



TITAGARH WAGONS LIMITED

CIN : L27320WB1997PLC084819

Registered Office: 1B, Aster Court, 3 Loudon Street, Kolkata - 700017, India

Corporate Office: Titagarh House, 756 Anandapur, E.M. Bypass, Kolkata - 700107, India

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Notice of 17th Annual General Meeting

Notice is hereby given that the Seventeenth ANNUAL GENERAL MEETING of the members of TITAGARH WAGONS LIMITED will be held at "Rotary Sadan", 94/2, Chowringhee Road, Kolkata-700020 on Thursday, the 11th day of September, 2014 at 1.00 P.M. to transact the following businesses:

ORDINARY BUSINESS :

1. To consider and adopt :
 - (a) the audited financial statement of the Company for the financial year ended March 31, 2014, the Reports of Directors and Auditors thereon; and
 - (b) the audited consolidated financial statement of the Company for the financial year ended March 31, 2014.
2. To declare a dividend on Equity Shares.
3. To appoint a Director in place of Shri D N Davar (DIN: 00002008) who retires by rotation at this Annual General Meeting and being eligible has offered himself for re-appointment.
4. To appoint Auditors and fix their remuneration by passing, with or without modification(s) the following resolution as an Ordinary Resolution:
"RESOLVED THAT M/s. S R Batliboi & Co LLP; Chartered Accountants of 22 Camac Street, Block C, 3rd Floor, Kolkata-700016 having Firm Registration No. 301003E, pursuant to the provisions of Section 139 of the Companies Act, 2013 read with the Rules made thereunder be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) until the conclusion of the Twentieth (20th) AGM of the Company (subject to ratification of their appointment at every AGM) and the Board of Directors of the Company be and is hereby authorised to fix their remuneration plus other applicable expenses in connection with statutory audit and/or continuous audit and also such other remuneration, as may be decided to be paid by the Board/Committee of the Board, for performing duties if any other than those referred to hereinabove and the remuneration so fixed may be paid at such intervals during the year as may be decided by the Board/Committee of the Board."

SPECIAL BUSINESS :

5. To appoint Shri S Talukdar as an Independent Director and in this regard to consider and if thought fit to pass, with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of Section 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 ('the Act') and the Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and Clause 49 of the Listing Agreement, Shri Sunirmal Talukdar (DIN: 00920608), who was appointed as an Additional Director by the Board of Directors pursuant to the provisions of Section 161 (1) of the Act and Articles of Association of the Company on November 9, 2013 and holds office upto the date of this Annual General Meeting, and in respect of whom a notice in writing under Section 160 of the Act has been received from a member signifying his intention to propose his candidature for the office of the Director, be and is hereby appointed as Independent Director of the Company to hold office for a term ending on March 31, 2019."
6. To appoint Shri Shekhar Datta as an Independent Director and in this regard to consider and if thought fit to pass, with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of Section 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 ('the Act') and the Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and Clause 49 of the Listing Agreement, Shri Shekhar Datta (DIN: 00045591), who was appointed as an Additional Director by the Board of Directors pursuant to the provisions of Section 161 (1) of the Act and Articles of Association of the Company on April 12, 2014 and holds office upto the date of this Annual General Meeting, and in respect of whom a notice in writing under Section 160 of the Act has been received from a member signifying his intention to propose his candidature for the office of the Director be and is hereby appointed as Independent Director of the Company to hold office for a term ending on March 31, 2019."
7. To appoint Shri Sudipta Mukherjee, Director (Wagons Operations) and in this regard to consider and if thought fit to pass, with or without modification(s), the following resolution as an Ordinary Resolution:
*"RESOLVED THAT pursuant to the provisions of Sections 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 ('the Act') and the Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), Shri Sudipta Mukherjee (DIN : 06871871), whole time employee of the Company who was appointed as an Additional Director by the Board of Directors ('the Board') pursuant to the provisions of Section 161 (1) of the Act and the Articles of Association of the Company on April 12, 2014 and designated Director (Wagons Operations) and holds office upto the date of this Annual General Meeting, and in respect of whom a notice in writing under Section 160 of the Act has been received from a member signifying his intention to propose his candidature for the office of the Director, approval of the Company be and is hereby accorded to the appointment of Shri Sudipta Mukherjee as Director (Wagons Operations) of the Company for a term of five years w.e.f. May 15, 2014 and who shall be liable to retirement by rotation, at a remuneration approved by the Nomination & Remuneration Committee and detailed in the Explanatory Notice accompanying the Notice of this meeting and other terms and conditions as contained in Service Agreement approved by the Board of Directors and a copy whereof placed before the meeting, with liberty to the Board which term shall include the Nomination & Remuneration Committee of the Board to alter and vary the terms and conditions of the said appointment and/or remuneration as it may deem fit and as may be acceptable to Shri Sudipta Mukherjee, subject to the same not exceeding the limits specified under Schedule V to the Act or any statutory modification or re-enactment thereof;
*"RESOLVED FURTHER THAT the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution."**

8. To appoint Shri D N Davar as an Independent Director and in this regard to consider and if thought fit to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 ('the Act') and the Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and Clause 49 of the Listing Agreement, Shri Dharmendar Nath Davar (DIN: 00002008), an Independent Director of the Company since 08/12/2006 who retires by rotation at this meeting and has offered himself for reappointment, be and is hereby appointed as Independent Director of the Company to hold office for a term ending on the March 31, 2019."

9. To appoint Shri Manoj Mohanka as an Independent Director and in this regard to consider and if thought fit to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 ('the Act') and the Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and Clause 49 of the Listing Agreement, Shri Manoj Mohanka (DIN: 00128593), an Independent Director of the Company since 21/12/2001 be and is hereby appointed as Independent Director of the Company to hold office for a term ending on March 31, 2019."

10. To appoint Shri Sudev Chandra Das as an Independent Director and in this regard to consider and if thought fit to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 ('the Act') and the Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and Clause 49 of the Listing Agreement, Shri Sudev Chandra Das (DIN: 01072628), an Independent Director of the Company since 13/05/2013 be and is hereby appointed as Independent Director of the Company to hold office for a term ending on March 31, 2019."

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

"RESOLVED THAT pursuant to Section 148 of the Companies Act, 2013 read with The Companies (Audit and Auditors) Rules, 2014, the consent of the members be and is hereby accorded to payment of Rs.100,000 (Rupees One Lac only) as remuneration plus taxes as may be applicable and reimbursement of reasonable out of pocket expenses as may be incurred by the firm, to M/s. D. Radhakrishnan & Co.; Cost Accountants, 11-A Dover Lane, Flat No. B1/34, Kolkata-700029 appointed by the Board as Cost Auditors of the Company for the financial year 2014-15."

12. 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 Clause 49 of the Listing Agreement and other enabling provisions of law, as may be applicable and subject to such approvals, consents, permissions of the authorities as may be necessary, consent of the Company be and is hereby accorded to the Board of Directors to enter into the following Related Party Transactions (RPTs)

(a) A Continuing Contract/Arrangement for purchase/sale of materials and/or supply of services with Cimmco Limited, a subsidiary of the Company from time to time during the three financial years ending the 31st March, 2017 with an estimated annual ceiling of Rs. 60 Crores and on terms and conditions as may be mutually agreed upon between the Board of Directors of the Company and Cimmco Limited.

(b) Pay rent to Titagarh Papers Limited (TPL) for the use of a portion of the land belonging to it and situate at Titagarh adjoining the Company's existing production facilities thereat as per the Rent Agreement entered into between TPL and the Company on January 24, 2014 valid for 2 years and renewable on mutual consent, rent for the said land portion admeasuring 6.2037 Acres being Rs.10,42,947/- per month; such rent agreement the Board be and is hereby authorized to renew for further term as it may deem fit."

13. To approve the Employee Stock Option Scheme of the Company, known as TWL ESOP 2014 and in this regard to consider and, if deemed fit, to pass the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modifications, amendments or re-enactments thereto for the time being in force) (hereinafter referred to as "the Act"), the relevant provisions of the Memorandum & Articles of Association of the Company, the Securities & Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("the Guidelines") (including any amendment or reenactment thereto for the time being in force), the Listing Agreements entered into with the Stock Exchanges where the securities of the Company are listed, and subject to such other approvals, consents, permissions and sanctions as may be necessary from appropriate authorities or bodies and subject to such conditions & modifications as may be prescribed, specified or suggested by any of them while granting such approvals, consents, permissions and sanctions which may at its sole discretion be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any committee including the Compensation Committee which the Board may at its discretion authorise to exercise certain or all of its powers including the powers conferred by this resolution), the consent of the Company be and is hereby accorded to the Board to create, offer, issue, grant and allot over a period of time, in one or more tranches, to and for the benefit of the eligible permanent employees of the Company, existing and future, under a Scheme titled "TWL Employees Stock Option Scheme 2014" (hereinafter referred to as "TWL ESOP 2014"), such number of equity shares and/or equity linked instruments including Stock Options and/or any other instruments or securities, which upon exercise could give rise to the issue of equity shares (hereinafter collectively referred to as "Securities") of the Company, upto 5,00,000 equity shares of Rs. 10/- each in one or more tranches, at such price or prices and in such manner and on such terms & conditions as set out in the annexed Explanatory Statement and/or as may be fixed or determined by the Board in accordance with the Guidelines or other applicable provisions of any law including the Act as may be prevailing at that time.

RESOLVED FURTHER THAT in case of any Corporate Action(s) such as right issues, bonus issues, merger and others, if any additional equity shares are issued by the Company, the above ceiling of 5,00,000 equity shares shall be deemed to be increased proportionately to the extent of such additional equity shares issued.

RESOLVED FURTHER THAT the Board be and is hereby authorized to issue and allot equity shares upon exercise of Stock Options from time to time in the manner aforesaid, and the new equity shares to be issued and allotted by the Company shall rank pari-passu in all respects with the existing equity shares of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorized to take necessary steps for listing of the Securities allotted upon exercise under the TWL ESOP 2014 on the Stock Exchanges where the Company's equity shares are listed as per the provisions of the Listing Agreements with the concerned Stock Exchanges and other applicable guidelines, rules and regulations.

RESOLVED FURTHER THAT for the purpose of giving effect to any creation, offer, issue, allotment or listing of securities under the TWL ESOP 2014, the Board/ Compensation Committee of the Board be and is hereby authorized on behalf of the Company to formulate, evolve, decide upon and bring into effect TWL ESOP 2014 and to make any modifications, changes, variations, alterations, or revisions in the TWL ESOP 2014 from time to time, as may be required, or to suspend, withdraw or revive TWL ESOP 2014 and to do and perform any or all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable including allotment of equity shares upon exercise of vested options, forfeiture/cancellation of options granted; to re-issue options which have lapsed/cancelled due to whatsoever reasons etc. as also to settle any question, difficulty or doubt that may arise in this regard and without requiring to secure any further consent or approval of the shareholders of the Company."

14. **To approve the extension of the benefits of 'TWL ESOP - 2014' to the eligible employees of the subsidiaries of the Company and in this regard to consider and, if deemed fit, to pass the following resolution as a Special Resolution :**

"RESOLVED THAT in accordance with the provisions of Section 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013 (the "Act"), (including any statutory modifications or re-enactments thereof for the time being in force), the provisions of the Memorandum and Articles of Association of the Company, the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended from time to time (the "SEBI Guidelines"), the Listing Agreements entered into by the Company with the Stock Exchanges where securities of the Company are listed and any other applicable laws for the time being in force and subject to such approvals, consents, permissions and sanctions, as may be required, and further subject to such terms and conditions as may be prescribed while granting such approvals, consents, permissions and sanctions and which may be agreed to and accepted by the Board of Directors (hereinafter referred to as the "Board" which term shall be deemed to include any Committee(s), including the Compensation Committee constituted by the Board to exercise its powers conferred by this Resolution), consent of the Company be and is hereby accorded to the Board, to extend the benefits and coverage of the "TWL Employees Stock Option Scheme 2014" (the "TWL ESOP - 2014"), referred to in the Resolution under Item No. 13 of this Notice, also to such persons who are in permanent employment including the Whole-time Director(s) other than Promoters, whether present and future, of the Company's subsidiary companies, whether working in India or outside India, under the 'TWL ESOP - 2014' in the manner mentioned in the Resolution under Item No. 13 of this Notice, as may be decided by the Board in accordance with the SEBI Guidelines or other provisions of the law as may be prevailing at that time.

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient or proper and to settle any questions, difficulties or doubts that may arise in relation to formulation and implementation of the 'TWL ESOP - 2014' at any stage including at the time of listing of the equity shares issued herein without requiring the Board to secure any further consent or approval of the Members of the Company to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this Resolution."

Registered Office:

1-B, Aster Court,
3 Loudon Street, Kolkata -700017
7th August, 2014

By Order of the Board
D. Arya
Company Secretary

NOTES :

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL, ON HIS BEHALF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** Proxies submitted on behalf of limited companies, societies etc. must be supported by appropriate resolutions/authority, as applicable. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
- Proxies in order to be effective must be received by the Company at the registered office address not less than 48 hours before the commencement of the Annual General Meeting (AGM).
- The Register of Members and Share Transfer Register shall remain closed with effect from Saturday, the 6th September, 2014 to Thursday, the 11th September, 2014 (both days inclusive). The dividend, if declared, will be paid after 11th September, 2014 to those members whose names shall appear on the Register of Members of the Company on 11th September, 2014. 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.
- 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 entitlements of shares within seven years from the date of declaration of dividend/IPO will, as per Section 124 of the Act, be transferred to Investor Education and Protection Fund (IEPF). Members concerned are requested to refer carefully to the provisions of Sections 124(6) and 125 of the Act.**
- 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/Corporate 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 your request, you will be entitled to receive free of cost, copy of such communications/documents/Annual Reports and all other documents required to be attached thereto.

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

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 DP ID.

6. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.
7. Details under Clause 49 of the Listing Agreement with the Stock Exchange in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting, forms integral part of the notice. The Directors have furnished the requisite declarations for their appointment/re-appointment.
8. Electronic copy of the Annual Report for 2014 is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copy of the Annual Report for 2014 is being sent in the permitted mode.
9. Electronic copy of the Notice of the 17th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless a member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 17th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
10. Members may also note that the Notice of the 17th Annual General Meeting and the Annual Report for 2014 will also be available on the Company's website www.titagarh.biz for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered/Corporate Office for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: investors@titagarh.biz.

11. Voting through electronic means

- A. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 17th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by National Securities Depository Limited (NSDL):

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

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

- B. (b) In case of Shareholders' receiving Postal Ballot Form by Post:

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

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

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

- C. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the Downloads section of www.evoting.nsdl.com.
- D. If you are already registered with NSDL for e-voting then you can use your existing user ID and password for casting your vote.
- E. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- F. The e-voting period commences on 5th September, 2014 (9:00 am) and ends on 7th September, 2014 (6:00 pm). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 1st August, 2014, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.

- G. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of 1st August, 2014.
 - H. Messrs Sushil Goyal & Co., Company Secretaries have been appointed as the Scrutinizers to scrutinize the e-voting process in a fair and transparent manner.
 - I. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
 - J. The Results shall be declared on or after the AGM of the Company. The Results declared alongwith the Scrutinizer's Report shall be placed at the Company's website www.titagarh.biz and at the website of NSDL within two (2) days of passing of the resolutions at the AGM of the Company.
12. Members are requested to preferably send their queries to the Registered Office/Corporate Office atleast 7 days before the date of the Annual General Meeting.
 13. The documents pertaining to all the special businesses set out in the Notice are available for inspection at the Registered Corporate Office of the Company during 10.30 A.M. to 1.00 P.M. on all working days.
 14. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.

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

Items No. 5 & 6

Shri Sunirmal Talukdar and Shri Shekhar Datta have been appointed as Additional Directors (Independent) of the Company by the Board with effect from 9th November, 2013 and 12th April, 2014 respectively in terms of the provisions of Section 161 of the Act, and they would hold office upto the date of this AGM.

Shri Talukdar, aged about 63 years, had been Group Executive President and Chief Financial Officer of a large company. He has vast professional experience in finance/banking, negotiation and finalisation of financial commitments, coordination of due diligence, financing and M&A processes and general management functions. Continuation of Shri Talukdar on the Board would be beneficial to the Company.

Shri Datta aged about 76 years was the Past President of Confederation of the Indian Industry (CII), President of Bombay Chamber of Commerce & Industry and the Indo-Italian Chamber of Commerce & Industry. A well known professional engineer, Shri Datta is a graduate in Mechanical Engineering from London, and has over 38 years' experience in a large engineering group. He has received recognition and accolades for his professional acumen in India and abroad and his continuation on the Board would be beneficial to the Company.

The Directors are of the opinion that Shri Talukdar and Shri Datta fulfill the conditions specified in the Act for appointment as Independent Directors, and recommend passing of the Resolutions.

Save and except Shri Talukdar and Shri Datta, none of the Directors or Key Managerial Personnel (KMP) or their relatives is in any way concerned or interested in the Resolutions.

Item No. 7

The Board appointed Shri Sudipta Mukherjee as Additional Director on 12th April, 2014 and designated him as Director (Wagons Operations) and his appointment became effective from May 15, 2014 upon receipt of Director's Identification Number(DIN). Shri Mukherjee at 39 years has been with the Company since 1998 and starting as a Management Trainee has risen to the position of Senior Vice President. He is a Post Graduate from Calcutta University in Industrial Law and gained hands on experience in Wagons operations. He has been overseeing the production facilities at all three plants of the Company.

Shri Mukherjee does not hold any shares in the Company and his brief profile and details are provided in the Corporate Governance Report annexed to the Annual Report as per Clause 49. Shri Mukherjee's monthly remuneration consists of Basic- Rs. 1,18,250, HRA- Rs. 59,125, Conveyance- Rs. 23,650, Special Allowance- Rs. 35,475, Medical Allowance- Rs. 11,234, Gross- Rs. 2,47,734 per month, Leave Travel Allowance- Rs. 9,850 per month, PF Contribution – Rs. 14,190 per month, CTC per month- Rs. 2,71,774 and CTC per annum is Rs. 32,61,287.

None of the Directors except Shri Mukherjee, or Key Managerial Personnel (KMP) or their relatives is in any way concerned or interested in the Resolution. The Directors recommend passing of the aforesaid Ordinary Resolution.

Item No. 8 to 10

Shri Manoj Mohanka, Shri D N Davar, and Shri S C Das were appointed as Independent Directors on 21st December, 2001, 8th December, 2006 and 13th May, 2013 respectively.

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

Shri Manoj Mohanka holds a Bachelor's degree in Commerce with honours from St. Xavier's College, Kolkata, and a Master's degree with a specialisation in Strategic Marketing from the National University of Ireland and has been a Chevening – Gurukul Scholar at the London School of Economics. He has a vast experience of 25 years.

Shri D N Davar is M.A. (Economics), B.Com. (Hons), CAIIB-Indian Institute of Bankers, Fellow of Economic Development Institute of the World Bank, Shri Davar aged about 80 years has over 50 long years of Banking/ Development Banking experience with intensive exposure to industrial finance, industrial development and all-round corporate management.

Shri S C Das holds Bachelor's degree in Arts and Master's degree in Economics aged about 66 years had about 40 years of experience in banking, finance (including corporate and export finance), finance/securities markets and for past 6 years in academics. He was Probationary Officer of State Bank of India and subsequently reached the position of Chief General Manager in the Bank. He also held the position of Executive Director in the Securities & Exchange Board of India. Since his retirement from SBI, he pursued a career in academics. He also had a short stint at the Calcutta Stock Exchange as its Chief Operating Officer.

The Board considers that the above named Directors' continued association as Independent Directors would be of immense benefit to the Company. Notices in writing under Section 160 of the Act have been received from members signifying intention proposing the candidature of the aforesaid Directors. Accordingly, the Board recommends the resolutions at Items No. 8 to 10 for the approval by the shareholders of the Company.

Except the above named Directors, being the appointees, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financial or otherwise, in the resolution set out at the Items No. 8 to 10.

Item No. 11

The Company with the recommendation of Audit Committee and approval of the Board at its meeting held on 24th May, 2014, has appointed D Radhakrishnan & Co; Cost Accountants as Cost Auditor of the Company for the financial year 2014-15 at a remuneration of Rs.1,00,000/-. Pursuant to Section 148 of the Act read with The Companies (Audit and Auditors) Rules, 2014 the remuneration of the Cost Auditor, duly approved by the Board is to be ratified by the consent of shareholders.

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

Item No. 12

- (a) Cimmco Limited (Cimmco) and the Company propose to enter into transactions of sale/purchase of certain materials and/or provide services related thereto for manufacture of Wagons/products in the ordinary course of business under a continuing contract/arrangement. As Cimmco is a 'related party' within the meaning of Section 2(76) of the Act, the transaction requires the approval of members by a special resolution under the Clause 49 of the Listing Agreement and other applicable provisions of law.
- (b) Titagarh Papers Limited (TPL) has allowed use of a portion of its land admeasuring 6.2037 Acres at Titagarh to the Company under a Rent Agreement executed on January 29, 2014 which is valid for two years and renewable thereafter subject to mutual consent. As TPL is a related party, pursuant to the provisions of Section 2(76) and Clause 49 of the Listing Agreement, the transaction requires the approval of members by a special resolution.

The particulars of the above transactions pursuant to Rule 15 of Companies (Meeting of Board and its Powers) Rules, 2014 are as under:

Particulars		
Name of the related party	Cimmco Limited (Cimmco)	Titagarh Papers Limited (TPL)
Name of the director or KMP who is related	Shri J P Chowdhary and Shri Umesh Chowdhary	Shri J P Chowdhary and Shri Umesh Chowdhary
Nature of relationship	Cimmco is a subsidiary of Titagarh Wagons Limited (TWL) and Messrs. J P Chowdhary, Umesh Chowdhary and D N Davar are common Board members. Shri Anil Kumar Agarwal is Chief Financial Officer (KMP) of TWL as well as Director of Cimmco Limited.	As KMP of TWL, the above named directors exercise significant influence over TPL
Monetary value	Estimated annual ceiling of Rs.60 crore	Rent aggregating Rs.1,25,15,364/- to be increased by 5% p.a. or pro rata being the fair market rent prevailing in the area; commencing from 01/02/2014 and payable at the end of each month.
Nature, material terms and particulars of the contract/arrangement	Delivery terms: Ex-works of TWL; Freight charges: To be paid by Cimmco; Packing charges: To be paid by TWL; Loading charges: To be paid by TWL; Payment: 30 days Amount payable will include all taxes as applicable and other terms and conditions as may be mutually agreed by TWL and Cimmco. The terms and conditions given above are standard in nature and subject to mutually agreed modifications in accordance with the relative requisitions / purchaser orders	Interest free deposit of Rs.31,28,841/- refundable on termination of the Agreement; electricity charges, taxes, levies etc. to borne by TWL; TPL indemnifies TWL against any loss, liability or claim, action proceedings and any third party claims that may arise against TWL on account of any defect or deficiency of title of TPL
Period	Continuing; commencing from 24th May, 2014 to May 23, 2017	From February 01, 2014 to January 31, 2016 and renewable subject to mutual consent for such further period as the Board may decide
Financial extent/limit of contract	Continuing contract with a ceiling of supply value of Rs.60 crore per year	Rent aggregating Rs.1,25,15,364/- to be increased by 5% p.a. or pro rata.

The Board recommends the resolution set forth in Item No. 12 above for approval of the members. None of the Directors or Key Managerial Personnel (KMP) or their relatives except Shri J P Chowdhary and Shri Umesh Chowdhary, is in any way concerned or interested in the Resolution.

Item No.13 & 14

In order to reward, motivate and retain desired talent in the Company and to create a culture of ownership and building commitment towards the Company and to align employees objectives towards critical goals/milestones of the Company, it is proposed to formulate an ESOP Scheme titled as "TWL Employees Stock Option Scheme 2014" for grant of Options to certain Eligible Employees of the Company.

The Scheme shall be in conformity with the Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 (SEBI Guidelines) and the provisions of the Companies Act, 2013 (including any amendment, modification, enactment thereto for the time being in force) ("the Act"). In terms of SEBI Guidelines, the administration of TWL ESOP 2014 would vest with the Compensation Committee of the Board of Directors of the Company.

Disclosures as per Regulation 6.2 of the SEBI Guidelines as amended**1. Total number of Options to be granted under the ESOP**

Total number of Options to be granted under the Scheme shall be upto 5,00,000 equity shares of Rs. 10/- each. One stock option entitles the holder of the option to apply for one equity share of Rs. 10/- each of the Company.

Vested Options that lapse due to their non-exercise or unvested options that get cancelled due to resignation of employee or otherwise would be available for regrant at a future date.

SEBI Guidelines require that in case of any Corporate Action(s) such as right issues, bonus issues, merger and others, a fair and reasonable adjustment needs to be made to the options granted. Accordingly, if any additional equity shares are issued by the Company due to said Corporate Action(s), the above ceiling of 5,00,000 equity shares shall be deemed to be increased proportionately to the extent of such additional equity shares issued.

2. Identification of classes of employees entitled to participate in the ESOP

Such eligible permanent employees of the Company including its subsidiary companies as on the date of grant, as may be decided by the Compensation Committee and permitted by law.

As per SEBI Guidelines, those belonging to promoters or promoter group or holding directly or indirectly more than 10% of the outstanding equity shares of the Company shall not be eligible.

3. Requirements of vesting, period of vesting and maximum period of vesting

(a) There would be a minimum period of one year and maximum period of five years between the grant of options and vesting of options.

(b) The vesting may happen in one or more tranches as may be decided by the Compensation Committee.

4. Exercise Price or Pricing formula

The options would be issued at a price (Exercise Price) which is at the average closing market price (on the Stock Exchange, which records the highest trading volume in the Company's equity shares) for a period of 26 weeks prior to the date of the meeting of the Compensation Committee at which the options are granted less a discount @ 30% thereon or at such price as the Compensation Committee may determine.

5. Exercise Period and the Process of Exercise

The Exercise period will commence from the date of vesting and extend up to a period not later than five years from the date of the vesting of the Options or such other period as may be decided by the Compensation Committee, from time to time.

The Option would be exercisable by the employee by a written application in the prescribed form to the designated officer of the Company to exercise the options and on the execution of such documents as may be prescribed by the Compensation Committee under the Scheme.

The options will lapse if not exercised within the specified exercise period.

6. Appraisal process for determining the eligibility of employees to the ESOP

The compensation committee shall have the sole discretion in determining the quantum of options to be granted to eligible employees and the appraisal process for determining the eligibility of the employees and directors will be determined by the Compensation Committee based on evaluation parameters such as level, performance, criticality of skills etc.

7. Maximum number of options to be issued per employee and in aggregate

The maximum number of options to be granted to an employee shall not exceed 50,000 options in a year, provided that the aggregate number of options to an employee and a director shall not exceed 2,50,000 options.

8. Disclosure and Accounting policies

The Company will comply with the disclosure and accounting policies, as applicable.

9. Method of Option Valuation

The Company shall use the Intrinsic Value Method for valuation of the options.

As the Company calculates the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used fair value of the options shall be disclosed in the Director's Report and also the impact of this difference on profits and Earning Per Share (EPS) of the Company shall also be disclosed in the Directors' Report.

In terms of Section 62(1)(b) and other applicable provisions, if any, of the Companies Act 2013 and SEBI Guidelines, the approval of Shareholders is sought to issue equity Shares pursuant to options to be granted under TWL ESOP not exceeding 5,00,000 equity shares at the terms stated herein above.

Accordingly, the Special Resolution set out at Item No. 13 is being placed for the approval of the Shareholders.

As per SEBI guidelines, a separate resolution is required to be passed, if the benefits of the Employee Stock Option Scheme are to be extended to the employees of the subsidiary companies. Separate Resolution under Item No.14 is being proposed accordingly to cover those employees of subsidiary companies, whether in India or outside, and/or such other persons as may be permitted from time to time under prevailing laws, rules and regulations and/or amendments from time to time.

The Board recommends the Special Resolutions at Item No. 13 & 14 of the Notice for approval of the Members.

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

Registered Office:

1-B, Aster Court,
3 Loudon Street, Kolkata -700017
7th August, 2014

By Order of the Board
D. Arya
Company Secretary

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

Particulars	Shri D N Davar	Shri Manoj Mohanka	Shri Sunirmal Talukdar	Shri Shekhar Datta	Shri Sudev Chandra Das	Shri Sudipta Mukherjee
Date of Birth	08/08/1934	05/03/1963	06/12/1951	11/11/1937	21/06/1946	01/01/1975
Date of Appointment	08/12/2006	21/12/2001	09/11/2013	12/04/2014	13/05/2013	15/05/2014
Qualifications	M.A.(Economics), B.Com.(Hons), CAIIB-Indian Institute of Bankers, Fellow of Economic Development Institute of the World Bank	B.Com(Hons) from St. Xavier's College, Kolkata, and a Master's degree with specialisation in Strategic Marketing from the National University of Ireland and has been a Chevening – Gurukul Scholar at the London School of Economics.	B. Sc. and Chartered Accountant	Graduate in Mechanical Engineering (London); F.I.M.A.	Bachelor's degree in Arts and Masters degree in Economics	Post Graduate from Calcutta University in Industrial Law
Expertise in Specific Functional Areas	Over 50 long years of Banking/Development Banking experience with intensive exposure to industrial finance.	Over 25 years experience in manufacturing and service sector	Vast professional experience in finance/banking, coordination of due diligence, financing and M&A processes.	Over 38 years' experience in a large engineering group	About 40 years of experience in banking, finance/securities markets and for past 6 years in academics.	Experience in Wagons operations
Directorship held in other companies (excluding foreign Companies)	-Sandhar Technologies Ltd. -Sandhar Tooling Private Limited -Maral Overseas Limited -HEG Limited -RSWM Limited -OCL India Limited -Mansingh Hotels & Resorts Ltd. (Previously: Indo- Continental Hotels & Resorts Ltd.) -Ansal Properties & Infrastructure Ltd. -Hero Fincorp Limited -Adayar Gate Hotels Limited -Cimco Limited -Landmark Property Development Co. Ltd. -Titagarh Marine Limited	-Network 18 Media & Investment Limited -Indian Terrain Fashion Limited -3D Techno Pack Limited -India Carbon Limited -Arteva Digital India Private Limited -TV 18 Broadcast Limited -Info media 18 Limited -Television 18 Mauritius Limited -Charismatic Media Investment Private Limited	-India Power Corporation Ltd. -PFH Capital Advisors -India Private Limited	-Wockhardt Limited -Triveni Engineering & Industries Limited -Triveni Turbine Limited	-Tayo Rolls Limited	NIL
Memberships/Chairmanships of Committees of other companies (includes only Audit Committee and Shareholders/Investors Grievance Committee)	Audit Committee -Hero Fincorp Limited* -OCL India Limited* -Ansal Properties & Infrastructure Ltd. * -HEG Limited* -Maral Overseas Limited -Cimco Limited -RSWM Limited Shareholders Grievance Committee -RSWM Limited -Maral Overseas Limited	Audit Committee -Network 18 Media & Investment Limited* -TV 18 Broadcast Limited* -Info media 18 Limited* -India Carbon Limited -Indian Terrain Fashion Limited Shareholders Grievance Committee -TV 18 Broadcast Limited* -Info media 18 Limited*	NIL	NIL	Audit Committee -Tayo Rolls Limited Shareholders Grievance Committee -Tayo Rolls Limited	NIL
No. of shares held in the Company	NIL	NIL	NIL	NIL		NIL

*Denotes Chairmanship of the Committee

The status of Directorship of Director as at 31st March, 2014 updated in accordance with the subsequent notices of change wherever applicable.

SUPPLEMENTAL NOTICE OF SEVENTEENTH ANNUAL GENERAL MEETING (AGM)

This Supplemental Notice is issued to transact the following Special Business in view of the appointment of Smt. Rashmi Chowdhary as an Additional Director which has become effective after the issue of the Notice dated August 07, 2014 of the 17th AGM scheduled to be held on Thursday, 11th September, 2014; the following being included as the Item No. 15 thereto:

SPECIAL BUSINESS:

15. To appoint Smt. Rashmi Chowdhary as a Non-Executive Director and in this regard to consider and if thought fit to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 149, 152 and all other applicable provisions of the Companies Act, 2013 ('the Act') and the Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and Clause 49 of the Listing Agreement, Smt. Rashmi Chowdhary (DIN: 06949401), who was appointed as an Additional Director by the Board of Directors pursuant to the provisions of Section 161 (1) of the Act and Articles of Association of the Company effective from August 14, 2014, and holds office upto the date of this Annual General Meeting, and in respect of whom a notice in writing under Section 160 of the Act has been received from a member signifying intention to propose her candidature for the office of the Director, be and is hereby appointed as Non Executive Director of the Company."

Registered Office:
1B Aster Court,
3 Loudon Street, Kolkata -700017

By Order of the Board

D. Arya
Company Secretary

14th August, 2014

NOTES:

2. The Company shall also display full text of this Supplemental Notice at its website www.titagarh.biz. The documents pertaining to this special business are available for inspection at the Registered/Corporate Office of the Company during 10.30 A.M. to 1.00 P.M.
3. Electronic copy of this Notice accompanying the Notice of 17th AGM is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) and contain the process and manner of e-voting, unless a member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for 2014 is being sent in the permitted mode.
4. For members who have not registered their email address, physical copies of the Notice of the 17th Annual General Meeting of the Company *inter alia* indicating the process and manner of e-voting along with Attendance Slip is being sent in the permitted mode.
5. **Voting through electronic means**
In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 17th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by National Securities Depository Limited (NSDL). **Members are requested to refer to instructions regarding 'VOTING THROUGH ELECTRONIC MEANS' in the above mentioned Notice dated 7th August, 2014 being sent to you together with this Supplemental Notice.**
6. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.

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

Items No. 15

Smt. Rashmi Chowdhary has been appointed as Additional Director of the Company by the Board, pursuant to selection and review of her candidature by the Remuneration Committee and Audit Committee respectively, w.e.f. 14th August, 2014 and in terms of the provisions of Section 161 of the Act she would hold office upto the date of the 17th AGM.

Smt. Rashmi Chowdhary, aged about 41 years, is a Bachelor of Arts in History with Honours from Loreto House, Kolkata and had been associated for the betterment of differently abled children by working with the Oral School for deaf children in Kolkata and takes keen interest in various social issues facing the society. She has since her early years also been interested in contributing to corporate growth and sustainability.

Considering the legal requirement of Section 149 of the Companies Act, 2013 read with Rule 3 of The Companies (Appointment and Qualifications of Directors) Rules, 2014 and Clause 49 of the Listing Agreement stipulating appointment of a woman director on the Board it is proposed to appoint Smt. Rashmi Chowdhary as Non-Executive Director.

Smt. Rashmi Chowdhary is wife of Shri Umesh Chowdhary, Vice Chairman & Managing Director of the Company. Shri J P Chowdhary is Shri Umesh Chowdhary's father.

The Company has received a notice in writing from a member alongwith the deposit of requisite amount under Section 160 of the Act proposing the candidature of Smt. Rashmi Chowdhary

The Directors are of the opinion that appointment of Smt. R. Chowdhary as Non-Executive Director would be in the interest of the Company and recommend passing of the Resolution.

Save and except Smt. Rashmi Chowdhary and the above named two Directors being related to her to the extent of her directorship, none of the Directors or Key Managerial Personnel (KMP) or their relatives is in any way concerned or interested in the Resolution.

Registered Office:
1B Aster Court
3 Loudon Street,
Kolkata -700017

By Order of the Board

D. Arya
Company Secretary

14th August, 2014,

Details of Smt. Rashmi Chowdhary seeking appointment/re-appointment at the Annual General Meeting:

Name	Rashmi Chowdhary
Date of Birth	January 11, 1973
Date of Appointment	August 14, 2014
Qualifications	B.A. (Hons) in History
Expertise in specific functional areas	General Management
Directorships held in other companies (excluding foreign companies)	Nil
Memberships/Chairmanships of Board Committees of other companies (includes only Audit Committee/Shareholders' Investors' Grievance Committee)	Nil
Number of shares held in the Company	2563221

Annual Report 2013-14



TITAGARH WAGONS LIMITED

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TITAGARH WAGONS LIMITED

CIN: L27320WB1997PLC084819

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 Manoj Mohanka	<i>Independent Director</i>
Shri S C Das	<i>Independent Director</i>
Shri Sunirmal Talukdar	<i>Independent Director</i>
Shri Shekhar Datta	<i>Independent Director</i>
Shri Sudipta Mukherjee	<i>Director (Wagons Operations)</i>
Smt Rashmi Chowdhary**	<i>Director</i>
Shri Anil Kumar Agarwal	<i>Chief Financial Officer</i>
Shri Dinesh Arya	<i>Company Secretary</i>

Audit Committee

Shri D N Davar	<i>Chairman</i>
Shri Manoj Mohanka	<i>Member</i>
Shri Sunirmal Talukdar	<i>Member</i>
Shri J P Chowdhary	<i>Special Invitee</i>
Shri Umesh Chowdhary	<i>Special Invitee</i>

Stakeholders' Relationship Committee

Shri Manoj Mohanka	<i>Chairman</i>
Shri Umesh Chowdhary	<i>Member</i>
Shri S C Das	<i>Member</i>
Shri D N Davar	<i>Special Invitee</i>

Auditors

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

Registered Office

1-B, Aster Court, 3 Loudon Street, Kolkata 700 017
Telephones: 91 33 4019 0800, Fax : 91 33 4019 0823
Email : investors@titagarh.biz

Corporate Office

756, Anandapur, E M Bypass, Kolkata 700 107
Telephones : 91 33 4019 0800, Fax : 91 33 4019 0823

* As on 14th August, 2014

** Appointment effective from 14th August, 2014

Nomination & Remuneration Committee

Shri D N Davar	<i>Chairman</i>
Shri Manoj Mohanka	<i>Member</i>
Shri Shekhar Datta	<i>Member</i>

Corporate Social Responsibility Committee

Shri D N Davar	<i>Chairman</i>
Shri J P Chowdhary	<i>Member</i>
Shri Umesh Chowdhary	<i>Member</i>

Bankers

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

Registrar & Transfer Agent (RTA)

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
Email for Investors : einward.ris@karvy.com

Directors' Report

Dear Shareholders,

The Directors are pleased to present their Seventeenth Annual Report and Audited Accounts for the year ended the 31st March, 2014.

Profit, Retention & Dividend

Your Company's financial performance was as follows :

(Rs. in Lacs)

Particulars	2013-14	2012-13
Turnover	26123.92	49935.21
Profit Before Interest, Depreciation, Tax & Amortisation	1890.31	5898.95
Less: Depreciation	695.71	678.04
: Interest/Finance Cost	597.59	1293.30
Profit Before Tax	597.01	3734.28
Less: Provision For Taxation	221.07	1346.47
Profit After Taxation	375.94	2387.81
Balance Brought Forward from Last Account	29514.43	28299.14
Amount available for Appropriation	29890.37	30686.95
Appropriations		
Transfer to General Reserve	38.00	240.00
Dividend on Equity	802.36	802.36
Tax on Dividend	136.36	976.72
Balance Carried to Balance Sheet	28913.65	29514.43

Company's Performance

The Company's EBITDA during the year under review at Rs.1890.31 lacs, declined sharply by about 68% as compared to that in the previous financial year due largely to non-release of the Wagons procurement order by Indian Railways, the Company's largest customer. The other key performance indicators viz. Turnover, Profit After Tax and Earning Per Share (EPS) were also adversely affected. The demand from customers in the private sector for procurement of regular type of Wagons was practically non-existent as they struggled and/or failed to take delivery of the rakes manufactured by your Company against earlier purchase orders in the wake of depressed domestic market conditions.

The designs for manufacture of Coaches against the orders for EMU and MEMU secured in the financial year 2012 valued at about Rs.250 crore were finally made available to the Company by RITES in the latter part of financial year 2013, however, the execution could not commence due to modifications stipulated by the customer. Production of the EMU has been taken up and the rakes would be delivered as per delivery schedule agreed. Hence no contribution to the revenue could be made by this segment during the financial year 2014.

Diversification into the related areas of competencies of your Company viz. Castings, Bailey Bridges, CoR (Cars on Rail) Wagons and Special Projects as part of de-risking its businesses is being actively pursued to deal with the impact of inordinate delay in release of wagons procurement orders by Indian Railways.

Your Company has been awarded a contract by Metro Railway, Kolkata for refurbishment of Metro Coaches which is expected to provide your Company a stepping stone to make a foray into manufacture of metro coaches in future. Participation in shipbuilding activities by undertaking fabrication of certain parts of small to medium vessels is being contemplated and in order to facilitate new business to be taken up, alteration of the Objects Clause in Memorandum of Association subject to compliance with the applicable laws is being placed for your approval by postal ballot.

Rationalisation of resources aimed at incremental efficiency in all areas of operations continues to receive sharp focus while efforts simultaneously to secure larger share of supply of customized wagons to the international markets to offset the subdued demand from the private sector buyers are being made to improve the overall performance of your Company in the current year.

Dividend

The Board of Directors has recommended a dividend of 40 percent i.e. Rs. 4/- 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.938.72 Lacs (including Rs. 136.36 Lacs being Dividend Distribution Tax) after transferring Rs. 38 Lacs to General Reserves from the profit for the Financial Year ended March 31, 2014.

Directors' Report

Business Segments

Wagons and Coaches

Wagons segment of the Company accounted for 88.55% and 99.60% of the total revenue and operating profit respectively of your Company during the year under review. Production of 686 wagons during the FY 2014 was down by 72% against 2495 units; and sales volume registered a decline of 68% respectively as compared to FY 2013. The operating profit of the Segment at Rs. 2308 lacs was lower by 47% than the corresponding number in the previous financial year.

Indian Railways has after a long gap released order for reduced quantum of Wagons in April, 2014 however, the margins from Wagons business are substantially stressed even as the wait for much needed boost in demand for freight wagons from completion of Dedicated Freight Corridors continues. Therefore, the performance of this segment would largely depend on contribution from Coaches to be delivered during the current fiscal.

Others

The segment consists of other products viz. Heavy Earth Moving Machinery, Bailey Bridges etc. which represented less than ten percent of the total revenue on individual basis during the financial year ended March 31, 2014. Steel Castings business continues to contribute to captive consumption of vital components in manufacture of Wagons by the Company.

Strategic and Joint Venture Agreements

Update on your Company's strategic ventures is as follows :

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 was incorporated to be the special purpose vehicle for the Company in revival of Cimmco in accordance with the Rehabilitation Scheme sanctioned by the Hon'ble BIFR. Cimmco is a manufacturer of Wagons and other engineering products, however, there is no conflict of interest.

CEHPL became a wholly owned subsidiary of the Company in April, 2014 consequent to conversion by your Company of the Optionally Fully Convertible Debentures held in CEHPL and exit of the other joint venture partner by sale of its stake in the Company, thereby Cimmco also has since become a subsidiary of your Company.

Greysham and Co. Private Limited (Greysham)

The joint venture; 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. Operations of the Company continue to remain suspended and alternative strategy on the objective of backward integration behind setting up Greysham is being reviewed.

Joint Venture with two Group Companies

A joint venture has been entered into with the subsidiaries viz. Titagarh Agrico Private Limited (TAPL) and Cimmco Limited under which TAPL has undertaken a project to manufacture tractors/agriculture implements at Bharatpur.

Joint Venture Agreement with FreightCar America Inc. (FCA)

As agreed between the Joint Venture partners in terms of a Settlement Agreement executed on the 18th February, 2013 the joint venture company (JVC) is under the process of being wound up subject to the applicable compliances. During the financial year under review, your Company transferred its entire stake in the JVC to a group company.

Directors

Shri D. N. Davar, Independent Director retires by rotation pursuant to the provisions of Section 152 of the Companies Act, 2013 (the Act) and is eligible for re-appointment.

Messrs Nandan Bhattacharya, Abhas Sen and Alope Mookerjee resigned from the Board w.e.f. the conclusion of Board meeting held on May 29, 2014. Shri S Talukdar and Shri Shekhar Datta appointed as Additional Directors w.e.f. November 9, 2013 and April 12, 2014 respectively vacate office at the ensuing Annual General Meeting (AGM) and are proposed to be appointed as Independent Directors in accordance with the provisions of Sections 149 and 152 of the Act read with the rules made thereunder and the Clause 49 of Listing Agreement with the Stock Exchanges concerned. Shri D N Davar and Shri Manoj Mohanka, Shri S C Das, Independent Directors are also proposed to be reappointed as per the aforesaid provisions. Shri Sudipta Mukherjee appointed as an Additional Director and designated Director (Wagons Operations) w.e.f. May 15, 2014 vacates office at the ensuing AGM and is eligible for reappointment. Smt. Rashmi Chowdhary has been appointed Additional Director and her appointment becomes effective from 14th August, 2014. She vacates office at the ensuing AGM and is eligible for appointment pursuant to Section 160 of the Act.

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

Directors' 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 March 31, 2014 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 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. LLP, Chartered Accountants, Auditors of the Company retire at the conclusion of ensuing 17th AGM and willing to continue, they have issued a certificate about their eligibility for reappointment and the same is proposed until the conclusion of Twentieth AGM pursuant to the provisions of Section 139 of the Companies Act, 2013.

Cost Auditors

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

Fixed Deposits

The Company did not accept any deposits during the financial year ended March 31, 2014.

Subsidiary Companies

A statement containing in brief the details required under Section 212(3) of the Companies Act, 1956 in respect of key financial data for the financial year ended March 31, 2014, and pursuant to the Circular No. 2/2011 dated February 8, 2011 issued by Ministry of Corporate Affairs regarding Titagarh Capital Private Limited, Titagarh Singapore Pte. Limited, Titagarh Marine Limited (including its subsidiaries viz. Times Marine Private Limited and Corporated Shipyard Private Limited) and Titagarh Agrico Private Limited (formerly Titagarh Cranes Private Limited), wholly owned subsidiaries of the Company and Greysham and Co. Private Limited & Titagarh Wagons AFR, France, 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 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 qualified opinion expressed by Statutory Auditors in their Report, while the Note No. 9(h) in the Notes on Accounts is self-explanatory, requiring no further specific response from the Directors at this stage, the Company has secured a large part of trade and other receivables amounting to Rs.2796.26 lacs through collaterals and with its persistently diligent efforts is reasonably confident of recovering the entire amount from the customer(s) concerned.

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.

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.

Directors' Report

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 contributes inter alia by donations to the charitable institutions directly and through philanthropic organisations engaged in providing medical, education and other reliefs to the poor sections of the society.

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 imparts hands-on training. A total 436 students in four batches have passed, 65% of them have already been engaged in various jobs and the fifth batch is undergoing training.

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 the students and offer them need based employment at the Company's facilities. The ITI is recognised by the State as one of the best in the country and caters to the requirement of for skilled workmen by industrial units.

As required by the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, a Corporate Social Responsibility Committee has been constituted which has adopted the policy on the necessary action to be taken as stipulated by the said statutes in due course.

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 ending on March 31, 2015 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.

Kolkata
August 7, 2014

For and on behalf of the Board

J P Chowdhary
Executive Chairman

Annexure to Directors' Report

ANNEXURE A

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

A. CONSERVATION OF ENERGY

- a) Energy conservation measures taken :
Energy audit has been conducted and inter alia in accordance therewith-
 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.
- 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 have resulted in saving of non renewable sources of power and energy which are scarce and expensive in the country thereby lowering 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 :**

	2013-14	2012-13
a) i) Electricity		
Purchased		
Units (Kwh)	1,55,75,161	2,39,54,715
Total Amount (Rs. In lacs)	1,417	1,988
Rate/Unit (Rs.)	9.10	8.30
ii) Furnace Oil/LDO/LVFO		
Quantity (K Litres)	954	1,865
Total cost (Rs. In lacs)	592	746
Average rate (Rs.)	62,091	40,022
b) Consumption per unit of production		
Products	Standards (if any)	
Wagons and Coaches		
No. of Wagons produced	-	686
Electricity (Kwh) per Wagon manufactured	-	1,880
Steel Castings		
MT of Castings Produced	-	6,303
Electricity (Kwh) per MT of casting manufactured	-	1,750
Furnace Oil (KI) per MT of casting manufactured	-	0.15
HEMM		
Number	-	3
Electricity (Kwh) per unit manufactured	-	2,66,527

B. TECHNOLOGY ABSORPTION

1. Efforts made in technology absorption

Research & Development (R & D)

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

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.

Annexure to Directors' Report

3. 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 already been despatched.

4. Expenditure on R & D :

(Rs. in lacs)

	2013-14	2012-13
Capital	Nil	Nil
Recurring	33.95	43.88
Total	33.95	43.88
Total R & D expenditure as a percentage of total turnover	0.13%	0.087%

Technology Absorption, Adaptation And Innovation

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

- 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.
- Saving a considerable amount of Man-hours after making a few innovative process changes during the fabrication of wagons has been attended. As a result, re-work was reduced considerably.
- After the implementation of various innovative press tools, our NBC (IFS) productivity as well as Quality, has been improved substantially.
- 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

- Technology imported :
A large size VMC has been imported to machine co-co bogies in-house.
- Year of import :
2009-10
- Has technology been fully absorbed ?
Partially absorbed till date.
- 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

- Activities relating to exports, initiatives taken to increase exports, development of new export markets and export plans :
 - 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.
 - Efforts are being made to secure an order for limestone carrying wagons for Malaysian railway tracks.
- Total foreign exchange used and earned :
As per Notes No. 32 & 35 of the Notes to Accounts.

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. in Lacs)	114.08	93.26
Nature of employment	Contractual	Contractual
Nature of duties of employees	Managing the day to day affairs of the Company overseeing policy directives and Corporate Governance issues	Managing the day to day affairs of the Company
Qualifications	B.Com., MIMA	B. Com.
Experience (Years)	52	22
Date of commencement of employment	08.01.2007	01.07.2002
Age (Years)	74	40
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, 2014

Particulars required under Section 212 of the Companies Act, 1956

(Rupees in lacs)

1	Name of the Subsidiary Company	Titagarh Capital Pvt Ltd.	Titagarh Singapore Pte. Limited*	Titagarh Wagons AFR**	Greysham and Co. Private Limited	Titagarh Marine Ltd.	Titagarh Agrico Private Limited (formerly, Titagarh Cranes Pvt. Ltd.)
2	Financial period of the subsidiary ended on	31/03/2014	31/03/2014	31/03/2014	31/03/2014	31/03/2014	31/03/2014
3	Holding Company's Interest	100% of the Paid up Equity and Preference Share Capital	100% of the Paid up Equity Share Capital	100% of the Paid up Equity Share Capital	50% of the Paid up Equity Share Capital	100% of the Paid up Equity Share Capital	100% of the Paid up Equity Share Capital
4	Share Capital (Issued, Subscribed and Paid up)						
	Equity Share Capital (Rs.)	1500	700.16	3007.57	71	455	1.00
	Preference Share Capital (Rs.)	2500	Nil	Nil	Nil	Nil	Nil
5	Reserves (including Profit and Loss Account –Debit balance)	-1290.65	-156.23	1112.78	-33.56	-285.76	-25.25
6	Total Assets	2775.66	543.94	27344.56	37.79	3759.27	260.52
7	Total Liabilities	66.32	0	23224.22	0.35	3590.03	73.27
8	Investments	Nil	530.92	Nil	Nil	823.22	0.20
9	Turnover	Nil	Nil	31645.68	Nil	71.5	Nil
10	Total Income	68.19	Nil	32596.52	0.22	71.5	Nil
11	Profit/(Loss) Before Tax	2.44	-4.71	-64.62	-0.24	-87.25	-3.98
12	Provision for Taxation (Including Deferred Taxes)	8.16	Nil	8.24	Nil	Nil	Nil
13	Profit/(Loss) After Tax	-5.73	-4.71	-72.86	-0.24	-87.25	-3.98
14	Proposed Dividend	Nil	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	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	-5.73	-4.71	-72.86	-0.12	-87.25	-3.98
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	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	-1294.45	-151.52	524.91	-16.66	-198.51	-21.27

* Subject to audit as per the laws of Singapore.

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

[Exchange Rate for conversion: 1USD=Rs.60.0998 as on March 31, 2014]

[Exchange Rate for conversion: 1Euro=Rs.82.5765 as on March 31, 2014]

For and on behalf of the Board of Directors

Umesh Chowdhary
Vice Chairman & Managing Director

Sunirmal Talukdar
Director

Anil Kumar Agarwal
Chief Financial Officer

Dinesh Arya
Company Secretary

Management Discussion and Analysis

Overall Review

The overall performance of the Company during the financial year 2013-14 declined sharply due largely to inordinate delay in release of order for procurement of Wagons and withholding by RITES/ICF representing the customer- Indian Railways, of designs of Coaches ordered by it and poor demand from the private sector, such factors being exceptional/beyond the control of the Company.

Adhering to the organisational goal of creating maximum shareholder value, the Company's resources are aimed at

- Achieving substantial growth in the other verticals viz. Coaches, Castings, HEMM and special projects;
- 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 Rail Coaches (EMUs)

Wagons

- a) **Industry Outlook :** As per the Railway Budget announced in July, 2014, plan outlay of Rs. 64,305 crore during 2014-15 is the highest ever set by the Government of India. Apart from expansion in logistics, focus on safety and environment protection through Green initiatives, strengthening of Railway Tariff Regulatory Authority are noteworthy. Rising oil prices would necessitate cost effective movement of cargo by rail which is expected to create continuing reasonable demand for Wagons in future.
- b) **Opportunities :** With the cost effective movement of cargo by railway network expected to be increasingly preferred over that by road, 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 if implemented in right earnest, substantial opportunity could be presented to the industry which can be seized particularly by the established units to fullest extent.
- c) **Challenges :** Uncertainty in timely placement of wagons procurement orders by Indian Railways and availability of funds with it, and additionally stressed margins due to unhealthy competition in the industry besides rising cost of inputs are major challenges for Wagon Industry in India. The dependence on one customer i.e. Indian Railway is a serious concern in as much as any change in the Government policy stands to directly impact the industry.
- d) **Segment Review and Analysis :**

	Unit	2013-14	2012-13	% Change
Production of Wagons	No.	686	2,495	-72.50
Sales	No.	743	2,362	-68.54
Average Realisation	Rs. in Lacs/No.	26.79	18.72	43.11
Profit Before Interest & Tax	Rs. in Lacs	2,308.12	4,394.54	-47.48

Review of Operations : Operating Profit of the segment declined due to lower sales volume though the realisation per unit increased owing to change in the type of wagons procured by the customer, as compared with the figures for the previous financial year. Wagons production capacity remained largely unutilized in the absence of procurement orders.

- e) **Company Outlook :** Although macro and micro economic factors warrant greater demand for Wagons, uncertainty in procurement by the Indian Railways, fund flow status and policy adopted by it have a direct bearing on the financial performance of the Company. As such the Company is focused on derisking its business.

Rail Coaches (EMUs)

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"), Main Line Electrical Multiple Units ("MEMUs") and metro coaches etc. is huge.

Execution of the orders for 12 rakes of MEMU and 11 rakes of EMU valued at about Rs.250 crore secured by the Company from Indian Railway during the financial year 2012 could not be taken up as the designs for the products took time to be finalized by RITES/ICF, agencies nominated by the Indian Railways for the purpose, resulting in avoidable burden of substantial cost of inventory having been marshalled by the Company to ensure uninterrupted production and delivery then stipulated.

Heavy Engineering Division of the Company is equipped to turn out a fairly large number of AC/EMUs per month.

Steel Castings

- a) **Industry Outlook :** The Steel Castings industry has huge potential provided there exists adequate demand for Wagons as the castings are essential components for production of Wagons. The manufacture of castings requires complex technology and the products have to meet specific design and other specifications spelt out by the discerning end users.

Management Discussion and Analysis

- 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. Dedicated Freight Corridors being built for increased cargo movement by IR would result in higher demand for the Wagons which in turn would require larger quantities of steel castings.
- c) **Challenges :** Steel being the chief raw material, castings industry is sometimes faced with volatile prices and uncertainty in availability of the steel besides the rising cost of other inputs, mainly power & fuel. Uncertainty in procurement of Wagons by IR poses a material challenge for Steel Castings industry.
- d) **Segment Review & Analysis :**
Review of operations : In line with the lower production and sales volume due to delay in release of Wagons procurement order by IR, the Segment's performance has been affected adversely. However, the Division continues to be strategically vital for ensuring timely availability of critical components for wagons segment.
- e) **Company Outlook :** Steel Castings segment presents healthy growth opportunity in international markets and plans for exploiting the same by the Company are under sharp focus.

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 :** Integration of the business model for the segment with the other products manufactured by the Company is a material challenge besides optimizing the cost of major inputs viz. steel, power and fuel. Financial capacity of the customers in this space poses the challenging task of devising the right marketing strategy in construction and mining and its successful execution.
- d) **Segment Review & Analysis :**
Review of Operations : During the financial year under review, the Segment's business was marginal and therefore, review from the aspect of comparatives with the previous financial year is considered impractical.
- e) **Company Outlook :** The Board has plans to review the strategy to tweak the business model suitably to tap the potential of the vertical in due course.

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 and therefore, development of other verticals through suitably aggressive policies has been undertaken to mitigate the risk.

Increase in the cost of raw materials and other inputs

- (i) 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.
- (ii) 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.
- (iii) The Company needs to import certain raw materials and fluctuation in exchange rate of Rupee necessitates an effective risk hedging mechanism to avoid/minimise resultant loss on this account.

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 execution.

Management Discussion and Analysis

Management, revival and integration of the businesses acquired

- (a) Transfer of the license to manufacture air brakes and slack adjusters to Greysam and Co. Private Limited in which the Company has acquired strategic stake is subject to certain statutory approvals which is pending due to various reasons and therefore, the Company has initiated proceedings in the competent forum.
- (b) Titagarh Capital Private Limited, a wholly owned subsidiary of the Company acquired in the FY 2008-09 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.
- (c) 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 satisfactorily.
- (d) The Company's foray into shipbuilding business through its subsidiary, Titagarh Marine Limited (TML) during the year under review is subject to award of and successful execution of the orders by the entities having the requisite accreditations 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 risk management framework and measures for mitigation of the risks are being reviewed periodically by the Audit Committee and management so as to enable the Board 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 whose periodic reports are reviewed by the Audit Committee and management for bringing about desired improvement wherever necessary.

Discussion on Financial Performance with respect to Operational Performance

To mitigate the risk factors referred to hereinabove impacting the operations, better manufacturing processes, improved productivity and focus on optimization of resource deployment are undertaken for a reasonable 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, 2014 was 748.

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

Kolkata
August 7, 2014

J P Chowdhary
Executive Chairman

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 as at March 31, 2014 comprised ten directors including -Executive Chairman, Vice Chairman & Managing Director being the Executive Directors, eight non-executive directors (all subject to retirement by rotation) including seven independent directors.

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

Sl.	Director	Category	No. of Board Meetings attended	Attendance at previous AGM on 26/08/2013	No. of other directorships held	Chairmanship in other Committees Chairman	Membership in other Committees Member
1	Shri J P Chowdhary DIN: 00313685	Promoter & Executive Chairman	5	Present	9	Nil	1
2	Shri Umesh Chowdhary DIN: 00313652	Promoter & Executive	4	Present	9	Nil	2
3	Shri D N Davar DIN: 00002008	Independent & Non-executive	5	Present	14	5	5
4	Shri Nandan Bhattacharya DIN: 00313590	Independent & Non-executive	5	Present	4	1	3
5	Shri Abhas Sen DIN: 01450642	Independent & Non-executive	3	Absent	5	Nil	1
6	Shri Aloke Mookherjee DIN: 00174385	Independent & Non-executive	4	Present	6	1	Nil
7	Shri Manoj Mohanka DIN: 00128593	Independent & Non-executive	2	Present	9	5	4
8	Shri Sudev Chandra Das* DIN:01072628	Independent & Non-executive	4	Absent	2	2	2
9	Shri Sunirmal Talukdar* DIN: 00920608	Independent & Non-executive	1	Not Applicable	2	Nil	Nil
10	Shri Sanjay Kukreja* DIN: 00175472	Independent & Non-executive	Nil	Absent	2	Nil	Nil
11	Shri Nand Kishore Mittal* DIN: 00313622	Non-Independent & Non-executive	Nil	Absent	10	1	Nil
12.	Shri Arvind Pande* DIN: 00007067	Independent & Non-executive	Nil	Absent	3	1	2

* Shri Sanjay Kukreja resigned from the Board w.e.f 15th June 2013.

* Shri Arvind Pande resigned from the Board w.e.f 5th August 2013.

* Shri Sudev Chandra Das has been appointed w.e.f 13th May 2013.

* Shri Sunirmal Talukdar has been appointed w.e.f 9th November 2013.

* Shri N K Mittal resigned from the Board w.e.f 12th April 2014.

Notes :

1. Shri Umesh Chowdhary is son of Shri J P Chowdhary .
2. Independent Directors meet with criteria of their Independence as mentioned in Clause 49 (I)(A)(iii) of the Listing Agreement.
3. Other directorships do not include alternate directorships, directorships of private limited companies, section 25 companies and of companies incorporated outside India.
4. Chairmanships/Memberships of Board Committees include Audit and Shareholders/Investors Grievance Committees only.

Board Meetings held during the Financial Year Ended the 31st March, 2014

During the Financial Year Ended the 31st March, 2014, five (5) Board Meetings were held on 13th May, 2013, 20th May, 2013 (adjourned meeting of 13.05.13), 5th August, 2013, 9th November, 2013, and 28th January, 2014.

Appointment/Re-appointment of Directors

The details of the directors proposed to appointed/reappointed at the ensuing Annual General Meeting (AGM) are given in the Notice of AGM.

Board Committees

Audit Committee

The Audit Committee comprised Shri D N Davar, Shri Nandan Bhattacharya, Shri Manoj Mohanka and Shri Arvind Pande (all Independent Directors). Shri Arvind Pande resigned and ceased to be a member of the Committee w.e.f 5th August, 2013. 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 acted as the Secretary to the Committee. The Audit Committee at its meetings exercised the role and duties, which had been defined by the Board of Directors pursuant to provisions of the Companies Act read with Clause 49 of the Listing Agreement.

Corporate Governance Report

Terms of Reference of Audit Committee are broadly as follows :

- The Audit Committee is responsible for:
- Overseeing the Company's financial reporting process and disclosure of its financial information;
- Recommending the appointment of the Statutory Auditors and fixation of their remuneration;
- Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors;
- Reviewing and discussing with the Statutory Auditors and the Internal Auditor about internal control systems;
- Reviewing the adequacy and independence of the Internal Audit Function and observations of the Internal Auditor;
- Reviewing major accounting policies and practices and adoption of applicable Accounting Standards;
- Reviewing major accounting entries involving exercise of judgment by the Management;
- Disclosure of Contingent Liabilities;
- Reviewing, if necessary, the findings of any internal investigations by the Internal Auditors and reporting the matter to the Board;
- Reviewing the risk management mechanisms of the Company;
- Reviewing compliance with Listing Agreement and various other legal requirements concerning financial statements and related party disclosure;
- Reviewing the Quarterly and Half-yearly financial results and the Annual financial statements before they are submitted to the Board with particular reference to:
 - Matters required to be included in the Directors Responsibility Statement to be included in the Board of Directors report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956;
 - Changes, if any, in accounting policies and practices and reasons for the same;
 - Major accounting entries involving estimates based on the exercise of judgment of management;
 - Significant adjustments made in the financial statements arising out of audit findings;
 - Disclosure of any related party transactions;
 - Qualifications in the draft audit report;
- Reviewing the operations, new initiatives, and performance of the business divisions;
- Looking into the reasons for substantial defaults in payments to depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors, if any;
- Carrying out such other functions as may be specifically referred to the Committee by the Company's Board of Directors

Attendance at the Audit Committee Meeting held on

Sl. No.	Name of Director	13.05.13	20.05.13 (adjourned meeting of 13.05.13)	05.08.13	09.11.13	28.01.14
1	Shri D N Davar	Present	Present	Present	Present	Present
2	Shri Nandan Bhattacharya*	Present	Present	Present	Present	Present
3	Shri Manoj Mohanka	Absent	Present	Present	Absent	Absent
4	Shri Arvind Pande	Absent	Absent	Since Resigned	N.A	N.A

* Shri Nandan Bhattacharya ceased to be a member and Shri Sunirmal Talukdar has been inducted w.e.f. May 29, 2014.

The previous Annual General Meeting (AGM) of the Company was held on 26th August, 2013 and was attended by Mr. D N Davar, Chairman of the Audit Committee.

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 being 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

Sl. No.	Name of Director	13.05.13	05.08.2013	09.11.2013	28.01.14
1	Shri Nandan Bhattacharya*	Present	Present	Present	Present
2	Shri Manoj Mohanka	Absent	Present	Absent	Absent
3	Shri Umesh Chowdhary	Present	Present	Present	Absent

In aggregate 36 cases of Investors' Grievances (including routine queries) were received during the Financial year 2013-14 pertaining to Non-Receipts of Dividend Warrants, Annual Reports, Non-Receipt of Credit of share(s) which were duly redressed in time and no Investors' Grievance is pending as at 31st March, 2014. There was also no Investor complaint pending against the Company as at 31st March, 2014 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 31st March, 2014 have been acted upon by the Company and no such transfer is pending.

Pursuant to the revised Clause 49 of Listing Agreement and the provisions of the Companies Act, 2013, the Committee discharges the functions stipulated thereby and has therefore been renamed Stakeholders' Relations Committee by the Board of Directors at its meeting held on May 24, 2014.

*Shri Nandan Bhattacharya ceased to be a member and Shri S C Das inducted w.e.f. May 29, 2014.

Corporate Governance Report

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 D Arya is the Secretary to the Committee. Attendance at and dates of Remuneration Committee meetings held are as follows :

Sl. No.	Name of Directors	05.08.13	09.11.13	02.12.13
1	Shri D N Davar	Present	Present	Present
2	Shri Nandan Bhattacharya*	Present	Present	Present
3	Shri Manoj Mohanka	Present	Absent	Absent

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.

Pursuant to revised Clause 49 of Listing Agreement and the provisions of the Companies Act, 2013, the Committee discharges the functions of Remuneration & Nomination Committee stipulated thereby and as such Nomination Committee has been merged into it and the Committee has been renamed Remuneration & Nomination Committee by the Board of Directors at its meeting held on May 24, 2014.

*Shri Nandan Bhattacharya ceased to be a member and Shri Shekhar Datta has been inducted w.e.f. May 29, 2014.

Remuneration of Managing and Wholtime Directors for the financial year ended the 31st March, 2014 and their shareholding in the Company : (Rs. in lacs)

	Shri J P Chowdhary	Shri Umesh Chowdhary
Salary and Perquisites	58.66	54.47
Commission	55.42	38.79
Total	114.08	93.26
Period of Appointment	5 Years w.e.f. 8th January, 2012	5 Years w.e.f. 1st October, 2010
Appointment by Shareholders on	15th AGM on 15th September, 2012	14th AGM on 27th July, 2011
No. of Shares held	31308	15506

Remuneration of Directors for the financial year ended the 31st March, 2014 and their shareholding in the Company : (Rs. in lacs)

Name of Director	Sitting Fees	Salary and Perquisites	Commission	Total	No. of Shares held
Shri D N Davar	2.80	Nil	4.00	6.80	Nil
Shri Nandan Bhattacharya	2.60	Nil	0.80	3.40	Nil
Shri Abhas Sen	0.60	Nil	0.80	1.40	Nil
Shri Aloke Mookherjea	0.80	Nil	0.80	1.60	Nil
Shri Manoj Mohanka	1.10	Nil	1.25	2.35	Nil
Shri Nand Kishore Mittal	Nil	Nil	Nil	Nil	90
Shri S.C Das	0.60	Nil	1.00	1.60	Nil
Shri Sunirmal Talukdar	0.20	Nil	1.35	1.55	Nil
Total	8.70	Nil	10.00	18.70	Nil

Nomination Committee

Shri D N Davar, Shri Nandan Bhattacharya and Shri Manoj Mohanka, all Independent Directors are the members of the said Committee. Shri D Arya is the Secretary to the Committee. Attendance at and dates of Remuneration Committee meetings held are as follows :

Sl. No.	Name of Directors	13.05.13	20.05.13(adjourned meeting of 13.05.13)	09.11.13
1	Shri D N Davar	Present	Present	Present
2	Shri Nandan Bhattacharya*	Present	Present	Present
3	Shri Manoj Mohanka	Absent	Present	Absent

The Committee has been merged into Remuneration Committee by the Board at its meeting held on 24th May, 2014.

*Shri Nandan Bhattacharya ceased to be a member w.e.f. May 29, 2014.

Restructuring Committee

Restructuring Committee comprises Shri J P Chowdhary, Shri Umesh Chowdhary, Shri D N Davar and Shri Nandan Bhattacharya as members and is headed by Shri J P Chowdhary, Executive Chairman.

No meeting was required to be held during the year ended 31st March, 2014. Shri Nandan Bhattacharya ceased to be a member w.e.f. May 29, 2014.

Committee of Directors

Committee of Directors comprises Shri J P Chowdhary, Chairman, 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. Shri Dinesh Arya acts as Secretary to the Committee of the Board.

No meeting of the Committee was required to be held during the year ended 31st March, 2014. Shri Nandan Bhattacharya ceased to be a member w.e.f. May 29, 2014.

Corporate Social Responsibility Committee

Shri D N Davar heads the Corporate Social Responsibility (CSR) Committee and Shri J P Chowdhary and Shri Umesh Chowdhary are the other members. Shri Dinesh Arya acts as Secretary to the Committee. A meeting of the CSR Committee was held on May 24, 2014 which was attended by all of them. CSR policy adopted by the Board is available on the web site of the Company - www.titagarh.biz.

Internal Complaints Committee

The Committee has been formed by the Board as per the requirement of Section 4 of The Sexual Harassment of Women At Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Committee is headed by Smt. Vinita Bajoria as Presiding Officer and Smt. Zinia Mitra Bose, Smt. June Coelho and Smt. Indira Lily Pichler -Member representing Family India Foundation & Calcutta Marudyan, NGOs are the other members. There was no complaint of any issue falling under the purview of the Committee during the financial year ended March 31, 2014.

Corporate Governance Report

General Body Meetings

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

Year	Annual General Meeting #	Venue	Date	Time	No. of Special Resolutions passed
2010-2011	14th	Kalakunj 48, Shakespeare Sarani, Kolkata-700017	27.07.2011	10.30 A.M.	Four
2011-2012	15th	Kalakunj 48, Shakespeare Sarani, Kolkata-700017	15.09.2012	10.30 A.M.	Three
2012-2013	16th	Kalakunj 48, Shakespeare Sarani, Kolkata-700017	26.08.2013	12.30 A.M.	Nil

Postal Ballot

During the year two Special Resolutions were passed by means of Postal Ballot exercise :-

Resolution No. 1

For approval of proposal to pay Minimum Remuneration of Rs. 4 Lacs per month to Shri J P Chowdhary, Executive Chairman, in case of inadequacy or absence of profits.

Resolution No. 2

For approval of proposal to pay Minimum Remuneration of Rs. 4 Lacs per month to Shri Umesh Chowdhary, Vice Chairman & Managing Director in case of inadequacy or absence of profits.

Salient Features of this postal ballot were:

- The Board of Directors of the Company at its meeting held on 9th November, 2013 appointed Shri B P Dhanuka, Practising Company Secretary and Past President of the ICSI as the Scrutinizer for conducting Postal Ballot process.
- The Company completed the dispatch of notice and postal ballot form along with postage prepaid reply envelope by 26th November, 2013 under ordinary post to its members whose name(s) appeared on the Register of Members/list of beneficiaries as on 8th November, 2013 as approved by RTA.
- The last date of receipt of postal ballot forms was 27th December, 2013.
- The Report was submitted by the Scrutinizer to the Chairman on 30st December, 2013.
- Based on the said Report the Chairman declared the Result on 31st December, 2013 at the registered office of the Company.
- The result declared was as follows :

Particulars	For Resolution No. 1			For Resolution No. 2		
	No. of forms	No. of Shares voted	% of votes cast	No. of forms	No. of shares	% of votes cast
(a) Total postal ballot forms received	64	1,11,02,171	-	64	1,11,02,171	-
(b) Less:- Invalid Postal Ballot forms	1	400	-	1	400	-
(c) Net valid postal ballot forms	63	1,11,01,771		63	1,11,01,751	
(d) Postal Ballot forms with assent for the resolution	48	1,10,64,560	99.66	48	1,10,64,540	99.66
(e) Postal Ballot forms with dissent for the resolution	15	37,211	0.34	15	37,211	0.34
(f) No. of shares short voted					20	

Disclosures

- 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 31st March, 2014 and the transaction is considered to be pecuniary and/or in potential conflict with the interests of the Company at large.
- There has not been any non-compliance, penalties or strictures imposed on the Company by the Stock Exchange(s), Securities and Exchange Board of India or any other statutory authority, on any matter related to the capital markets, during the last 3 years.
- The Company affirms that no personnel have been denied access to the Audit Committee.
- All the mandatory requirements have been appropriately complied with.
- All the information as mentioned in Annexure 1A to clause 49 of the Listing Agreements has been placed before the Board of Directors for its consideration.
- The Board of Directors periodically reviewed compliance reports of all laws applicable to the Company, prepared by the Company as well as steps had been taken to rectify instances of non-compliances.

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.

Code of Conduct for Independent Directors

The Board has adopted the Code of Conduct for Independent Directors as per Schedule IV of the Companies Act, 2013. Shri D. Arya, Company Secretary has been appointed as the Compliance Officer in respect of compliance of the Code.

Whistle Blower Policy/Vigil Mechanism

The Policy as mandated by Clause 49 of the Listing Agreement and Section 177 of the Companies Act, 2013, has been duly adopted by Board on April 12, 2014 for the safeguard of employees and Directors. the mechanism is processed under the surveillance of Audit Committee. No personnel has been denied access to the Audit Committee. Vigil Mechanism Policy is available on the web site of the Company - www.titagarh.biz.

Corporate Governance 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 web sites of the Company and BSE and NSE. The address of the Company's web site is www.titagarh.biz.

General Shareholder Information

Annual General Meeting

Date and Time	: Thursday, September 11, 2014 at 1.00 pm
Venue	: 'Rotary Sadan', 94/2 Chowringhee Road, Kolkata 700020
Dividend Payment Date	: If declared, 30 days from the date of Annual General Meeting
Dates of Book Closure	: September 6 to September 11, 2014 (both days inclusive)

Financial Calendar

First Quarter Results	: August 07, 2014
Second Quarter Results	: October-November, 2014
Third Quarter Results	: January-February, 2015
Fourth Quarter Results	: April-May, 2015

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 2014-15 have been paid to both BSE and NSE. ISIN for dematerialization is INE 615H01012.

Details of unclaimed shares pursuant to Clause 5A of Listing Agreement

In accordance with newly inserted clause 5A of Listing Agreement, the Company has dematerialized 2774 equity shares comprising of 729 folios to those shareholders who have not responded to the reminder letters issued. The said shares are lying in electronic mode with the depository participant Karvy Stock Broking Limited.

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.

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
2013					
April	186.85	165.00	1,15,053	19622.68	18144.22
May	179.80	151.10	1,69,952	20443.62	19451.26
June	159.40	92.00	2,21,893	19860.19	18467.16
July	98.10	73.30	5,47,755	20351.06	19126.82
August	115.00	69.85	3,71,322	19569.20	17448.71
September	131.80	102.00	2,11,925	20739.69	18166.17
October	116.15	94.50	1,82,867	21205.44	19264.72
November	116.50	95.50	4,54,722	21321.53	20137.67
December	119.80	95.00	9,24,114	21483.74	20568.70
2014					
January	131.90	101.65	18,49,701	21409.66	20343.78
February	112.35	91.10	11,40,584	21140.51	19963.12
March	118.80	95.95	10,63,021	22467.21	20920.98

(B) National Stock Exchange Of India Limited

Month	High (Rs.)	Low (Rs.)	Quantity Traded (Shares)	CNX NIFTY	
				High	Low
2013					
April	187.00	165.30	3,07,855	5962.30	5477.20
May	180.00	152.00	5,28,857	6229.45	5928.45
June	157.60	92.10	7,95,835	6011.00	5566.25
July	97.80	72.65	14,33,939	6093.35	5675.75
August	115.60	69.65	11,16,168	5808.50	5254.05
September	131.80	102.50	7,44,420	6142.50	5318.90
October	116.15	95.05	6,27,138	6252.45	5700.95
November	116.40	95.50	15,29,660	6342.95	5972.80
December	119.65	96.00	31,08,636	6415.25	6129.95
2014					
January	131.80	101.00	48,94,850	6358.30	6027.25
February	112.50	91.90	36,61,905	6282.70	5933.30
March	118.80	95.80	25,32,729	6730.05	6212.25

Corporate Governance Report

Share Transfer System & Registrars and Transfer Agent ('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.

Categories of Shareholding as on the 31st March, 2014

Category	No. of Shares held	% of Total Shares
Promoter & Promoter Group	1,06,57,665	53.13
Mutual Funds & UTI	4,38,096	2.18
Financial Institutions & Banks	1,59,213	0.79
Private Corporate Bodies	8,79,122	4.38
Indian Public	36,50,014	18.20
N R I s/O C B s	35,07,604	17.49
Foreign Institutional Investors	6,14,662	3.07
Clearing Members	1,52,693	0.76
TOTAL	2,00,59,069	100.00

Dematerialisation of shares and liquidity : 99.87% of total equity shares of the Company have been dematerialised as on 31st March, 2014.

Distribution of Shareholding as on 31st March, 2014

Range of Shares	Number of Shares	No. of Shareholders	% to Total Shares
1 to 5000	15,41,472	23,306	7.68
5001 to 10000	4,55,885	588	2.27
10001 to 20000	3,80,557	253	1.90
20001 to 30000	2,64,660	104	1.32
30001 to 40000	1,31,232	36	0.65
40001 to 50000	1,70,358	36	0.85
50001 to 100000	2,99,838	42	1.49
100001 & above	1,68,15,067	59	83.84
TOTAL	2,00,59,069	24,424	100.00

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 :

Wagons Division

P.O.: Titagarh -743 188
District : 24 Parganas (N), W. Bengal, India
Fax : 91 33 2501 0736

Steel Castings Division

1 Abdul Quddus Road, Titagarh-743 188
District : 24 Parganas (N), W.Bengal, India
Telephone : 91 33 2545 7067; Fax : 91 33 2545 7068

Address for Correspondence : (from 15/01/14)

Corporate Office :

Titagarh Wagons Limited

Titagarh Towers
756, Anandapur, E. M. Bypass, Kolkata 700 107
Telephone : 91 33 4019 0800 Fax: 91 33 4019 0823
Email : corp@titagarh.biz

Registrar & Transfer Agent (RTA) :

Plot No. 17-24, Vittal Rao Nagar, Madhapur
Hyderabad-500 081
Phone : 91 40 4465 5000
Fax : 91 40 2342 0814
Email ID for investor complaints : einward.ris@karvy.com

Heavy Engineering Division (HED)

Hind Motor-712 233
District : Hooghly, W. Bengal, India
Telephone : 91 33 2664 1755; Fax : 91 33 2664 7333

Registered Office :

Titagarh Wagons Limited

1B, Aster Court
3, Loudon Street, Kolkata 700 017
Telephone : 91 33 4019 0800 Fax: 91 33 4019 0823
Email : investors@titagarh.biz

For and on behalf of the Board

J P Chowdhary
Executive Chairman

Place : Kolkata
Date : August 07, 2014

Corporate Governance Report

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 31st March, 2014.

Kolkata
Date : August 07, 2014

For Titagarh Wagons Limited
Umesh Chowdhary
Vice Chairman and Managing Director

Certificate on Compliance of Corporate Governance

To the Members of Titagarh Wagons Limited

We have examined the compliance of conditions of Corporate Governance by Titagarh Wagons Limited ('the Company') for the year ended on 31st March, 2014, 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. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring compliance of the conditions of Corporate Governance. It is neither an audit nor expression of the opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to explanations given to us, we certify that the Company has complied with the conditions of the Corporate Governance, as stipulated in Clause 49 of the Listing Agreement.

We 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.

Kolkata
Date : August 07, 2014

For **Sushil Goyal & Co.**
Company Secretaries
(Sushil Kumar Goyal)
Proprietor
CP No. 8289
Membership No. FCS 3969

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 31st day of March, 2014 and to the best of our knowledge and belief, we state that:

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

Kolkata
Date : August 07, 2014

Umesh Chowdhary
Vice Chairman and Managing Director & CEO

Anil Kumar Agarwal
Chief Financial Officer

Independent Auditor's Report

To

The Members of Titagarh Wagons Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Titagarh Wagons Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956, read with General Circular 8/2014 dated 4th April 2014 issued by the Ministry of Corporate Affairs. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Act, 1956 ("the Act") 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 31st March, 2014;
- (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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) 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;
 - c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956, read with General Circular 8/2014 dated 4th April 2014 issued by the Ministry of Corporate Affairs;
 - e) On the basis of written representations received from the directors as on 31st March 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

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

per **Bhaswar Sarkar**
Partner

Membership No.: 55596

Place : Kolkata

Date : May 29, 2014

Annexure to the Auditor's 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, 2014

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the 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.
- (c) There was no disposal of a substantial part of fixed assets during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(a) to (d) of the Order are not applicable to the Company and hence not commented upon.
- (b) 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. Accordingly, the provisions of clause 4(iii)(e) to (g) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, having regard to the explanation that some of the items purchased are of special nature and suitable alternative sources do not exist for obtaining comparable quotations thereof, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- (v) In our opinion, there are no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(v)(b) of the Order are not applicable to the Company and hence not commented upon.
- (vi) The Company has not accepted any deposit from the public within the purview of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956, 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. We have not, however, made a detailed examination of the same.
- (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.
- (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.
- (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 :

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	593.82	2002-2003 to 2010-2011	Deputy Commissioner / Commissioner of Income Tax
The West Bengal Sales Tax Act, 1944	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 C forms.	148.42	2005-2006 to 2009-2010	West Bengal Appellate & Revisional Board
The Central Sales Tax Act, 1956	Non submission of C forms	29.61	2010-11	Additional Commissioner 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	109.36	2005-2006, 2007-2008 and 2008-2009	West Bengal Appellate & Revisional Board
The Value Added Tax Act, 2003	Input Tax credit disallowed and interest levied	116.65	2010-11	Senior Joint Commissioner of Commercial Tax

Annexure to the Auditor's Report

Name of the Statute	Nature of Dues	Amount (Rs in Lacs)	Period to which the amount relates	Forum where dispute is pending
The West Bengal Sales Tax Act, 1944	Interest on deferment of payment of tax for purchase of fixed capital assets	42.40	2004-2005	Additional Commissioner, Commercial Taxes
The Central Excise Act, 1944	Incorrect availment of cenvat credits, short payment of duty including interest etc	10885.53	Various	Various Appellate Authorities
The Customs Act, 1962	Non-fulfilment of Export Obligation	1341.92	2006-2008	CESTAT, Kolkata
Foreign Trade Development and Regulation Act, 1992	Terminal excise duty for sale of wagons under EPCG scheme, earlier refunded	693.20	2008-2010	DGFT, Kolkata

- (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 given guarantee for loans taken by a Subsidiary Company from banks, the terms and conditions whereof, in our opinion, are not prima-facie prejudicial to the interest of the Company. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from financial institutions.
- (xvi) The Company did not have any term loans outstanding during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares during the year to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (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. LLP**
Firm Registration Number: 301003E
Chartered Accountants

per **Bhaswar Sarkar**
Partner

Membership No.: 55596

Place : Kolkata
Date : May 29, 2014

Balance Sheet as at March 31, 2014

(Rs. in Lacs)

	Notes	As at March 31, 2014	As at March 31, 2013
I. EQUITY AND LIABILITIES			
Shareholders' Funds			
Share capital	3	2,005.91	2,005.91
Reserves and surplus	4	61,279.28	61,943.38
		63,285.19	63,949.29
Non-current Liabilities			
Long term provisions	5	449.34	356.56
Deferred Tax Liabilities (net)	10	425.27	448.30
		874.61	804.86
Current Liabilities			
Short term borrowings	6	6,408.46	5,598.04
Trade payables	7.1	1,740.53	5,447.23
Other current liabilities	7.2	6,022.91	6,008.93
Short term provisions	5	1,280.11	1,373.66
		15,452.01	18,427.86
TOTAL		79,611.81	83,182.01
II. ASSETS			
Non-current Assets			
Fixed assets			
Tangible assets	8	11,588.35	9,919.62
Intangible assets	8	79.65	69.53
Capital work-in-progress		229.76	1,729.73
Intangible assets under development		150.46	120.00
Non-current investments	9	17,730.19	14,464.69
Loans and advances	11	1,746.47	1,589.31
Trade Receivables	12.1	921.64	-
Other non-current assets	12.2	161.61	1,867.50
		32,608.13	29,760.38
Current Assets			
Inventories	13	20,873.45	21,725.86
Trade receivables	12.1	4,889.94	10,617.50
Cash and bank balances	14	12,394.81	9,783.22
Loans and advances	11	7,292.63	10,255.73
Other current assets	12.2	1,552.85	1,039.32
		47,003.68	53,421.63
TOTAL		79,611.81	83,182.01
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. LLP**
Firm Registration No.: 301003E
Chartered Accountants

per **Bhaswar Sarkar**
Partner
Membership No. 55596

Place : Kolkata
Dated : May 29, 2014

For and on behalf of the Board of Directors

Umesh Chowdhary
Vice Chairman & Managing Director

Sunirmal Talukdar
Director

Anil Kumar Agarwal
Chief Financial Officer

Dinesh Arya
Company Secretary

Statement of Profit and Loss for the year ended March 31, 2014

(Rs. in Lacs)

	Notes	For the year ended March 31, 2014	For the year ended March 31, 2013
INCOME			
Revenue from operations (gross)	15	28,043.67	52,005.71
Less : Excise duty		1,919.75	2,070.50
Revenue from operations (net)		26,123.92	49,935.21
Other income	16	2,518.13	2,929.99
Total Revenue (I)		28,642.05	52,865.20
EXPENSES			
Cost of raw materials & components consumed	17	16,366.54	31,148.08
Increase in inventories of finished goods, Work in progress and saleable scrap	18	(2,188.66)	(2,262.59)
Increase in excise duty on inventories (Refer Note No. 36)		60.98	42.47
Employee benefits expenses	19	1,893.00	2,395.28
Other expenses { including prior period expenses (net) of Rs. 30.88 lacs (Rs. 113.72 lacs)}	20	10,619.88	15,643.01
Total Expenses (II)		26,751.74	46,966.25
Earning before interest, tax, depreciation and amortization (EBIDTA) (I-II)		1,890.31	5,898.95
Depreciation and amortization expenses	8	797.03	782.76
Less : Recoupment from revaluation reserve		101.32	104.72
		695.71	678.04
Finance costs	21	597.59	1,486.63
Profit before taxes		597.01	3,734.28
Tax expenses			
Current tax (including Rs 0.16 lacs (Rs. 1.41 lacs) relating to earlier years)		244.10	1,126.58
Deferred tax charge / (credit)		(23.03)	219.89
Total tax expenses		221.07	1,346.47
Profit for the year		375.94	2,387.81
Earnings per equity share			
[Nominal value of share Rs. 10/- (Rs. 10/-)]	22		
Basic & Diluted (in Rs.)		1.87	11.90
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. LLP**
Firm Registration No.: 301003E
Chartered Accountants

per **Bhaswar Sarkar**
Partner
Membership No. 55596

Place : Kolkata
Dated : May 29, 2014

For and on behalf of the Board of Directors

Umesh Chowdhary
Vice Chairman & Managing Director

Sunirmal Talukdar
Director

Anil Kumar Agarwal
Chief Financial Officer

Dinesh Arya
Company Secretary

Cash Flow Statement for the year ended March 31, 2014

(Rs. in Lacs)

	For the year ended March 31, 2014	For the year ended March 31, 2013
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before taxation	597.01	3,734.28
Adjustments for:		
Depreciation and amortization expenses	695.71	678.04
Interest Expenses	367.68	1,217.08
Exchange Differences (unrealised)	(766.48)	(115.88)
Irrecoverable debts/ advances written off	10.72	33.21
Provision for doubtful debts and advances	423.49	-
Loss/(gain) on sale of fixed assets (net)	(25.64)	18.78
Unspent liabilities / provisions no longer required written back	(185.78)	(380.22)
Interest on Deposits from banks/ loans, advances etc. (Gross)	(1,236.18)	(1,955.29)
Provision for Diminution in value of Investments (net)	-	116.51
Operating Profit / (Loss) before Working Capital Changes	(119.47)	3,346.51
Movements in working capital:		
Decrease in trade payables	(3,545.91)	(1,893.71)
Decrease in provisions	(6.97)	(7.21)
Increase in other current liabilities	119.74	1,449.44
Decrease/ (increase) in trade receivables	4,583.17	(2,550.39)
Decrease/ (increase) in inventories	852.41	(3,994.16)
Decrease in loans and advances	1,325.45	4,913.98
Increase in other assets	(40.94)	(256.38)
Cash Generated from Operations	3,167.48	1,008.08
Taxes Paid	(744.62)	(2,188.57)
Net Cash (used in)/generated from Operating Activities	2,422.86	(1,180.49)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets including Capital work in progress	(1,021.42)	(1,390.99)
Proceeds from sale of Fixed Assets	36.46	9.42
Loans to Subsidiary	(946.18)	(2,305.00)
Loan refunded by Subsidiary	-	52.79
Loan given to Joint Venturer	(40.00)	-
Loans refunded by other related party	200.00	1,900.00
Investment in Subsidiary	(99.00)	(101.74)
Share application money to subsidiary company	(41.00)	-
Investment in Bank Fixed Deposits	(8,398.17)	(16,715.43)
Fixed Deposits encashed/matured	8,180.30	21,135.74
Interest Received	836.74	1,943.11
Net Cash (used in)/generated from Investing Activities	(1,292.27)	4,527.90

Cash Flow Statement for the year ended March 31, 2014

(Rs. in Lacs)

	For the year ended March 31, 2014	For the year ended March 31, 2013
C. CASH FLOW FROM FINANCING ACTIVITIES		
Net increase / (decrease) in cash credit from banks	122.51	(5,122.16)
Net increase in Buyer's Credit	783.17	5,096.92
Repayment of Packing Credit loan	-	(683.40)
Repayment of Short Term Loan against Fixed Deposits	-	(1,800.00)
Interest Paid	(413.87)	(1,184.44)
Dividend Paid (including corporate dividend tax)	(930.89)	(1,862.06)
Net Cash used in Financing Activities	(439.08)	(5,555.14)
Net Increase / (Decrease) in Cash & Cash Equivalents (A+B+C)	691.51	(2,207.73)
Cash and Cash Equivalents - Opening Balance	1,489.24	3,696.97
Cash and Cash Equivalents - Closing Balance	2,180.75	1,489.24
Components of Cash & Cash Equivalents :		
Cash on hand	83.63	33.63
Balances with banks:		
On current accounts	75.96	236.08
On unpaid dividend account*	10.04	8.41
On unpaid fractional share entitlement*	11.12	11.12
Deposits with original maturity of less than three months	2,000.00	1,200.00
Total Cash and Cash Equivalents (Refer Note No. 14)	2,180.75	1,489.24

*The Company can utilize these balances only toward settlement of the respective unpaid dividend and unpaid fractional share entitlement.

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

per **Bhaswar Sarkar**
Partner
Membership No. 55596

Place : Kolkata
Dated : May 29, 2014

For and on behalf of the Board of Directors

Umesh Chowdhary
Vice Chairman & Managing Director

Sunirmal Talukdar
Director

Anil Kumar Agarwal
Chief Financial Officer

Dinesh Arya
Company Secretary

Notes to Financial Statements as at and for the year ended March 31, 2014

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 at Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd. 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 Act, 1956 read with General Circular 8/2014 dated 4th April, 2014 issued by the Ministry of Corporate Affairs. 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.

b) 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.

c) 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.

d) Intangibles

Research costs are expensed as and when incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the Company can demonstrate all the following :

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete the asset
- Its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of adequate resources to complete the development and to use or sell the asset
- The ability to measure reliably the expenditure attributable to the intangible asset during development.

Development expenditure recognized as an intangible asset is amortized on a straight line basis 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.

e) Depreciation & Amortisation on tangible & intangible fixed assets

Tangible Assets

Depreciation on fixed fixed assets is provided on straight-line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 or at the rates determined based on the useful life of the assets estimated by the management, whichever is higher. The management's estimate of useful life coincides with the Schedule XIV rates.

The classification of Plant & Machinery into continuous and non-continuous process is done as per technical certification and depreciation thereon is provided accordingly.

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

Leasehold Land is amortized over the period of lease i.e. 99 years.

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

Notes to Financial Statements as at and for the year ended March 31, 2014

Intangible Assets

Computer softwares capitalized as intangible fixed assets are amortised over their useful life of 3 years on a straight-line basis.

f) 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.

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.

g) 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.

h) 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.

Impairment losses, including impairment on inventories, are recognized in the Statement of Profit and Loss, except for previously revalued tangible fixed assets, where the revaluation was taken to revaluation reserve. In this case, the impairment is also recognized in the revaluation reserve up to the amount of any previous revaluation.

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.

i) 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.

j) 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. The cost of finished goods and goods under process is determined on a weighted average basis. Cost of finished goods also includes excise duty.

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.

k) 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, trade discounts etc.

Notes to Financial Statements as at and for the year ended March 31, 2014

Sales exclude sales tax and value added tax (VAT) which are collected by the Company on behalf of the State Governments and deposited to the credit of the respective State Governments. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

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.

l) Foreign Currency Transactions

Initial Recognition

Foreign currency transactions are initially 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.

m) 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 Statement of Profit and Loss of the year when an employee renders the related service. 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.

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. Accumulated leave, which is expected to be utilized within the next twelve months is treated as short term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

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

n) Taxes on Income

Tax expense comprises of current and deferred taxes.

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.

Notes to Financial Statements as at and for the year ended March 31, 2014

o) 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.

p) 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.

q) 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.

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.

r) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

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 & amortization expenses, finance costs and tax expenses.

Notes to Financial Statements

as at and for the year ended March 31, 2014

(Rs. in Lacs)

	As at March 31, 2014	As at March 31, 2013
3 SHARE CAPITAL		
Authorised		
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		
2,00,59,069 (2,00,59,069) Equity shares of Rs. 10/- each	2,005.91	2,005.91
	2,005.91	2,005.91

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

There is no movement in the share capital during the current year and previous year.

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, 2014, the amount of dividend per share recognised as distributable to equity shareholders is Rs. 4/- (Rs. 4/-).

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 shares issued for consideration other than cash during the period of 5 years immediately preceding the reporting date

	As at March 31, 2014	As at March 31, 2013
	No. of shares	No. of shares
Equity shares allotted as fully paid bonus shares by capitalisation of securities premium	1,30,46,224	1,30,46,224
Equity shares allotted as fully paid up, for consideration other than cash	3,66,954	3,66,954

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

	As at March 31, 2014		As at March 31, 2013	
Name of the Shareholder	No. of shares	% holding	No. of shares	% holding
Equity shares of Rs. 10/- each fully paid				
Titagarh Capital Management Services Private Limited	43,34,033	22%	43,34,033	22%
Savitri Devi Chowdhary	36,23,207	18%	36,23,207	18%
Rashmi Chowdhary	25,63,221	13%	25,63,221	13%
G E Capital International (Mauritius)	25,43,830	13%	25,43,830	13%

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.

	As at March 31, 2014	As at March 31, 2013
4 RESERVES AND SURPLUS		
A. Capital Reserve (as per the last financial statements)	9.18	9.18
B. Securities Premium Account (as per the last financial statements)	26,194.45	26,194.45
C. Revaluation Reserve		
Balance as per the last financial statements	780.71	885.43
Less : Amount transferred to the Statement of Profit and Loss	101.32	104.72
	679.39	780.71

Notes to Financial Statements as at and for the year ended March 31, 2014

(Rs. in Lacs)

	As at March 31, 2014	As at March 31, 2013
4 RESERVES AND SURPLUS (Contd.)		
D. General Reserve		
Balance as per the last financial statements	5,444.61	5,204.61
Add : Amount transferred from surplus in the Statement of Profit and Loss	38.00	240.00
	5,482.61	5,444.61
E. Surplus in the Statement of Profit and Loss		
Balance as per the last financial statements	29,514.43	28,299.14
Profit for the year	375.94	2,387.81
Less : Appropriations		
Transfer to general reserve	38.00	240.00
Proposed equity dividend (amount per share Rs. 4/- (Rs.4 /-))	802.36	802.36
Tax on proposed equity dividend	136.36	130.16
Total Appropriations	976.72	1,172.52
Net surplus in the Statement of Profit and Loss	28,913.65	29,514.43
Total Reserves and Surplus (A+B+C+D+E)	61,279.28	61,943.38

	Long - Term		Short - Term	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
5 PROVISIONS				
Provisions for employee benefits*				
Gratuity (Refer Note No. 23)	420.33	330.66	47.17	98.51
Leave benefits	-	-	104.77	110.59
	420.33	330.66	151.94	209.10
Other provisions				
Warranties	29.01	25.90	30.20	42.21
Liquidated damages	-	-	159.25	189.83
Proposed equity dividend	-	-	802.36	802.36
Provision for tax on proposed equity dividend	-	-	136.36	130.16
	29.01	25.90	1,128.17	1,164.56
Total	449.34	356.56	1,280.11	1,373.66

* 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	
	2013-14	2012-13	2013-14	2012-13
At the beginning of the year	68.11	131.73	189.83	212.43
Arisen during the year	20.48	37.33	85.70	146.71
Utilized during the year	(29.38)	(28.94)	(116.28)	(163.08)
Unused amounts reversed	-	(72.00)	-	(6.23)
At the end of the year	59.21	68.11	159.25	189.83
Current portion	30.20	42.21	159.25	189.83
Non-current portion	29.01	25.90	-	-

Notes to Financial Statements as at and for the year ended March 31, 2014

(Rs. in Lacs)

	As at March 31, 2014	As at March 31, 2013
6 SHORT TERM BORROWINGS		
Secured		
From Banks		
Cash credits	718.89	596.38
Buyers' credit (in foreign currency)	5,689.57	5,001.66
Total	6,408.46	5,598.04

Notes :

- Cash Credits 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 credits carry interest at base rate ranging from 10.00% to 12.00% plus spread ranging between 0% to 2.50% p.a. and are repayable on demand.
- Buyers' Credit carries interest at Libor plus spread ranging between 0.60% to 1.50% and is repayable by 2nd January, 2015.

	As at March 31, 2014	As at March 31, 2013
7 TRADE PAYABLES & OTHER CURRENT LIABILITIES		
7.1 Trade Payables		
Acceptances	176.36	1,898.59
Payables for goods and services @	1,564.17	3,548.64
	1,740.53	5,447.23
7.2 Other Current Liabilities		
Interest accrued but not due on borrowings	30.72	76.91
Advance from customers	3,663.94	1,945.95
Payable towards purchase of fixed assets	64.08	138.22
Others		
Statutory Dues	236.84	469.66
Employee related liabilities	139.20	190.39
Forward Contract Payable	5.99	174.49
Other liabilities	1,860.98	2,993.78
Investor education and protection fund will be credited by following amounts (as and when due) :		
Unpaid dividends	10.04	8.41
Unpaid fractional share	11.12	11.12
Total Other Current Liabilities	6,022.91	6,008.93
Total Current Liabilities	7,763.44	11,456.16
Note:		
@ Includes dues to Micro & Small Enterprises in terms of Micro, Small and Medium Enterprises Act, 2006 (MSME Act) as follows :		
a) Principal amount remaining unpaid to any supplier at the end of accounting year (I)	-	-
Interest Due on Above (II)	-	-
Total of (I) and (II)	-	-
b) Amount of interest paid/adjusted by the Company to the suppliers	-	17.84
c) Amounts paid to the suppliers beyond the respective due date	-	-
d) Amount of interest due and payable for the period of delay in payments but without adding the interest specified under the Act	2.43	2.43
e) Amount of interest accrued and remaining unpaid at the end of each accounting year	2.43	2.43
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	-	-

Notes to Financial Statements as at and for the year ended March 31, 2014

8 FIXED ASSETS

(Rs. in Lacs)

	Land - Freehold	Land - Leasehold	Buildings	Plant & Equipment	Railway Sidings	Furniture & Fixtures	Office equipments & Computers	Vehicles	Total Tangible Assets	Intangible Computer software	Grand Total
Cost or valuation											
At April 1, 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
Additions	-	-	163.09	271.97	-	0.61	25.09	71.75	532.51	42.26	574.77
Disposals	-	-	-	32.48	-	-	-	61.67	94.15	-	94.15
At March 31, 2013	1,952.80	88.52	4,236.64	9,342.98	245.38	139.34	343.56	335.73	16,684.96 (b)	183.79	16,868.75
Additions	-	-	1,542.33	433.49	58.97	197.05	184.54	21.08	2,437.46	49.21	2,486.67
Disposals	-	-	3.67	-	-	-	-	20.74	24.41	-	24.41
At March 31, 2014	1,952.80	88.52	5,775.30	9,776.48	304.35	336.39	528.10	336.07	19,098.01 (b)	233.00	19,331.01
Depreciation & Amortization											
At April 01, 2012	-	9.42	639.41	4,930.37	41.44	112.80	200.75	144.50	6,078.69	84.10	6,162.79
Charge for the year	-	1.04	160.62	521.60	11.66	2.61	25.46	29.61	752.60	30.16	782.76
Disposals	-	-	-	27.46	-	-	-	38.49	65.95	-	65.95
At March 31, 2013	-	10.46	800.03	5,424.51	53.10	115.41	226.21	135.62	6,765.34	114.26	6,879.60
Charge for the year	-	5.04	173.92	502.76	12.32	5.91	30.52	27.47	757.94	39.09	797.03
Disposals	-	-	1.24	-	-	-	-	12.38	13.62	-	13.62
At March 31, 2014	-	15.50	972.71	5,927.27	65.42	121.32	256.73	150.71	7,509.66	153.35	7,663.01
Net Block											
At March 31, 2013	1,952.80	78.06	3,436.61	3,918.48	192.28	23.93	117.35	200.11	9,919.62	69.53	9,989.15
At March 31, 2014	1,952.80	73.02	4,802.59	3,849.21	238.93	215.07	271.37	185.36	11,588.35	79.65	11,668.00

- a) Deed of conveyance in respect of freehold land amounting to Rs 1164.08 lacs (Rs 1164.08 lacs) is pending registration.
- b) Land, Buildings, Plant & Machineries of Titagarh Steels Unit aggregating to Rs. 3,246.54 lacs (Gross block) as on 31st March 2009 were revalued by approved valuers on Replacement Cost basis and the net increase of Rs. 1,345.49 lacs was transferred to Revaluation Reserve. In accordance with the option given in the Guidance Note on Accounting for Depreciation in Companies, the Company recoups such additional depreciation out of revaluation reserve.

	No. of Shares		Face Value Per Share (Rs.)	As at	As at
	31.3.2014	31.3.2013		March 31, 2014	March 31, 2013
9 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
Unquoted					
Titagarh Papers Limited	49,33,000	49,33,000	10	493.30	493.30
Less : Provision for diminution				(415.49)	(415.49)
				77.81	77.81
Tecalemit Industries Limited	6,85,000	6,85,000	10	22.82	22.82
Bhatpara Papers Limited	50,000	50,000	10	5.00	5.00
Trade investments					
In fully paid up unquoted equity shares					
Subsidiary Companies					
Titagarh Singapore Pte Limited (a)	11,65,000	11,65,000	USD 1	531.05	531.05
Titagarh Capital Private Limited (f)	15,00,000	15,00,000	100	1,542.57	1,542.57
Greysam & Company Private Limited (b)	3,54,990	3,54,990	10	35.50	35.50
Less: Provision for diminution				(35.50)	(35.50)
				-	-
Titagarh Wagons AFR (a)	45,00,000	45,00,000	EURO 1	2,864.60	2,864.60
Titagarh Marine Limited (e)	45,50,050	45,50,050	10	455.06	455.06
Titagarh Agrico Private Limited (Formerly Titagarh Cranes Private Limited)	10,00,000	10,000	10	100.00	1.00
Joint Venture Companies					
Cimco Equity Holdings Private Limited (g)	5,00,000	(5,00,000)	10	50.00	50.00

Notes to Financial Statements

as at and for the year ended March 31, 2014

(Rs. in Lacs)

	No of Shares		Face Value Per Share (Rs.)		
	As at 31.3.2014	As at 31.3.2013		As at March 31, 2014	As at March 31, 2013
9 NON-CURRENT INVESTMENTS (Contd.)					
Associate Companies					
Titagarh FreightCar Private Limited (d)	-	11,79,822	10	-	117.98
Less : Provision for diminution				-	(117.98)
				-	-
In fully paid up unquoted Preference Shares					
Subsidiary Company					
Titagarh Capital Private Limited (c & f)	25,00,000	25,00,000	100	2,500.00	2,500.00
In 0% optionally fully convertible debentures					
Joint Venture Company					
Cimco Equity Holdings Private Limited (g)	6,40,00,000	6,40,00,000	10	6,400.00	6,400.00
In 0.1% optionally fully convertible debentures					
Subsidiary Company					
Titagarh Marine Limited (e)	3,16,65,000	-	10	3,166.50	-
				17,730.19	14,464.69
Aggregate amount of quoted investments				14.78	14.78
Aggregate amount of unquoted investments				17,715.41	14,449.91
Market value of quoted investments				#	#
Aggregate provision for diminution in value of Investments				450.99	568.97
# Quotations not available					

Notes :

- Valued at exchange rate prevailing on the date of transaction.
- Subsidiary by virtue of the Company's control over the composition of its Board of Directors.
- The shares are convertible into equity shares on or before August 27, 2022 at par.
- Cease to be an associate company w.e.f. January 7, 2014.
- During the year, the Board of Directors vide its resolution dated January 28, 2014, has approved the conversion of loan of Rs 3,166.50 lacs given to Titagarh Marine Limited into 0.1% optionally fully convertible debentures. The aforesaid debentures are convertible into equity shares at the option of the Company on or before March 31, 2021 at par.

As at the balance sheet date, the Company has total investment of Rs 455.06 lacs in the equity shares and Rs 3,166.50 lacs in the Optionally Fully Convertible Debentures (OFCD) in Titagarh Marine Limited (TML), its wholly owned subsidiary Company. As at the balance sheet date, the accumulated losses in the books of TML is Rs. 285.76 lacs. Considering the long term business plan, profitability projection, the Company is of the view that the diminution in the value of investment is temporary in nature and accordingly, no provision is considered necessary in these financial statements.

- The Company has investment in the equity and preference capital aggregating to Rs. 4,042.57 lacs in its subsidiary company "Titagarh Capital Private Limited" (TCPL). The subsidiary has accumulated losses of Rs. 1,290.66 lacs as at March 31, 2014. However, certain fixed assets of TCPL having net block of Rs 59.23 lacs represents 687 wagons, which are in possession of Indian Railways as lease since 1998. These wagons are having total estimated useful life of 25 years and significant residual value. Considering the above, the Company is of the view that the diminution in the value of investment is temporary in nature and accordingly, no provision is considered necessary in these financial statements.
- The Company also has investment in the equity shares and Optionally Fully Convertible Debentures aggregating to Rs. 6,450 lacs in a Joint Venture Company "Cimco Equity Holdings Private Limited" (CEHPL). Subsequent to the balance sheet date, on 15th April 2014, the Company has exercised its option for the conversion of the optionally fully convertible debentures into equity shares at par. Consequent to such conversion, the Company's holding in CEHPL has increased to 99.23%. On April 16, 2014, the Company has also purchased 5,00,000 equity shares of Rs.10/- each held by the other shareholder in CEHPL thereby acquiring 100% stake; as a result of which CEHPL has become wholly owned subsidiary of the Company post the balance sheet date.

CEHPL has accumulated losses of Rs. 2,129.77 lacs as at March 31, 2014. However, CEHPL is holding certain strategic long term investments of Rs. 4,313.35 lacs in its listed subsidiary Company "Cimmco Ltd". Considering the long term business plan, profitability projection and fair value of the freehold and leasehold land held by Cimmco Ltd, the Company is of the view that the diminution in the value of investment is temporary in nature and accordingly, no provision is considered necessary in these financial statements.

	As at March 31, 2014	As at March 31, 2013
10 DEFERRED TAX LIABILITIES (NET)		
Deferred tax liability		
Timing differences in depreciable assets	819.95	701.41
	819.95	701.41
Deferred tax assets		
Impact of expenditure charged to the Statement of Profit and Loss in the current year but allowed for tax purposes on payment basis	176.48	165.44
Provision for doubtful debts and advances	143.95	-
Provision for Warranties and Liquidated Damages	74.25	87.67
	394.68	253.11
Net deferred tax liabilities	425.27	448.30

Notes to Financial Statements as at and for the year ended March 31, 2014

(Rs. in Lacs)

	Non-current		Current	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
11 LOANS AND ADVANCES				
(Unsecured, considered good unless stated otherwise)				
Capital Advances				
Considered good	146.06	304.07	-	-
Considered doubtful	88.10	-	-	-
	234.16	304.07	-	-
Provision for doubtful advances	88.10	-	-	-
	146.06	304.07	-	-
Loans to related parties (Refer Note No. 27)	-	-	4,626.38	6,289.91
Share application money to subsidiary (Refer Note No. 27)	-	-	112.50	71.50
Security Deposits				
Considered good	70.08	201.06	261.08	608.86
Considered doubtful	42.50	-	-	-
	112.58	201.06	261.08	608.86
Provision for doubtful deposits	42.50	-	-	-
	70.08	201.06	261.08	608.86
Advance recoverable in cash or kind				
Considered good - To Others	-	-	294.82	1,232.76
Considered good - To Related Party (Refer Note No. 27)	-	-	9.20	5.94
Considered doubtful - To Others	-	-	48.08	-
	-	-	352.10	1,238.70
Provision for doubtful advances - To Others	-	-	48.08	-
	-	-	304.02	1,238.70
Other loans and advances				
Balance with statutory / government authorities	-	-	1,529.75	1,588.80
Advance tax [net of provision for taxes Rs. 163.04 lacs (Rs. 183.19 lacs)]	1,530.33	1,029.81	-	-
Prepaid expenses	-	54.37	458.90	457.96
Total	1,746.47	1,589.31	7,292.63	10,255.73

	Non-current		Current	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
a) Advances recoverable in cash or kind				
Due from Directors of the Company	-	5.94	5.94	16.38
b) Disclosure as per clause 32 of the Listing Agreement :				
Loans to Subsidiaries				
Titagarh Wagons AFR	4,541.71	3,824.91	5,386.21	4,374.38
Titagarh Singapore Pte Limited	-	-	-	13.84
Titagarh Marine Limited	44.67	2,265.00	3,370.38	2,441.90
Loans to Joint Venture				
Cimco Equity Holdings Private Limited	40.00	-	41.63	-

	Non-current		Current	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
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				
Considered good*	921.64	-	2,971.04	4,010.93
Considered doubtful	-	-	209.76	-
	921.64	-	3,180.80	4,010.93
Provision for doubtful debts	-	-	209.76	-
	921.64	-	2,971.04	4,010.93
Other receivables				
Unsecured, considered good	-	-	1,918.90	6,606.57
Total	921.64	-	4,889.94	10,617.50

* Includes Rs. 2246.64 lacs receivable from a customer for which the listed holding company of the customer has given an undertaking to pay the balances in 10 monthly instalments starting from October 2014, in the event of customer defaulting on the payments.

Notes to Financial Statements as at and for the year ended March 31, 2014

(Rs. in Lacs)

12.2 OTHER ASSETS (Unsecured, considered good unless stated otherwise)

	Non-current		Current	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
Non-Current Bank Balances (Refer Note No. 14)	-	1,702.21	-	-
Receivable from Related Party (Refer Note No. 27)	-	-	190.73	96.36
Interest accrued on fixed deposits and loans [Including receivable from related party Rs. 1,005.48 lacs (Rs. 581.01 Lacs)]	-	13.53	1,355.93	942.96
Unamortised Premium on forward contract	-	-	6.19	-
Others				
Considered good	161.61	151.76	-	-
Considered doubtful	35.06	-	-	-
	196.67	151.76	-	-
Provision for doubtful assets	35.06	-	-	-
	161.61	151.76	-	-
Total	161.61	1,867.50	1,552.85	1,039.32

	As at March 31, 2014	As at March 31, 2013
13 INVENTORIES (Valued at lower of cost and net realizable value)		
Raw materials & components (Refer Note No. 17)	9,845.82	12,450.17
Work in progress (Refer Note No. 18)	6,393.26	6,201.01
Finished goods (Refer Note No. 18)	3,854.53	1,936.11
Saleable scrap (Refer Note No. 18)	121.52	98.62
Stores and spares	658.32	1,039.95
Total	20,873.45	21,725.86

	Non-current		Current	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
14 CASH AND BANK BALANCES				
Cash and cash equivalents				
Balances with banks:				
On current accounts			75.96	236.08
On unpaid dividend account			10.04	8.41
On unpaid fractional share entitlement			11.12	11.12
Deposits with original maturity of less than three months			2,000.00	1,200.00
Cash on hand [including cheques in hand Rs. 65.19 lacs (Rs. Nil)]			83.63	33.63
			2,180.75	1,489.24
Other bank balances				
Balances with banks :				
Deposits with original maturity of more than 12 months	-	1,702.21	-	83.07
Deposits with original maturity for more than 3 months but less than 12 months	-	-	8,877.42	6,579.30
Margin money deposit #	-	-	1,336.64	1,631.61
	-	1,702.21	10,214.06	8,293.98
Amount disclosed under non-current assets (Refer Note No. 12.2)	-	(1,702.21)	-	-
Total	-	-	12,394.81	9,783.22

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

	For the year ended March 31, 2014	For the year ended March 31, 2013
15 REVENUE FROM OPERATIONS		
Revenue from operations		
Sale of products		
Finished Goods (Refer Note 15.1)	24,165.26	48,950.40
Sale of Raw Materials & Components	2,276.88	2,526.43
Other operating revenues		
Scrap sales	1,601.53	528.88
Revenue from operations (gross)	28,043.67	52,005.71
Less : Excise duty	1,919.75	2,070.50
Revenue from operations (net)	26,123.92	49,935.21

Notes to Financial Statements as at and for the year ended March 31, 2014

(Rs. in Lacs)

	For the year ended March 31, 2014	For the year ended March 31, 2013
15 REVENUE FROM OPERATIONS (Contd.)		
Details of products sold		
Finished goods		
Wagons	16,029.02	41,242.85
Casting	6,765.85	3,929.56
HEMM Machines	511.04	2,131.47
HEMM Spares	528.19	440.39
Steel Bridges	-	87.44
Shelters	331.16	1,118.69
	24,165.26	48,950.40
Raw Materials & Components		
Components	2,270.34	1,925.30
Steel	-	339.07
Others	6.54	262.06
	2,276.88	2,526.43

15.1 Sale of finished goods for the current year is net of sales return of Rs 2019.60 lacs relating to sales of earlier year which has been effected due to non-fulfilment of terms and conditions by the Customer.

16 OTHER INCOME		
Interest Income on		
Bank deposits	802.28	1,088.67
Loans, advances etc	433.76	858.51
Others	0.14	8.11
Unspent liabilities / provisions no longer required written back	185.78	380.22
Gain on sale of fixed assets (net)	25.64	-
Management Fee	197.61	168.17
Gain on foreign Exchange Fluctuations/Forward exchange Contracts (net)	712.63	-
Compensation from Joint Venturer	-	280.75
Other non-operating income	160.29	145.56
Total	2,518.13	2,929.99

17 COST OF RAW MATERIALS & COMPONENTS CONSUMED		
Inventory at the beginning of the year	12,450.17	10,735.42
Add : Purchases	13,762.19	32,862.83
	26,212.36	43,598.25
Less : Inventory at the end of the year	9,845.82	12,450.17
Cost of raw materials & components consumed	16,366.54	31,148.08
Details of raw materials & components consumed		
Couplers with Draft Gear	1,017.37	5,822.06
Steel	3,910.53	2,902.39
Wheel sets	2,009.86	935.70
Other Components (Note b)	9,428.78	21,487.93
	16,366.54	31,148.08

Notes :

- The consumption figures shown above are after adjusting excess and shortages, if any, on physical count, unserviceable items, etc. and net off discount received on purchases. Further the above does not include 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, 2014	For the year ended March 31, 2013	(Increase)/ Decrease
18 (INCREASE)/ DECREASE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND SALEABLE SCRAP			For the year ended March 31, 2014
Closing Stock			
Finished Goods	3,854.53	1,936.11	(1,918.42)
Work in Progress	6,393.26	6,201.01	(192.25)
Saleable Scrap	121.52	98.62	(22.90)
	10,369.31	8,235.74	(2,133.57)

Notes to Financial Statements as at and for the year ended March 31, 2014

(Rs. in Lacs)

	For the year ended March 31, 2014	For the year ended March 31, 2013	(Increase)/ Decrease
18 (INCREASE)/ DECREASE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND SALEABLE SCRAP (Contd.)			For the year ended March 31, 2013
Opening Stock			
Finished Goods	1,936.11	1,118.58	(817.53)
Work in Progress	6,201.01	4,848.74	(1,352.27)
Saleable Scrap	98.62	5.83	(92.79)
	8,235.74	5,973.15	(2,262.59)
	(2,133.57)	(2,262.59)	
Transferred to tangible fixed assets	55.09	-	
	(2,188.66)	(2,262.59)	
DETAILS OF INVENTORY			
Finished Goods			
Wagons	3,783.04	1,789.86	
Steel Bridges	27.00	27.00	
Casting	44.49	40.93	
HEMM Machines	-	78.32	
	3,854.53	1,936.11	
Work in Progress			
Wagons	2,029.80	401.01	
Steel Bridges	-	21.02	
Casting	3,224.28	4,804.11	
HEMM Machines	446.46	478.47	
Others	692.72	496.40	
	6,393.26	6,201.01	
Saleable Scrap - Steel	121.52	98.62	
	For the year ended March 31, 2014	For the year ended March 31, 2013	
19 EMPLOYEE BENEFITS EXPENSES			
Salaries, wages and bonus	1,468.32		1,695.63
Contribution to provident & other funds	151.25		152.59
Gratuity Expense (Refer Note No. 23)	74.98		28.50
Staff Welfare Expenses	104.23		157.05
Directors' Remuneration			
Remuneration to Managing and Whole Time Directors :			
- Salary & bonus	85.99	292.45	
- Contribution to Provident Fund	8.23	22.41	
- Commission on Profit	-	46.65	361.51
Total	1,893.00		2,395.28
	For the year ended March 31, 2014	For the year ended March 31, 2013	
20 OTHER EXPENSES			
Consumption of stores & spares	2,273.45		3,941.48
Cost of raw materials and components sold	1,809.78		2,159.79
Job Processing and other machining charges (including contract labour charges)	1,629.62		2,952.24
Power & Fuel	2,007.15		3,165.78
Design & development expenses	64.24		67.71
Repairs and maintenance			
Plant & machinery	24.20		29.79
Buildings	2.81		8.32
Others	37.85		48.98
Carried Forward	7,849.10		12,374.09

Notes to Financial Statements as at and for the year ended March 31, 2014

(Rs. in Lacs)

	For the year ended March 31, 2014	For the year ended March 31, 2013
Brought Forward	7,849.10	12,374.09
Rent	261.67	428.85
Rates & Taxes	64.83	42.17
Insurance	35.76	35.91
Advertising and sales promotion	95.01	91.22
Brokerage and commission	68.48	72.25
Travelling and conveyance	373.57	330.22
Legal and professional fees	443.81	627.51
Commission to non-whole time directors	10.00	10.00
Directors sitting fees	9.32	15.10
Payment to Auditors		
As Auditor		
Audit fee	24.00	29.00
Limited review	21.00	24.00
In other capacity		
Other services (certification fees)	3.00	13.30
Reimbursement of expenses	0.17	1.24
Provision for diminution in value of investments (Trade)	-	117.98
Loss of Sale of Investment (Long Term Trade)	116.80	-
Less : Adjusted with provision	116.80	-
Warranty Claims	49.67	29.53
Less : Adjusted with provision	29.38	28.94
Provision for warranties	20.48	37.32
Liquidated Damages	261.52	317.73
Less: Adjusted with provision	116.28	163.08
Provision for liquidated damages	85.70	146.71
Irrecoverable debts/ advances written off	10.72	377.66
Less: Adjusted with provision	-	344.45
Provision for doubtful debts and advances	423.49	-
Loss on sale of fixed assets (net)	-	18.78
Loss on foreign exchange fluctuations/ forward exchange contracts (net)	-	125.21
Prior Period Expenses (Net) (Refer note (a) below)	30.88	113.72
Miscellaneous expenses	623.36	799.98
Total	10,619.88	15,643.01

a) Details of Prior Period Expenses (Net)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Income		
Other income	38.84	8.77
	38.84	8.77
Expenses		
Cost of raw materials & components consumed	3.57	47.52
Employee benefits expenses	54.79	-
Job Processing and other machining charges (including contract labour charges)	-	33.60
Other expenses	11.36	41.37
	69.72	122.49
Prior Period Expenses (Net)	30.88	113.72

21 FINANCE COSTS

Interest expenses	367.68	1,217.08
Bank charges	229.91	269.55
Total	597.59	1,486.63

Notes to Financial Statements as at and for the year ended March 31, 2014

(Rs. in Lacs)

	For the year ended March 31, 2014	For the year ended March 31, 2013
22 EARNING PER SHARE (EPS)		
Weighted average number of equity shares in calculating basic EPS	2,00,59,069	2,00,59,069
Weighted average number of equity shares in calculating diluted EPS	2,00,59,069	2,00,59,069
Profit after taxes (Rs. in Lacs)	375.94	2,387.81
Nominal value of each share (Rs.)	10.00	10.00
Earning per share : Basic (Rs.)	1.87	11.90
Diluted (Rs.)	1.87	11.90

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. 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 summarises the components of 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, 2014	For the year ended March 31, 2013	For the year ended March 31, 2014	For the year ended March 31, 2013
Statement of Profit and Loss				
Net employee benefit expense recognized in the employee cost				
Current service cost	5.85	6.84	20.01	24.01
Interest cost on benefit obligation	12.89	13.90	24.16	29.07
Expected return on plan assets	(3.45)	(3.41)	-	-
Net actuarial (gain)/ loss recognised during the year	21.44	21.89	(5.92)	(63.80)
Net benefit expenses	36.73	39.22	38.25	(10.72)
Balance Sheet				
Benefit liability				
Present value of defined benefit obligation	188.49	164.16	320.61	303.47
Fair value of plan assets	41.60	38.46	-	-
Plan liability	146.89	125.70	320.61	303.47
Changes in the present value of the defined benefit obligation are as follows :				
Opening defined benefit obligation	164.16	144.75	303.47	342.57
Current service cost	5.85	6.84	20.01	24.01
Interest cost	12.89	13.90	24.16	29.07
Benefits paid	(15.85)	(22.41)	(21.11)	(28.38)
Actuarial (gains)/ losses on obligation	21.44	21.08	(5.92)	(63.80)
Closing defined benefit obligation	188.49	164.16	320.61	303.47
Changes in the fair value of plan assets are as follows :				
Opening fair value of plan assets	38.46	37.39		
Expected return	3.45	3.41		
Contributions by employer	-	20.88		
Benefits paid	(0.31)	(22.41)		
Actuarial (gains)/ losses	-	(0.81)		
Closing fair value of plan assets	41.60	38.46		
Actual Return on plan assets	3.45	3.41		
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%		

Notes to Financial Statements as at and for the year ended March 31, 2014

(Rs. in Lacs)

	Gratuity (funded)		Gratuity (unfunded)	
	For the year ended March 31, 2014	For the year ended March 31, 2013	For the year ended March 31, 2014	For the year ended March 31, 2013
The principal assumptions used in determining gratuity obligation are shown below :				
Discount rate	9.10%	8.25%	8.25%	8.25%
Expected rate of return on assets	9.00%	9.00%	NA	NA
Rate of increase in salary	5.00%	5.00%	5.00%	5.00%
Expected average working life of the employees (HED Unit)	-	-	12	11
Expected average working life of the employees (TWL Unit)	-	-	17	18
Expected average working life of the employees (TSL Unit)	8	7	-	-
Mortality table			Standard table LIC	

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

	For the year ended March 31, 2014	For the year ended March 31, 2013	For the year ended March 31, 2012	For the year ended March 31, 2011	For the year ended March 31, 2010
Defined benefit obligation - unfunded	320.61	303.47	342.57	298.28	317.67
Defined benefit obligation - funded	188.49	164.16	144.75	145.13	154.23
Plan assets	41.60	38.46	37.39	37.29	37.29
Surplus /(Deficit)	(467.50)	(429.17)	(449.93)	(406.12)	(434.61)
Experience adjustments on plan liabilities - Unfunded [(gains)/losses]	(5.92)	(63.80)	8.70	(15.98)	10.38
Experience adjustments on plan liabilities - Funded [gains)/losses]	21.44	21.08	(10.91)	(21.33)	(0.94)
Experience adjustments on plan assets [gains)/losses]	-	(0.81)	(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. 73.45 lacs (Rs. 42.86 lacs) to the gratuity fund during 2014-15.

The amounts provided for defined contribution plans are as follows :

	For the year ended March 31, 2014	For the year ended March 31, 2013
Provident fund	103.01	131.35
Superannuation fund	3.98	3.74
Total	106.99	135.09

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, 2014	For the year ended March 31, 2013
The amount of rent expenses included in Statement of Profit and Loss towards operating leases aggregate to	261.67	428.85

Notes to Financial Statements as at and for the year ended March 31, 2014

(Rs. in Lacs)

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	-	India
[ceased to be a joint venture w.e.f. February 18, 2013]		

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, 2014 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, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
Non-current assets	10,420.30	10,919.49	-	-
Current assets	4,420.03	5,481.66	-	-
Non-current liabilities	4,837.99	7,405.06	-	-
Current liabilities	3,537.58	4,141.78	-	-
Net Assets	6,464.76	4,854.30	-	-
Revenue	6,437.31	5,047.17	-	-
Cost of material consumed	4,598.19	3,674.13	-	-
Depreciation of plant and machinery	63.17	80.81	-	1.11
Employee benefit expense	172.42	187.39	-	1.00
Other expense	1,378.20	1,700.42	-	1.63
Profit before tax	225.33	(595.58)	-	(3.74)
Exceptional Items	625.00	-	-	-
Income-tax expense	219.82	21.09	-	-
Profit after tax	(619.49)	(616.67)	-	(3.74)
Capital Expenditure Commitments	1.19	12.79	Nil	Nil
Contingent Liabilities	7,375.05	10,185.37	Nil	Nil

26 SEGMENT INFORMATION

Based on the synergies, risks and return associated with business operations and in terms of Accounting Standard-17, the Company has re-assessed its business segments. The steel foundry division is an integral part of the wagons and coaches division and accordingly reported as one single segment i.e. "Wagons & Coaches". Based on the above re-assessment the current year's business segments are :

- Wagons & Coaches – Consists of manufacturing of wagons, coaches, bogies, couplers and crossings as per customer specification.
- Others - Consists of miscellaneous business like heavy earth moving machineries, bailey bridge etc. which comprises of less than 10% revenue on individual basis.

Information about primary business segments

For the year ended March 31, 2014	Wagons & Coaches	Others	Total
Revenues (net of excise duty and cess)			
Segment Revenue (external)	24,850.49	1,273.43	26,123.92
Results			
Segment results	794.94	(201.23)	593.71
Less : Unallocated expenses net of unallocated income			865.20
Operating loss			(271.49)
Add : Interest income (net of expenses)			868.50
Profit before taxes			597.01
Income taxes			221.07
Net profit after taxes			375.94
Segment assets	35,855.23	3,485.95	39,341.18
Unallocated assets			40,270.63
Total assets			79,611.81
Segment liabilities	6,745.72	723.66	7,469.38
Unallocated liabilities			8,857.24
Total liabilities			16,326.62

Notes to Financial Statements as at and for the year ended March 31, 2014

(Rs. in Lacs)

26 SEGMENT INFORMATION (Contd.)

Information about primary business segments (Contd.)

For the year ended March 31, 2014	Wagons & Coaches	Others	Total
Other segment information			
Capital expenditure			
Tangible assets	2,437.46	-	2,437.46
Intangible assets	49.21	-	49.21
Depreciation	598.99	96.72	695.71
Non cash expenses:			
Provision for doubtful debts and advances		423.49	423.49
Irrecoverable debts/ advances written off		10.72	10.72
For the year ended March 31, 2013	Wagons & Coaches	Others	Total
Revenues (net of excise duty and cess)			
Segment Revenue (External)	46,577.57	3,357.64	49,935.21
Results			
Segment results	4,855.81	224.41	5,080.22
Less : Unallocated expenses net of unallocated income			2,084.15
Operating loss			2,996.07
Add : Interest income (net of expenses)			738.21
Profit before taxes			3,734.28
Income taxes			1,346.47
Net profit after taxes			2,387.81
Segment assets	42,002.80	4,121.67	46,124.47
Unallocated assets			37,057.54
Total assets			83,182.01
Segment liabilities	10,732.62	814.72	11,547.34
Unallocated liabilities			7,685.38
Total liabilities			19,232.72
Other segment information			
Capital expenditure			
Tangible assets	466.27	66.24	532.51
Intangible assets	42.26	-	42.26
Depreciation	640.99	37.05	678.04
Non cash expenses:			
Provision for diminution in value of investments (Net of write back)		116.51	116.51
Irrecoverable debts/ advances written off		33.21	33.21

Geographical Segment :

	For the year ended March 31, 2014	For the year ended March 31, 2013
The following table shows the distribution of the Company's sales by geographical market :		
Geographical segment revenue		
Domestic (net of excise duty)	21,989.35	49,736.67
Overseas	4,134.57	198.54
Total	26,123.92	49,935.21

Export Segment assets consist 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. Since the Company has all fixed assets in India only, separate figures for fixed assets/ additions to fixed assets for Domestic and Overseas segments are not furnished.

Notes to Financial Statements as at and for the year ended March 31, 2014

(Rs. in Lacs)

27 RELATED PARTY DISCLOSURES

Names of related parties and related party relationship

Related parties where control exists :

Subsidiary Companies :	Titagarh Singapore Pte Limited Titagarh Capital Private Limited Titagarh Wagons AFR Greysam and Co. Private Limited (by virtue of control of composition of the Board of the Company) Titagarh Marine Limited Titagarh Agrico Private Limited (Formerly Titagarh Cranes Private Limited) Corporated Shipyard Private Limited (subsidiary of Titagarh Marine Limited)
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Joint Venture Companies :	Cimco Equity Holdings Private Limited Titagarh Freightcar Private Limited (ceased to be a Joint Venture with effect from February 18, 2013) Cimmco Limited, subsidiary of Cimco Equity Holdings Private Limited
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Associate Companies :	Titagarh Freightcar Private Limited (ceased to be an associate with effect from January 7, 2014)
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Related parties with whom transactions have taken place during the period :

Key Management Personnel (KMPs) :	Mr. J P Chowdhary – Executive Chairman Mr. Umesh Chowdhary – Vice Chairman & Managing Director
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Relatives of KMPs :	Ms. Savitri Devi Chowdhary, Wife 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
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Enterprises over which KMP/ Shareholders/ Relatives have significant influence :	Titagarh Logistics Infrastructure Private Limited Titagarh Capital Management Services Private Limited Traco International Investment Private Limited Titagarh Papers Limited Panihati Rubber Limited
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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	Associate Companies	KMP	Relatives of KMP	Enterprise over which KMP/shareholders/ relatives have significant influence	Total
In relation to the Statement of Profit and Loss							
Revenue from operations							
Cimco Limited		5,052.87 (3,966.98)					5,052.87 (3,966.98)
Titagarh Wagons AFR	- (63.04)						- (63.04)
Corporated Shipyard Private Limited	36.99 (-)						36.99 (-)
Management Fees							
Titagarh Wagons AFR	197.61 (168.17)						197.61 (168.17)
Interest income on Advances/ Loans							
Cimco Equity Holdings Private Limited		1.81 (308.30)					1.81 (308.30)
Titagarh Wagons AFR	472.27 (366.13)						472.27 (366.13)
Titagarh Papers Limited						0.29 (177.74)	0.29 (177.74)
Titagarh Marine Limited	- (176.90)						- (176.90)
Reimbursement of expenses							
Titagarh Wagons AFR	- (25.00)						- (25.00)

Notes to Financial Statements as at and for the year ended March 31, 2013

(Rs. in Lacs)

27 RELATED PARTY DISCLOSURES (Contd.)

Nature of transactions	Subsidiary Companies	Joint Ventures	Associate Companies	KMP	Relatives of KMP	Enterprise over which KMP/shareholders/ relatives have significant influence	Total
Purchase of raw material & components							
Cimmco Limited		196.84 (397.45)					196.84 (397.45)
Titagarh Wagons AFR	- (36.04)						- (36.04)
Panihati Rubber Limited						- (11.84)	- (11.84)
Job Processing and other machining charges (including contract labour charges)							
Cimmco Limited		123.16 (120.00)					123.16 (120.00)
Rent Paid							
Titagarh Papers Limited						178.47 (367.58)	178.47 (367.58)
Provision for diminution in value of Investments							
Titagarh Freightcar Private Limited	- (117.98)						- (117.98)
Provision for diminution in value of Investments (written back)							
Titagarh Papers Limited						- (1.47)	- (1.47)
Dividend paid							
Ms. Savitri Devi Chowdhary					144.93 (289.86)		144.93 (289.86)
Ms. Rashmi Chowdhary					102.53 (205.06)		102.53 (205.06)
Mr. J P Chowdhary				1.25 (2.50)			1.25 (2.50)
Mr. Umesh Chowdhary				0.62 (1.24)			0.62 (1.24)
Ms. Vinita Bajoria				0.20 (0.40)			0.20 (0.40)
Ms. Sumita Kandoi				0.13 (0.10)			0.13 (0.10)
Traco International Investment Private Limited						1.21 (2.43)	1.21 (2.43)
Titagarh Capital Management Services Private Limited						173.36 (346.72)	173.36 (346.72)
Titagarh Logistics Infrastructure Services Private Limited						1.20 (2.40)	1.20 (2.40)
Remuneration (including contribution to Provident and other funds)							
Mr. J P Chowdhary				55.42 (212.65)			55.42 (212.65)
Mr. Umesh Chowdhary				38.79 (148.86)			38.79 (148.86)
Ms. Vinita Bajoria					27.89 (24.85)		27.89 (24.85)
In relation to the balance sheet							
Loans given							
Titagarh Marine Limited	44.67 (2,305.00)						44.67 (2,305.00)
Cimco Equity Holdings Private Limited		40.00 (-)					40.00 (-)

Notes to Financial Statements as at and for the year ended March 31, 2014

(Rs. in Lacs)

27 RELATED PARTY DISCLOSURES (Contd.)

Nature of transactions	Subsidiary Companies	Joint Ventures	Associate Companies	KMP	Relatives of KMP	Enterprise over which KMP/shareholders/ relatives have significant influence	Total
Investments made							
Titagarh Capital Private Limited	-						-
	(41.00)						(41.00)
Titagarh Marine Limited	-						-
	(5.06)						(5.06)
Titagarh Agrico Private Limited	99.00						99.00
	(1.00)						(1.00)
Titagarh Singapore Pte Limited	-						-
	(54.68)						(54.68)
Share application money given							
Titagarh Agrico Private Limited	112.50						112.50
	(71.50)						(71.50)
Conversion of loan into Optionally fully convertible debentures							
Titagarh Marine Limited	3,166.50						3,166.50
	(-)						(-)
Loans refunded							
Titagarh Papers Limited	-					200.00	200.00
	-					(1,900.00)	(1,900.00)
Titagarh Singapore Pte Limited	-						-
	(13.83)						(13.83)
Titagarh Marine Limited	-						-
	(40.00)						(40.00)
Guarantees Given and Outstanding							
Titagarh Wagons AFR	-						-
	(6,954.38)						(6,954.38)
Balance outstanding as at the year end - Debit							
Mr. Umesh Chowdhary				-			-
				(5.94)			(5.94)
Titagarh Marine Limited	203.88						203.88
	(2,424.21)						(2,424.21)
Titagarh Wagons AFR	5,576.94						5,576.94
	(4,325.14)						(4,325.14)
Cimco Equity Holdings Private Limited	41.63						41.63
	(-)						(-)
Titagarh Papers Limited						-	-
						(224.18)	(224.18)
Cimmco Limited		59.03					59.03
		(-)					(-)
Panihati Rubber Limited						9.20	9.20
						(-)	(-)
Balance outstanding as at the year end - Credit							
Mr. J P Chowdhary				0.76			0.76
				(31.51)			(31.51)
Mr. Umesh Chowdhary				0.33			0.33
				(-)			(-)
Titagarh Papers Limited						21.35	21.35
						(-)	(-)
Cimmco Limited			-				-
			(154.75)				(154.75)
Titagarh Wagons AFR	-						-
	(108.73)						(108.73)

Notes to Financial Statements as at and for the year ended March 31, 2014

(Rs. in Lacs)

	As at March 31, 2014	As at March 31, 2013
28 CAPITAL AND OTHER COMMITMENTS		
Estimated amount of capital commitments remaining to be executed [net of advances of Rs. 91.06 lacs (Rs.304.07 lacs)]	113.89	866.28
29 CONTINGENT LIABILITIES		
Disputed claims contested by the Company and pending at various courts/arbitration	1,072.24	1,155.70
Customer's Claims (Liquidated Damages)	442.29	442.29
Matters under appeal with:		
Sales tax authorities	427.79	348.84
Income tax authorities	711.54	722.97
Customs and excise authorities	10,652.68	9,335.26
Letter of Credit and Bank Guarantees outstanding	12,871.03	21,307.36
Corporate Guarantee given on behalf of a subsidiary Company for working capital limit sanctioned to the subsidiary company	8,257.65	6,954.38
Custom Duty on import of equipments and spare parts under EPCG-scheme	1,077.24	1,290.21
	35,512.46	41,557.01
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.		
30 DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE		
a. Derivatives outstanding as at the balance sheet date		
Particulars Purpose		
Forward contract to sell US\$ Minimizing Risk of Currency Exposure on export of goods	USD 940,121 Rs. 565.01 lacs	- -
Forward contract to buy US\$ Minimizing Risk of Currency Exposure on import of goods	USD 15,83,788 Rs. 951.85 lacs	USD 9,196,035 Rs. 5,001.66 lacs
b. Particulars of unhedged foreign currency exposure as at the reporting date		
Investment in Subsidiaries (Net of Provision for diminution in the value of investment)	3,395.65	3,395.65
Trade Receivables	367.49	-
Other Current Assets	1,196.85	397.62
Loans and Advances	4,541.71	3,824.91
Advance from Customers	104.22	128.44
Buyers Credit	4,737.72	-
Trade Payables	20.44	9.45
	For the year ended March 31, 2014	For the year ended March 31, 2013
31 VALUE OF IMPORTS CALCULATED ON CIF BASIS		
Raw Materials	7,985.85	10,160.21
32 EXPENDITURE IN FOREIGN CURRENCY (ACCRUAL BASIS)		
Travelling	86.36	35.64
Interest	98.24	97.39
Professional and consultancy fees	37.32	137.04
Brokerage & Commission for purchase of raw material	-	56.51
	221.92	326.58

Notes to Financial Statements as at and for the year ended March 31, 2014

(Rs. in Lacs)

	For the year ended March 31, 2014		For the year ended March 31, 2013	
	Amount	% of total consumption	Amount	% of total consumption
33 IMPORTED AND INDIGENEOUS RAW MATERIALS, COMPONENTS AND SPARE PARTS CONSUMED				
Raw materials and components				
Imported	4,815.06	29%	8,635.59	28%
Indigenously obtained	11,551.48	71%	22,512.49	72%
	16,366.54	100%	31,148.08	100%
Spare parts				
Indigenously obtained	2,273.45	100%	3,941.48	100%
	2,273.45	100%	3,941.48	100%

34 NET DIVIDEND REMITTED IN FOREIGN EXCHANGE		
Year of remittance	For the year ended March 31, 2014	For the year ended March 31, 2013
Period to which it relates	1 April 2012 to 31 March 2013	1 April 2011 to 31 March 2012
Number of non-resident shareholders	2	2
Number of equity shares held on which dividend was due	25,61,442	25,61,442
Amount remitted (in USD)	1.55	3.95
Amount remitted (in INR)	102.46	204.92

35 EARNING IN FOREIGN CURRENCY (ACCRUAL BASIS)		
Exports at F.O.B. value	4,134.57	198.54
Interest income	472.27	366.13
Management fee	197.61	168.17
	4,804.45	732.84

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 regrouped/reclassified, where necessary, to conform to this year's classification.

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

per **Bhaswar Sarkar**
Partner
Membership No. 55596

Place : Kolkata
Dated : May 29, 2014

For and on behalf of the Board of Directors

Umesh Chowdhary
Vice Chairman & Managing Director

Anil Kumar Agarwal
Chief Financial Officer

Sunirmal Talukdar
Director

Dinesh Arya
Company Secretary

Independent Auditor's Report

To The Board of Directors of Titagarh Wagons Limited

We have audited the accompanying consolidated financial statements of Titagarh Wagons Limited ("the Company") and its subsidiaries collectively the "Group", which comprise the consolidated Balance Sheet as at March 31, 2014, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for qualified opinion

We draw attention to the following :

- (a) *Note No. 13.2 regarding certain claims of a subsidiary of a joint venture company, the proportionate share there in amounting to Rs. 2,449.67 lacs (Rs. 2,449.67 lacs as at 31st March 2013), net of Rs. 75 lacs received under a guarantee given by the Company, which have been considered good of recovery by the management. Although the management is hopeful to recover the claims in full, pending decision of the Courts/ Arbitration proceedings we are unable to comment on their recoverability. Our audit opinion on the consolidated financial statements for the previous year was also qualified in respect of the above matter.*
- (b) *Note No.11(a) regarding recognition of net deferred tax asset (DTA) of Rs. 243.14 lacs on unabsorbed depreciation and brought forward business losses upto 31st March 2014, by a step down subsidiary company based on the future profitability projections made by the management. However, in absence of sufficient appropriate audit evidence we are unable to express an opinion on the virtual certainty of achieving these projections as required by Accounting Standard 22, Accounting for Taxes on Income, and the consequential impact, if any, on these financial statements.*

Qualified opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph*, the consolidated financial statements 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 Company as at March 31, 2014;
- (b) in the case of the consolidated Statement of Profit and Loss, of the loss for the year ended on that date; and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Other Matter

We did not audit total assets of Rs. 37,306.51 lacs as at March 31, 2014 and, total revenues of Rs. 34,016.31 lacs and net cash inflows amounting to Rs.1,380.74 lacs for the year then ended, included in the accompanying consolidated financial statements in respect of certain subsidiaries and joint ventures, whose financial statements and other financial information have been audited by other auditors and whose reports have been furnished to us. Our opinion, in so far as it relates to the affairs of such subsidiaries and joint ventures is based solely on the report of other auditors. Our opinion is not qualified in respect of this matter.

We did not audit the financial statements of a subsidiary, whose financial statements reflect total assets of Rs. 12.39 lacs as at March 31, 2014 and, total revenues of nil and net cash outflows amounting to Rs.11.89 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, is based on such unaudited financial statements. Our opinion is not qualified in respect of this matter.

For **S. R. Batliboi & Co. LLP**
Firm Registration No.: 301003E
Chartered Accountants

per **Bhaswar Sarkar**
Partner

Membership No. 55596

Place : Kolkata
Dated : May 29, 2014

Consolidated Balance Sheet as at March 31, 2014

(Rs. in Lacs)

	Notes	As at March 31, 2014	As at March 31, 2013
I. EQUITY AND LIABILITIES			
Shareholders' Funds			
Share capital	3	2,005.91	2,005.91
Reserves and surplus	4	64,246.89	65,619.91
		66,252.80	67,625.82
Minority interest		2,149.37	2,549.19
[Proportionate Share in Joint Venture Rs. 2,149.37 Lacs (Rs. 2,530.23 Lacs)]			
Non-current liabilities			
Long term borrowings	5	2,320.25	3,613.15
Long term provisions	6	511.00	468.77
Deferred Tax Liabilities (net)	11	425.27	448.30
		3,256.52	4,530.22
Current liabilities			
Short term borrowings	7	10,029.38	7,829.15
Trade payables	8.1	8,259.71	10,825.28
Other current liabilities	8.2	16,316.29	13,634.16
Short term provisions	6	1,951.10	1,588.83
		36,556.48	33,877.42
TOTAL		108,215.17	108,582.65
II. ASSETS			
Non current assets			
Fixed assets			
Goodwill on Consolidation		2,203.07	2,374.59
Tangible assets	9.1	28,051.65	24,168.82
Intangible assets	9.2	2,094.68	668.68
Capital work-in-progress		780.03	2,432.28
[Proportionate share in Joint Venture Rs 8.02 Lacs (Rs. 127.06 Lacs)]			
Intangible under development		295.20	120.00
Non-current investments	10	3,320.64	3,324.90
Deferred tax assets (Net)	11	243.15	390.70
Long term loans and advances	12	1,993.25	2,072.87
Trade Receivables	12.1	921.64	-
Other non current assets	13.2	193.53	1,718.36
		40,096.84	37,271.20
Current assets			
Inventories	14	30,839.75	31,637.80
Trade receivables	13.1	13,902.52	18,421.05
Cash and bank balances	15	13,909.86	10,194.29
Short term loans and advances	12	6,157.06	8,144.94
Other current assets	13.2	3,309.14	2,913.37
		68,118.33	71,311.45
TOTAL		108,215.17	108,582.65
Summary of significant accounting policies			
The accompanying notes are an integral part of the financial statements.			

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

per **Bhaswar Sarkar**
Partner
Membership No. 55596

Place : Kolkata
Dated : May 29, 2014

For and on behalf of the Board of Directors

Umesh Chowdhary
Vice Chairman & Managing Director

Sunirmal Talukdar
Director

Anil Kumar Agarwal
Chief Financial Officer

Dinesh Arya
Company Secretary

Consolidated Statement of Profit and Loss for the year ended March 31, 2014

(Rs. in Lacs)

	Notes	For the year ended March 31, 2014	For the year ended March 31, 2013
INCOME			
Revenue from operations (gross)	16	64,248.28	80,206.66
Less : Excise duty		1,836.46	1,972.03
Revenue from operations (net)		62,411.82	78,234.63
Other Income	17	3,161.42	2,731.66
Total Revenue (I)		65,573.24	80,966.29
EXPENSES			
Cost of raw materials & components consumed	18	38,416.71	51,686.19
Increase in inventories of finished goods, Work in progress and saleable scrap	19	(2,449.45)	(5,299.10)
Increase of excise duty on inventories (Refer Note No. 32) [Proportionate share in Joint Venture Rs 3.69 Lacs (Rs 8.80 Lacs)]		46.02	38.78
Employee benefits expenses	20	8,866.12	7,691.27
Other expenses	21	17,041.08	19,548.55
Total Expenses (II)		61,920.48	73,665.69
Earning before interest, taxes, depreciation & amortization and exceptional items (EBIDTA) (I-II)		3,652.76	7,300.60
Depreciation & amortization expenses			
Tangible assets	9.1	1,985.24	1,623.40
Less: Recoupment from revaluation reserve		158.10	161.50
[Proportionate share in Joint Venture Rs 56.78 Lacs (Rs 56.78 Lacs)]		1,827.14	1,461.90
Finance costs	22	1,363.41	2,212.44
Profit before taxes and exceptional items		462.21	3,626.26
Exceptional items (Refer Note No. 33) [representing proportionate share in Joint Venture Rs. 625 Lacs (Rs. Nil)]		1,126.61	-
Profit /(Loss) before taxes		(664.40)	3,626.26
Tax expenses			
Current tax		260.66	1,312.66
Deferred tax charges		124.52	69.35
[Proportionate share in Joint Venture Rs. 219.67 Lacs (Rs. 20.49 Lacs)]			
Total tax expenses		385.18	1,382.01
Profit / (Loss) before minority interest		(1,049.58)	2,244.25
Minority interest		(156.32)	(113.90)
[Proportionate share in Joint Venture Rs. 156.32 Lacs (Rs. 140.49 Lacs)]			
Profit /(Loss) attributable to the shareholders		(893.26)	2,358.15
Earnings per equity share			
Basic & Diluted (Rs.)	23	(4.45)	11.76
[Nominal value of share 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. LLP**
Firm Registration No.: 301003E
Chartered Accountants

per **Bhaswar Sarkar**
Partner
Membership No. 55596

Place : Kolkata
Dated : May 29, 2014

For and on behalf of the Board of Directors

Umesh Chowdhary
Vice Chairman & Managing Director

Sunirmal Talukdar
Director

Anil Kumar Agarwal
Chief Financial Officer

Dinesh Arya
Company Secretary

Consolidated Cash Flow Statement for the year ended March 31, 2014

(Rs. in Lacs)

	For the year ended March 31, 2014	For the year ended March 31, 2013
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss) before taxation	(664.40)	3,626.26
Adjustments for :		
Depreciation & amortization expenses *	1,827.14	1,461.90
Interest Expenses *	628.48	1,930.15
Exchange differences (unrealised)	(49.69)	(115.88)
Irrecoverable debts/ advances written off *	10.72	40.20
Loss on sale of fixed assets (net) *	41.60	18.78
Loss on sale of investments	3.74	-
Unspent liabilities / provisions no longer required written back *	(185.79)	(391.89)
Interest on Deposits from banks/ Loans, advances etc. *	(853.64)	(1,416.82)
Provision for diminution in value of Investments (net)	-	(1.47)
Provision for doubtful debts and advances *	423.49	-
Operating profit before working capital changes	1,181.65	5,151.23
Increase/(decrease) in trade payables *	(2,404.78)	1,122.75
Increase in provisions *	573.49	95.24
Increase in other current liabilities *	3,203.14	4,927.67
Decrease/ (increase) in trade receivables *	3,363.70	(8,621.03)
Decrease/ (increase) in inventories *	798.05	(7,571.41)
Decrease in loans and advances *	1,548.37	3,735.46
Increase in other assets *	(652.58)	(347.46)
Cash generated from / (used in) operations	7,611.04	(1,507.55)
Taxes paid	(775.16)	(2,447.71)
Net cash from / (used in) operating activities	6,835.88	(3,955.26)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets including capital work in progress *	(4,757.77)	(3,914.18)
Proceeds from sale of fixed assets	36.46	9.42
Loan to a related party	-	162.90
Loans refunded by other related party	615.50	1,900.00
Purchase of investments	(112.47)	-
Sale of Investment in Associate	0.72	-
Payment to Minorities	-	(481.87)
Investment in bank fixed deposits *	(8,512.99)	(16,818.56)
Bank fixed deposits encashed/matured *	8,262.63	21,974.72
Interest received *	961.13	1,411.39
Net cash used in investing activities	(3,506.79)	4,243.82

Notes to Consolidated Financial Statements as at and for the year ended March 31, 2014

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 six subsidiaries and one joint venture company (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, 2014	March 31, 2013
Titagarh Capital Private Limited (TCPL)	India	100%	100%
Titagarh Singapore Pte. Limited (TSPL)	Singapore	100%	100%
Titagarh Wagons AFR* (AFR)	France	100%	100%
Greysam and Co. Private Limited (GCPL) (a subsidiary by virtue of control over composition of its board of directors)	India	50%	50%
Titagarh Agrico Private Limited (Formerly Titagarh Cranes Private Limited)	India	100%	100%
Titagarh Marine Limited (TML)	India	100%	100%

*The Company holds 100% equity in AFR together with a wholly owned subsidiary company, TSPL.

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

Name of the Joint Venture	Country of Incorporation	Proportion of Ownership / Interest	
		March 31, 2014	March 31, 2013
Cimco Equity Holdings Private Limited (CEHPL)	India	50%	50%

Notes to Consolidated Financial Statements as at and for the year ended March 31, 2014

(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, 2014	March 31, 2013
Cimmco Limited (Cimmco)	India	75.73%	71.91%

(ix) The Financial Statements of TML considered for consolidated Financial Statements of the Group includes following subsidiary which has been consolidated in TML using principles as that of the Group.

Name of the Subsidiary Joint Venture	Country of Incorporation	Proportion of Ownership / Interest	
		March 31, 2014	March 31, 2013
Corporated Shipyard Private Limited (w.e.f. 3rd April, 2012)	India	100%	100%

(x) 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.

(xi) The Consolidated Financial Statements are based on the audited financial statements of subsidiaries and joint ventures, except in case of TSPL which is based on the unaudited financial statements as certified by the management.

(xii) 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 the 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 Act, 1956 read with General Circular 8/2014 dated 4th April 2014 issued by the Ministry of Corporate Affairs. 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 consolidated financial statements are consistent with those used in the previous 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 is recognized as an intangible asset when the Company can demonstrate all the following :

The technical feasibility of completing the intangible asset so that it will be available for use or sale

- Its intention to complete the asset
- Its ability to use or sell the asset
- How the asset will generate future economic benefits

Notes to Consolidated Financial Statements as at and for the year ended March 31, 2014

- The availability of adequate resources to complete the development and to use or sell the asset
- The ability to measure reliably the expenditure attributable to the intangible asset during development.

Development expenditure recognized as an intangible asset is amortized on a straight line basis 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.

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.

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

Leasehold Land is amortized over the period of lease i.e. 99 years.

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.

g) 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.

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.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the consolidated statement of profit and loss, except for previously revalued tangible fixed assets, where the revaluation was taken to revaluation reserve. In this case, the impairment is also recognized in the revaluation reserve up to the amount of any previous revaluation.

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 Consolidated Financial Statements as at and for the year ended March 31, 2014

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 of 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.

Construction work in progress is valued at cost. However, in case of contracts where losses are likely to occur, the stock is considered at net realisable value. Costs include materials, labour and an appropriate portion of construction overheads.

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 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.

Sales exclude sales tax and value added tax (VAT) which are collected by the Group on behalf of the State Governments and deposited to the credit of the respective State Governments. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

Income from Services

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

Construction contracts

Revenue on construction contracts is recognized on percentage completion method based on the stage of completion of the contract. The stage of completion is determined as a proportion that contract costs incurred for work performed upto the reporting date bears to the estimated total costs. When it is probable that the total contract cost will exceed the total contract revenue, the expected loss is recognized immediately.

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 Group'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.

Notes to Consolidated Financial Statements as at and for the year ended March 31, 2014

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.

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.

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. Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

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

o) Taxes on Income

Tax expense comprises of current and deferred taxes.

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, all 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.

p) Segment Reporting

Identification of segments

The Group'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 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.

Notes to Consolidated Financial Statements as at and for the year ended March 31, 2014

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 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) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the consolidated financial statements.

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 item, 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 EBITDA

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.

Notes to Consolidated Financial Statements as at and for the year ended March 31, 2014

(Rs. in Lacs)

	As at March 31, 2014	As at March 31, 2013
3 SHARE CAPITAL		
Authorised		
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		
2,00,59,069 (2,00,59,069) Equity shares of Rs. 10/- each fully paid up	2,005.91	2,005.91
	2,005.91	2,005.91

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

There is no movement in the share capital during the current year and previous year.

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, 2014, the amount of dividend per share recognised as distributable to equity shareholders is Rs. 4/- (Rs. 4/-).

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 shares issued for consideration other than cash during the period of 5 years immediately preceding the reporting date

	As at March 31, 2014	As at March 31, 2013
	No. of shares	No. of shares
Equity shares allotted as fully paid bonus shares by capitalisation of securities premium	1,30,46,224	1,30,46,224
Equity shares allotted as fully paid up, for consideration other than cash	3,66,954	3,66,954

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

	As at March 31, 2014		As at March 31, 2013	
	No. of shares	% holding	No. of shares	% holding
Equity shares of Rs. 10/- each fully paid				
Titagarh Capital Management Services Private Limited	43,34,033	22%	43,34,033	22%
Savitri Devi Chowdhary	36,23,207	18%	36,23,207	18%
Rashmi Chowdhary	25,63,221	13%	25,63,221	13%
G E Capital International (Mauritius)	25,43,830	13%	25,43,830	13%

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.

	As at March 31, 2014	As at March 31, 2013
4 RESERVES AND SURPLUS		
A. Capital Reserve		
Balance as per the last financial statements	49.47	9.18
Add : Arising on consolidation of a subsidiary company	(40.29)	40.29
	9.18	49.47
B. Securities Premium Account		
Balance as per the last financial statements	26,194.45	26,194.45

Notes to Consolidated Financial Statements as at and for the year ended March 31, 2014

(Rs. in Lacs)

	As at March 31, 2014	As at March 31, 2013
4 RESERVES AND SURPLUS (Contd.)		
C. Revaluation Reserve		
Balance as per the last financial statements	5,949.16	6,110.66
Less : Amount transferred to the Statement of Profit and Loss*	158.10	161.50
	5,791.06	5,949.16
* Includes proportionate share in Joint Venture Rs 56.78 Lacs (Rs 56.78 Lacs)		
D. Foreign Currency Translation Reserve		
Balance as per the last financial statements	(188.24)	(97.05)
Add : Arisen during the year	657.35	(91.19)
	469.11	(188.24)
E. General Reserve		
Balance as per the last financial statements	5,444.61	5,204.61
Add : Amount transferred from surplus in the Statement of Profit and Loss	38.00	240.00
	5,482.61	5,444.61
F. Special Reserve under Section 45IC of RBI Act		
Balance as per the last financial statements	15.27	2.25
G. Surplus in the Consolidated Statement of Profit and Loss		
Balance as per the last financial statements	28,168.21	26,982.58
Profit/(Loss) for the year	(893.26)	2,358.15
Less : Transferred to Minority Interests	(13.02)	-
Less : Appropriations		
Transfer to general reserve	38.00	240.00
Proposed equity dividend [amount per share Rs. 4 /- (Rs. 4 /-)]	802.36	802.36
Tax on proposed equity dividend	136.36	130.16
Total appropriations	976.72	1,172.52
	26,285.21	28,168.21
Total Reserves and Surplus TOTAL (A to G)	64,246.89	65,619.91

	Non-Current		Current	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
5 LONG TERM BORROWINGS				
Secured				
Finance lease obligations	1,231.25	1,270.56	276.70	207.44
Unsecured				
Term loan from banks	175.49	176.02	-	102.04
Other loans	496.84	499.90	206.44	173.86
	1,903.58	1,946.48	483.14	483.34
Add : Proportionate share in Joint Venture (Secured)	416.67	1,666.67	416.67	833.34
	2,320.25	3,613.15	899.81	1,316.68
Amount disclosed under other current liabilities (Refer Note No. 8.2)	-	-	(899.81)	(1,316.68)
Total	2,320.25	3,613.15	-	-
The above amount includes :				
Secured borrowings	1,647.92	2,937.23	693.37	1,040.78
Unsecured borrowings	672.33	675.92	206.44	275.90

- a) Finance lease obligation is secured by hypothecation of the respective land and buildings taken on lease. The interest rate implicit in the lease is 5.28% and for repayment schedule refer Note No. 25(b).
- b) Term Loan from banks of Rs. 175.49 lacs (Euro 212,517) are repayable in a single bullet by September 2015.

Notes to Consolidated Financial Statements as at and for the year ended March 31, 2014

(Rs. in Lacs)

5 LONG TERM BORROWINGS (Contd.)

- c) Other loans includes following :
- i) Interest free loan of Rs. 496.84 lacs (Euro 601,672) received from Government Authorities are repayable in remaining 25 monthly installments of Rs. 14.49 lacs (Euro 20,833) by April 2016.
 - ii) Interest free loan of Rs. 206.44 lacs (Euro 249,997) received from Government Authorities are repayable at a future date to be decided by the Government.
 - d) Proportionate Share in Joint Venture includes term loan from bank which carries interest @ 13% p.a. and is repayable in 6 half yearly installments of Rs. 833.33 lacs each starting from June 2013. The loan is secured by an exclusive first charge on land situated at Gwalior and also by first pari passu charge over the other fixed assets and second pari passu charge over the current assets of the Company, both present and future.

(Rs. in Lacs)

	Non-current		Current	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
6 PROVISIONS				
Provisions for employee benefits* :				
Gratuity (Refer Note No. 24)	420.33	330.66	47.17	98.51
Leave benefits	-	-	142.77	110.59
	420.33	330.66	189.94	209.10
Other provisions for :				
Warranties	29.01	113.37	614.14	42.21
Liquidated damages	-	-	159.25	189.83
Taxation (net of advance tax and tax deducted at source)	-	-	9.28	184.37
Provision for non-performing assets	52.00	10.40	-	-
Provision for standard assets	4.00	6.17	-	-
Proposed equity dividend	-	-	802.36	802.36
Provision for tax on proposed equity dividend	-	-	136.36	130.16
	85.01	129.94	1,721.39	1,348.93
Total Provisions	505.34	460.60	1,911.33	1,558.03
Add : Proportionate Share in Joint Venture	5.66	8.17	39.77	30.80
	511.00	468.77	1,951.10	1,588.83

* 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	
	2013-14	2012-13	2013-14	2012-13
At the beginning of the year	155.58	131.73	189.83	212.43
Arisen during the year	516.95	159.71	85.70	146.71
Utilized during the year	(29.38)	(63.86)	(116.28)	(163.08)
Unused amounts reversed	-	(72.00)	-	(6.23)
At the end of the year	643.15	155.58	159.25	189.83
Add : Proportionate Share in Joint Venture	0.63	8.42	25.56	11.25
At the end of the year	643.78	164.00	184.81	201.08
Current portion	614.77*	50.63*	184.81	201.08
Non-current portion	20.01**	113.37**	-	-

* Includes proportionate share of Joint Venture Rs. 0.63 lacs (Rs. 8.42 lacs)

** Includes proportionate share of Joint Venture Rs. Nil (Rs. Nil)

Notes to Consolidated Financial Statements as at and for the year ended March 31, 2014

(Rs. in Lacs)

	As at March 31, 2014	As at March 31, 2013
7 SHORT TERM BORROWINGS		
Secured		
Cash credits	2,876.26	1,850.22
Buyers' credit (in foreign currency)	5,689.57	5,001.66
Unsecured		
Loan from Bodies Corporate	-	109.75
Loan from Directors / Ex-directors	26.49	28.50
	8,592.32	6,990.13
Add : Proportionate share in Joint Venture		
Secured	1,383.89	785.85
Unsecured	53.17	53.17
	10,029.38	7,829.15

Notes :

a) Cash credits include following :

i) In case of Titagarh Wagons Limited, cash credits of Rs. 718.89 lacs (Rs. 596.38 lacs) 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 credits carry interest at base rate ranging from 10% to 12% plus spread ranging between 0% to 2.50% p.a and are repayable on demand.

ii) In case of Titagarh Wagons AFR :

Cash credit of Rs. 1651.98 lacs (Euro 2,000,000) is 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. In addition, the holding company has also extended corporate guarantee as margin money. The above facility carries interest at 6 months LIBOR + 3.75% p.a. i.e. 4.11% p.a. and are repayable on demand.

iii) In case of Titagarh Marines Limited :

Cash Credit of Rs. 505.39 lacs (Rs. 499.33 lacs) is secured by hypothecation of present and future stock of raw materials, stock-in -progress, finished goods, consumables, book debts and all current assets excluding stocks procured with advance received from Indian Navy with collateral extension on the plant and machinery and other fixed asset excluding Kolkata Port Trust land, certain fixed deposit, personal guarantee of directors and others. The loan is carrying interest @ 14.50% p.a and is repayable on demand.

b) 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. Buyers' credit carries interest at Libor plus spread ranging between 0.60% to 1.50% and is repayable by 2nd January, 2015.

c) Loan from Directors / Ex-directors is interest free and is repayable on demand.

d) Proportionate share in secured loans of Joint Venture includes Cash credits and Buyers credit from banks which are secured by first pari passu charge over all current assets, both present and future and also by a second pari passu charge over the entire fixed assets of the Company (excluding land at Gwalior). Cash credit carry an interest @13% to 14% p.a. and is repayable on demand. Buyers' Credit carry an interest @ 6 months Libor plus 350 basis points and is repayable by 4th August 2014.

e) Proportionate share in unsecured loans of Joint Venture includes loan from Exim Bank. The Board For Industrial and Financial Reconstruction (BIFR) has at the request of EXIM bank, granted permission for recovery of their outstanding loan amount from the Joint Venture based on the decision of the Court of Appeal without any interest and penalty. Pending finalisation of the aforesaid appeal, the amount has not been considered as due for payment.

Notes to Consolidated Financial Statements as at and for the year ended March 31, 2014

(Rs. in Lacs)

	As at March 31, 2014	As at March 31, 2013
8 OTHER CURRENT LIABILITIES		
8.1 Trade Payables		
Acceptances	176.36	1,898.59
Payables for goods and services @	7,517.77	7,947.64
	7,694.13	9,846.23
Add : Proportionate share in Joint Venture	565.58	979.05
	8,259.71	10,825.28
8.2 Other Liabilities		
Current maturities of long term borrowings (Refer Note No. 5)	899.81	1,316.68
Interest accrued but not due on borrowings	32.34	76.91
Advance from customers	8,917.23	6,446.52
Payable towards purchase of fixed assets	64.08	138.22
Payable towards purchase of investment	226.69	226.69
Others		
Statutory Dues	1,153.07	523.66
Employee related liabilities	1,501.16	2,184.72
Forward Contract Payable	5.99	174.49
Other liabilities	2,020.41	2,329.71
Investor Education and Protection Fund will be credited by following amounts (as and when due) :		
Unpaid dividends	10.04	8.41
Unpaid fractional share	11.12	11.12
	14,841.94	13,437.13
Add : Proportionate share in Joint Venture	1,474.35	197.03
	16,316.29	13,634.16
Total Current Liabilities	24,576.00	24,459.44

	As at March 31, 2014	As at March 31, 2013
Note :		
@ Includes dues to Micro & Small Enterprises in term of Micro, Small and Medium Enterprises Act, 2006 (MSME Act) as follows :		
a) Principal amount remaining unpaid to any supplier at the end of accounting year (I)	-	-
Interest Due on Above (II)	-	-
Total of (I) and (II)	-	-
b) Amount of interest paid/adjusted by the Company to the suppliers		17.84
c) Amounts paid to the suppliers beyond the respective due date	-	-
d) Amount of interest due and payable for the period of delay in payments but without adding the interest specified under the Act	2.43	2.43
e) Amount of interest accrued and remaining unpaid at the end of each accounting year	2.43	2.43
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.	-	-

Notes to Consolidated Financial Statements as at and for the year ended March 31, 2014

(Rs. in Lacs)

9 FIXED ASSETS

9.1 TANGIBLE FIXED ASSETS

	Land - Freehold	Land - Leasehold	Buildings	Plant & Machineries	Railway Sidings	Furniture & Fixtures	Office equipments & Computers	Vehicles	Proportionate Share in Joint Ventures	Total Tangible Assets
Cost or valuation										
At April 1, 2012	2,039.43	278.02	5,779.07	11,367.53	245.38	137.52	320.87	325.65	11,045.46 (c)	31,538.93
Additions on acquisition of subsidiary	-	-	45.24	493.10	-	4.15	25.40	84.11	-	652.00
Additions	-	-	163.09	2,043.92	-	0.61	31.02	451.74	106.48	2,796.86
Disposals	-	-	-	32.48	-	-	-	61.67	-	94.15
Exchange differences	-	3.34	30.03	53.85	-	-	-	-	-	87.22
Adjustment on termination of joint venture	-	-	-	-	-	-	-	-	9.94	9.94
At March 31, 2013 (b)	2,039.43	281.36 (d)	6,017.43 (d)	13,925.92	245.38	142.28	377.29	799.83	11,142.00 (c)	34,970.92
Additions	-	-	1,542.33	2,629.39	58.97	197.92	193.19	21.53	158.00	4,801.33
Disposals	-	-	-	32.49	-	-	-	61.67	-	94.16
Exchange differences	36.14	-	325.26	814.07	-	-	-	-	-	1,175.47
At March 31, 2014 (b)	2,075.57	281.36 (d)	7,885.02 (d)	17,336.89	304.35	340.20	570.48	759.69	11,300.00 (c)	40,853.56
Depreciation & amortization										
At April 1, 2012	-	9.42	788.65	5,289.79	41.44	112.21	201.40	144.50	2,500.55	9,087.96
Charge on acquisition of subsidiary	-	-	19.93	200.26	-	2.23	23.28	28.46	-	274.16
Charge for the year	-	1.04	247.91	996.57	11.66	2.80	26.71	76.09	136.76	1,499.54
Disposals	-	-	-	27.46	-	-	-	38.49	-	65.95
Exchange differences	-	-	3.38	9.74	-	-	-	-	-	13.12
Adjustment on termination of joint venture	-	-	-	-	-	-	-	-	6.73	6.73
At March 31, 2013	-	10.46	1,059.87	6,468.90	53.10	117.24	251.39	210.56	2,630.58	10,802.10
Charge for the year	-	5.04	276.37	1,325.93	12.32	6.08	31.42	34.55	118.06	1,809.77
Disposals	-	-	1.21	-	-	-	-	12.39	-	13.60
Exchange differences	-	-	46.52	157.12	-	-	-	-	-	203.64
At March 31, 2014	-	15.50	1,381.55	7,951.95	65.42	123.32	282.81	232.72	2,748.64	12,801.91
Net Block										
At March 31, 2013	2,039.43	270.90 (d)	4,957.56 (d)	7,457.02	192.28	25.04	125.90	589.27	8,511.42	24,168.82
At March 31, 2014	2,075.57	265.86 (d)	6,503.47 (d)	9,384.94	238.93	216.88	287.67	526.97	8,551.36	28,051.65

- Deed of conveyance in respect of freehold land amounting to Rs 1164.08 Lacs (Rs 1164.08 Lacs) is pending registration.
- In case of Titagarh Wagons Limited, Land, Buildings, Plant & Machineries of Titagarh Steels Unit aggregating to Rs. 3,246.54 lacs (Gross block) as on 31st March 2009 were revalued by approved valuers on Replacement Cost basis and the net increase of Rs. 1,345.49 lacs was transferred to Revaluation Reserve. In accordance with the option given in the Guidance Note on Accounting for Depreciation in Companies, the Company recoups such additional depreciation out of revaluation reserve.
- Proportionate share in Joint Venture includes Land freehold and leasehold aggregating to Rs. 1,136.01 lacs (Gross block) as on 31st March 2011 which were revalued by approved valuers on Replacement Cost basis and the net increase of Rs. 14,646.57 lacs was transferred to Revaluation Reserve. In accordance with the option given in the Guidance Note on Accounting for Depreciation in Companies, the Company recoups such additional depreciation out of revaluation reserve.
- Includes assets taken on finance lease as disclosed in Note 25(b). Gross block Rs 2289.80 Lacs (Rs 1,928.40 Lacs), Net block Rs 1903.40 Lacs (Rs 1,689.76 Lacs).

Notes to Consolidated Financial Statements as at and for the year ended March 31, 2014

(Rs. in Lacs)

9.2 INTANGIBLE FIXED ASSETS

	Computer Softwares	Patents	Research & Development	Proportionate Share in Joint Ventures	Total Intangible Assets
Cost or valuation					
At April 1, 2012	141.53	754.75	-	9.73	906.01
Additions	42.26	52.54	-	-	94.80
Exchange differences	-	13.75	-	-	13.75
At March 31, 2013	183.79	821.04	-	9.73	1,014.56
Additions	49.21	37.13	1,346.33	-	1,432.67
Exchange differences	-	154.53	60.44	-	214.97
At March 31, 2014	233.00	1,012.70	1,406.77	9.73	2,662.20
Depreciation & Amortization					
At April 1, 2012	84.10	132.08	-	2.71	218.89
Charge for the year	30.15	91.78	-	1.93	123.86
Exchange differences	-	3.13	-	-	3.13
At March 31, 2013	114.25	226.99	-	4.64	345.88
Charge for the year	40.98	106.15	28.34	-	175.47
Exchange differences	-	44.42	1.75	-	46.17
At March 31, 2014	155.23	377.56	30.09	4.64	567.52
Net block					
At March 31, 2013	69.54	594.05	-	5.09	668.68
At March 31, 2014	77.77	635.14	1,376.68	5.09	2,094.68

	No. of Shares		Face Value Per Share (Rs.)	As at	As at
	As at 31.3.2014	31.3.2013		March 31, 2014	March 31, 2013
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
Unquoted					
Titagarh Papers Limited	49,33,000	49,33,000	10	493.30	493.30
Less : Provision for diminution				(415.49)	(415.49)
				77.81	77.81
Tecalemit Industries Limited	6,85,000	6,85,000	10	22.82	22.82
Bhatpara Papers Limited	50,000	50,000	10	5.00	5.00
Associate Companies					
Titagarh FreightCar Private Limited (a)	-	11,79,822	10	-	4.46
Less : Provision for diminution	-	-	-	-	-
				-	4.46
Trade Investments					
In 0% optionally fully convertible debentures					
Joint Venture Company					
Cimco Equity Holdings Private Limited (b)	3,20,00,000	3,20,00,000	10	3,200.00	3,200.00
				3,320.41	3,324.87
Investment in National Savings Certificates				0.20	-
Add : Proportionate share in Joint Venture (quoted)				0.03	0.03
				3,320.64	3,324.90
Aggregate amount of quoted investments				14.81	14.81
Aggregate amount of unquoted investments				3,305.83	3,310.09
Market value of quoted investments				0.36	1.55
Aggregate provision for diminution				415.49	415.49

Quotations not available

Notes :

- Cease to be an associate company w.e.f. January 7, 2014.
- The Group has got investment of Rs. 3,200 lacs (Rs. 3,200 lacs) in optionally fully convertible debentures in its joint venture company "Cimco Equity Holdings Private Ltd. (CEHPL)". Subsequent to the balance sheet date, on 15th April 2014, the Company has exercised its option for the conversion of the optionally fully convertible debentures into equity shares at par. Consequent to such conversion, the Company's holding in CEHPL has increased to 99.23%. On April 16, 2014, the Company has also purchased 5,00,000 equity shares of Rs.10/- each held by the other shareholder in CEHPL thereby acquiring 100% stake; as a result of which CEHPL has become wholly owned subsidiary of the Company post the balance sheet date.

Notes to Consolidated Financial Statements as at and for the year ended March 31, 2014

(Rs. in Lacs)

10 NON-CURRENT INVESTMENTS (Contd.)

CEHPL has accumulated losses of Rs. 2,129.77 lacs as at March 31, 2014. However, CEHPL is holding certain strategic long term investments of Rs. 4,313.35 lacs in its listed subsidiary Company "Cimmco Ltd". Considering the long term business plan, profitability projection and fair value of the freehold and leasehold land held by Cimmco Ltd, the Company is of the view that the diminution in the value of investment is temporary in nature and accordingly, no provision is considered necessary in these financial statements.

	As at March 31, 2014	As at March 31, 2013
11 DEFERRED TAX ASSETS / (LIABILITIES) (NET)		
Deferred Tax Liability		
Timing differences in depreciable assets	819.95	701.41
Deferred Tax Assets		
Impact of expenditure charged to the Statement of Profit and Loss in the current year but allowed for tax purposes on payment basis	419.63	165.44
Brought forward losses	-	130.88
Unabsorbed depreciation	-	40.15
Provision for doubtful debts and advances	143.95	-
Provision for warranties and Liquidated Damages	74.25	87.67
Net Deferred Tax Liabilities	(182.12)	(277.27)
Proportionate share in net deferred tax assets of Joint Venture	-	219.67
	(182.12)	(57.60)

- a) In case of a subsidiary company, Titagarh Marine Limited, DTA of Rs 243.15 lacs (Rs. 171.03 lacs) has been recognized on brought forward losses and unabsorbed depreciation based on the future profitability projections made by the management. The management of the subsidiary is virtually certain that there would be sufficient taxable income to claim the DTA of Rs. 243.15 lacs (Rs 171.03 lacs) in future.
- b) In case of a Joint Venture Company, in view of absence of virtual certainty supported with convincing evidence, the Company has reversed the deferred tax asset arising on account of brought forward losses and unabsorbed depreciation.

(Rs. in Lacs)

	Non-current		Current	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
12 LOANS AND ADVANCES				
(Unsecured, considered good unless stated otherwise)				
Capital Advances				
Considered good	234.46	352.78	-	-
Considered doubtful	88.10	-	-	-
	322.56	352.78	-	-
Provision for doubtful advances	88.10	-	-	-
	234.46	352.78	-	-
Loans to related parties (Refer Note No. 27)	35.00	35.00	819.00	1,434.50
Security Deposits				
Considered good	87.14	201.06	263.37	628.21
Considered doubtful	42.50	-	-	-
	129.64	201.06	263.37	628.21
Provision for doubtful advances	42.50	-	-	-
	87.14	201.06	263.37	628.21
Advancerecoverable in cash or kind				
Considered good - To Others	-	178.67	1,695.72	3,231.85
Considered good - To Related Party (Refer Note No. 27)	-	-	9.20	5.94
Considered doubtful - To Others	-	-	72.70	-
	-	178.67	1,777.62	3,237.79
Provision for doubtful advances	-	-	72.70	-
	-	178.67	1,704.92	3,237.79
Balance with statutory / government authorities	-	-	2,433.73	1,939.76
Advance tax (net of provision for taxes)	1,605.19	1,219.89	16.61	66.40
Prepaid expenses	-	54.37	655.18	604.27
	1,961.79	2,041.77	5,892.81	7,910.93
Add: Proportionate share in Joint Venture	31.46	31.10	264.25	234.01
Total	1,993.25	2,072.87	6,157.06	8,144.94

Notes to Consolidated Financial Statements as at and for the year ended March 31, 2014 (Rs. in Lacs)

	Non-current		Current	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
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				
Considered good*	921.64	-	3,886.23	4,730.12
Considered doubtful	-	-	238.93	-
	921.64	-	4,125.16	4,730.12
Provision for doubtful advances	-	-	238.93	-
	921.64	-	3,886.23	4,730.12
Add : Proportionate share in Joint Venture	-	-	138.92	22.58
	921.64	-	4,025.15	4,752.70
Other receivables	-	-	9,410.70	12,846.41
Add : Proportionate share in Joint Venture	-	-	466.67	821.94
	-	-	9,877.37	13,668.35
	921.64	-	13,902.52	18,421.05

* Includes Rs. 2246.64 lacs receivable from a customer for which the listed holding company of the customer has given an undertaking to pay the balances in 10 monthly instalments starting from October 2014, in the event of customer defaulting on the payments.

13.2 OTHER ASSETS (Unsecured, considered good unless stated otherwise)

	Non-current		Current	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
Non Current Bank Balances (Refer Note No. 15)	29.75	1,704.11	-	-
Interest accrued on fixed deposits and loans	2.17	14.25	366.48	459.87
Unamortised Premium on forward contract	-	-	6.19	-
Others				
Considered good	161.61	-	484.99	-
Considered doubtful	35.06	-	-	-
	196.67	-	484.99	-
Provision for doubtful assets	35.06	-	-	-
	161.61	-	484.99	-
Add : Proportionate share in Joint Venture	-	-	2,451.48	2,453.50
	193.53	1,718.36	3,309.14	2,913.37

A) Proportionate Share in Subsidiary of a Joint Venture includes the following :

- Rs. 1,976.17 Lacs (Rs 1,976.17 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 1316.84 Lacs, being the cost of wheel sets to be returned to the Railways. The matter is under arbitration and the Company is in active pursuit to recover the balances in response to a past offer of settlement by the Indian Railways. 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 1,128.95 Lacs, being the amount of such disallowance from the Company which as per lease and sub lease arrangement with SBI Caps and Indian Railways is recoverable from Indian Railway on back to back basis and hence included in the contingent liabilities as indicated in Note 29. The Company is pursuing the matter with SBI Caps and is hopeful to recover the dues.
- Rs. 371.51 Lacs (Rs. 371.51 lacs), net of Rs. 75.00 Lacs (Rs. 75 lacs) received under guarantee given by the Company, recoverable from National Insurance Company Limited (NICL) towards insurance claims in terms of an order passed by the Hon'ble High Court of Delhi in favour of the Company. 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, 2014	As at March 31, 2013
14 INVENTORIES (Valued at lower of cost and net realizable value)		
Raw materials & components	11,111.88	13,222.11
Work in progress	14,108.49	13,525.48
Finished goods	3,854.53	1,936.11
Saleable scrap	121.52	98.62
Stores and spares	663.52	1,039.95
	29,859.94	29,822.27
Add : Proportionate share in Joint Venture	979.81	1,815.53
	30,839.75	31,637.80

Notes to Consolidated Financial Statements as at and for the year ended March 31, 2014

(Rs. in Lacs)

	As at March 31, 2014	As at March 31, 2013
15 CASH AND BANK BALANCES		
I. Cash and cash equivalents		
Balances with banks :		
On current accounts	1,079.57	279.19
On unpaid dividend account	10.04	8.41
On unpaid fractional share entitlement	11.12	11.12
Deposits with original maturity of less than three months	2,399.40	1,431.65
Cash on hand (including cheques in hand)	100.02	36.90
	3,600.15	1,767.27
Add : Proportionate share in Joint Venture	40.99	81.12
Total Cash and cash equivalents	3,641.14	1,848.39

	Non-current		Current	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
II. Other bank balances				
Balances with banks :				
Deposits with original maturity of more than 12 months	1.90	1,704.11	-	83.07
Deposits with original maturity for more than 3 months but less than 12 months	-	-	8,877.42	6,579.30
Margin money deposit #	29.75	-	1,336.64	1,631.61
	31.65	1,704.11	10,214.06	8,293.98
Add : Proportionate share in Joint Venture	-	-	54.66	51.92
Total Other bank balances	31.65	1,704.11	10,268.72	8,345.90
Total Cash & bank balances [(I)+(II)]	31.65	1,704.11	13,909.86	10,194.29
Amount disclosed under non-current assets (Note 13.2)	(31.65)	(1,704.11)	-	-
Net Cash & bank balances	-	-	13,909.86	10,194.29

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

	For the year ended March 31, 2014	For the year ended March 31, 2013
16 REVENUE FROM OPERATIONS		
Revenue from operations		
Sale of products		
Finished Goods (Refer Note No. 16.1)	55,818.90	72,853.75
Traded Goods	95.62	-
Sale of Services	721.08	543.12
Sale of raw materials & components	-	1,281.42
Other operating revenues		
Scrap sales	1,622.45	654.30
Others	0.89	16.96
	58,258.94	75,349.55
Add : Proportionate share in Joint Venture	5,989.34	4,857.11
Revenue from operations (gross)	64,248.28	80,206.66
Less : Excise duty	1,836.46	1,972.03
[Including proportionate share in Joint Venture Rs. 211.22 Lacs (Rs. 125.86 lacs)]		
Revenue from operations (net)	62,411.82	78,234.63

16.1 Sale of finished goods for the current year is net of sales return of Rs 2,019.60 lacs relating to sales of earlier year which has been effected due to non-fulfilment of terms and conditions by the Customer.

Notes to Consolidated Financial Statements as at and for the year ended March 31, 2014 (Rs. in Lacs)

	For the year ended March 31, 2014	For the year ended March 31, 2013
17 OTHER INCOME		
Interest Income on		
Bank deposits	820.13	1,108.38
Loans, advances etc	33.32	284.33
Others	0.19	17.69
Unspent liabilities / provisions no longer required written back	185.79	380.22
Gain on sale of fixed assets (net)	25.64	-
Compensation from Joint Venturer	-	280.75
Subsidy received	670.88	330.92
Gain on foreign exchange fluctuations/forward exchange contracts (net)	712.63	-
Other non operating income	684.95	272.67
	3,133.53	2,674.96
Add : Proportionate share in Joint Venture	27.89	56.70
Total other income	3,161.42	2,731.66

18 COST OF RAW MATERIALS & COMPONENTS CONSUMED		
Inventory at the beginning of the year	13,222.11	11,115.41
Add : Stock acquired on acquisition of a subsidiary company	-	184.78
Add : Purchases	34,488.95	50,436.31
	47,711.06	61,736.50
Less : Inventory at the end of the year	11,111.88	13,222.11
	36,599.18	48,514.39
Add : Proportionate share in Joint Venture	1,817.53	3,171.80
Total Cost of raw materials & components consumed	38,416.71	51,686.19

(a) The consumption figures shown above are after adjusting excess and shortages, if any, on physical count, unserviceable items, etc. and net off discount received on purchases. Further the above does not include materials received from customers on free supply basis.

	For the year ended March 31, 2014	For the year ended March 31, 2013	(Increase)/ Decrease
19 INCREASE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND SALEABLE SCRAPS			For the year ended March 31, 2014
Closing Stock			
Finished Goods	3,854.53	1,936.11	(1,918.42)
Work in Progress	14,108.49	13,525.48	(583.01)
Saleable Scraps	121.52	98.62	(22.90)
	18,084.54	15,560.21	(2,524.33)
Opening Stock			For the year ended March 31, 2013
Finished Goods	1,936.11	1,118.58	(817.53)
Work in Progress	13,525.48	8,923.76	(4,601.72)
Saleable Scraps	98.62	5.83	(92.79)
	15,560.21	10,048.17	(5,512.04)
	(2,524.33)	(5,512.04)	
Add : Stock acquired on acquisition of a subsidiary company	-	349.67	
	(2,524.33)	(5,162.37)	
Less : Transferred to fixed assets	1,565.98	-	
Add: Foreign Currency translation adjustment	1,251.57	-	
	(2,838.74)	(5,162.37)	
Add : Proportionate share in Joint Venture	389.29	(136.73)	
	(2,449.45)	(5,299.10)	

Notes to Consolidated Financial Statements as at and for the year ended March 31, 2014

(Rs. in Lacs)

	For the year ended March 31, 2014	For the year ended March 31, 2013
20 EMPLOYEE BENEFITS EXPENSES		
Salaries, wages and bonus	8,210.86	6,764.63
Contribution to provident & other funds	165.68	164.72
Gratuity expense	99.54	28.50
Staff welfare expenses	105.40	158.77
Directors' remuneration		
Remuneration to Managing and Whole Time Directors :		
- Salary, bonus, etc	103.99	317.20
- Contribution to provident fund	8.23	22.41
- Commission on profit	-	46.65
	112.22	386.26
	8,693.70	7,502.88
Add : Proportionate share in Joint Venture	172.42	188.39
Total	8,866.12	7,691.27

21 OTHER EXPENSES		
Consumption of stores & spares	2,787.93	4,244.25
Cost of raw materials & components sold	1,809.78	1,044.13
Job processing and other machining charges (including contract labour charges)	2,066.86	3,510.73
Power & fuel	2,785.47	3,858.33
Design & development expenses	93.36	78.11
Repairs and maintenance		
Plant & machinery	683.01	382.32
Buildings	2.81	8.32
Others	108.88	110.34
Rent	574.23	506.08
Rates & taxes	238.84	138.99
Insurance	325.87	272.24
Advertising and sales promotion	120.23	136.81
Brokerage and commission	70.71	87.41
Travelling and conveyance	498.59	390.66
Legal and professional fees	1,026.67	967.89
Commission to non-whole time directors	10.00	10.00
Directors sitting fees	9.32	15.80
Auditors' remuneration	48.17	76.00
Warranty claims	240.64	64.45
Less: Adjusted with provision	29.38	63.86
Provision for warranties	20.48	158.68
Liquidated damages	261.52	317.73
Less: Adjusted with provision	116.28	163.08
Provision for liquidated damages	85.70	146.71
Irrecoverable debts/ advances written off	10.72	33.21
Provision for doubtful debts and advances	423.49	405.85
Less: Adjusted with provision	-	405.85
Loss on sale of investements (Trade, Non current)	3.74	-
Loss on sale of fixed assets (net)	41.60	18.78
Loss on foreign exchange fluctuations/forward exchange contracts (net)	-	125.21
Prior period expenses (Net)	71.68	113.72
Miscellaneous expenses	1,773.51	1,677.81
	16,048.15	18,267.77
Add : Proportionate Share in Joint Venture	992.93	1,280.78
Total	17,041.08	19,548.55

Notes to Consolidated Financial Statements as at and for the year ended March 31, 2014 (Rs. in Lacs)

	For the year ended March 31, 2014	For the year ended March 31, 2013
21 OTHER EXPENSES (Contd.)		
a) Details of Prior Period Expenses (Net)		
Income		
Other income	-	8.77
	-	8.77
Expenses		
Cost of raw materials & components consumed	3.57	47.52
Employee benefits expenses	54.79	-
Job Processing and other machining charges (including contract labour charges)	-	33.60
Other expenses	13.32	41.37
	71.68	122.49
	71.68	113.72
Add : Proportionate Share in Joint Venture	0.45	(6.35)
Prior Period Expenses (Net)	72.13	107.37

22 FINANCE COSTS		
Interest expenses	628.48	1,473.70
Bank charges	349.66	348.62
	978.14	1,822.32
Add : Proportionate share in Joint Venture	385.27	390.12
Total	1,363.41	2,212.44

23 EARNING PER SHARE (EPS)		
Present number of weighted average equity shares	20,059,069	20,059,069
Potential number of weighted average equity shares	20,059,069	20,059,069
Profit after taxes (Rs in Lacs)	(893.26)	2,358.15
Nominal value of each share (Rs)	10.00	10.00
Earning per share before extraordinary items: Basic & Diluted (Rs.)	(4.45)	11.76

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, 2014	For the year ended March 31, 2013	For the year ended March 31, 2014	For the year ended March 31, 2013
Statement of Profit and Loss				
Net employee benefit expense recognized in the employee cost				
Current service cost	8.62	6.84	20.01	24.01
Interest cost on benefit obligation	14.11	13.90	24.16	29.07
Expected return on plan assets	(6.10)	(3.41)	-	-
Net actuarial (gain)/ loss recognised during the year	44.66	21.89	(5.92)	(63.80)
Net benefit expenses	61.29	39.22	38.25	(10.72)
Balance Sheet				
Benefit liability				
Present value of defined benefit obligation	215.70	164.16	320.61	303.47
Fair value of plan assets	74.99	38.46	-	-
Plan liability	140.71	125.70	320.61	303.47
Changes in the present value of the defined benefit obligation are as follows :				
Opening defined benefit obligations	164.16	144.75	303.47	342.57
Current service cost	8.62	6.84	20.01	24.01
Interest cost	14.11	13.90	24.16	29.07
Benefits paid	(15.85)	(22.41)	(21.11)	(28.38)
Actuarial (gains)/ losses on obligations	44.66	21.08	(5.92)	(63.80)
Closing defined benefit obligations	215.70	164.16	320.61	303.47

Notes to Consolidated Financial Statements as at and for the year ended March 31, 2014

24 RETIREMENT AND OTHER EMPLOYEE BENEFIT PLANS (Contd.)

(Rs. in Lacs)

	Gratuity (funded)		Gratuity (unfunded)	
	For the year ended March 31, 2014	For the year ended March 31, 2013	For the year ended March 31, 2014	For the year ended March 31, 2013
Changes in the fair value of plan assets are as follows :				
Opening fair value of plan assets	38.46	37.39		
Expected return	6.10	3.41		
Contributions by employer	31.04	20.88		
Benefits paid	(0.31)	(22.41)		
Actuarial gains/ (losses)	(0.30)	(0.81)		
Closing fair value of plan assets	74.99	38.46		
Actual Return on plan assets	5.80	3.41		

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 is shown below :				
Discount rate	9.10%	8.25%	8.25%	8.25%
Expected rate of return on assets	9.00%	9.00%	NA	NA
Rate of increase in salary	5.00%	5.00%	5.00%	5.00%
Expected average working life of the employees	8	7	11-18	11-18
Mortality table			Standard table LIC (1994-1996)	

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

	For the year ended March 31, 2014	For the year ended March 31, 2013	For the year ended March 31, 2012	For the year ended March 31, 2011	For the year ended March 31, 2010
Defined benefit obligation - unfunded	320.61	303.47	342.57	298.28	317.67
Defined benefit obligation - funded	215.70	164.16	144.75	145.13	154.23
Plan assets	74.99	38.46	37.39	37.39	37.29
Deficit	461.32	429.17	449.93	406.02	434.61
Experience adjustments on plan liabilities - Unfunded [(gains)/Losses]	(5.92)	(63.80)	8.70	(19.60)	10.38
Experience adjustments on plan liabilities - Funded [(gains)/losses]	44.66	21.08	(10.91)	(21.33)	(0.94)
Experience adjustments on plan assets [gains/(losses)]	(0.30)	(0.81)	(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.

In case of gratuity (funded), the plan liability is net off Rs. 6.18 lacs of surplus plan assets of Corporated Shipyard Pvt Ltd which has been disclosed under the schedule Loans and Advances.

The Company expects to contribute Rs. 76.21 lacs (Rs 42.86 lacs) to the gratuity fund during 2014-15.

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, 2014	For the year ended March 31, 2013
Net Defined benefit expenses recognised in the Statement of Profit and Loss	0.42	3.00
Defined benefit obligation at the end of the year	12.44	12.02

The amounts provided for defined contribution plans are as follows :

Provident fund	117.44	143.53
Superannuation fund	3.98	3.74
Total	121.42	147.27
Proportionate Share in Joint Venture	8.41	11.83
Total	129.83	159.10

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.

Notes to Consolidated Financial Statements as at and for the year ended March 31, 2014 (Rs. in Lacs)

	For the year ended March 31, 2014	For the year ended March 31, 2013
25 LEASES		
a) 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. The amount of rent expenses included in Statement of Profit and Loss	263.18	574.23

- b) Assets include land & buildings acquired under finance lease (Gross block Rs. 2,289.80 Lacs (Rs. 1,928.40 Lacs), Net block Rs. 1,903.40 Lacs (Rs. 1,689.76 Lacs) and the year wise breakup of future obligations towards lease rentals, inclusive of finance charges of Rs. 472.78 Lacs (Rs. 398.16 Lacs) under the agreement as on March 31, 2014 amounting to Rs. 2,762.57 Lacs (Rs. 2,326.56 Lacs) is given below:

	Total		Not later than 1 year		Later than 1 year but not later than 5 years	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
Minimum Lease Payments	2,762.57	2,326.56	349.70	281.07	1,247.17	1,624.64
Present Value of minimum lease payments	2,289.80	1,928.40	278.96	234.05	954.93	1,289.53

26 SEGMENT INFORMATION

Based on the synergies, risks and return associated with business operations and in terms of Accounting Standard-17, the Group has re-assessed its business segments. The steel foundry division is an integral part of the wagons and coaches division and accordingly reported as one single segment i.e. "Wagons & Coaches". Based on the above re-assessment the current year's business segments are :

- a) Wagons & Coaches – Consists of manufacturing of wagons, coaches, bogies, couplers and crossings as per customer specification.
b) Others - Consists of miscellaneous business like heavy earth moving machineries, bailey bridge etc. which comprises of less than 10% revenue on individual basis.

Information about primary business segments

(Rs. in Lacs)

For the year ended March 31, 2014	Wagons & Coaches	Others	Total
Revenues (net of excise duty and cess)			
Segment Revenue (external)	60,042.36	2,369.46	62,411.82
Results			
Segment results	1,304.98	(607.31)	697.67
Less: Unallocated expenses net of unallocated income			865.20
Operating loss			(167.53)
Add: Interest income (net of expenses)			(496.87)
Loss before taxes			(664.40)
Income taxes			385.18
Net loss after taxes			(1,049.58)
Segment assets	77,588.30	11,626.77	89,215.07
Unallocated assets			19,000.10
Total assets			108,215.17
Segment liabilities	27,604.64	5,500.50	33,105.14
Unallocated liabilities			8,857.24
Total liabilities			41,962.38
Other segment information			
Capital expenditure			
Tangible assets	4,162.86	638.47	4,801.33
Intangible assets	1,432.67	-	1,432.67
Depreciation	1,793.26	191.98	1,985.24
Non cash expenses :			
Provision for doubtful debts and advances		423.49	423.49
Irrecoverable debts / advances written off		10.72	10.72

Notes to Consolidated Financial Statements as at and for the year ended March 31, 2014

(Rs. in Lacs)

Information about primary business segments

For the year ended March 31, 2013	Wagons & Coaches	Others	Total
Revenues (net of excise duty and cess)			
Segment Revenue (External)	73,822.18	4,412.45	78,234.63
Results			
Segment results	5,101.03	(246.83)	4,854.20
Less: Unallocated expenses net of unallocated income			1,966.15
Operating Profit			2,888.05
Add: Interest income (net of expenses)			738.21
Profit before taxes			3,626.26
Income taxes			1,382.01
Net profit after taxes			2,244.25
Segment assets	79,502.04	11,053.65	90,555.69
Unallocated assets			18,026.96
Total assets			108,582.65
Segment liabilities	28,787.80	4,483.66	33,271.46
Unallocated liabilities			7,685.37
Total liabilities			40,956.83
Other segment information			
Capital expenditure			
Tangible assets	2,344.63	452.23	2,796.86
Intangible assets	94.80	-	94.80
Depreciation	1,321.07	140.83	1,461.90
Non cash expenses :			
Irrecoverable debts/ advances written off		33.21	33.21

Geographical Segment :

	For the year ended March 31, 2014	For the year ended March 31, 2013
The following table shows the distribution of the Company's sales by geographical market :		
Geographical segment revenue		
Domestic (net of excise duty)*	26,631.57	53,724.48
Overseas	35,780.25	24,510.15
Total	62,411.82	78,234.63
* includes proportionate share in Joint Ventures Rs. 10,815.92 Lacs (Rs. 10,815.92 Lacs)]		
	For the year ended March 31, 2014	For the year ended March 31, 2013
Geographical segment assets		
Domestic	80,870.61	87,070.08
Overseas	27,344.56	21,512.57
Total	108,215.17	108,582.65

27 RELATED PARTY DISCLOSURES

(a) 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
Relatives of KMPs :	Ms. Savitri Devi Chowdhary, Wife 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 Panihati Rubber Limited

Notes to Consolidated Financial Statements as at and for the year ended March 31, 2014

(Rs. in Lacs)

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	2,526.44				2,526.44
	(1,983.49)				(1,983.49)
Interest income on Advances/ Loans					
Cimco Equity Holdings Private Limited	0.91				0.91
	(154.15)				(154.15)
Titagarh Papers Limited				0.29	0.29
				(177.74)	(177.74)
Purchase of raw materials & components					
Cimmco Limited	98.42				98.42
	(198.73)				(198.73)
Panihati Rubber Limited				-	-
				(11.84)	(11.84)
Job Processing and other machining charges (including contract labour charges)					
Cimmco Limited	61.58				61.58
	(60.00)				(60.00)
Rent Paid					
Titagarh Papers Limited				178.47	178.47
				(367.58)	(367.58)
Dividend paid					
Ms. Savitri Devi Chowdhary			144.93		144.93
			(289.86)		(289.86)
Ms. Rashmi Chowdhary			102.53		102.53
			(205.06)		(205.06)
Mr. J P Chowdhary		1.25			1.25
		(2.50)			(2.50)
Mr. Umesh Chowdhary		0.62			0.62
		(1.24)			(1.24)
Ms. Vinita Bajoria			0.20		0.20
			(0.40)		(0.40)
Ms. Sumita Kandoi			0.13		0.13
			(0.10)		(0.10)
Traco International Investment Private Limited				1.21	1.21
				(2.43)	(2.43)
Titagarh Capital Management Services Private Limited				173.36	173.36
				(346.72)	(346.72)
Titagarh Logistics Infrastructure Services Private Limited				1.20	1.20
				(2.40)	(2.40)
Remuneration (including contribution to Provident and other funds)					
Mr. J P Chowdhary		55.42			55.42
		(212.65)			(212.65)
Mr. Umesh Chowdhary		38.79			38.79
		(148.86)			(148.86)
Ms. Vinita Bajoria			27.89		27.89
			(24.85)		(24.85)
Loans Refunded					
Titagarh Papers Limited				200.00	200.00
				(1,900.00)	(1,900.00)
Balance outstanding as at the year end - Debit					
Mr. Umesh Chowdhary		-			-
		(5.94)			(5.94)
Panihati Rubber Limited				9.20	9.20
				(-)	(-)
Titagarh Papers Limited				-	-
				(224.18)	(224.18)
Cimmco Limited	29.52				29.52
	(-)				(-)

Notes to Consolidated Financial Statements as at and for the year ended March 31, 2014

(Rs. in Lacs)

Nature of transactions	Joint ventures	KMP	Relatives of KMP	Enterprise over which KMP/shareholders/ relatives have significant influence	Total
Balance outstanding as at the year end - Credit					
Mr. J P Chowdhary		0.76			0.76
		(31.51)			(31.51)
Mr. Umesh Chowdhary		0.33			0.33
		(-)			(-)
Titagarh Papers Limited				21.35	21.35
				(-)	(-)
Cimmco Limited	-				-
	(77.38)				(77.38)

	As at March 31, 2014	As at March 31, 2013
28 CAPITAL AND OTHER COMMITMENTS		
Estimated amount of capital commitments (net of advances) remaining to be executed (Proportionate share in Joint Venture Rs. 8.56 lacs (Rs. 12.79 lacs))	122.45	879.07

29 (A) CONTINGENT LIABILITIES		
Disputed claims contested by the Company and pending at various courts and arbitrations [Proportionate share in Joint Venture Rs 3,887.05 Lacs (Rs 4,629.48 Lacs) * Customer's Claim (Liquidated Damages)	4,959.29	5,822.40
Matters under appeal with: Sales tax authorities	442.29	442.29
[Proportionate share in Joint Venture Rs 297.21 Lacs (Rs 330.50 Lacs) Income tax authorities	1,438.82	679.34
Customs and Excise Authorities	711.54	722.97
[Proportionate share in Joint Venture Rs 1,268.58 Lacs (Rs 87.48 Lacs) Letters of Credit, Bills discounted and Bank Guarantees outstanding	11,921.26	9,422.74
[Proportionate share in Joint Venture Rs 1,922.22 Lacs (Rs 1,606.27 Lacs) Corporate Guarantee given by Titagarh Wagons Limited on behalf of a Subsidiary Company for working capital limit sanctioned to the subsidiary company	15,305.37	1,606.27
Custom Duty on import of equipments and spare parts under EPCG-scheme	8,257.65	6,954.38
	1,077.24	1,290.21

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.

* Proportionate share in Joint Venture Includes Rs 2,517.28 Lacs (Rs 2,517.28 Lacs) which in terms of BIFR order, even if decided against the Company, would stand at Rs 251.73 Lacs (Rs 251.73 Lacs) only.

(B) In case of Cimmco Limited, a subsidiary of a Joint Venture Company,

- The Company had in earlier years, obtained certain advance licenses for making duty free import of inputs subject to fulfilment of export obligation (EO) within the specified time limit from the date of issuance of such licences. Due to the closure of the factory and cancellation of the export orders, the Company could not fulfil the entire export obligation within the permitted time limit. Subsequently, the Company was referred to the Board for Industrial and Financial Reconstruction ("BIFR") vide case No. 372/2000 dated 27th November 2000 wherein a rehabilitation package was sanctioned by the BIFR on 11th March 2010. Pursuant to the rehabilitation scheme, the Company made an application to the Policy Relaxation Committee (PRC) of the Department of Foreign Trade for extension of the EO by further 8 years. The Zonal Director General of Foreign Trade (DGFT) vide its letter dated 21st December 2010 has extended the EO period upto 31st March 2016 and the management is confident to achieve the unfulfilled EO within such extended period. The amount of contingent liability towards custom duty saved on unfulfilled export obligations and penal interest if any, is presently unascertainable.
- The Company had given 687 wagons to Indian Railways on sub-lease till October 2007 and as per the agreement the sub-lease was renewable at the consent of the Indian Railway on an annual basis. Post the expiry of the original sub-lease term, Indian Railways continued to use the wagons without renewing the sub-lease arrangement. During the year, Company has received a demand of Rs. 1,234.20 Lakhs from Titagarh Capital Pvt. Ltd., the owner and original lessor of these wagons for the period October 2007 to March 2014. Titagarh Capital Pvt. Ltd. has pursued the matter in the Honourable High Court of Kolkata and the Honourable Court in an interim measure directed the Indian Railway to set apart the lease rentals for the above period, at the last paid rate of rent, in a fixed deposit account till the matter is finally decided. The Company has not provided for this claim since it has a back-to-back claim for the sub-lease on Indian Railways.

Notes to Consolidated Financial Statements as at and for the year ended March 31, 2014

(Rs. in Lacs)

	As at March 31, 2014	As at March 31, 2013
30. DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE		
a. Derivatives outstanding as at the balance sheet date		
Particulars Purpose		
Forward contract to sell US\$ Minimising Risk of Currency Exposure on export of goods	USD 940,121 Rs. 565.01 lacs	-
Forward contract to buy US\$ Minimising Risk of Currency Exposure on import of goods	USD 17,19,148 Rs. 1,033.20 lacs	USD 91,96,035 Rs. 5,001.66 lacs
b. Particulars of unhedged foreign currency exposure as at the reporting date		
Trade Payables	20.44	9.45
Trade receivables	367.49	-
Other Current Assets	1,196.85	397.62
Loans and advances	4,541.71	3,953.35
Advance from Customers	104.22	128.44
Buyers Credit	4,737.72	-

- 31.** Pending execution of renewal of sublease agreement with respect to wagons relating to secondary leasing period, (sub-leased to Indian Railways) acquired by Titagarh Capital Private Limited, the Group has prudently decided not to recognize the income with respect to the said wagons.
- 32.** 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.
- 33.** During the current year, Cimmco Limited (subsidiary of a Joint Venture Company) and Asset Reconstruction Company (India) Limited (ARCIL) have entered into a settlement with respect to the proportionate disputed demand of Rs. 662.50 lacs plus interest and liquidated damages being claimed by ARCIL towards its past financial assistance to Cimmco Limited. In terms of the said settlement, Cimmco Limited has to pay an amount of Rs. 625.00 lacs in twelve monthly installments beginning from September 15, 2013. Necessary provision for such amount of settlement has been done in these accounts and is disclosed as "Exceptional Items". With this settlement, all pending disputes with ARCIL stand resolved and settled and there remains no dispute or claim/demand by ARCIL against the Group.
- 34.** Construction Contract disclosure as per Accounting Standard 7(Revised) in case of Corporated Shipyard Private Limited, a wholly owned subsidiary of Titagarh Marine Limited are given below :

	As at March 31, 2014	As at March 31, 2013
Contract Income recognised as revenue during the year	443.60	492.89
Aggregate amount of cost incurred and recognised profits (less recognised losses) till date	270.85	883.80
Advances received (unadjusted)	48.45	-
Retention amount	-	-
Gross amount due from customers	231.22	271.09
Gross amount due to Customers for contract work	-	-

- 35.** Previous period's figures including those given in brackets have been rearranged where necessary to conform to the current period's classification.

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

per **Bhaswar Sarkar**
Partner
Membership No. 55596

Place : Kolkata
Dated : May 29, 2014

For and on behalf of the Board of Directors

Umesh Chowdhary
Vice Chairman & Managing Director

Sunirmal Talukdar
Director

Anil Kumar Agarwal
Chief Financial Officer

Dinesh Arya
Company Secretary

TITAGARH WAGONS LIMITED

CIN: L27320WB1997PLC084819

Registered Office : 1B Aster Court, 3 Loudon Street, Kolkata-700017

Phone : +91 33 40190800; Fax : +91 33 40190823; E Mail : corp@titagarh.biz; Website : www.titagarh.biz



PROXY FORM

Pursuant to Section 105(6) of The Companies Act 2013 and Rule 19(3) of the Companies (Management and Administration) Rules 2014

Name of the Member(s):

Registered Address :

E Mail ID :

Folio No/Client ID :

DP ID :

I/We being the member(s) holding.....shares of the above named Company, hereby appoint :

(1) Name :Address :

E Mail ID : Signature : or failing him

(2) Name :Address :

E Mail ID : Signature : or failing him

(3) Name :Address :

E Mail ID : Signature :

as my/our proxy to attend and vote(on a poll) for me/us and on my behalf at the 17th Annual General Meeting of the Company to be held on Thursday, the 11th day of September, 2014 at 1.00 P.M. at "Rotary Sadan," 94/2 Chowringhee Road, Kolkata-700020 and at any adjournment thereof in respect of Resolutions as are indicated below:

Resolution No.	Resolutions Proposed	Optional *	
		For	Against
	Ordinary Businesses		
1	a) Adoption of Financial Statements, Reports of the Board of Directors and Auditors for Financial Year ended 31st March, 2014 b) Adoption of Consolidated Financial Statements for the Financial Year ended 31st, March 2014		
2	Declaration of Dividend @ Rs. 4/- per share recommended by the Board		
3	Re-appointment of Shri D N Davar as an Independent Director, liable to retire by rotation (Also please refer to Resolution 8 of the Notice)		
4	Appointment of Auditors and to authorise the Board of Directors to fix their remuneration		
	Special Business		
5	Appointment of Shri S Talukdar as an Independent Director for a term ending 31st March, 2019.		
6	Appointment of Shri Shekhar Datta as an Independent Director for a term ending 31st March, 2019.		
7	Appointment of Shri Sudipta Mukherjee as Director (Wagons Operations) for a term ending 14th May, 2019.		
8	Appointment of Shri D N Davar, who retire by rotation as an Independent Director for a term ending 31st March, 2019.		
9	Appointment of Shri Manoj Mohanka as an Independent Director for a term ending 31st March, 2019.		
10	Appointment of Shri Sudev Chandra Das as an Independent Director for a term ending 31st March, 2019.		
11	Ratification of Remuneration of Cost Auditor		
12	To approve entering into the following related party transactions : a) Continuing Contract /Arrangement for purchase/sale of materials with Cimmco Ltd., a Subsidiary Company b) Payment of rent for use of a portion of land to Titagarh Papers Limited, a group Company		
13	Approval to the Offer of up to 5,00,000 Equity Shares to the permanent employees of the Company under Employee Stock Option Scheme (ESOP)		
14	To approve extension of benefit of Employee Stock Option Scheme (ESOP) to the permanent employees of the Subsidiaries of the Company		
15	To appoint Smt. Rashmi Chowdhary as Non-Executive Director (Refer Supplemental Notice dt. 14.08.2014)		

Signed this.....day of.....2014

Signature of Shareholder.....Signature of Proxy holder(s)

Affix
Revenue
Stamp

NOTE : 1. **This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.**

2. For the text of the Resolutions, Explanatory Statement & Notes, please refer to the Notice convening the 17th Annual General Meeting dated 7th August, 2014 and Supplemental Notice dated August 14, 2014 forming an integral part thereof.

3. It is optional to put "X" in the appropriate column against the Resolutions indicated in the Box. If you leave the "For" or "Against" column blank against any or all resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.



A Corporate Social Responsibility initiative – Industrial Training Institute



Titagarh Wagons AFR (Subsidiary in France)



FORM A

Filing of Annual Report with the Stock Exchange

1	Name of the Company	Titagarh Wagons Limited (Standalone Financial Statements)
2	Annual financial statements for the year ended	31 st March , 2014
3	Types of audit observation	Unqualified
4	Frequency of observation	Not Applicable
5	To be signed by- <ul style="list-style-type: none"> Vice Chairman and Managing Director and CEO Chief Financial Officer Auditor of the Company Chairman of Audit Committee 	<ul style="list-style-type: none"> Shri Umesh Chowdhary Shri Anil Kumar Agarwal Shri Kamal Agarwal, Partner of S.R. Batliboi & Co. LLP, Chartered Accountants Shri D N Davar

For S. R. BATLIBOI & CO. LLP
Firm Registration Number: 301003E
CHARTERED ACCOUNTANTS

For Titagarh Wagons Limited

Sd/-

per Kamal Agarwal
Partner
Membership No.58652

Sd/-

(Umesh Chowdhary)
Vice Chairman & Managing Director

Sd/-

(Anil Kumar Agarwal)
Chief Financial Officer

Sd/-

(D.N. Davar)
Chairman of the Audit Committee

Date : August 14, 2014
Place: Kolkata



Filing of Annual Report with the Stock Exchange

1	Name of the Company	Titagarh Wagons Limited (Consolidated Financial Statements)
2	Annual Financial Statements for the year ended	31 st March, 2014
3	Type of Audit Qualification	Qualified Audit Report
4	Frequency of qualification	Note no. 1 (mentioned below): Was Emphasis of Matter for FYE 2010-11 and 2011-12, and qualification for FYE 2012-13 and FYE 2013-14. Note no. 2 (mentioned below): Qualification for FYE 2013-14.
5	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors' report.	<p>Note No.1</p> <p><i>Note No. 13.2 regarding certain claims of a subsidiary of a joint venture company, the proportionate share therein amounting to Rs 2449.67 lacs (Rs 2449.67 lacs as at 31st March 2013), net of Rs 75 lacs received under a guarantee given by the Company, which have been considered good of recovery by the management. Although the management is hopeful to recover the claims in full, pending decision of the Courts/ Arbitration proceedings we are unable to comment on their recoverability. Our audit opinion on the consolidated financial statements for the previous year was also qualified in respect of the above matter.</i></p> <p>Note No.2</p> <p><i>Note No. 11(a) regarding recognition of net deferred tax asset (DTA) of Rs. 243.14 lacs on unabsorbed depreciation and brought forward business losses upto 31st March 2014, by a step down subsidiary company based on the future profitability projections made by the management. However, in absence of sufficient appropriate audit evidence we are unable to express an opinion on the virtual certainty of achieving these projections as required by Accounting Standard 22, Accounting for Taxes on Income, and the consequential impact, if any, on these financial statements.</i></p> <p><u>Management Response</u></p> <p>The qualifications pertain to Cimmco Limited, a subsidiary of a jointly controlled enterprise namely, Cimco Equity Holdings Private Limited</p>



(CEHPL) where Titagarh Wagons Limited (TWL) holds 50% of equity shares and Corporated Shipyard Private Limited (CSPL) a dropdown subsidiary of the Company respectively whose financials have been consolidated into the Company's financial statements and the management response is given below:

1. The claim of Rs 2449.67 lacs consists of three separate claims which are pending before different forum/court:
 - a) Rs.1976.17 lacs recoverable from Indian Railways on account of difference of lease rental for the wagons leased to Indian Railways:

In the year 1997-98 Cimmco had entered into 3 separate sub-lease rental agreements with Indian Railways (IR) for lease to IR of 1200 wagons for a primary period of 10 years. However, owing to changes in the rate of Income Tax as well as the depreciation rate as per the Income Tax Act, the sub-lease rentals payable by IR to Cimmco in terms of the sub-lease agreements were impacted and IR, on a misinterpretation of the relevant clause in the sub-lease agreements, did not release the differential sub-lease rental to the Company. Although the issues were clarified, IR continued to withhold the differential payment and thus being compelled by non-recovery of its dues Cimmco invoked the Arbitration Clause and referred the matter to Arbitration on 27/10/2004. Due to the erosion of the net worth of Cimmco as at 30.06.2000 and Cimmco having become sick, the operations of Cimmco were suspended/closed with effect from 13.11.2000. As such, only a skeleton staff/personnel were available in Cimmco to actively pursue the matter. This led to lack of attention to the arbitration in the matter for a long time.

Subsequent to revival of Cimmco pursuant to the Scheme of Rehabilitation sanctioned by the Board for Industrial & Financial Reconstruction (BIFR) in March, 2010, Cimmco has been aggressively pursuing with the Arbitration Tribunal to expeditiously complete the Arbitration proceedings which were kept in abeyance for the parties to explore the possibilities of an amicable settlement. In fact sometime in



January to April 2011 issues were narrowed down for settlement, however IR was not inclined to pay interest despite there being a specific clause entitling Cimmco thereto which would have substantially worked to Cimmco's prejudice and therefore Cimmco earnestly appealed to IR to agree to its request for interest. There was no response from IR. Despite all efforts of Cimmco in this respect amicable settlement through a series of discussions/ correspondence with IR did not materialise and the Arbitration Tribunal was requested by Cimmco to resume the arbitration proceedings. However, the Tribunal did not fix any date for hearing for a long time and being aggrieved thereby, Cimmco filed a petition before the Hon'ble High Court of Delhi on 14th August, 2014 seeking reconstitution of the Arbitration Tribunal. The matter is scheduled to be heard on 22nd August, 2014 and notice has been served on the respondent IR. Cimmco is persistently and diligently pursuing the matter and is convinced of merits of the case. Thus the management is hopeful of recovering the amount and therefore, this amount has been considered good of recovery.

- b) Primary Lease Rental aggregating Rs 101.99 lacs withheld by SBI Capital Markets Limited (SBI Caps):

In the year 1997-98, 206 wagons were taken on lease by Cimmco (the Lessee) from SBI Capital Markets Limited (the Lessor) and in turn sub-leased to Indian Railways (the Sub-Lessee). The said amount has been withheld by SBI Caps on the alleged ground of disallowance of depreciation benefit to them by the ITO. An appeal preferred by SBI Caps against the said disallowance is pending before ITAT, Mumbai. For the reasons affecting Cimmco's operations as already explained hereinabove, consistently sustained persuasion of recovery of its dues from SBI Caps to the fullest extent was affected adversely and therefore recovery of the amount had been pending. Recently a judgement has been given by the Hon'ble Supreme Court of India which upholds the validity of depreciation claimed by the Lessor. In the light of the Supreme Court's said judgement Cimmco has initiated talks with SBI Caps and has been given to understand that the matter would be placed before its management for favourable consideration.



The said efforts to get the approval of SBI Caps for settlement of Cimmco's above referred amount are ongoing and expected to materialise in near future. In view of the above Cimmco is hopeful of recovering the amount and no provision has been considered necessary.

- c) Insurance claim of Rs. 371.51 lacs is recoverable from National Insurance Company in terms of the order passed by the Hon'ble National Consumer Disputes Redressal Commission (NCDRC) in favour of Cimmco. Although an appeal has been filed by National Insurance Company before the Hon'ble Supreme Court of India, the matter is pending for hearing by the apex court. On an application being filed by Cimmco for early hearing of the matter, Hon'ble Supreme Court by an Order dated 11th August, 2014 directed that the matter be heard for final hearing within six months pursuant whereto hearing date in the relative cause list of the apex court of the country is appearing as November 09, 2014. In view of the fact that judgment in the forum/fora below the Hon'ble Supreme Court has been in favour of Cimmco, the management is hopeful of recovering the amount.

2. The net deferred tax asset (DTA) of Rs. 243.14 lacs; on unabsorbed depreciation and brought forward business losses upto March 31, 2014, by a step down subsidiary company (Corporated Shipyard Private Limited (CSPL) based on the future profitability projections. CSPL has established accreditations with the Government authorities for building vessels/barges and has been diligently participating in various tenders. Therefore the management is hopeful of generating adequate business to address the issue of net DTA.

6 Additional comments from the Board/Audit Committee chairman.

During the review of the subject Financial Statements, Audit Committee interacted with both the Statutory Auditors and the management and after perusal of the information furnished to it, followed by deliberations on each item involved in the qualified



opinion, commended the Consolidated Financial Statements to the Board for final consideration.

Keeping in view the nature of transactions/issues behind such qualified opinion, course of action adopted for recovery and sense of urgency and promptitude reflected in the action taken by the management as well as the fact that the time taken for their resolution being beyond the control of the Company, Cimmco and CSPL, the Audit Committee while commending the said Financial Statements nevertheless specifically advised the management to take the best possible care to attend to the said items appearing in the Auditors' Report with a view to moving towards a Report without any qualification or adverse remark at the earliest. The Audit Committee has also decided to review the matters from time to time and advised the management to bring/circulate to the Committee relative reports thereon more frequently.

7	To be signed by-	
	Vice Chairman and Managing Director and CEO	Shri Umesh Chowdhary
	Chief Financial Officer	Shri Anil Kumar Agarwal
	Auditor of the Company	Shri Kamal Agarwal, Partner of S.R.Batliboi & Co. LLP, Chartered Accountants
	Chairman of Audit Committee	Shri D N Davar

For S. R. BATLIBOI & CO. LLP
Firm Registration Number: 301003E
CHARTERED ACCOUNTANTS

For Titagarh Wagons Limited

Sd/-
per Kamal Agarwal
Partner
Membership No. 58652

Sd/-
(Umesh Chowdhary)
Vice Chairman & Managing Director and CEO

Sd/-
(Anil Kumar Agarwal)
Chief Financial Officer

Sd/-
(D.N. Davar)
Chairman of the Audit Committee

Date : August 14, 2014
Place : Kolkata