capital Private Limited	360.00 (—)					360.00 (—)
Titagarh Marine Limited	450.00 (—)					450.00 (—)
Titagarh Wagons AFR	— (2,864.60)					— (2,864.60)
Cimco Equity Holdings Private Limited		6,400.00 (—)				6,400.00 (—)
Loans refunded						
Titagarh Capital Private Limited	5,515.00 (416.00)					5,515.00 (416.00)
Titagarh Wagons AFR	848.56 (—)					848.56 (—)
Cimco Equity Holdings Private Limited		4,900.50 (—)				4,900.50 (—)
Outstanding guarantees						
Titagarh Singapore Pte Limited	— (2,031.30)					— (2,031.30)
Put option given						
Cimmco Limited		— (13,000.00)				— (13,000.00)



Notes to the FINANCIAL STATEMENT

As at and for the year ended March 31, 2012

(Rs. in Lacs)

Nature of transactions	Subsidiary Companies	Joint ventures	KMP	Relatives of KMP	Enterprise over which KMP/ shareholders/ relatives have significant influence	Total
Balance outstanding as at the year end - Debit						
Cimco Equity Holdings Private Limited		-				-
		(5,986.15)				(5,986.15)
Titagarh Singapore Pte Limited	16.88					16.88
	(3.60)					(3.60)
Titagarh Capital Private Limited	-					-
	(5,875.00)					(5,875.00)
Cimmco Limited		-				-
		(2,013.26)				(2,013.26)
Titagarh Wagons AFR	3,949.80					3,949.80
	(4231.06)					(4,231.06)
Titagarh Papers Limited					2,282.71	2,282.71
					(-)	(-)
Balance outstanding as at the year end - Credit						
Mr. J P Chowdhary			377.35			377.35
			(448.41)			(448.41)
Mr. Umesh Chowdhary			259.25			259.25
			(164.39)			(164.39)
Cimmco Limited		2.55				2.55
		(-)				(-)

	As at March 31, 2012	As at March 31, 2011
28. CAPITAL AND OTHER COMMITMENTS		
Estimated amount of capital commitments (net of advances) remaining to be executed	1,097.33	141.77
	As at March 31, 2012	As at March 31, 2011
29. CONTINGENT LIABILITIES		
Disputed claims contested by the Company and pending at various courts.	411.09	357.35
Matters under appeal with :		
Sales tax authorities	594.47	1035.41
Income tax authorities	871.18	53.68
Customs and excise authorities	8,654.70	2,415.32
Letters of Credit, Bills discounted and Bank Guarantees outstanding	25,232.81	14,018.00
Performance Guarantee given on behalf of a subsidiary Company for fulfillment of certain obligations	-	2,031.30
Put Option granted	-	13,000.00
Custom Duty on import of equipments and spare parts under EPCG-scheme	-	124.55

Notes to the FINANCIAL STATEMENT

As at and for the year ended March 31, 2012

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.

(Rs. in Lacs)

	As at March 31, 2012	As at March 31, 2011
30. DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE		
a. Derivative outstanding as at the balance sheet date		
Particulars	Purpose	
Forward contract to sell US\$	Minimising Risk of Currency Exposure on export of goods	
	USD 1,155,000	NIL
Forward contract to buy US\$	Minimising Risk of Currency Exposure on import of goods	
	USD 9,093,126	USD 4,410,056
Forward contract to buy Euro	Minimising Risk of Currency Exposure on import of goods	
	EURO 237,360	NIL
b. Particulars of unhedged foreign currency exposure as at the reporting date		
Investment in Subsidiaries	3340.97	3340.97
Trade Receivables	41.42	53.43
Other Current Assets	109.32	109.45
Loans and Advances	3775.60	4363.09
Trade Payables	3.15	—
	For the year ended March 31, 2012	For the year ended March 31, 2011
31. VALUE OF IMPORTS CALCULATED ON CIF BASIS		
Components	6479.77	7296.95
	For the year ended March 31, 2012	For the year ended March 31, 2011
32. EXPENDITURE IN FOREIGN CURRENCY (ACCRUAL BASIS)		
Travelling	41.99	54.18
Interest	63.44	34.42
Professional and consultancy fees	91.06	8.94
	196.49	97.54



Notes to the FINANCIAL STATEMENT

As at and for the year ended March 31, 2012

(Rs. in Lacs)

	For the year ended March 31, 2012		For the year ended March 31, 2011	
	Rs. in Lacs	% of total consumption	Rs. in Lacs	% of total consumption
33. IMPORTED AND INDIGENEOUS RAW MATERIALS, COMPONENTS AND SPARE PARTS CONSUMED				
Raw materials and components				
Imported	6,493.93	23%	9,114.91	24.22%
Indigenously obtained	27,970.63	81%	28,520.67	75.78%
	34,464.56	104%	37,635.58	100%
Spare parts				
Imported	—	0%	—	0%
Indigenously obtained	4,778.90	100%	4,347.48	100%
	4,778.90	100%	4,347.48	100%

Year of remittance	For the year ended March 31, 2012	For the year ended March 31, 2011
34. NET DIVIDEND REMITTED IN FOREIGN EXCHANGE		
Period to which it relates	1 April 2010 to 31 March 2011	1 April 2009 to 31 March 2010
Number of non-resident shareholders	2	2
Number of equity shares held on which dividend was due	2,561,442	2,561,442
Amount remitted	204.92	128.07

	For the year ended March 31, 2012	For the year ended March 31, 2011
35. EARNING IN FOREIGN CURRENCY (ACCRUAL BASIS)		
Exports at F.O.B. value	57.84	31.39
Management fee	164.79	53.43

36. Excise Duty & Cess on stocks represents differential excise duty and cess on opening and closing stock of finished goods, work in progress and saleable scrap.

37. PREVIOUS YEAR FIGURES

Previous period's figures including those given in brackets have been rearranged where necessary to conform to the current period's classification under Revised Schedule VI as stated in Note 2 above.

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 : April 28, 2012

For and on behalf of the Board of Directors

J P Chowdhary
Executive Chairman
D N Davar
Director
Dinesh Arya
Company Secretary

Umesh Chowdhary
Vice Chairman & Managing Director
Anil Kumar Agarwal
Chief Financial Officer

Auditors' REPORT

To
The Board of Directors
Titagarh Wagons Limited

1. We have audited the attached consolidated Balance Sheet of Titagarh Wagons Limited, its Subsidiaries and Joint Ventures ('the Group') as at March 31, 2012, and also the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Titagarh Wagons Limited's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the 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. We did not audit the financial statements of certain subsidiaries and a joint venture company, whose financial statements reflect total assets of Rs. 18,225.13 lacs as at March 31, 2012, total revenue of Rs. 15,893.23 lacs and cash flows of Rs. 1,610.09 lacs for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.
4. We also did not audit the financial statements of a subsidiary and a joint venture company, whose financial statements reflect total assets of Rs. 455.80 lacs as at March 31, 2012 and cash flows of Rs. 439.47 lacs for the year then ended. These financial statements and other financial information have been consolidated in these accounts on the basis of unaudited financial statements as certified by the management and our opinion, in so far as it relates to the amount included in respect of the subsidiary and the joint venture company, is based on such certified unaudited financial statements.
5. Without qualifying our opinion, attention is drawn to Note No 13.2A on the consolidated financial statements, regarding proportionate share in certain claims receivable of a joint

venture company amounting to Rs. 2,449.67 lacs (net of Rs 75.00 lacs received under a guarantee given by the joint venture company) 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 and accordingly no adjustments are considered necessary in these financial statements.

6. *Attention is also drawn to Note No 32 on the consolidated financial statements regarding non provision against proportionate share in demand of a joint venture company of Rs 900 lacs plus interest thereon (amount unascertainable) made by Asset Reconstruction Company (India) Limited (ARCIL), as the management feels that no liability exists thereagainst after ARCIL has invoked its security of pledged shares. The impact, if any, of the above non provision is presently unascertainable, pending receipt of a "No Due Certificate" from ARCIL. This had also caused us to qualify our audit opinion on the consolidated financial statements for the year ended March 31, 2011.*
7. On the basis of the information and explanations given to us and on consideration of the audit reports of other auditors on separate financial statements and on the consideration of unaudited financial statements and on the other relevant financial information of the Group, we are of the opinion that the attached consolidated financial statements, *except for the possible effect of our observation referred in para 6 above, the said accounts*, give a true and fair view in conformity with the accounting principles generally accepted in India :
 - a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2012;
 - b) in the case of the consolidated Statement of Profit and Loss, of the consolidated profit for the year ended on that date; and
 - c) in the case of the consolidated Cash Flow Statement, of the consolidated cash flows for the year ended on that date.

For **S. R. BATLIBOI & CO.**
Firm Registration Number : 301003E
Chartered Accountants

Place : Kolkata
Date : April 30, 2012

per **R. K. AGRAWAL**
Partner
Membership No. : 16667



Consolidated BALANCE SHEET

As at March 31, 2012

(Rs. in Lacs)

	Notes	As at March 31, 2012	As at March 31, 2011
I. EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	2,005.91	1,880.91
Reserves and surplus	4	64,406.68	54,549.57
Money received against share warrants		—	1,209.38
		66,412.59	57,639.86
Minority interest		2,891.65	1,936.41
[Proportionate Share in Joint Venture Rs 2,552.74 Lacs (Rs 1,663.33 Lacs)]			
Non-current liabilities			
Long term borrowing	5	4,365.73	5,256.82
Long term provisions	6	451.73	495.39
Deferred Tax Liabilities (net)	11	228.41	—
		5,045.87	5,752.21
Current liabilities			
Short term borrowings	7	9,835.94	7,948.82
Trade payables	8.1	9,224.18	9,862.81
Other current liabilities	8.2	8,907.89	7,260.84
Short term provisions	6	2,573.60	4,087.86
		30,541.61	29,160.33
TOTAL		104,891.72	94,488.81
II. ASSETS			
Non current assets			
Fixed assets			
Goodwill on Consolidation		2,239.23	2,459.22
Tangible assets	9.1	22,450.97	20,905.14
Intangible assets	9.2	687.12	244.49
Capital work-in-progress		1,581.36	1,645.01
[Proportionate share in Joint Ventures Rs. 132.46 Lacs (Rs. 155.59 Lacs)]			
Intangible under development		69.14	—
Non-current investments	10	3,318.97	255.25
Deferred tax assets (Net)	11	240.16	451.92
Long term loans and advances	12	703.45	555.83
Other non current assets	13.2	58.39	3,022.39
		31,348.79	29,539.25
Current assets			
Inventories	14	24,066.39	24,851.31
Trade receivables	13.1	9,806.82	14,167.95
Cash and bank balances	15	22,287.45	9,753.06
Short term loans and advances	12	14,084.99	12,820.39
Other current assets	13.2	3,297.28	3,356.85
		73,542.93	64,949.56
TOTAL		104,891.72	94,488.81
Summary of significant accounting policies	2		
The accompanying notes are an integral part of the financial statements			

As per our Report of even date
For **S. R. BATLIBOI & CO.**
Firm Registration No.: 301003E
Chartered Accountants
per **R. K. Agrawal**
Partner
Membership No. 16667
Place : Kolkata
Dated : April 28, 2012

For and on behalf of the Board of Directors

J P Chowdhary
Executive Chairman
D N Davar
Director
Dinesh Arya
Company Secretary

Umesh Chowdhary
Vice Chairman & Managing Director
Anil Kumar Agarwal
Chief Financial Officer

Consolidated Statement of PROFIT AND LOSS

For the year ended March 31, 2012

(Rs. in Lacs)

	Notes	For the year ended March 31, 2012	For the year ended March 31, 2011
INCOME			
Revenue from operations (gross)	16	91,558.73	74,451.12
Less : Excise duty		2,464.22	2,009.96
Revenue from operations (net)		89,094.51	72,441.16
Other Income	17	2,445.67	1,857.10
Total Revenue (I)		91,540.18	74,298.26
EXPENSES			
Cost of raw materials & components consumed	18	48,545.38	42,085.17
(Increase)/decrease in inventories of finished goods, Work in progress and saleable scrap	19	333.25	(3,954.47)
Excise duty on change in stock (note 34)		(209.63)	295.72
[Proportionate Share in Joint Venture Rs 8.80 Lacs (Rs 54.15 Lacs)]			
Employee benefits expenses	20	5,929.40	4,723.11
Other expenses	21	20,437.78	17,706.33
Total Expenses (II)		75,036.18	60,855.86
Earning before interest, taxes, depreciation & amortization, exceptional items and extraordinary items (EBIDTA) (I-II)		16,504.00	13,442.40
Depreciation & amortization expenses			
Tangible assets	9.1	1,092.44	976.84
Intangible assets	9.2	147.66	27.29
Less : Recoupment from revaluation reserve		163.12	173.12
[Proportionate share in Joint Ventures Rs. 56.78 Lacs (Rs. 90.11 Lacs)]		1,076.98	831.01
Finance costs	22	1,759.00	923.25
Profit before taxes, exceptional items and extraordinary items		13,668.02	11,688.14
Exceptional items	31	1,238.00	317.98
[Representing proportionate share in Joint Ventures Rs. 1,238.00 Lacs (Rs. 317.98 Lacs)]			
Profit before taxes and extraordinary items		12,430.02	11,370.16
Tax expenses			
Current tax		3,571.84	4,190.36
Deferred tax charges/(credit)		440.19	(232.99)
[Proportionate share in Joint Ventures Rs. 192.24 Lacs (credit Rs. 201.11 Lacs)]			
Income tax for earlier years		—	(35.68)
Total tax expenses		4,012.03	3,921.69
Profit before extraordinary items		8,417.99	7,448.47
Extraordinary Items		—	194.85
[Proportionate share in Joint Ventures Rs. Nil (Income Rs. 964.05 Lacs)]			
Profit for the year		8,417.99	7,253.62
Minority interest		101.27	124.15
[Proportionate share in Joint Ventures Rs. 40.10 Lacs (Income Rs. 183.93 Lacs)]			
Profit attributable to the shareholders		8,316.72	7,129.47
Earnings per equity share before extraordinary items			
Basic	23	44.20	38.94
Diluted	23	43.52	38.58
Earnings per equity share after extraordinary items			
Basic	23	44.20	37.90
Diluted	23	43.52	37.56
[Nominal value of shares Rs. 10/- (Rs. 10/-)]			
Summary of significant accounting policies	2		
The accompanying notes are an integral part of the financial statements			

As per our Report of even date
For **S. R. BATLIBOI & CO.**
Firm Registration No.: 301003E
Chartered Accountants
per **R. K. Agrawal**
Partner
Membership No. 16667
Place : Kolkata
Dated : April 28, 2012

For and on behalf of the Board of Directors

J P Chowdhary
Executive Chairman
D N Davar
Director
Dinesh Arya
Company Secretary

Umesh Chowdhary
Vice Chairman & Managing Director
Anil Kumar Agarwal
Chief Financial Officer



Consolidated Cash Flow STATEMENT

For the year ended March 31, 2012

(Rs. in Lacs)

	For the year ended March 31, 2012	For the year ended March 31, 2011
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before taxation	12,430.02	11,175.31
Adjustment for :		
Depreciation & amortization expenses *	1,076.98	831.01
Interest Expenses *	1,249.72	554.65
Exchange differences (unrealised)	(23.34)	(56.92)
Irrecoverable debts/advances written off *	232.10	211.45
Irrecoverable debts written off in earlier years, now recovered	—	(43.89)
Loss/(gain) on sale of fixed assets (net) *	(128.82)	8.95
Dividend income on non-trade long term investments *	(3.01)	(7.02)
Net gain on sale of investments (long term, Non-trade) *	(105.38)	(0.10)
Unspent liabilities/provisions no longer required written back	(426.81)	—
Interest on deposits from banks/loans, advances etc. *	(1,636.03)	(1,024.85)
Provisions for sub-standard Assets	16.57	—
Exceptional items *	1,238.00	317.98
Extraordinary items	—	194.85
Provision for diminution in value of investments	87.93	329.03
Provision for doubtful debts and advances	—	405.85
Operating profit before working capital changes	14,007.93	12,896.30
Increase/(decrease) in trade payables *	1,138.81	406.26
Increase/(decrease) in provisions*	(217.50)	(208.60)
Increase/(decrease) in other current liabilities*	(2,590.33)	2,156.28
Decrease/(increase) in trade receivables*	5,532.78	(4,708.87)
Decrease/(increase) in investments*	240.04	(2,054.58)
Decrease/(increase) in loans and advances *	(2,250.34)	(2,163.64)
Decrease/(increase) in other current assets *	142.93	—
Cash generated from operations	16,004.32	6,323.15
Taxes paid	(5,093.82)	(2,973.21)
Net cash from operating activities	10,910.50	3,349.94
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets including capital work in progress *	(2,874.16)	(2,900.17)
Proceeds from sale of fixed assets	156.01	0.25
Proportionate share of loans refunded by joint venture	2,450.25	—
Proportionate share of loans to joint venture	—	(47.75)
Loans refunded by body corporates	—	(429.50)
Loans to body corporates	—	543.94
Loan to a related party	(2,100.00)	—
Purchase of investments (non-trade)*	(19.88)	(375.00)
Proceeds from sale of investments (non-trade)*	173.61	385.71
Proportionate share of investment in debenture of joint venture	(3,200.00)	—
Investment in bank fixed deposits*	(18,813.40)	(23,658.15)
Bank fixed deposits encashed/matured*	14,977.34	22,852.81
Dividend received	3.01	7.02
Interest received *	2,134.09	825.62
Net cash used in investing activities	(7,113.13)	(2,795.22)

Consolidated Cash Flow STATEMENT

As at and for the year ended March 31, 2012

	(Rs. in Lacs)	
	For the year ended March 31, 2012	For the year ended March 31, 2011
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of share warrants	3,628.12	1,209.38
Proceeds from issue of shares to minority	—	300.75
Net movement in other borrowings (short term)*	2,668.32	(844.34)
Repayment of sales tax deferment loan	(56.65)	(6.78)
Net movement in buyer's credit	(3,264.60)	1,434.35
Proceeds from packing credit loan	693.88	—
Proceeds from short term loan against fixed deposits	1,800.00	—
Repayment of finance lease liabilities	(154.86)	(177.45)
Other loans received	789.24	—
Proceeds from long-term borrowings*	2,000.00	3,750.00
Repayment of long term borrowings*	(3,250.00)	(2,237.68)
Interest paid *	(1,345.88)	(2,123.89)
Dividend Paid (including corporate dividend tax)	(1,748.83)	(1,096.65)
Repayment of public deposits *	—	(1.14)
Repayment of inter corporate deposits *	—	(7.50)
Repayment of debentures *	—	(321.12)
Net cash (used)/from financing activities	1,758.74	(122.07)
D. Exchange differences on translation of foreign subsidiaries	136.89	27.56
Net decrease in cash & cash equivalent (A+B+C+D)	5,693.00	460.21
Cash & cash equivalent - opening balance	1,425.69	965.48
Cash & cash equivalent - closing balance	7,118.69	1,425.69
Cash & cash equivalent (note 15)		
Cash on hand	4.53	47.84
Balance with scheduled banks :		
Current account	3,269.27	1,103.32
Deposits with original maturity of less than three months	3,460.26	201.90
Proportionate share of Joint Ventures	384.63	72.63
	7,118.69	1,425.69

* includes proportionate share in Joint Ventures

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 : April 28, 2012

For and on behalf of the Board of Directors

J P Chowdhary
Executive Chairman
D N Davar
Director
Dinesh Arya
Company Secretary

Umesh Chowdhary
Vice Chairman & Managing Director
Anil Kumar Agarwal
Chief Financial Officer

Notes to the Consolidated FINANCIAL STATEMENT

As at and for the year ended March 31, 2012

1. GROUP INFORMATION

Titagarh Wagons limited (the Company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company along with its five subsidiaries and two joint venture companies (including a subsidiary company owned by a joint venture company) (collectively referred as the Group) operates in (a) manufacturing and selling of railway wagons, steel castings, heavy earthmoving and mining equipments, bailey bridges, EMU, non ferrous metal alloys etc, (b) finance, hire purchase and leasing (c) dealing in shares, bonds, acknowledgements and securities, (d) ship building, ship breaking, shipping, marine engineering, naval architecture and ocean engineering.

2. Summary of Significant accounting policies

a) Principles of Consolidation

- (i) The Consolidated Financial Statements present the consolidated accounts of the Company and its Subsidiaries and Joint Ventures.

The subsidiary companies considered for consolidation in the financial statements are as follows :

Name of the Subsidiary	Country of Incorporation	Proportion of Ownership/ Interest	
		March 31, 2012	March 31, 2011
Titagarh Capital Private Limited (TCPL) (previously Flourish Securities and Finance Private Limited)	India	100	100
Titagarh Singapore Pte. Limited (TSPL)	Singapore	100	100
Titagarh Wagons AFR (AFR) (with effect from September 9, 2010)	France	90	90
Greysham and Co. Private Limited (GCPL) (a subsidiary by virtue of control over composition of its board of directors)	India	50	50
Titagarh Marine Limited (with effect from March 3, 2012)	India	98.9%	–

- (ii) The financial statements of the Company and its subsidiary companies have been consolidated on a line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances, intra-group transactions and any unrealized profits/losses. The excess of the cost of investments over the proportionate value of interest in the subsidiaries has been recognised as "Goodwill".
- (iii) Minorities' interest in net profit/loss of consolidated subsidiaries for the year has been identified and adjusted against the income in order to arrive at the net income attributable to the shareholders of the Group. Their share of net assets has been identified and presented in the Consolidated Balance Sheet separately.
- (iv) The financial statements of TSPL have been prepared in accordance with Singapore Financial Reporting Standards (SFRS). The management of the Company has made necessary adjustments on account of significant difference due to adoption of different accounting standards as stated above, in comparison to the Indian Generally Accepted Accounting Principles (IGAAP) for preparing consolidated Financial Statements.
- (v) In translating the financial statements of the non-integral foreign subsidiary for incorporation in the consolidated financial statements, the assets and liabilities, both monetary and non-monetary are translated at the closing exchange rate, while income and expenses are translated at average exchange rate and all resulting exchange differences are accumulated in Foreign Currency Translation Reserve in Note 4(D).
- (vi) In terms of Accounting Standard (AS) 27 'Financial Reporting of Interests in Joint Venture' notified by the Companies (Accounting Standards) Rules, 2006 (as amended), the Company's proportionate interests in the Joint Ventures are consolidated as separate line items in the financial statements along with the book values of assets, liabilities, income and expenses, after eliminating intra-group balances/transactions and unrealized profit and losses resulting from the transactions between the Company and its subsidiary companies and the joint ventures.

Notes to the Consolidated FINANCIAL STATEMENT

As at and for the year ended March 31, 2012

- (vii) Particulars of interest in joint ventures (Jointly Controlled Entities) :

Name of the Joint Venture	Country of Incorporation	Proportion of Ownership/ Interest	
		March 31, 2012	March 31, 2011
Cimco Equity Holdings Private Limited (CEHPL)	India	50	50
Titagarh FreightCar Private Limited (TFPL)	India	49	49

- (viii) The Financial Statements on CEHPL considered for consolidated financial statements of the Group includes following subsidiary which has been consolidated in CEHPL using similar principles as that of the Group.

Name of the Subsidiary of Joint Venture	Country of Incorporation	Proportion of Ownership/ Interest	
		March 31, 2012	March 31, 2011
Cimmco Limited (Cimmco)	India	71.91	80.84

- (ix) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and events in similar circumstances and necessary adjustments required for deviation in accounting policies, if any, to the extent possible, are made in the consolidated financial statements and are presented in the same manner as the Company's separate financial statements.
- (x) The Consolidated Financial Statements are based on the audited Financial Statements of subsidiaries and joint ventures, except in case of TSPL and TFPL are based on the unaudited financial statements as certified by the management.
- (xi) The Group accounts for change in the minority interest arising out of acquisition/sale of investment in subsidiaries using "Hybrid Entity Concept". Under this concept, goodwill on acquisition of additional stake in the existing subsidiary is recognized by treating the difference between the consideration paid and net carrying value of additional stake acquired on the date of such acquisition. In case of disposal of partial stake in a controlling subsidiary, the parent treats the transaction as an equity transaction and the resulting gain or loss including goodwill or capital reserve adjustments, if any, is not taken to the statement of profit and loss but is routed through reserve & surplus.

b) Basis of preparation

The Group has prepared these financial statements to comply in all material respects with the Accounting Standards notified under the Companies' Accounting Standards Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which revaluation is carried out. The accounting policies adopted in the preparation of financial statements are consistent with those used in the previous year, except for 'c' below.

c) Change in accounting policy

Presentation and disclosure of financial statements

During the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act, 1956 has become applicable to the Group, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Group has also reclassified the previous year figures in accordance with the Revised Schedule VI requirements applicable in the current year.

d) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and disclosure of contingent liabilities, at the end of reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets and liabilities in future periods.

e) Tangible Fixed Assets

Tangible 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 of purchase price inclusive of duties (net of Cenvat/VAT), taxes, incidental expenses, erection/commissioning/trial run expenses and borrowing cost etc, up to the date the assets are ready for intended use.

In case of revaluation of tangible 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.

Notes to the Consolidated FINANCIAL STATEMENT

As at and for the year ended March 31, 2012

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.

Tangible fixed 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 and construction & erection materials lying in stock.

f) Intangibles

Research costs are expensed as and when incurred. Development expenditure incurred on an individual project are carried forward when its future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortized 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 asset is not yet in use, or otherwise when events or changes in circumstances indicate that the carrying value may not be recoverable.

Computer softwares not being part of the hardware operating system, are assessed to have a useful life of 3 years and are capitalised as intangible fixed assets.

g) Depreciation & Amortisation on tangible & intangible fixed assets

Tangible Assets

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.

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.

Additional depreciation arising due to revaluation of fixed assets is adjusted against Revaluation Reserve.

Leasehold Land is amortized over the period of lease.

Depreciation on fixed assets added/disposed off during the year, is provided on pro-rata basis with reference to the date of addition/disposal.

Intangible Assets

Computer softwares capitalized as intangible fixed assets are amortised over their useful life of 3 years.

Patents are amortised over the period of ten years.

h) Leases

Finance leases, which effectively transfer to the Group substantially all the risks and benefits incidental to ownership of the leased items, 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 the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are recognized as finance costs in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs are capitalized.

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

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

i) Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

j) Impairment of tangible and intangible 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 the 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 assets' net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

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

A previously recognized impairment loss is increased or reversed depending on the changes in circumstances. However the

Notes to the Consolidated FINANCIAL STATEMENT

As at and for the year ended March 31, 2012

carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

k) Investments

Investments that are readily realizable and intended to be held for not more than a year from the date on which such investments are made 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 investment 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.

l) Inventories

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 include expenses incidental to procurement thereof and determined on a weighted average basis.

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 the normal operating capacity. Cost of finished goods includes excise duty and is determined on a weighted average basis.

Obsolete/damaged stores and saleable scraps are valued at estimated net realizable value.

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.

m) Revenue Recognition

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

Sale of Goods

In case of sale of goods, revenue is recognized when the significant risks and rewards of ownership of goods have passed to the buyer. Sales are net of returns, claims, discounts etc.

Income from Services

Revenues from Services are recognized pro-rata over the period of the contract as and when services are rendered.

Interest Income

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

Dividends

Dividend income is recognized when the company's right to receive dividend is established by the balance sheet date.

n) Foreign Currency Transactions

Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange differences

Exchange differences arising on the settlement of monetary items or on restatement of monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

Forward Exchange Contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of the forward exchange contract is amortized as expense or income over the life of the contract. Exchange differences on such contracts are recognized in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or expense for the year.

o) Retirement and other Employee Benefits

Retirement benefits in the form of Provident and Superannuation funds are defined contribution schemes and the contributions are charged to the 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.

Notes to the Consolidated FINANCIAL STATEMENT

As at and for the year ended March 31, 2012

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.

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.

Actuarial gains/losses are taken to Statement of Profit and Loss and are not deferred.

p) 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 and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against 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 Group re-assesses unrecognized deferred tax assets. It recognizes 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 is reviewed at each balance sheet date. The Group writes-down the carrying amount of a 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 realized. 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.

q) Segment Reporting

Identification of segments

The Group 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 Group operate.

Inter Segment transfers

The Group accounts for inter segment transfers at prevailing market prices.

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

r) 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. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).

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.

s) Provisions

Provisions involving substantial degree of estimation in measurement 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. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to

Notes to the Consolidated FINANCIAL STATEMENT

As at and for the year ended March 31, 2012

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.

Provision for product related warranties cost is based on the claims received upto the year end as well as the management's estimates of further liability to be incurred in this regard during the warranty period.

t) Cash and Cash equivalents

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

u) Liquidated Damages

Liquidated damages on supply of materials are provided based on the contractual obligations or deduction made by the customers, as the case may be.

v) 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.

w) 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 items, it is netted off from the related expense 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.

x) Measurement of EBIDTA

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the Group has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The Group measures EBITDA on the basis of profit/(loss) for the year excluding depreciation and amortization expenses, finance costs, tax expenses, exceptional items, extraordinary expenses and share of minority interest.

(Rs. in Lacs)

	As at March 31, 2012	As at March 31, 2011
3. SHARE CAPITAL		
Authorised Shares		
9,60,00,000 (9,60,00,000) Equity shares of Rs. 10/- each	9,600.00	9,600.00
5,20,00,000 (5,20,00,000) Preference shares of Rs. 10/- each	5,200.00	5,200.00
	14,800.00	14,800.00
Issued, Subscribed and fully paid-up Shares		
2,00,59,069 (1,88,09,069) Equity shares of Rs. 10/- each fully paid up	2,005.91	1,880.91
	2,005.91	1,880.91

a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	2011-12		2010-11	
	No. of Shares	Rs. in Lacs	No. of Shares	Rs. in Lacs
Equity Shares				
At the beginning of the year	18,809,069	1,880.91	18,809,069	1,880.91
Allotment on conversion of equity warrants	1,250,000	125.00	—	—
Outstanding at the end of the year	20,059,069	2,005.91	18,809,069	1,880.91



Notes to the Consolidated FINANCIAL STATEMENT

As at and for the year ended March 31, 2012

(Rs. in Lacs)

b) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended March 31, 2012, the amount of dividend per share recognised as distributable to equity shareholders is Rs. 8/- (Rs. 8/-)

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) Aggregate number of bonus shares issued and share issued for consideration other than cash during the period of 5 years immediately preceding the reporting date

	As at March 31, 2012 No. of shares	As at March 31, 2011 No. of shares
Equity shares allotted as fully paid bonus shares by capitalisation of securities premium	13,046,224	13,046,224
Equity shares allotted as fully paid up, for consideration other than cash	366,954	366,954

d) Details of shareholders holding more than 5% shares in the Company

	As at March 31, 2012		As at March 31, 2011	
	No. of Shares	% holding	No. of Shares	% holding
Titagarh Capital Management Services Private Limited	4,334,033	22%	3,964,033	21%
Savitri Devi Chowdhary	3,623,207	18%	3,623,207	19%
Rashmi Chowdhary	2,563,221	13%	1,683,221	9%
G E Capital International (Mauritius)	2,543,830	13%	2,543,830	14%
Goya Limited	465,079	2%	1,005,378	5%

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

e) Shares reserved for issue under options

	As at March 31, 2012 No. of Shares	As at March 31, 2011 No. of Shares
Number of equity shares to be issued on conversion of equity warrants	—	1,250,000

f) Details of equity shares pledged by the promoter or persons forming part of the promoter group ('Promoter Group') of the Company :

	As at March 31, 2012 No. of Shares	As at March 31, 2011 No. of Shares
Total number of equity shares held by the Promoter Group	10,653,314 *	9,402,738
Total number of equity shares pledged by the Promoter Group	Nil	Nil
Percentage of total shares pledged to total shareholding of the Promoter Group	Nil	Nil
Percentage of total shares pledged to total outstanding shares of the Company	Nil	Nil

*Includes 1,250,000 equity shares allotted pursuant to conversion of equity warrants which are yet to be listed on the stock exchanges.

Notes to the Consolidated FINANCIAL STATEMENT

As at and for the year ended March 31, 2012

(Rs. in Lacs)

	As at March 31, 2012		As at March 31, 2011	
	No. of Shares	Rs. in Lacs	No. of Shares	Rs. in Lacs
4. RESERVES AND SURPLUS				
A. Capital Reserve (as per the last financial statement)		9.18		9.18
B. Securities Premium Account				
Balance as per the last financial statements		21,481.95		21,481.95
Add : Additions during the year		4,712.50		–
		26,194.45		21,481.95
C. Revaluation Reserve				
Balance as per the last financial statements		6,911.79		1,164.73
Add : Proportionate share in revaluation in Cimmco		–		7,323.29
		6,911.79		8,488.02
Less : Amount transferred to the statement of profit and loss*		163.12		173.12
Less : Minority Interests		638.01		1,403.11
		6,110.66		6,911.79
*Includes proportionate share in Joint Ventures Rs. 56.78 Lacs (Rs. 0.16 Lacs)				
D. Foreign Currency translation reserve				
Balance as per the last financial statements		(53.92)		5.43
Add : Arisen during the year		(43.13)		(59.35)
		(97.05)		(53.92)
E. General Reserve				
Balance as per the last financial statements		4,404.61		3,554.61
Add : Amount transferred from surplus in the statement of profit and loss		800.00		850.00
		5,204.61		4,404.61
F. Special Reserve under Section 45IC of RBI Act				
Balance as per the last financial statements		2.25		2.25
G. Surplus in the statement of profit and loss				
Balance as per the last financial statements		21,793.71		17,263.07
Profit for the year		8,316.72		7,129.47
Less : Transferred to Minority Interests**		(211.30)		–
Less : Goodwill adjustments**		(251.49)		–
Less : Appropriations				
Transfer to general reserve		800.00		850.00
Proposed equity dividend [amount per share Rs.8/- (Rs.8/-)]		1,604.73		1,504.73
Tax on proposed equity dividend		260.33		244.10
Total appropriations		2,665.06		2,598.83
		26,982.58		21,793.71
Total reserves and surplus TOTAL (A to G)		64,406.68		54,549.57

** Represents proportionate share of investment transferred to minority and related “goodwill on consolidation” written off on disposal of stake in Cimmco by CEHPL not resulting into loss of controlling stake as per accounting policy stated in note 2(a)(xi).

Notes to the Consolidated FINANCIAL STATEMENT

As at and for the year ended March 31, 2012

(Rs. in Lacs)

	Non Current		Current	
	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011
5. LONG TERM BORROWINGS				
Finance lease obligations (Secured)	1,447.11	1,506.82	181.22	148.65
Other loans (Unsecured)	835.28	–	–	–
Sales Tax Deferement Loan (Unsecured)	–	–	–	56.65
	2,282.39	1,506.82	181.22	205.30
Add : Proportionate share in Joint Ventures (Secured)	2,083.34	3,750.00	416.67	–
	4,365.73	5,256.82	597.89	205.30
Amount disclosed under other current liabilities (note 8.2)			(597.89)	(205.30)
Total	4,365.73	5,256.82	–	–
The above amount includes :				
Secured borrowings	3,530.45	5,256.82	597.89	148.65
Unsecured borrowings	835.28	–	–	56.65

Finance lease obligation is secured by hypothecation of the respective land and buildings taken on lease.

Proportionate Share in Joint Venture includes term loan from a bank which carries interest @ 13%. The loan is repayable in 6 half yearly instalments of Rs. 416.67 Lacs each (proportionate share) starting from December 2012. The loan is secured by an exclusive first charge on land of Cimmco situated at Gwalior and also by first pari passu charge over the other fixed assets of Cimmco and second pari passu charge over the current assets of Cimmco, both present and future.

Other loans are interest free loans received from various Government Authorities which will be repayable (to be ascertained at a future date) after December, 2015.

	Non Current		Current	
	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011
6. PROVISIONS				
Provisions for employee benefits*				
Gratuity (note 24)	342.71	313.07	107.22	92.95
Leave benefits	–	–	89.05	97.16
	342.71	313.07	196.27	190.11
Other provisions for :				
Warranties	100.25	179.10	31.48	25.00
Liquidated damages	–	–	212.43	491.32
Taxation (net of advance tax and tax deducted at source)	–	–	253.74	1,625.69
Proposed equity dividend	–	–	1,604.73	1,504.73
Provision for tax on proposed equity dividend	–	–	260.33	244.10
	100.25	179.10	2,362.71	3,890.84
Total Provisions	442.96	492.17	2,558.98	4,080.95
Add : Proportionate Share in Joint Venture	8.77	3.22	14.62	6.91
	451.73	495.39	2,573.60	4,087.86

* The classification of provisions for employee benefits into current/non current have been done by the actuary of the Company based upon estimated amount of cash outflow during the next twelve months from the balance sheet date.

Notes to the Consolidated FINANCIAL STATEMENT

As at and for the year ended March 31, 2012

a) Movement of provisions for warranty and liquidated damages are as follows : (Rs. in Lacs)

	Warranties		Liquidated damages	
	2011-12	2010-11	2011-12	2010-11
At the beginning of the year	204.10	164.32	491.32	730.87
Arisen during the year	24.00	129.86	58.35	142.22
Utilized during the year	(11.34)	(90.08)	(337.24)	(381.77)
Unused amounts reversed	(85.03)	—	—	—
At the end of the year	131.73	204.10	212.43	491.32
Add : Proportionate Share in Joint Venture	8.42	—	—	—
At the end of the year	140.15	204.10	212.43	491.32
Current portion	35.69 *	25.00	212.43	491.32
Non-current portion	104.46 **	179.10	—	—

* Includes proportionate share of Joint Ventures Rs. 4.21 lacs

** Includes proportionate share of Joint Ventures Rs. 4.21 lacs

	As at March 31, 2012	As at March 31, 2011
7. SHORT TERM BORROWINGS		
Secured		
From Banks		
Cash credits	5,718.54	3,873.18
Buyers' credit (in foreign currency)	—	3,264.60
Packing credit loan (in foreign currency)	683.40	—
Short term loan	1,800.00	—
	8,201.94	7,137.78
Add : Proportionate share in Joint Ventures		
Secured	1,580.83	757.87
Unsecured	53.17	53.17
	9,835.94	7,948.82

Notes :

- Cash credit, Packing credit loan and Buyers' credit are secured by first charge on the Company's current assets, present and future and by way of collateral charge on fixed assets of the Company, both present and future. All the mortgages and charges created in favour of the above lenders rank pari passu with consortium member banks.
- Cash credit carries interest @11% to 14% p.a and is repayable on demand.
- Packing credit loan carries interest @ Libor + 3.5% and is repayable within three months from the balance sheet date.
- Short term loan carries interest @ 11.75% and is secured by fixed deposits. The loan is repayable within one month from the balance sheet date.
- Proportionate share in secured loans of Joint Ventures are secured by first pari passu charge over all current assets of Cimmco, both present and future and also by a second pari passu charge over the entire fixed assets of the Cimmco (excluding land at Gwalior). The loan is repayable on demand and carries interest @11% to 14% p.a.
- Proportionate share in unsecured loans of Joint Ventures has become due for payment and does not bear interest.



Notes to the Consolidated FINANCIAL STATEMENT

As at and for the year ended March 31, 2012

(Rs. in Lacs)

	As at March 31, 2012	As at March 31, 2011
8. OTHER CURRENT LIABILITIES		
8.1 Trade Payables		
Acceptances	3,183.96	1,470.15
Payables for goods and services @	5,565.90	5,806.09
	8,749.86	7,276.24
Add : Proportionate share in Joint Ventures	474.32	2,586.57
	9,224.18	9,862.81
8.2 Other Liabilities		
Current maturities of long term borrowings (note 5)	597.89	205.30
Interest accrued but not due on borrowings	44.27	16.23
Advance from customers	3,260.75	4,537.63
Statutory Dues	538.18	454.34
Other liabilities	4,135.56	1,532.76
Investor Education and Protection fund :		
Unpaid dividends (Not due)	5.41	0.94
Unpaid fractional share (Not due)	11.17	—
	8,593.23	6,747.20
Add : Proportionate Share in Joint Venture	314.66	513.64
	8,907.89	7,260.84
Total Current Liabilities	18,132.07	17,123.65

Note :

@ Includes dues to Micro & Small Enterprises in term of Micro, Small and Medium Enterprises Act, 2006 (MSME Act) as follows :

	As at March 31, 2012	As at March 31, 2011
a) Principal amount remaining unpaid to any supplier at the end of accounting year (I)	188.89	264.79
Interest Due on Above (II)	—	1.95
Total of (I) and (II)	188.89	266.74
b) Amount of interest paid/adjusted by the Company to the suppliers	62.46	13.08
c) Amounts paid to the suppliers beyond the respective due date	—	258.38
d) Amount of interest due and payable for the period of delay in payments but without adding the interest specified under the Act	2.72	4.92
e) Amount of interest accrued and remaining unpaid at the end of each accounting year	17.84	77.58
f) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the MSME Act	2.72	6.87

Notes to the Consolidated FINANCIAL STATEMENT

As at and for the year ended March 31, 2012

9.1 TANGIBLE FIXED ASSETS

(Rs. in Lacs)

	Land Freehold	Land Leasehold	Buildings	Plant & Machineries	Railway Sidings	Furniture & Fixtures	Office Equipments & Computers	Vehicles	Proportionate share in Joint Venture	Total Tangible Assets
Cost or valuation										
At April 1 2010	1,801.80	88.52	2,652.99	7,819.98	84.69	132.68	255.28	299.04	3,598.10	16,733.08
Additions	151.00	175.36	2,859.01	1,520.52	160.69	1.70	33.94	8.64	7,503.98	12,414.84
Disposals	—	—	—	—	—	—	—	3.47	120.92	124.39
At March 31 2011 (b)	1,952.80	263.88 (d)	5,512.00 (d)	9,340.50	245.38	134.38	289.22	304.21	10,981.16 (c)	29,023.53
Additions	86.63	—	139.79	2,003.27	—	3.14	31.65	60.46	64.30	2,389.24
Disposals	—	—	—	133.77	—	—	—	39.02	—	172.79
Exchange differences	—	14.14	127.28	157.53	—	—	—	—	—	298.95
At March 31 2012 (b)	2,039.43	278.02 (d)	5,779.07 (d)	11,367.53	245.38	137.52	320.87	325.65	11,045.46 (c)	31,538.93
Depreciation & Amortization										
At April 1 2010	—	7.56	322.62	4,154.11	22.12	93.94	150.77	113.51	2,384.52	7,249.15
Charge for the year	—	0.82	213.64	591.50	7.66	15.39	28.74	29.60	89.49	976.84
Disposals	—	—	—	—	—	—	—	2.60	112.59	115.19
Exchange differences	—	—	2.84	4.75	—	—	—	—	—	7.59
At March 31 2011	—	8.38	539.10	4,750.36	29.78	109.33	179.51	140.51	2,361.42	8,118.39
Charge for the year	—	1.04	241.71	646.45	11.66	2.88	21.89	27.68	139.13	1,092.44
Disposals	—	—	—	121.91	—	—	—	23.69	—	145.60
Exchange differences	—	—	7.84	14.89	—	—	—	—	—	22.73
At March 31 2012	—	9.42	788.65	5,289.79	41.44	112.21	201.40	144.50	2,500.55	9,087.96
Net Block										
At March 31 2011	1,952.80	255.50 (d)	4,972.90 (d)	4,590.14	215.60	25.05	109.71	163.70	8,619.74	20,905.14
At March 31 2012	2,039.43	268.60 (d)	4,990.42 (d)	6,077.74	203.94	25.31	119.47	181.15	8,544.91	22,450.97

a) Deed of conveyance in respect of freehold land amounting to Rs. 1,164.08 Lacs (Rs. 1,164.08 Lacs) is pending registration.

b) Include Rs. 1,345.49 Lacs on account of revaluation of land, building and plant and machineries of the Company as on March 31, 2009 at net replacement cost basis.

c) Includes Rs. 7,323.29 Lacs, being the proportionate amount capitalised on revaluation of Joint Venture Company's land at net replacement basis, as on March 31, 2011, based on the report of an approved valuer.

d) Includes assets taken on finance lease as disclosed in Note 25. Gross Block Rs. 1,895.02 Lacs (Rs. 1,753.60 Lacs) and Net Block Rs. 1,745.78 Lacs (Rs. 1,694.41 Lacs).

9.2 INTANGIBLE FIXED ASSETS

	Computer Softwares	Patents	Proportionate share in Joint Venture	Total Intangible Assets
Cost or Valuation				
At April 1 2010	77.57	—	5.24	82.81
Additions	6.82	221.34	—	228.16
Disposals	—	—	—	—
At March 31 2011	84.39	221.34	5.24	310.97
Additions	57.14	497.00	4.49	558.63
Disposals	—	—	—	—
Exchange differences	—	36.41	—	36.41
At March 31 2012	141.53	754.75	9.73	906.01
Depreciation & Amortization				
At April 1 2010	38.56	—	0.63	39.19
Charge for the year	26.51	—	0.78	27.29
Disposals	—	—	—	—
Exchange differences	—	—	—	—
At March 31 2011	65.07	—	1.41	66.48
Charge for the year	19.03	127.33	1.30	147.66
Disposals	—	—	—	—
Exchange differences	—	4.75	—	4.75
At March 31 2012	84.10	132.08	2.71	218.89
Net block				
At March 31 2011	19.32	221.34	3.83	244.49
At March 31 2012	57.43	622.67	7.02	687.12



Notes to the Consolidated FINANCIAL STATEMENT

As at and for the year ended March 31, 2012

(Rs. in Lacs)

	No of Shares As at March 31 2012	2011	Face value per share (Rs.)	As at March 31, 2012	As at March 31, 2011
10. NON-CURRENT INVESTMENTS					
(Valued at cost unless stated otherwise)					
Non-trade investments					
In fully paid up equity shares					
Quoted					
Continental Valves Limited	1,60,000	(1,60,000)	10	14.78	14.78
Tata Steel Limited	—	(4,725)	10	—	8.09
Tube Investments of India Limited	—	(10,000)	2	—	0.75
Punjab National Bank	—	(883)	10	—	1.18
Indian Aluminium Company Limited	—	(2,000)	2	—	0.60
JSW Steel Limited	—	(437)	10	—	1.81
Syndicate Bank	—	(4,321)	10	—	2.16
IDBI Bank Limited	—	(11,040)	10	—	8.97
Bank of Baroda	—	(5,000)	10	—	4.25
State Bank of Bikaner & Jaipur	—	(10,250)	10	—	5.54
Unquoted					
Titagarh Papers Limited	49,33,000	(49,33,000)	10	493.30	493.30
Less : Provision for diminution				(416.96)	(329.03)
				76.34	164.27
Tecalemit Industries Limited	8,85,000	(8,85,000)	10	22.82	22.82
Bhatpara Papers Limited	50,000	(50,000)	10	5.00	5.00
In Mutual Funds					
UTI Infrastructure Fund	—	(17,979)	10	—	5.00
UTI Lifestyle Fund	—	(1,00,000)	10	—	10.00
Trade investments					
In 0% optionally fully convertible debentures					
Joint Venture Company					
Cimco Equity Holdings Private Limited	3,20,00,000	-	10	3,200.00	—
				3,318.94	255.22
Add : Proportionate Share in Joint Venture				0.03	0.03
				3,318.97	255.25
Aggregate amount of quoted investments				14.81	63.13
Aggregate amount of unquoted investments				3,304.16	192.09
Market value of quoted investments				18.43	195.68
Aggregate provision for diminution				416.96	329.03

Notes to the Consolidated FINANCIAL STATEMENT

As at and for the year ended March 31, 2012

(Rs. in Lacs)

	As at March 31, 2012	As at March 31, 2011
11. DEFERRED TAX ASSETS / (LIABILITIES) (NET)		
Deferred tax liability		
Timing differences in depreciable assets	603.01	475.46
Deferred tax assets		
Expenses allowable against taxable income in future years	374.60	494.99
Net deferred tax assets / (liabilities)	(228.41)	19.53
Proportionate share in deferred tax assets of Joint Ventures	240.16	432.39
		451.92

In case of Cimmco, the management, based on confirmed sales orders, believes that it will earn sufficient taxable profit in future to set-off deferred tax recognized as at March 31, 2012 arising on timing differences due to unabsorbed depreciation, carry-forward business losses and other timing differences, which is in compliance with the requirements of Accounting Standard 22 "Accounting for Taxes on Income". Proportionate share in deferred tax asset of Rs. 499.35 Lacs (Rs. 235.94 Lacs) has not been recognised in the accounts in terms of the accounting policy indicated in Note 2(p) above.

	Non-current		Current	
	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011
12. LOANS AND ADVANCES				
(Unsecured, considered good unless stated otherwise)				
Capital Advances	478.30	451.59	—	—
Loans to related parties (Note 27)	—	—	3,325.56	6,238.49
Security Deposits	199.88	28.58	1,314.57	308.75
Advance recoverable in cash or kind				
Considered good	—	—	7,324.93	4,714.26
Considered doubtful (related party)	405.85	405.85	—	—
	405.85	405.85	7,324.93	4,714.26
Provision for doubtful advances	(405.85)	(405.85)	—	—
	—	—	7,324.93	4,714.26
Balance with statutory/government authorities	—	—	1,322.64	8.91
Advance tax (net of provision for taxes)	—	—	221.81	90.80
Prepaid expenses	—	—	274.87	316.90
	678.18	480.17	13,784.38	11,678.11
Add : Proportionate share in Joint Ventures	25.27	75.66	300.61	1,142.28
Total	703.45	555.83	14,084.99	12,820.39



Notes to the Consolidated FINANCIAL STATEMENT

As at and for the year ended March 31, 2012

(Rs. in Lacs)

	Current	
	As at March 31, 2012	As at March 31, 2011
13. TRADE RECEIVABLES AND OTHER ASSETS		
13.1 TRADE RECEIVABLES		
(Unsecured, considered good unless stated otherwise)		
Outstanding for a period exceeding six months from the date they are due for payment	2,091.19	828.20
Add : Proportionate share in Joint Ventures	22.58	176.16
	2,113.77	1,004.36
Other receivables	7,171.67	10,973.10
Add : Proportionate share in Joint Ventures	521.38	2,190.49
	7,693.05	13,163.59
Total	9,806.82	14,167.95

	Non-current		Current	
	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011
13.2 OTHER ASSETS				
(Unsecured, considered good unless stated otherwise)				
Bank Balances (Note 15)	57.90	3,022.09	—	—
Interest accrued on fixed deposits and loans	0.49	0.30	835.33	808.52
Total	58.39	3,022.39	835.33	808.52
Add : Proportionate share in Joint Ventures	—	—	2,461.95	2,548.33
Total	58.39	3,022.39	3,297.28	3,356.85

A) Proportionate Share in Joint Venture includes the following :

- Rs. 1,976.18 Lacs (Rs. 1,976.18 Lacs) recoverable from Indian Railway (Railways) on account of differential sub lease rental for the leased wagons 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.
- Rs. 101.99 Lacs (Rs. 101.99 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 certain tax disallowances, which are contested by SBI Caps separately. Further, SBI Caps has claimed Rs. 564.48 Lacs (proportionate amount of Joint Venture), being the amount of such disallowance from Cimmoco 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 29. The Company is pursuing the matter with SBI caps and is hopeful to recover the dues.
- Rs. 371.51 Lacs, net of Rs. 75.00 Lacs received under guarantee given by Cimmoco, (Rs. 446.51 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 Cimmoco. NICL has referred the matter to the Hon'ble Supreme Court. The management is taking necessary steps to recover the above claim amount and is certain about the realization of the total outstanding amount.

	As at March 31, 2012	As at March 31, 2011
14. INVENTORIES		
(Valued at lower of cost and net realizable value)		
Raw materials & components	11,115.41	9,222.79
Work in progress	8,923.76	7,193.82
Finished goods	1,118.58	2,842.22
Saleable scrap	5.83	181.31
Stores and spares	1,031.52	827.14
	22,195.10	20,267.28
Add : Proportionate share in Joint Ventures	1,871.29	4,584.03
	24,066.39	24,851.31

Notes to the Consolidated FINANCIAL STATEMENT

As at and for the year ended March 31, 2012

(Rs. in Lacs)

	Non-current		Current	
	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011
15. CASH AND BANK BALANCES				
I. Cash and cash equivalents				
Balances with Banks :				
On current accounts	—	—	3,269.27	1,103.32
Deposits with original maturity of less than three months	—	—	3,460.26	201.90
Cash on hand	—	—	4.53	47.84
	—	—	6,734.06	1,353.06
Add : Proportionate share in Joint Ventures	—	—	384.63	72.63
Total Cash and cash equivalents	—	—	7,118.69	1,425.69
II. Other Bank Balances				
Balances with Banks :				
On unpaid dividend account	—	—	5.41	0.94
On unpaid fractional share entitlement	—	—	11.17	—
Deposits with original maturity of more than 12 months	1.90	—	—	7.00
Deposits with original maturity for more than 3 months but less than 12 months	—	—	8,403.00	4,230.00
Margin money deposit #	56.00	3,022.09	5,957.50	2,462.48
	57.90	3,022.09	14,377.08	6,700.42
Add : Proportionate share in Joint Venture	—	—	791.68	1,626.95
Total Other Bank Balnces	57.90	3,022.09	15,168.76	8,327.37
Total Cash & Bank Balnces [(I) + (II)]	57.90	3,022.09	22,287.45	9,753.06
Amount disclosed under non-current assets (note 13.2)	(57.90)	(3,022.09)		
Net Cash & Bank Balances	—	—	22,287.45	9,753.06

Receipts lying with banks as security against loans, guarantees/letter of credits issued by them.

	For the year ended March 31, 2012	For the year ended March 31, 2011
16. REVENUE FROM OPERATIONS		
Sale of Products		
Finished Goods	78,394.09	66,828.74
Sale of Raw Materials & Components	1,386.73	937.37
Other operating revenues		
Scrap sales	701.58	594.47
	80,482.40	68,360.58
Add : Proportionate share in Joint Ventures	11,076.33	6,090.54
Revenue from operations (gross)	91,558.73	74,451.12
Less : Excise duty	2,464.22	2,009.96
[Including proportionate share in Joint Ventures Rs. 260.41 Lacs (Rs. 124.16 Lacs)]		
Revenue from operations (net)	89,094.51	72,441.16



Notes to the Consolidated FINANCIAL STATEMENT

As at and for the year ended March 31, 2012

(Rs. in Lacs)

	For the year ended March 31, 2012	For the year ended March 31, 2011
17. OTHER INCOME		
Interest Income on		
Bank deposits	1,208.63	571.40
Loans, advances etc	351.64	362.05
Others	20.66	20.70
Unspent liabilities/provisions no longer required written back	426.81	–
Net gain on sale of investments (long term, Non-trade)	105.38	–
Gain on sale of fixed assets (net)	128.82	–
Dividend Income on non-trade long term investments	3.01	4.25
Irrecoverable debts written off in earlier years, now recovered	–	43.89
Subsidy Received	–	216.76
Gain on foreign exchange fluctuations/forward exchange contracts (net)	–	348.51
Other non operating income	129.73	113.65
	2,374.68	1,681.21
Add : Proportionate share in Joint Ventures	70.99	175.89
Total other income	2,445.67	1,857.10

	For the year ended March 31, 2012	For the year ended March 31, 2011
18. COST OF RAW MATERIALS & COMPONENTS CONSUMED		
Inventory at the beginning of the year	9,222.79	11,950.81
Add : Purchases	45,900.61	36,204.23
	55,123.40	48,155.04
Less : Inventory at the end of the year	11,115.41	9,222.79
	44,007.99	38,932.25
Add : Proportionate share in Joint Ventures	4,537.39	3,152.92
Total Cost of raw materials & components consumed	48,545.38	42,085.17

Notes to the Consolidated FINANCIAL STATEMENT

As at and for the year ended March 31, 2012

(Rs. in Lacs)

	For the year ended March 31, 2012	For the year ended March 31, 2011
19. (INCREASE)/DECREASE IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND SALEABLE SCRAP		
Closing Stock		
Finished Goods	1,118.58	2,842.22
Work in Progress	8,923.76	7,193.82
Saleable Scrap	5.83	181.31
	10,048.17	10,217.35
Opening Stock		
Finished Goods	2,842.22	1,743.97
Work in Progress	7,193.82	4,476.40
Saleable Scrap	181.31	—
	10,217.35	6,220.37
Less : Transferred to fixed assets	298.02	—
	(128.84)	(3,996.98)
Add : Proportionate share in Joint Ventures	462.09	42.51
	333.25	(3,954.47)

	For the year ended March 31, 2012	For the year ended March 31, 2011
20. EMPLOYEE BENEFITS EXPENSES		
Salaries, wages and bonus	4,313.99	3,248.63
Contribution to provident & other funds	160.89	129.91
Gratuity expense	70.97	27.13
Staff welfare expenses	131.88	177.18
Directors' Remuneration		
Remuneration to Managing and Whole Time Directors :		
- Salary, bonus etc.	156.63	63.00
- Contribution to provident fund	13.02	7.56
- Commission on profit	9,21.28	886.89
	1,090.93	957.45
	5,768.66	4,540.30
Add : Proportionate share in Joint Ventures	160.74	182.81
Total	5,929.40	4,723.11



Notes to the Consolidated FINANCIAL STATEMENT

As at and for the year ended March 31, 2012

(Rs. in Lacs)

	For the year ended March 31, 2012	For the year ended March 31, 2011
21. OTHER EXPENSES		
Consumption of stores & spares	5,018.98	4,387.07
Cost of raw material and component sold	1,356.84	1,776.16
Job processing and other machining charges (including contract labour charges)	3,258.24	2,703.33
Power & Fuel	3,764.96	3,152.07
Design & development expenses	209.38	123.91
Expenses on interunit transfer of materials	89.94	19.89
Repairs and maintenance		
Plant & Machinery	151.42	147.64
Buildings	0.04	1.01
Others	70.54	92.11
Rent	236.96	152.09
Rates & Taxes	297.26	90.03
Insurance	235.15	115.38
Advertising and sales promotion	190.53	247.76
Brokerage and commission	114.89	35.60
Travelling and conveyance	508.78	387.88
Legal and professional fees	797.96	593.73
Commission to non-whole time directors	10.00	10.00
Directors sitting fees	19.94	17.06
Auditors' Remuneration	64.50	57.12
Provision for diminution in value of investments (Non-trade)	87.93	329.03
Warranty Claims	41.67	90.08
Less : Adjusted with provision	11.34	90.08
Provision for warranties	24.00	129.86
Liquidated Damages	577.88	921.15
Less : Adjusted with provision	337.24	381.77
Provision for liquidated damages	58.35	142.22
Irrecoverable debts/advances written off	232.10	124.23
Provision for doubtful debts and advances	—	405.85
Loss on sale of fixed assets (net)	—	0.62
Loss on foreign exchange fluctuations/forward exchange contracts (net)	218.50	—
Prior period expenses (Net)	63.29	—
Provision for sub-standard Assets	16.57	—
Miscellaneous expenses	819.42	662.60
	18,187.44	16,443.63
Add : Proportionate Share in Joint Venture	2,250.34	1,262.70
Total	20,437.78	17,706.33

Notes to the Consolidated FINANCIAL STATEMENT

As at and for the year ended March 31, 2012

(Rs. in Lacs)

	For the year ended March 31, 2012	For the year ended March 31, 2011
22. FINANCE COSTS		
Interest expenses	653.11	487.00
Bank charges	300.59	368.60
Exchange difference to the extent considered as an adjustment to borrowing costs	155.48	—
	1,109.18	855.60
Add : Proportionate share in Joint Ventures	649.82	67.65
Total	1,759.00	923.25
	For the year ended March 31, 2012	For the year ended March 31, 2011
23. EARNING PER SHARE (EPS)		
Present number of weighted average equity shares	18,817,607	18,809,069
Number of weighted average equity shares to be allotted against share warrant	291,154	174,658
Potential number of weighted average equity shares	19,108,761	18,983,727
Profit after taxes (before extraordinary items)(Rs. in Lacs)	8,316.72	7,324.32
Profit after taxes (after extraordinary items)(Rs. in Lacs)	8,316.72	7,129.47
Nominal value of each share (Rs.)	10.00	10.00
Earning per share before extraordinary items : Basic (Rs.)	44.20	38.94
Diluted (Rs.)	43.52	38.58
Earning per share after extraordinary items : Basic (Rs.)	44.20	37.90
Diluted (Rs.)	43.52	37.56

24. RETIREMENT AND OTHER EMPLOYEE BENEFIT PLANS

The Company has a defined benefit gratuity plan which is unfunded (except for Titagarh Steels unit where it is administered through a trust and funded with Life Insurance Corporation of India (LIC) in the form of qualifying insurance policy). 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 following tables summaries the components of net employee benefit expenses recognised in the statement of profit and loss and balance sheet for the Gratuity plans.

	Gratuity (funded)		Gratuity (unfunded)	
	For the year ended March 31, 2012	For the year ended March 31, 2011	For the year ended March 31, 2012	For the year ended March 31, 2011
Statement of profit and loss				
Net employee benefit expenses recognized in the employee cost				
Current service cost	6.39	7.37	32.17	25.28
Interest cost on benefit obligations	11.60	13.35	25.63	24.64
Expected return on plan assets	(2.99)	(2.99)	—	—
Net actuarial (gain)/ loss recognised during the year	(10.53)	(20.92)	8.70	(19.60)
Net benefit expenses	4.47	(3.19)	66.50	30.32



Notes to the Consolidated FINANCIAL STATEMENT

As at and for the year ended March 31, 2012

(Rs. in Lacs)

	Gratuity (funded)		Gratuity (unfunded)	
	For the year ended March 31, 2012	For the year ended March 31, 2011	For the year ended March 31, 2012	For the year ended March 31, 2011
24. RETIREMENT AND OTHER EMPLOYEE BENEFIT PLANS (Contd.)				
Balance Sheet				
Benefit liability				
Present value of defined benefit obligations	144.75	145.13	342.57	298.28
Fair value of plan assets	37.39	37.39	—	—
Plan liability	107.36	107.74	342.57	298.28
Changes in the present value of the defined benefit obligations are as follows :				
Opening defined benefit obligations	145.13	154.23	298.28	317.67
Current service cost	6.39	7.37	32.17	25.28
Interest cost	11.60	13.35	25.63	24.64
Benefits paid	(7.46)	(8.49)	(22.21)	(49.71)
Actuarial (gains)/losses on obligations	(10.91)	(21.33)	8.70	(19.60)
Closing defined benefit obligations	144.75	145.13	342.57	298.28
Changes in the fair value of plan assets are as follows :				
Opening fair value of plan assets	37.39	37.29		
Expected return	2.99	2.99		
Contributions by employer	4.85	6.01		
Benefits paid	(7.46)	(8.49)		
Actuarial gains/(losses)	(0.38)	(0.41)		
Closing fair value of plan assets	37.39	37.39		
Actual Return on plan assets	2.99	2.99		
The major categories of plan assets as a percentage of the fair value of total plan assets are as follows :				
Investments with insurer	100%	100%		
The principal assumptions used in determining gratuity obligation in shown below :				
Discount rate	8.00%	8.00%	8.00%	8.00%
Expected rate of return on assets	8.00%	8.00%	NA	NA
Rate of increase in salary	5.00%	5.00%	5.00%	5.00%
Expected average working life of the employees	8	9	15	15
Mortality table		Standard table LIC (1994-1996)		

Notes to the Consolidated FINANCIAL STATEMENT

As at and for the year ended March 31, 2012

24. RETIREMENT AND OTHER EMPLOYEE BENEFIT PLANS (Contd.)

Amounts for the current and previous four years are as follows :

(Rs. in Lacs)

	For the year ended March 31, 2012	For the year ended March 31, 2011	For the year ended March 31, 2010	For the year ended March 31, 2009	For the year ended March 31, 2008
Defined benefit obligation - unfunded	342.57	298.28	317.67	296.35	282.72
Defined benefit obligation - funded	144.75	145.13	154.23		
Plan assets	37.39	37.39	37.29		
Deficit	449.93	406.02	434.61		
Experience adjustments on plan liabilities - unfunded [(gains)/Losses]	8.70	(19.60)	10.38	24.39	
Experience adjustments on plan liabilities - funded [(gains)/losses]	(10.91)	(21.33)	(0.94)		
Experience adjustments on plan assets [(gains)/losses]	(0.38)	(0.41)	(1.36)		

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.

The Company expects to contribute Rs. 5.00 lacs (Rs. 6.00 lacs) to the gratuity fund during 2012-13.

The details of proportionate share in Joint Venture with respect to Gratuity and other employee benefits are as follows :

	For the year ended March 31, 2012	For the year ended March 31, 2011
Net Defined benefit expenses recognised in the Statement of Profit and Loss	4.36	0.49
Defined benefit obligation at the end of the year	9.02	4.66
The amounts provided for defined contribution plans are as follows :		
Provident Fund	120.27	98.94
Employee State Insurance	48.21	32.90
Superannuation Fund	5.43	5.63
Total	173.91	137.47
Proportionate Share in Joint Venture	10.53	8.31
Total	184.44	145.78

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 an unfunded plan.

25. LEASES

The Group has operating leases for office premises and land that are renewable on a periodic basis and are cancelable by giving a notice period ranging from one month to three months. There is no escalation clause and restriction under the lease agreement. There are no subleases.

	For the year ended March 31, 2012	For the year ended March 31, 2011
The amount of rent expenses included in statement of profit and loss	236.96	46.89

Assets include land & buildings acquired under finance lease (Gross block Rs. 1,895.02 Lacs (Rs. 1,753.60 Lacs), Net block Rs. 1,745.78 Lacs (Rs. 1,694.41 Lacs) and the year wise breakup of future obligations towards lease rentals, inclusive of finance charges of Rs. 230.83 Lacs (Rs. 296.31 Lacs) under the agreement as on March 31, 2012 amounting to Rs. 1,859.16 Lacs (Rs. 1,951.78 Lacs) is given below :

	Total		Not later than 1 year		Later than 1 year but not later than 5 years	
	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011
Minimum Lease Payment	1,859.16	1,951.78	262.64	230.15	1,596.52	1,721.63
Present Value of minimum lease payments	1,628.33	1,655.47	181.22	148.65	1,447.11	1,506.82

Notes to the Consolidated FINANCIAL STATEMENT

As at and for the year ended March 31, 2012

26. SEGMENT INFORMATION

Based on the synergies, risks and return associated with business operations and in terms of Accounting Standard-17, the Company is engaged in following business segments.

- Wagons & Coaches – Consists of manufacturing of wagons and coaches as per customer specification
- Heavy Earth Moving Machineries (HEMM) – Consists of manufacturing of heavy earth moving equipments
- Steel Foundry – Consists of foundries casting including bogies and couplers
- Others - Consists of miscellaneous business comprising of less than 10% revenue on individual basis

Information about primary business segments

(Rs. in Lacs)

	Wagons & Coaches	HEMM	Steel Foundry	Others	Elimination	Total
Revenues (net of excise duty and cess)						
Income from operations (External sales)	81,790.00 (66,944.10)	1,112.50 (1,413.30)	2,759.53 (2,252.44)	3,432.48 (1,831.32)		89,094.51 (72,441.16)
Inter segment sales	862.24	–	11,084.25 (9,792.81)	–	(11,946.49) 9,792.81	– –
Total revenue	82,652.24 (66,944.10)	1,112.50 (1,413.30)	13,843.78 (12,045.25)	3,432.48 (1,831.32)	(11,946.49) 9,792.81	89,094.51 (72,441.16)
Results						
Segment results	12,844.36 (12,007.01)	(34.96) (139.18)	1,522.14 (1,278.57)	953.18 (474.42)		15,284.72 (13,899.18)
Less : Unallocated expenses net of unallocated income						(1,847.94) (2,610.54)
Operating profit						13,436.78 (11,288.64)
Add: Interest income (net)						(231.24) (399.50)
Less : Exceptional Items						1,238.00 (317.98)
Less : Extraordinary Items (Net)						– (194.85)
Profit before taxes						12,430.02 (11,175.31)
Income taxes						4,012.03 (3,921.69)
Net profit after taxes						8,417.99 (7,253.62)
Segment assets	60,921.19 (52,632.07)	3,775.46 (2,240.23)	10,489.02 (9,141.27)	1,217.52 (2,835.78)		76,403.19 (66,849.35)
Unallocated assets						28,488.53 (27,639.46)
Total assets						104,891.72 (94,488.81)

Notes to the Consolidated FINANCIAL STATEMENT

As at and for the year ended March 31, 2012

(Rs. in Lacs)

	Wagons & Coaches	HEMM	Steel Foundry	Others	Elimination	Total
Segment liabilities	31,111.18	848.08	2,804.53	189.27		34,953.06
	(20,540.08)	(997.72)	(2,506.58)	(2,000.14)		(26,044.52)
Unallocated liabilities						3,526.07
						(10,804.43)
Total liabilities						38,479.13
						(36,848.95)
Other segment information						
Capital Expenditure						
Tangible assets	1,002.70	831.72	286.06	268.76		2,389.24
	(520.11)	(84.58)	(81.88)	(3,734.91)		(4,421.48)
Intangible assets	504.99	53.64	—	—		558.63
	(226.29)	(—)	(—)	(1.87)		(228.16)
Depreciation						
Depreciation	771.66	63.32	158.50	83.50		1,076.98
	(358.00)	(53.07)	(63.04)	(356.90)		(831.01)
Other non cash expenses						
Provision for diminution in value of investments				87.93		87.93
				(329.03)		(329.03)
Provision for doubtful advances				—		—
				(405.85)		(405.85)
Debts and irrecoverable balances written off				232.10		232.10
				(211.45)		(211.45)
Exceptional items				13,668.02		13,668.02
				(—)		(—)
Provision for sub-standard Assets				16.57		16.57
				(—)		(—)

Geographical Segment :

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

	For the year ended March 31, 2012	For the year ended March 31, 2011
Geographical segment revenue		
Domestic (net of excise duty)*	73,137.24	71,446.40
Overseas	15,957.27	994.76
Total	89,094.51	72,441.16

* includes proportionate share in Joint Ventures Rs. 10,815.92 Lacs (Rs. 6,410.05 Lacs)

	As at March 31, 2012	As at March 31, 2011
Geographical segment assets		
Domestic	90,371.88	83,059.05
Overseas	14,519.84	11,429.76
Total	104,891.72	94,488.81



Notes to the Consolidated FINANCIAL STATEMENT

As at and for the year ended March 31, 2012

(Rs. in Lacs)

27. RELATED PARTY DISCLOSURES

Names of related parties and related party relationship

Joint Venture Companies :	Cimco Equity Holdings Private Limited Cimmco Limited, subsidiary of Cimco Equity Holdings Private Limited
Key Management Personnel (KMPs) :	Mr. J P Chowdhary – Executive Chairman Mr. Umesh Chowdhary – Vice Chairman & Managing Director (With effect from October 1, 2010)
Relatives of KMPs :	Ms. Savitri Devi Chowdhary, Wife of Mr. J P Chowdhary Mr. Umesh Chowdhary, Son of Mr. J P Chowdhary Ms. Rashmi Chowdhary, Wife of Mr. Umesh Chowdhary Ms. Vinita Bajoria, Daughter of Mr. J P Chowdhary Ms. Sumita Kandoi, Daughter of Mr. J P Chowdhary
Enterprises over which KMP/Shareholders/ Relatives have significant influence :	Titagarh Logistics Infrastructure Services Private Limited Titagarh Capital Management Services Private Limited Traco International Investment Private Limited Titagarh Papers Limited

Details of transactions between the Company and related parties and outstanding balances as at the year end are given below :

Nature of transactions	Joint ventures	KMP	Relatives of KMP	Enterprise over which KMP/ shareholders/ relatives have significant influence	Total
Revenue from operations					
Cimmco Limited	2,118.39 (1,224.66)				2,118.39 (1,224.66)
Interest income on Advances/Loans					
Cimco Equity Holdings Private Limited	154.15 (334.21)				154.15 (334.21)
Titagarh Papers Limited				167.42 (-)	167.42 (-)
Purchase of raw materials & components					
Cimmco Limited	761.03 (509.32)				761.03 (509.32)
Rent Paid					
Titagarh Papers Limited				179.97 (-)	179.97 (-)
Provision for diminution in value of Investments					
Titagarh Papers Limited				87.93 (329.03)	87.93 (-)

Notes to the Consolidated FINANCIAL STATEMENT

As at and for the year ended March 31, 2012

(Rs. in Lacs)

Nature of transactions	Joint ventures	KMP	Relatives of KMP	Enterprise over which KMP/ shareholders/ relatives have significant influence	Total
Dividend paid					
Ms. Savitri Devi Chowdhary			289.86 (181.16)		289.86 (181.16)
Ms. Rashmi Chowdhary			134.66 (78.71)		134.66 (78.71)
Mr. J P Chowdhary		2.50 (1.57)			2.50 (1.57)
Mr. Umesh Chowdhary		1.24 (-)	- (0.77)		1.24 (0.77)
Ms. Vinita Bajoria			0.40 (0.25)		0.40 (0.25)
Ms. Sumita Kandoi			0.09 (0.24)		0.09 (0.24)
Traco International Investment Private Limited				2.43 (1.52)	2.43 (1.52)
Titagarh Capital Management Services Private Limited				317.12 (196.34)	317.12 (196.34)
Titagarh Logistics Infrastructure Services Private Limited				2.40 (-)	2.40 (-)
Remuneration (including contribution to Provident and other funds)					
Mr. J P Chowdhary		641.72 (695.97)			641.72 (695.97)
Mr. Umesh Chowdhary		449.21 (261.42)			449.21 (261.42)
Ms. Vinita Bajoria			22.77 (17.96)		22.77 (17.96)
Directors sitting fees					
Mr. Umesh Chowdhary			- (1.30)		- (1.30)
Money Received towards equity warrants / share capital including share premium					
Ms. Rashmi Chowdhary			2,554.20 (1,209.38)		2,554.20 (1,209.38)
Titagarh Capital Management Services Private Limited				1,073.93 (-)	1,073.93 (-)
ASSETS :					
Loans given					
Cimco Equity Holdings Private Limited		- (47.75)			- (47.75)
Titagarh Papers Limited				2,100.00 (-)	2,100.00 (-)



Notes to the Consolidated FINANCIAL STATEMENT

As at and for the year ended March 31, 2012

(Rs. in Lacs)

Nature of transactions	Joint ventures	KMP	Relatives of KMP	Enterprise over which KMP/ shareholders/ relatives have significant influence	Total
Security Deposits given					
Titagarh Papers Limited				194.00 (-)	194.00 (-)
Investments made					
Cimco Equity Holdings Private Limited	3,200.00 (-)				3,200.00 (-)
Loans refunded					
Cimco Equity Holdings Private Limited	2,450.25 (-)				2,450.25 (-)
Put option given					
Cimmco Limited	- (6,500.00)				- (6,500.00)
Balance outstanding as at the year end - Debit					
Cimco Equity Holdings Private Limited	- (2,993.08)				- (2,993.08)
Cimmco Limited	- (1,006.63)				- (1,006.63)
Titagarh Papers Limited				2,282.71 (-)	2,282.71 (-)
Balance outstanding as at the year end - Credit					
Mr. J P Chowdhary		377.35 (448.41)			377.35 (448.41)
Mr. Umesh Chowdhary		259.25 (164.39)			259.25 (164.39)
Cimmco Limited	1.28 (-)				1.28 (-)

	As at March 31, 2012	As at March 31, 2011
28. CAPITAL AND OTHER COMMITMENTS		
Estimated amount of capital commitments (net of advances) remaining to be executed	1,098.62	141.77

[Proportionate share in Joint Venture Rs. 1.29 Lacs (Rs. Nil)]

Notes to the Consolidated FINANCIAL STATEMENT

As at and for the year ended March 31, 2012

(Rs. in Lacs)

	As at March 31, 2012	As at March 31, 2011
29. CONTINGENT LIABILITIES		
Disputed claims contested by the Company and pending at varous courts, [Proportionate share in Joint Venture Rs. 4,607.73 Lacs (Rs. 4,691.19 Lacs)]	5,018.82	5,048.54
Matters under appeal with :		
Sales tax authorities [Proportionate share in Joint Venture Rs. 330.50 Lacs (Rs. 957.04 Lacs)]	924.97	1,992.45
Income tax authorities [Proportionate share in Joint Venture Rs. 1,330.50 Lacs (Rs. 1,683.11 Lacs)]	2,201.68	1,736.79
Customs and excise authorities [Proportionate share in Joint Venture Rs. 197.58 Lacs (Rs. 218.39 Lacs)]	8,852.28	2,633.71
DGFT [Proportionate share in Joint Venture Rs. 3,211.50 Lacs (Rs. 1,061.00 Lacs)]	3,211.50	1,061.00
Letters of Credit, Bills discounted and Bank Guarantees outstanding [Proportionate share in Joint Venture Rs. 1,495.79 Lacs (Rs. 4,083.85 Lacs)]	26,728.60	18,103.75
Performance Guarantee given on behalf of a subsidiary Company for fulfillment of certain obligations	—	2,031.30
Put Option granted	—	9,599.99
Custom Duty on import of equipments and spare parts under EPCG scheme [Proportionate share in Joint Venture Rs. 320.14 Lacs (Rs. 320.14 Lacs)]	320.14	444.69
In respect of above cases, based on favourable decisions in similar cases/legal opinions taken by the Group/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.		

	As at March 31, 2012	As at March 31, 2011
30. DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE		
a. Derivative outstanding as at the balance sheet date		
Particulars	Purpose	
Forward contract to sell US\$	Minimising Risk of Currency Exposure on export of goods	USD 1,155,000 NIL
Forward contract to buy US\$	Minimising Risk of Currency Exposure on import of goods	USD 9,093,126 USD 4,410,056
Forward contract to buy Euro	Minimising Risk of Currency Exposure on import of goods	EURO 237,360 NIL
b. Particulars of unhedged foreign currency exposure as at the reporting date		
Borrowings		2,265.83 1,655.47
Other current liabilities		4,910.06 2,820.85
Provisions		0.51 —
Fixed assets		4,895.56 3,827.05
Inventories		4,463.40 3,558.11
Trade receivables		1,185.78 794.92
Cash and bank balances		3,037.47 1,487.03
Loans and advances		900.27 2,211.76



Notes to the Consolidated FINANCIAL STATEMENT

As at and for the year ended March 31, 2012

(Rs. in Lacs)

	Proportionate share in Joint Ventures	
	For the year ended March 31, 2012	For the year ended March 31, 2011
31. Exceptional Items represent balances due since period prior to sanction of rehabilitation scheme by the Board for Industrial and Financial Reconstruction in relation to Cimmco and consist of following :		
Irrecoverable debts & advances written off	787.95	—
Raw materials & components written off	545.10 *	—
Unspent/unclaimed liabilities written back	(95.05)	—
Finance charges	—	317.98
	1,238.00	317.98

*Represents amount written off (net of proportionate share of custom duty liability of Rs. 80 Lacs), considering the uncertainty involved in reclaiming the said inventory which are lying in the bonded warehouse since long.

32. In respect of the secured loans of Cimmco which have already been repaid in full by the Group in earlier period, Asset Reconstruction Company (India) Limited (ARCIL) has raised certain demands to the extent of Rs. 900 Lacs (proportionate share) plus interest thereon. ARCIL has released all charges on the assets of Cimmco and has also invoked guarantee given by way of pledge of shares by CEHPL. The Group has already provided liability to the extent of Rs. 117.98 Lacs (proportionate share) and expects no further payment in the matter. Cimmco is also pursuing with ARCIL to obtain "no due certificate", pending which no additional provision has been made in the accounts during the year.
33. Pending execution of renewal of sublease agreement with respect to wagons relating to secondary leasing period, (sub-leased to India Railways) acquired by FSFL, the Group has prudently decided not to recognize the income with respect to the said wagons.
34. Excise Duty & Cess on stocks represents differential excise duty and cess on opening and closing stock of finished goods, work in progress and saleable scrap.

35. PREVIOUS YEAR FIGURES

Previous period's figures including those given in brackets have been rearranged where necessary to conform to the current period's classification under Revised Schedule VI as stated in Note 2 above.

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 : April 30, 2012

For and on behalf of the Board of Directors

J P Chowdhary
Executive Chairman
D N Davar
Director
Dinesh Arya
Company Secretary

Umesh Chowdhary
Vice Chairman & Managing Director
Anil Kumar Agarwal
Chief Financial Officer



TITAGARH WAGONS LIMITED

Registered Office : Premlata Building, 4th Floor, 39 Shakespeare Sarani, Kolkata - 700 017

PROXY FORM

Folio No./DP ID/Client ID No. No. of Shares held

I/We of being a

member/members of the above named Company hereby appoint Mr./Mrs./Miss

of in the District of or failing

him/her Mr./Mrs./Miss of in the District of

..... as my/our proxy to vote for me/us on my/our behalf at the

Fifteenth Annual General Meeting of the Company to be held on Saturday, 15th day of September, 2012 at 10.30 A.M. at Kalakunj, 48 Shakespeare Sarani, Kolkata - 700 017.

Affix
Revenue
Stamp

Signed this _____ day of _____, 2012

Signature of the Shareholder

Note : This proxy form in order to be effective should be duly stamped, completed and signed and must be deposited at the Company's Registered Office not less than 48 hours before the Meeting.



TITAGARH WAGONS LIMITED

Registered Office : Premlata Building, 4th Floor, 39 Shakespeare Sarani, Kolkata - 700 017

ATTENDANCE SLIP

I hereby record my presence at the Fifteenth Annual General Meeting of the Company being held on Saturday, 15th day of September, 2012 at 10.30 A.M. at Kalakunj, 48 Shakespeare Sarani, Kolkata - 700 017

Full Name of the Member(s)/Proxy (in Block Letters)

Folio No./DP ID/Client ID No. No. of Shares held

Name of the Proxy (if the Proxy attends, instead of the Shareholder)

Signature of the Shareholder/Proxy

MEMBERS ATTENDING THE MEETING MUST FILL IN THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.