



Board of Directors

Sri J P Chowdhary	Executive Chairman
Sri Umesh Chowdhary	Vice Chairman <i>(Vice Chairman & Managing Director till 23/09/2009)</i>
Sri D N Davar	Independent Director
Sri N Bhattacharya	Independent Director
Sri Alope Mookherjea	Independent Director
Sri Abhas Sen	Independent Director
Sri Manoj Mohanka	Independent Director
Sri Anoop Sethi	Nominee Director (2i Capital PCC)
Sri Sanjay Kukreja	Nominee Director (Goya Limited)
Sri N K Mittal	Non Executive Director
Sri Anil Agarwal	Chief Financial Officer
Sri Dinesh Arya	Company Secretary

Bankers

UCO Bank
AXIS Bank Limited
Punjab National Bank
Syndicate Bank
Yes Bank Limited
IDBI Bank Limited
State Bank of India

Registrar and Transfer Agent

Karvy ComputerShare Private Limited
Karvy House, 21 Avenue 4
Street No.1, Banjara Hills
Hyderabad-500086
Telephones: 91 33 23420815 Fax 91 40 23420814
Email for Investors: inward.ris@karvy.com

Registered Office



Titagarh Wagons Limited
Premlata, 4th Floor, 39 Shakespeare Sarani
Kolkata-700017
Telephones: 91 33 22834467 Fax: 22891655
Email: investors@titagarh.biz



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Thirteenth ANNUAL GENERAL MEETING of the members of **TITAGARH WAGONS LIMITED** will be held at "Rotary Sadan", 94/2 Chowringhee Road, Kolkata- 700 020 on Friday, the 27th day of August, 2010 at 10.00 A.M. to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the audited Balance Sheet as at 31st March, 2010, Profit & Loss Account and Cash Flow Statement for the year ended that date and the Reports of Directors and Auditors thereon.
2. To declare dividend on Equity Shares for the Financial Year Ended 31st March, 2010.
3. To appoint a Director in place of Shri Nandan Bhattacharya who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Shri Manoj Mohanka who retires by rotation and being eligible offers himself for reappointment.
5. To appoint a Director in place of Shri Umesh Chowdhary who retires by rotation and being eligible offers himself for reappointment.
6. To appoint Auditors and fix their remuneration by passing with or without modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED THAT M/s. S R Batliboi & Co; Chartered Accountants of 22 Camac Street, Block C, 3rd Floor, Kolkata-700016 having Firm Registration No. 301003E, the retiring auditors, be and hereby re-appointed as auditors of the Company to hold office until the conclusion of the next Annual General Meeting of the Company for auditing the accounts of the Company for the financial year 2010-2011 and the Board of Directors of the Company be and are hereby authorised to fix their remuneration plus other applicable expenses in connection with statutory audit and/or continuous audit and also such other remuneration, as may be decided to be paid by the Board/Committee of the Board, for performing duties other than those referred to hereinabove and the remuneration so fixed may be paid at such intervals during the year as may be decided by the Board/Committee of the Board."

SPECIAL BUSINESS

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

*"**RESOLVED THAT** utilization of the funds raised by Initial Public Offering (IPO) made vide Prospectus issued by the Company on 31st March, 2008 in accordance with the Securities and Exchange Board of India (DIP) Guidelines in force, in the manner and including the funds used in the various activities detailed under "Objects of the Issue" in the said Prospectus, whether for the purpose of each or any of (intra or inter se) such activities/projects or for strategic acquisition or general corporate purposes or otherwise vis a vis those appearing in the books of accounts of the Company, notwithstanding the variations therein and formats and/or contents of disclosures of such utilization either in the Audited Annual Accounts or Reports of Directors or Interim Financial Results or elsewhere since receipt of such money(s), summarized picture whereof circulated among the members by this Notice and also placed before this meeting, the same having been reviewed & monitored by the Audit Committee, endorsed and approved by the Board of Directors (the Board) in accordance with all applicable and enabling provisions of the Companies Act, 1956 (the Act) as in the best interest of the Company, be and is hereby noted, approved, confirmed and ratified and the entire funds so raised having been utilized, the disclosure thereof hence no longer required, be discontinued."*

***RESOLVED FURTHER THAT** in endorsement of the powers of the Board, approval of the members be and is hereby accorded to the Board (which shall include a committee thereof) to pursue the activities/projects pending with internal accruals or defer its implementation with or*



without any alternative activity being taken up instead thereof in such time, disclosure thereof and manner or otherwise, as the Board may think fit and in the best interest of the Company.

"FURTHER RESOLVED THAT notwithstanding anything including any statement, intent, promise or forecast or inadvertent omission of any information/material facts in the aforesaid Prospectus and/or any return or report or certificate or balance sheet or other document for the purposes of and pursuant to the Act or any other applicable law/statute/guidelines, whether interpreted or deemed to be otherwise by anybody but considered by the Board to be in the overall interest of the Company and any act or deed whether exercised at its meeting or in any other manner acceptable to the Board, in endorsement of the Board's powers, the same be and are hereby approved, confirmed and ratified."

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

"RESOLVED THAT pursuant to the provisions of Section 81(1A) and other applicable provisions if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof), SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 (hereinafter referred to as 'SEBI (ICDR) Regulations') and any other applicable laws/rules/regulations, and in accordance with the provisions of the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges where shares of the Company are listed, and subject to such approvals, consents, sanctions, if any, as may be required/necessary from the Authority(ies) concerned, consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company, to create, issue, offer and allot in one or more tranches on preferential allotment basis, upto 12,50,000 (Twelve Lacs Fifty Thousand) Equity Share Warrants convertible into Equity Shares of face value of **Rs. 10/-** each of the Company to Smt. Rashmi Chowdhary, promoter group entity, on such terms and conditions and in such manner as the Board may think fit, without offering the same to any other person(s), who at the date of offer are shareholders of the Company; the Equity Share Warrant holder entitled to apply for and be allotted one equity share of **Rs. 10/-** each, fully paid up, at a Price of **Rs.387/-** per share computed in accordance with Regulation 76(1) of Chapter VII of the SEBI (ICDR) Regulations.

RESOLVED FURTHER THAT the Relevant Date, in terms of Regulation 71 of Chapter VII of the SEBI (ICDR) Regulations, for determination of the price for issuance of the Warrants on a preferential allotment basis and conversion thereof into Equity Shares of **Rs. 10/-** each is 28th July, 2010 i.e. 30 days prior to the date of passing of this Resolution and accordingly, the Warrants so issued shall, on exercise of rights attached thereto, be converted into equal number of Equity Shares of **Rs. 10/-** each at a price of **Rs. 387/-** including premium.

RESOLVED FURTHER THAT:

- a) In consideration of the Warrant being offered to the Promoter Group, the Offeree shall deposit 25% of the amount at which each Warrant is being offered to her which amount shall be adjusted against the issue price at the time of allotment of equity shares, the deposit shall not bear any interest and the Company shall forfeit such deposit in the event the Offeree does not exercise her option.
- b) The holder of Warrants shall be entitled to apply for and obtain at her sole discretion one equity share of **Rs. 10/-** each at a price of **Rs.387/-** computed as aforesaid, in accordance with the SEBI (ICDR) Regulations which option shall be exercised by the holder on a date or dates commencing from the date of issue of Warrants and ending on the expiry of 18 months, as may be mutually agreed by the Board and the holder.
- c) The option attached to the Warrants shall not be transferred or otherwise disposed of to any third party save and except within the Promoter Group the option may be exercised in such manner and in such proportion as they may at their discretion decide.



- d) *The Promoter Group entity is entitled to exercise the option in full or in part or may decline to exercise the option in which case, the offer shall be deemed to have lapsed.*
- e) *The new equity shares issued on conversion of the Warrants shall be subject to the Memorandum and Articles of Association of the Company and shall upon allotment have the same rights of voting as the existing equity shares and shall be treated for all other purposes pari-passu with the existing Equity Shares of the Company including dividend;*
- f) *The Board be and is hereby authorised to decide and approve the other terms and conditions of the offer of the above mentioned Warrants and also shall be entitled to vary, modify or alter any of the terms and conditions, including size of the issue, as it may deem expedient;*
- g) *The Board be and is hereby authorised to delegate all or any of the powers herein conferred by this resolution to any director or directors or to any committee of Directors or any other Officer or Officers of the Company to give effect to this Resolution.*

FURTHER RESOLVED THAT *for the purpose of giving effect to this Resolution the Board of Directors of the Company and/or such person(s) as the Board may appoint, be and is/are hereby authorised to do all acts, matters, deeds and things and to take all such steps and do all such things and give all such directions as the Board may consider necessary, expedient or desirable."*

By Order of the Board of Directors

Registered Office:
Premlata, 4th Floor, 39 Shakespeare Sarani,
Kolkata-700017
July 29, 2010

Dinesh Arya
Company Secretary

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL, ON HIS BEHALF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxies in order to be effective must be received by the Company at the registered office address not less than 48 hours before the commencement of the Annual General Meeting.
3. The Register of Members and Share Transfer Register shall remain closed with effect from Saturday, the 21st August, 2010 to Friday, the 27th August, 2010 (both days inclusive). The dividend, if declared, will be paid on or after September 1, 2010 to those members whose names shall appear on the Register of Members of the Company at the close of business hours on August 20, 2010. In respect of dematerialized shares, the dividend will be payable on the basis of beneficial ownership as per the details to be furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for this purpose.
4. Members are requested to preferably send their queries to the Registered Office 7 days before the date of the Annual General Meeting.
5. The documents pertaining to the special business set out at Items No. 7 and 8 of the Notice are available for inspection at the Registered Office of the Company during 10.30 A.M. to 1.00 P.M. on all working days.
6. As required by the Clause 49 of Listing Agreement, members are informed that Shri Umesh Chowdhary holds 15485 equity shares representing 0.08% of total paid up equity capital of the Company; Shri Nandan Bhattacharya and Shri Manoj Mohanka do not hold any equity shares in the Company and the additional information in respect of the said directors recommended for re-election at the AGM is appearing in the Corporate Governance Report annexed to the Directors' Report.



EXPLANATORY STATEMENT IN RESPECT OF SPECIAL BUSINESS SET OUT IN THE NOTICE PURSUANT TO THE PROVISIONS OF SECTION 173 (2) OF THE COMPANIES ACT, 1956 (the Act).

Item No.7

The Company issued 20,68,111 equity shares of Rs.10/- each through IPO in March, 2008 and the proceeds thereof were proposed to be utilized as mentioned in the Prospectus dated 31st March, 2008 with adequately detailed statements inter alia under the sections 'Appraisal', 'Means of Finance', 'Interim use of Proceeds' and 'Monitoring of utilization of funds' which unequivocally set out the manner in which the IPO proceeds could be utilized. However, the fact of such detailed disclosures about the Board's power to use the IPO proceeds with flexibility to use the funds intra or inter se the activities/projects notwithstanding, it has been given to understand that such 'variation' though very clearly being vested in the Board, may be subject to question due to interpretation thereof to be 'diversion' thereby exposing the Company and Board and its Principal Officer to wholly unnecessary action that might be contemplated due to such misinterpretation.

The members are already aware that the Company has been growing at a reasonably healthy pace and the actual utilization of the entire IPO proceeds has been made by the Board for and in the best interest of the Company as is manifested in the periodical disclosures made in the Annual Audited Accounts and Interim Financial Results and also a summarized position thereof in the table given below, such disclosures, however would no longer be required since the entire funds raised from IPO have been utilized:

The utilization of Issue Proceeds from Initial Public Offer and status of implementation of expansion program is as under:			
Description	(Rs. in Lacs)		
	Estimated Amounts to be financed through Issue Proceeds	Amounts utilized till March 31, 2010	Amounts utilized till March 31, 2009
EMU Manufacturing Facility	1,874.10	1,874.10	1,576.45
Upgradation of existing facilities and sub station	1,884.30	1,884.30	1,884.30
Corporate Office	700.00	357.44	251.17
Strategic Acquisition	1,250.00	1,250.00	1,250.00
Brand Building Exercise	200.00	29.28	22.55
General Corporate Purposes	4,408.40	4,921.68	3,115.10
Issue Expenses	851.00	851.00	851.00
	11,167.80	11,167.80	8,950.57
Balance unspent money lying in short terms Fixed Deposits		NIL	2,217.23
Total	11,167.80	11,167.80	11,167.80

Although having been duly mandated in this regard the Board proposes to complete the activity(ies), if any, remaining to be completed with internal accruals or may decide to defer or deal with any of such activities as it may deem necessary purely in the interest of the Company and towards creation of maximum shareholder value, as an abundant precaution the resolution set out under this item in the Notice is recommended for the members' approval.

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

Item No.8

The Company has been actively pursuing expansion by both the organic and inorganic routes pursuant to which backward integration through acquisition of a manufacturing unit for dedicated supply of critical components and amalgamation of a group company have been recently carried out. With a view to building International presence, the Company has recently acquired a Wagons/Rolling Stock manufacturing unit in France.



The promoters have approached the Company to provide the funds for expansion through acquisition or otherwise, augment its long term working capital or for general corporate purposes, to enable it to continue the healthy pace of growth aimed at creating maximum shareholder value. Accordingly the Company proposes to make Preferential Issue of upto 12,50,000 Fully Convertible Warrants (Warrants) @ Rs.387/- per Warrant aggregating Rs.48,37,50,000/- (Rupees Forty Eight Crores Thirty Seven Lacs Fifty Thousand only). The Warrants are convertible within 18 months from the date of allotment thereof into 1 (one) Equity Share of Rs.10/- each at a premium of Rs. 377/- fully paid up in the Company, computed in accordance with the SEBI (ICDR) Regulations, 2009 (the Regulations).

Disclosures as required under Regulation 73 of the Regulations for preferential issues are as follows:

(a) Objects of the Preferential Issue:

The proposed preferential issue is being made for expansion as well as to augment the long term working capital and for general corporate purposes to enable the Company to pursue healthy rate of growth in its business, both domestic and overseas.

(b) Proposal of the Promoters, Directors or Key Management Personnel of the Issuer to subscribe to the Offer:

The promoters/promoter group entities (Promoters) named hereinbelow at (d) have agreed to subscribe the Warrants set opposite their names.

(c) Shareholding Pattern of the Issuer before and after the Preferential Issue:

Sl. No.	Category of Shareholder	Before Preferential Issue		After Preferential Issue*	
		Total number of shares	Total shareholding as a percentage of total number of shares	Total Number of shares	Total shareholding as a percentage of total number of shares
(A)	Total Shareholding of Promoter and Promoter Group (A)*	92,25,329	49.05	1,04,75,329	52.22
(B)	Public Shareholding				
1	Institutions				
(a)	Mutual Funds/UTI	2,48,992	1.33	2,48,992	1.24
(b)	Financial Institutions/Banks	75,816	0.40	75,816	0.38
(c)	Foreign Institutional Investors	21,80,564	11.59	21,80,564	10.87
2	Non-Institutions				
(a)	Bodies Corporate	9,00,671	4.79	9,00,671	4.49
(b)	Individuals	16,94,216	9.01	16,94,216	8.45
(c)	Any other				
(i)	Clearing Members	51,692	0.27	51,692	0.26
(ii)	Foreign Bodies	18,24,078	9.70	18,24,078	9.09
(iii)	Foreign Bodies Corporate	25,61,442	13.62	25,61,442	12.77



(iv)	Non-Resident Indians	46,269	0.25	46,269	0.23
	Total Public Shareholding (B)	95,83,740	50.95	95,83,740	47.78
	TOTAL (A)+(B)	1,88,09,069	100.00	2,00,59,069	100.00

**Assuming full conversion of Warrants*

(d) Time within which the Preferential Issue shall be completed:

The allotment of Warrants shall be completed, within a period of 15 days from the date of passing of the resolution by the shareholders/as per the Regulation(s) applicable.

(e) Identity of the Proposed Allottee, the percentage of the post preferential issue capital that may be held by them and change in control, if any, in the issuer consequent to the preferential issue:

Sl.	Name of the Proposed Allottee	Total shares held Pre Preferential Issue		Total shares held Post Preferential Issue*	
		Number of shares	As a % of Total paid up Share Capital	Number of shares	As a % of Total paid up Share Capital
1.	Rashmi Chowdhary	15,74,221	8.37	28,24,221	14.08

**Presuming full conversion of Warrants*

No change in management control is contemplated.

(f) Lock-in

In terms of the Regulations, the Warrants and the resultant shares on conversion of the Warrants proposed to be allotted to the Promoters shall be locked-in for a period of three years from the date of their allotment or such other period as prescribed, provided that in any case, not more than 20% of the total capital of the Company, including capital brought in by way of preferential issue, shall be subject to lock-in for three years from the date of allotment.

(g) Other terms of Issue of Warrants

1. The proposed allottee of the Warrants shall on or before the date of allotment of Warrants, pay an amount equivalent to at least 25% of the total consideration per Warrant.

2. The holder of each Warrant will be entitled to apply for and obtain allotment of one equity share against such Warrant at any time after the date of allotment but on or before the expiry of 18 months from the date of allotment, in one or more tranches. At the time of exercise of entitlement, the Warrant holder shall pay the balance of the consideration towards the subscription to each equity share.

3. If the entitlement against the Warrants to apply for equity shares is not exercised within the aforesaid period, the entitlement of the Warrant holder to apply for the equity shares of the Company along with the rights attached thereto shall expire and any amount paid on such Warrants shall stand forfeited.

4. Upon receipt of the requisite payment as above, the Board (or a Committee thereof) shall allot one equity share against each Warrant by appropriating RS. 10/- per equity share towards equity share capital and the balance amount paid against each Warrant towards the securities premium amount.



5. The Warrant by itself till converted into equity shares, does not give to the holder thereof any rights of a shareholder of the Company.

The allotment of Warrants does not require making of a public offer as it is below the prescribed threshold limit for making of a public offer in terms of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (Takeover Code). The aforesaid allottee(s) shall be required to comply with the relevant provisions of the Takeover Code, if any, applicable consequent to the allotment of shares on conversion of Warrants as proposed above.

In view of the above, it is proposed to issue upto 12,50,000 (Twelve Lacs Fifty Thousand) nos. of Warrants (convertible into equivalent number of equity shares of RS. 10/- each fully paid-up) to the Promoter Group entity on a preferential basis, at a price including premium determined in accordance with the criteria given under the SEBI (ICDR) Regulations.

A copy of the certificate from the Statutory Auditors of the Company, M/s. S R Batliboi & Co., Chartered Accountants, certifying that the issue of the Warrants is being made in accordance with the requirements of the Regulations, will be available for inspection at the Registered Office of the Company, during the office hours on all working days between 10.30 a.m. and 1.00 p.m. upto the date of Annual General Meeting.

The consent of the Shareholders is being sought pursuant to the provisions of Section 81(1A) and other applicable provisions of the Companies Act, 1956, if any, and in terms of the provisions of the Listing Agreements executed by the Company with the Stock Exchanges where the Company's shares are listed.

(h) Undertaking that the Issuer shall re-compute the price of the specified securities in terms of the provision of these regulations:

Not applicable

(i) Undertaking that if the amount payable on account of the re-computation of price is not paid within the time stipulated in the Regulations, the specified securities shall continue to be locked in till the time such amount is paid by the allottees.

Not applicable

The Directors recommend the Resolution in the interest of the Company.

Shri J P Chowdhary, Executive Chairman and Shri Umesh Chowdhary, Vice Chairman and Director of the Company are interested in this Resolution to the extent of securities that may be allotted to the promoter group entity. Save as aforesaid, none of the other Directors is in any way concerned or interested in this Resolution.

By Order of the Board of Directors

Dinesh Arya
Company Secretary

Registered Office: Premlata, 4th Floor
39, Shakespeare Sarani, Kolkata-700017
July 29, 2010



DIRECTORS' REPORT

Dear Shareholders,

The Directors present their Thirteenth Annual Report and Audited Accounts for the year ended the 31st March, 2010.

Financials

Your Company's financial performance was as follows:

	Rs./Lakhs	
	2009-10	2008-09
Turnover	55422.32	68587.66
Profit Before Depreciation and Tax	10327.30	10069.09
Less: Depreciation	<u>443.58</u>	<u>286.65</u>
Profit Before Tax	9883.72	9782.44
Less: Provision For Taxation	<u>3346.67</u>	<u>3304.06</u>
Profit After Taxation	6537.05	6478.38
Balance Brought Forward from Last Account	13864.37	9114.80
Less: Debit Balances of Profit & Loss Account of Transferor Companies upon amalga- mation	843.61	-
Amount available for Appropriation	19557.81	15593.18
Appropriations		
Transfer to General Reserve	700.00	650.00
Dividend on Equity	940.45	922.10
Tax on Dividend	<u>156.20</u>	<u>156.71</u>
Balance Carried to Balance Sheet	<u>17761.16</u>	<u>13864.37</u>

Global production and trade showed a degree of normalcy in the second half of 2009 and though the recovery was off to a reasonable start, it proceeded at different speeds in various regions and was quite balanced in almost all sectors of Indian economy. Growth forecast for the country is encouraging owing to growing internal demand, however, reasonable impact of sluggish growth in the advanced countries coupled with the uncertainties caused by vulnerability of finance sector in some economies of the world, in particular is not ruled out.

The Company's financial performance during the year was significantly affected by uneven flow of orders for Wagons from the private sector buyers due to economic downturn witnessed in the first half of the year under review and continuing impact of withdrawal of Wagon Investment Scheme by the Indian Railways. Owing to supply of Wagons to the Indian Railways in larger volume than that in the previous financial year which combined with the operational efficiency in manufacture and despatch of a different type of Wagons enabled the Company to recover and in fact end the financial year 2009-10 (**FY 09-10**) with a marginal increase in the bottomline over the last financial year (**FY 08-09**).

The financials for the FY 09-10 include those of Titagarh Steels Limited (TSL) and Titagarh Biotech Private Limited (TBPL), consequent upon their merger with the Company under a Scheme of Amalgamation sanctioned by the Hon'le High Court, Calcutta w.e.f. 01/04/2009 being the Appointed Date and hence are not comparable with those of the FY 08-09. Authorised Capital of the Company post merger increased to Rs.148 Crores consisting of 9,60,00,000 Equity Shares of Rs..10/- each aggregating Rs. 96 Crores and 5,00,00,000 Preference Shares of Rs.10/- each aggregating Rs. 50 Crores and Paid up Equity Capital of the Company enhanced to Rs. 18,80,90,690/- comprising 1,88,09,069 Equity Shares of Rs.10/- each fully paid by allotment of 3,66,954 Equity Shares of Rs.10/- each to the shareholders of TSL on 16/01/2010 whereas the entire equity shares held by the Company in TBPL (wholly owned subsidiary of the Company) were cancelled.

With proactive management approach, your Company was able to successfully tide over the challenges posed by drying up of demand from Wagon buyers in the private sector and achieve Earning Per Share (EPS) of Rs. 34.75 for the FY 09-10 even on enhanced equity capital as compared to EPS of Rs. 35.21 during the FY 08-09.



Dividend

The Board of Directors has recommended a dividend of 50% i.e. Rs. 5/- per equity share on 1,88,09,069 equity shares of Rs. 10/- each fully paid up subject to approval of the members, by appropriation of Rs.1096.65 Lakhs (including Rs.156.20 Lakhs being tax on dividend) and Rs. 700 Lakhs transferred to General Reserve from the profit for the Financial Year Ended 31st March, 2010.

Operations

The Company's overall performance during the FY 09-10 has been reasonably satisfactory measured on all the key parameters and its pursuit for growth through organic and inorganic routes continues while retaining its prominence in the industry.

Wagons

Wagons segment continued to be the chief contributor to the total revenues and in line with the previous financial year, about 90% of the Company's total Operating Income (PBDIT) during FY 09-10 was generated by this Division. Production of wagons manufactured and despatched during the year under review at 2726 & 2847 Units were lower by 24% & 22.74% respectively than that in the FY 08-09. While the Net Sales at Rs. 498.05 Lakhs were down by about 23.5%, Operating Income declined marginally by about 3.1% mainly due to reduced offtake by the Wagon buyers in the private sector.

The Division's sharp focus on use of innovative processes to achieve the desired quality with high efficiency enabled it to satisfactorily cater to its customers' requirements for various types of Wagons and continuing efforts in this direction would keep it on track for remaining prominent in the industry.

Demand for Wagons from Indian Railways is expected to be firm, however, delay in release of orders is a cause for concern. It is hoped that an improved Wagon Investment Scheme would be announced by the Indian Railways soon so as to give the much required fillip to demand from the private sector buyers.

Steel Castings

Combined production of Steel Castings during the year under review went up by ten times consequent on amalgamation of Titagarh Steels Limited (TSL) with the Company and over three-fourths of the volume was consumed internally for manufacture of Wagons. Besides the Segment's share in the Operating Income grew emphatically during FY 09-10 by about 125% compared to that in the FY 08-09, the captive Steel foundries are strategically vital to the Company for maintaining access to the critical components such as bogies and couplers at competitive prices.

The Company has become the largest manufacturer of Casnub Bogies in India since merger of TSL became effective and besides FATA Aluminium Automatic moulding line and successfully commissioned CNC Machine for machining of Coco Bogies. Thus the technical upgradation and augmentation of capacities auger well for the Division and are expected to contribute accordingly to the Company's performance in future.

Heavy Earth Moving Machinery (HEMM)

The marginal drop of about 4% in Net Sales at Rs. 2595.46 Lakhs during the FY 09-10 as against Rs. 2708.39 Lakhs in FY 08-09 notwithstanding, the Division's Operating Income increased by 32% with manufacture and sale of machines of different specifications. The Company is continuously monitoring the trends of the user industries and is fully focused on improving the financials of this Division in future by revamping its facilities appropriately.

Special Projects- Steel Bridges

Sales of Steel Bridges at Rs. 496.61 Lakhs during the FY 09-10 were higher by about 99% over that in FY 08-09 and though a marginal portion of the Company's total income came from this Segment, owing to the established manufacturing capability in this space the Company occupies a prestigious position in the industry given the importance of these projects in the infrastructural requirement of specific regions of the country. Having duly executed its first



order in the previous year, the Division expects to get a repeat order for NBC Shelters from the Ministry of Defence, Government of India.

Rail Coach Division (EMU)

First rake of EMU has been delivered to the Indian Railways from the Company's manufacturing facility equipped with the state of art machinery at the Uttarpara Unit known as Heavy Engineering Division (HED). With initially targeted capacity of manufacturing two rakes of EMUs per month, each rake consisting of nine EMU coaches, the Division is fully geared to turn out larger number of AC/EMUs.

The Government has drawn out plans for developing Metro Railways/Mass Rapid Transport System ("MRTS") in major cities across the country. This would increase the total demand for self-propelled railway passenger vehicles such as EMUs, Diesel Multiple Units ("DMUs"), Main Line Electrical Multiple Units ("MEMUs") and metro coaches etc. which augurs well for the Segment.

Modernization and Expansion of the existing facilities

The modernization and expansion of the existing facilities at Titagarh and Uttarpara, in the State of West Bengal as per the objects stated in the Prospectus issued at the time of Initial Public Offering of equity shares made in March, 2008 has been completed as reported in the interim financial results published by the Company as per the Clause 41 of Listing Agreements with the Stock Exchanges.

Further, the Company is pursuing additions to the manufacturing facilities aimed at balancing its product portfolio and consolidation of its current position as one of the largest Wagon manufacturers in the country's private sector. Accordingly, new shed for metal processing for fabrication required in the production of EMUs is nearing completion and work on prototype of Double Lane Bailey Bridges has commenced at its Uttarpara Unit.

Utilisation of the proceeds of IPO

In accordance with the Listing Guidelines, the utilization of Issue proceeds is disclosed in the Financial Results published periodically and the inter se/intra activities deployment of funds released from the Company's decision to use internal resources for remaining construction of Corporate & Design and Research Centre, into General Corporate purpose for which even though the Board is fully authorised, as a matter of abundant precaution, the same as detailed in the Notice of ensuing Annual General Meeting is placed for approval of the members thereat.

Strategic and Joint Venture Agreements

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

[Greysham and Co. Private Limited \(Greysham\)](#)

Air Brakes and Slack Adjusters are critical components for production of Wagons by the Company and to ensure dedicated supply thereof, a joint venture namely, Greysham and Co. Private Limited has been set up. By virtue of the Company's right to appoint majority of Directors on its Board, Greysham is treated as a subsidiary of the Company in terms of the provisions of the Companies Act, 1956.

[Cimco Equity Holdings Private Limited \(CEHPL\)](#)

The Company and Sponsor Group of Cimmco Limited (formerly Cimmco Birla Limited) (CIMMCO) set up a Joint Venture with 50% stake each in CEHPL formed in 2008 for revival of CIMMCO and appropriate funding thereof pursuant to a draft Rehabilitation Scheme filed by CIMMCO with the Hon'ble Board for Industrial and Financial Reconstruction (BIFR). The Company infused Rs. 48.50 Crores for revival of CIMMCO through CEHPL and upon sanction of the Scheme of Rehabilitation of CIMMCO by the Hon'ble BIFR in March, 2010, consequent to allotment of equity shares against the said amount infused by the Company through CEHPL; CIMMCO has become subsidiary of CEHPL on and from 14/03/2010. Implementation of the BIFR Sanctioned Scheme by CIMMCO is progressing for rehabilitation of CIMMCO.



[Joint Venture Agreement with FreightCar America Inc. \(FCA\)](#)

Pursuant to the Joint Venture Agreement (JV) entered into between the Company and FCA, a private limited company, 'Titagarh FreightCar Private Limited, was incorporated in India (JVC) in November, 2008 with the stakes of the Company and FCA being 49% and 51% respectively in equity capital of JVC, to develop, design, manufacture, service and distribute Aluminium Rail Cars, Gondolas and such other products as may be agreed from time to time between the partners of the JV. Efforts are being made to acquire land for the manufacturing facility while other activities of the project are progressing as per schedule.

Acquisition of Wagon/Rolling Stock Manufacturing Unit in France

Your Company has acquired as a going concern Wagon/Rolling Stock Manufacturing unit in France through a Special Purpose Vehicle (SPV) set up there for the purpose. The unit with design, research & development being its core strengths has capacity to annually manufacture 5000 special & conventional types of Wagons at its facilities spread over 17 Hectares of land and cost of acquisition is Euro 1.92 million (Rs. 1114 Lakhs approximately) with further investment envisaged being approximately Euro 13 million including some portion thereof in the equity of SPV and balance, if so required in long term working capital facilities.

The acquisition paves the way for your Company's foray into international market and in addition to the inherent synergies would enable building of presence overseas and is expected to contribute to overall growth of the Company's business in future.

Directors

Shri Umesh Chowdhary, Vice Chairman & Managing Director relinquished the office of Managing Director on 23/09/2009, continuing as Vice Chairman and Director to pursue new and emerging opportunities for the Company. Shri J P Chowdhary, Chairman cum Managing Director designated as Executive Chairman was also appointed Chief Executive Officer (CEO) pursuant to Clause 49 of the Listing Agreement.

Shri Nandan Bhattacharya, Shri Manoj Mohanka and Shri Umesh Chowdhary, Directors retire by rotation at the ensuing Annual General Meeting and are eligible for re-election. The information prescribed by Clause 49 of the Listing Agreement in respect of the said Directors is given in the Corporate Governance Report annexed to and forming part of this Report.

Directors' Responsibility Statement

The Directors state that:

- Appropriate Accounting Standards as are applicable to the Annual Statement of Accounts for the financial year ended the 31st March, 2010 have been followed in preparation of the said accounts and there were no material departures therefrom requiring any explanation;
- The Directors have selected and followed the accounting policies as described in the Schedule 22 (Notes on Accounts) and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of financial year and of the profit and loss account of the Company for that period;
- Proper and sufficient care has been taken for maintaining adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- The Annual Accounts have been prepared on a going concern basis.

Auditors

[Statutory Auditors & Auditors' Report](#)

Messrs. S R Batliboi & Co., Chartered Accountants, Auditors of the Company retire at the conclusion of ensuing Annual General Meeting and willing to continue, have submitted the certificate pursuant to Section 224(1)(B) of the Companies Act, 1956 about their eligibility for reappointment.

As regards the observations in the Auditors' Report, notes 20 and 22 in the Schedule 22- Notes on Accounts are self explanatory and require no further clarification by the Directors pursuant to Section 217 of the Companies Act, 1956. The Company is taking all action necessary in a



time bound manner in regard to the points (vii), (ix)(a) and (ix)(b) made by the Auditors in the Annexure to their Report and therefore, the same require no further clarification.

Internal Auditors

Deloitte Consulting India Private Limited has been engaged as the Internal Auditors for conducting the internal audit aimed at strengthening the internal checks and balances and reappointed Internal Auditors for the financial year ending 31st March, 2011.

Cost Auditors

Messrs. D. Radhakrishnan & Co., Cost Accountants who carried out the cost audit of Steel Foundry during the financial year ended 31st March, 2010 have been reappointed as the Cost Auditors for carrying out the Cost Audit of the Company's Steel Foundries (addition of the other Steel Foundry is pursuant to amalgamation of TSL with the Company) for the financial year ending on the 31st March, 2011.

Fixed Deposits

The Company did not accept any deposits during the financial year ended the 31st March, 2010.

Subsidiary Companies

Flourish Securities and Finance Private Limited, Titagarh Singapore Pte. Limited - wholly owned subsidiaries of the Company and Greysham and Co. Private Limited, a subsidiary, are operating in their respective areas and a statement containing in brief their financial details is included in the Annual Report. The Company has been exempted by the Central Government under Section 212(8) of the Companies Act, 1956 from attaching the Balance Sheet as at 31st March, 2010, Profit & Loss Account for the year ended that date and Reports of Directors and Auditors thereon of the said subsidiaries, to the Company's Annual Report & Accounts. However, a copy each thereof will be made available upon request for inspection by any member of the Company/its subsidiaries at the registered office of the Company and the same would also be available on the website of the Company.

Consolidated Financial Statements

In accordance with Accounting Standard 21-Consolidated Financial Statements, 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 the financial statements received from Subsidiaries, Associates and Joint Venture Companies as approved by their respective Boards, form part of this Report & Accounts.

Management Discussion and Analysis & Corporate Governance Report

The Management Discussion & Analysis and Corporate Governance Report along with a certificate on its compliance in accordance with the Clause 49 of Listing Agreements with the Stock Exchanges are annexed to and form part of this Report.

Promoter Group

In accordance with the SEBI (Substantial Acquisition and Takeovers) Regulations, 1997, details of Promoters, Promoter Group and its constituents are disclosed in a statement annexed to this Report. None of the Promoters have pledged any shares held by them in the Company.

Personnel

The particulars of employees pursuant to section 217 (2A) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are set out in the Annexure to this Report.

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

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

A statement pursuant to section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Directors) Rules, 1988 on conservation of



energy, technology absorption, foreign exchange earnings and outgo is annexed to and forms part of this Report.

Corporate Social Responsibility

Your Company's endeavors to contribute suitably to the society by being involved in a series of Community Welfare Programmes, directly and through philanthropic organizations continue. Recently the Company has joined hands with West Bengal State Government to set up an Industrial Training Institute (the "ITI") under Private Public Partnership (PPP) in Barrackpore, North 24 Parganas. Investment of about Rs. 750 Lakhs including Rs. 500 Lakhs on construction of building and Rs. 250 Lakhs of outlay in machinery, equipments and other facilities is envisaged by the State whereas your Company's contribution is by way of providing full support for training of about 160 students and consider offering need based employment to them.

Pending allotment of land by the State Government, a campus of the ITI has been set up on your Company's land at Titagarh plant, situate in Barrackpore, North 24 Parganas where the first batch of about 100 students is being imparted training in Fabrication by the personnel and faculties appointed by your Company. Upon successful completion of apprenticeship and acquisition of the requisite skills, your Company will offer regular employment to some of these apprentices in its plants. The ITI once operational fully, shall also cater to the requirement of the industrial units in the adjoining area for skilled workmen.

Listing

The Company's Equity Shares are listed at the Bombay Stock Exchange Limited (BSE) and The National Stock Exchange of India Limited (NSE) and the listing fees for the financial year ending the 31st March, 2011 have been duly paid.

Acknowledgement

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

For and on behalf of the Board

Kolkata,
July 9, 2010

J P Chowdhary
Executive Chairman & CEO



MANAGEMENT DISCUSSION AND ANALYSIS

Overall Review:

The overall performance of the Company during the financial year 2009-10 was satisfactory with all the Segments contributing to the bottomline though Wagons continued to be the mainstay. With a view to creating maximum shareholder value, the Company's resources are aimed at

- (a) Creating and maintaining niche markets and undertaking growth both through organic and inorganic routes
- (b) Improvement in utilization of assets to achieve productivity gains
- (c) Measures to consistently reduce costs and bringing improvement in productivity
- (d) Improvement of Working capital management
- (e) 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

a) Industry Outlook: As per the Railway Budget announced in February, 2010, plan outlay of Rs. 41,426 Crores during 2010-11 is higher by Rs.1142 Crores over 2009-10 including Rs.1001 Crores on Metro Projects and acquisition of 18000 Wagons is planned while freight loading capacity upped by 54 MT to 944 MT. The project of dedicated freight corridors is on track and many projects in PPP mode are envisaged which are expected to lead to continuing firm demand for Wagons in future.

b) Opportunities: The number of wagon manufacturers in private sector being restricted to a few, the increased demand for the railway wagons would generate a tangible opportunity for the Company to pursue expansion of business, Indian Railways being the single largest buyer of Wagons. With the expansion of Urban Suburban Transport System, the EMU Unit at Uttarpara manufacturing self-propelled railway passenger vehicles such as Diesel Multiple Units ("DMUs"), Main Line Electrical Multiple Units ("MEMUs") and metro coaches etc. would also reap the benefits appropriately.

c) Challenges: Uncertainty as to timely availability of raw materials & components and rising costs are major challenges for Wagon Industry in India. Land required for the facilities is also a potent challenge. The dependence on one customer i.e. Indian Railways is a concern in as much as any change in the Government policy stands to directly impact the industry.

d) Segment Review and Analysis:

	Unit	2009-10	2008-09	% Change
Production of Wagons	No.	2726	3597	(24.21)
Sales	No.	2847	3685	(22.74)
Average Realisation	Rs.Lakhs/No.	18.06	19.42	(7.00)

Review of operations: Absence of Wagon buyers in the private sector due to withdrawal of Wagon Investment Scheme by the Indian Railways and general economic downturn resulted in lower Production and Sales, however, manufacture of a different type of Wagons boosting the performance in the last quarter of FY 09-10, adverse impact on margins of this Segment was to a great extent mitigated and the Division recorded a marginal decline in Operating Income.

e) Company Outlook: Higher procurement announced by the Indian Railways, manufacture of EMUs, setting up of a joint venture company with FreightCar America Inc. of USA to foray into manufacture of Aluminium rail cars and plans to enter into the field of metro coaches augur well for the Segment.



Steel Castings

a) Industry Outlook: With the increase in demand for Wagons of various types, the Steel Castings industry is booming since these are principal critical components for production of Wagons. The products manufactured require complex technology and have to meet specific design and other specifications spelt out by the discerning end users.

b) Opportunities: The number of small manufacturers in private sector abound while the large manufacturing units generally set up in-house Foundry for eliminating any interruption in production and maintain quality of the output meant for end users for which the castings are specially made. New avenues are being added for increased cargo movement by railways resulting in higher demand for the Wagons which in turn would require more and more steel castings.

c) Challenges: The increase in Steel prices coupled with the measures taken by the Government for controlling inflation in the present time may affect profitability of the Segment.

d) Segment Review and Analysis:

	Unit	2009-10	2008-09	% Change
Production of Steel Castings	M.T.	11,110	5196	(Note 1)
Sales	M.T.	11,110*	5454**	
Average Realisation	Rs. Lakhs/MT	0.17	0.12	
Profit Before Interest, Depreciation & Tax	Rs./Lakhs	1148.40	508.96	
* Includes 8139 M.T. consumed internally for manufacture of Wagons				
** Includes 4229 M.T. consumed internally for manufacture of Wagons				

Note1: With amalgamation of Titagarh Steels Limited (TSL) and consolidation of its production of Steel Castings into the Company, the figures for the FY 09-10 are not comparable with that of FY 08-09.

Review of operations: Production and Sales increased substantially due to consolidation of the capacities of TSL with that of the Company subsequent to its amalgamation w.e.f. 01/04/09. Uninterrupted availability of Steel castings by the Division ensures timely supply of raw materials/components required by the Wagons segment thus contributing strategically to the overall performance of the Company.

e) Company Outlook: The Company has installed a Fata Aluminium Make High Pressure Automatic Moulding plant and is revamping the facilities to increase the current capacity of its Foundry to meet not only captive consumption but also explore the opportunity of sale of steel castings in the global market.

Heavy Earth Moving Machinery (HEMM)

a) Industry Outlook: Upswing in the Indian economy has boosted the demand for heavy engineering and mining equipments and the industry is set to witness sustained growth with the Government having embarked upon massive infrastructure projects.

b) Opportunities: The plans to set up new infrastructural facilities with expansion combined with the setting up of various projects for metro railways in a few major cities of India, construction of bridges, highways, airports, ports as well as housing construction, the demand for heavy engineering and mining equipments is also believed to take a long leap in the coming years.

(c) Challenges: Steel is principal raw material and volatility in its prices combined with rising cost of power and fuel are a cause of concern compounded by the impact of Government's policy measures to control inflation.



d) Segment Analysis and Review

	Unit	2009-10	2008-09	% Change
Production of Equipments	No.	10	17	41.18
Sales	No.	14	11	27.27
Average Realisation	Rs.Lakhs/No	155.35	208.91	(25.64)
Profit Before Interest, Depreciation & Tax	Rs./Lakhs	177.14	134.06	32.13

Review of operations: Despite production of units being lower by 41% and average realization down by 25%, Operating Profit of the Division improved significantly with the shift to production of Equipments of different specifications during the year under review compared to that in the financial year ended 31st March, 2009.

e) Company Outlook: The aggressive marketing strategy, changes effected in the product portfolio profile of the Division combined with the consistent efforts at cost optimization should enable the Equipments & Machinery manufactured by the Division to record better results than that achieved in the *FY 09-10*.

Special Projects

a) Industry Outlook: Bailey Bridges require superior radiographic quality fabrication technology and the manufacturers have to undergo tough procedures for obtaining license from the DGQA, Ministry of Defense, Government of India for such special products. Currently in this business, there are only four players in India of which two are in the public sector.

b) Opportunities: The Company is the largest manufacturer of Bailey Bridges in the country and emphasis on infrastructure upgradation by the Government presents reasonable growth potential, especially in the hilly terrain. Periodic upgradation in the defense capabilities of the country also demands induction of Bailey Bridges on the broader road network.

c) Challenges: Rigorous criteria set by the sensitive defence sector on selection of manufacturer are challenging apart from the consequences in the form of loss of reputation and liquidated damages in case of deviation in the actual performance.

d) Segment Review and Analysis:

	Unit	2009-10	2008-09	% Change
Production of Steel Bridges	M.T.	630	266	136.84
Sales	M.T.	466	319	46.08
Average Realisation	Rs. Lakhs/M.T.	1.06	0.78	36.90

Review of operations: The demand for Steel Bridges fluctuates due to its nature of usage being dependent on the specific circumstantial requirements of the sectors procuring the product and accordingly the Division's performance reflects the trend.

e) Company Outlook: The Company has an established presence in the segment and has bagged prestigious orders from the defence sector and also has the requisite technical collaboration for technology to enable manufacture of double lane modular bridges in place. Thus the Segment has potential for growth besides providing satisfaction to the Company of faith reposed by the Government's defence establishment.

Risks and Concerns

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

Dependence on the Indian Railways

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



Increase in the cost of raw materials and other inputs

- (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 equipment. 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 such absorption stands to adversely affect the margins.

Risk of performance guarantee, product warranty and liquidated damages

Some of the contracts for supply involve warranty periods varying from 12-24 months against manufacturing defects notwithstanding the warranties on certain components extended by the respective third party suppliers, enforcement of these may not be always feasible. Further, certain contracts carry performance guarantee clause up to 10% of the contract value, valid for the duration of the warranty period, which can be invoked in the event of there being manufacturing defects that are not rectified by the Company to the customers' satisfaction resulting in loss of reputation.

Risks associated with Organic growth of business

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

Management, revival and integration of the businesses acquired

- (a) Transfer of the facility proposed to be taken over through Greysham & Company Private Limited in which the Company has acquired strategic stake is subject to certain statutory approvals which are being actively pursued.
- (b) A joint venture company, Cimco Equity Holdings Pvt. Limited formed for infusion of appropriate funding for revival and rehabilitation of Cimco Limited (formerly CIMMCO Birla Limited) ("CIMMCO") for revival of which Rehabilitation Scheme has been sanctioned by the Hon'ble Board for Industrial and Financial Reconstruction ("BIFR") in March, 2010 and implementation of the Sanctioned Scheme is underway.
- (c) Flourish Securities & Finance Private Limited, a wholly owned subsidiary of the Company acquired in the FY 08-09 for arming itself with the flexibility of providing lease/finance option to its customers of Wagons is a Non Banking Financial Company (NBFC) registered with Reserve Bank of India and is subject to regulations prescribed by the said authority.

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

The Company has engaged the services of a professional agency to identify the risks the Company's businesses face and present a holistic report on their mitigation and such measures would be reviewed periodically by the Audit Committee and management so as to evolve an appropriate risk management policy. A degree of urgency is being imparted in this regard.

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 possible improvement wherever necessary. This area is receiving management's attention.

Discussion on Financial Performance with respect to Operational Performance

Notwithstanding the factors referred to hereinabove impacting the operations, better manufacturing processes, improved productivity and focus on optimization of resource deployment resulted in reasonably improved performance viewed in the backdrop of the trends witnessed in the industries in which the Company operates.

Human Resources

A. Empowering the employees

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

B. Industrial Relations

Industrial relations at all sites of the Company remained cordial.

C. No. of Employees:

Manpower employed as at March 31, 2010 was 832.

Cautionary 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.

For and on behalf of the Board

Kolkata, July 9, 2010

J P Chowdhary
Executive Chairman & CEO



Annexure to the Directors' Report - Financial Year Ended 31st March, 2010

As required under Clause 3(a) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations 1997, the following entities constitute "Group" (within the meaning as defined in the Monopolies and Restrictive Trade Practices Act, 1969) for the purpose of Regulation 10 to 12 of the aforesaid SEBI Regulations:

Promoter and Promoter Group Shareholding as on 31st March, 2010

Name of the Shareholders	Number of shares held	% of total paid up equity
Promoters		
Titagarh Capital Management Services Private Limited	39,26,754	20.88%
Jagdish Prasad Chowdhary	31,308	0.17%
Umesh Chowdhary	15,485	0.08%
Savitri Devi Chowdhary	36,23,207	19.27%
Sub Total	7596754	40.40%
Promoter Group		
Rashmi Chowdhary	15,74,221	8.37%
Panna Devi Kajaria	30	0.00%
Bimla Devi Kajaria	90	0.00%
Gaurav Kajaria	30	0.00%
Pawan Kajaria	30	0.00%
Sanjay Kumar Bajoria	4,899	0.03%
Vinita Bajoria	5,016	0.03%
Saket Kandoi	193	0.00%
Sumita Kandoi	217	0.00%
Subhash Kandoi	69	0.00%
Aditya Kumar Saraogi	19	0.00%
Sushil Kumar Saraogi	205	0.00%
Traco International Investment Private Limited	30,352	0.16%
Singhal Contractors & Builders Private Limited	4,691	0.03%
Tecalemit Industries Limited	2,531	0.01%
Navyug Business Private Limited	2,375	0.01%
Simplex Development Private Limited	567	0.00%
Aamer Credit Capital Private Limited *	1,096	0.01%
Vivek Vinidhan Private Limited *	1,944	0.01%
Sub Total	16,28,575	8.65%
Total Promoter/Promoter Group Holding	92,25,329	49.05%

* Vivek Vinidhan Pvt. Ltd. and Aamer Credit Capital Pvt. Ltd. merged with Simplex Development Pvt. Ltd., effect in the database of depositories yet to be given.

The following entities although not holding any equity shares in the Company are Promoter group entities as disclosed in the Prospectus issued by the Company in 2008/declarations submitted to the Stock Exchange(s):

Listed Promoter Group companies

1. Continental Valves Limited
2. Apex Traders and Exporters Limited

Unlisted Promoter Group companies

1. Bhatpara Papers Limited
2. Shivalik Mercantile Private Limited
3. Sourenee Leaves Private Limited
4. Titagarh Logistics Infrastructures Private Limited
5. Titagarh Papers Limited
6. Titagarh Shipyd Limited
7. West Bengal Pulpwood Development Corporation Limited

Non-incorporated Promoter Group entities

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



ANNEXURE A

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

A. CONSERVATION OF ENERGY:

a) Energy conservation measures taken:

1. Use of transparent sheets in sheds to utilize sunlight for illumination and thus reducing electrical energy input for illumination.
2. Installation of power saver compressor units replacing old and inefficient compressors.
3. Installation of capacitor bank at load end to reduce Reactive Energy intake and thus improving Power Factor.
4. Welding machines with power savers (inverter base) installed to save power.
5. Use of HSD in DG sets.

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

1. Usage of CFL/Energy Efficient lighting system for shop floor illumination.
2. Energy saving units being installed in lighting circuit to reduce consumption by 20%.
3. One power efficient 500cfm compressor to be installed replacing old and inefficient compressor.
4. System being designed for reduction in No-Load Losses of Welding transformers, by automatically cutting off supply when not in operation.
5. Replacement of rewound and inefficient drives.
6. Water management by delinking industrial and domestic use.
7. Installation of capacitor banks to improve Power Factor at Steel Casting Unit.

(c) Impact of measures at a) and b) above for reduction of energy consumption and consequent impact on cost of production of goods:

The measures taken as above will result in saving of non renewable sources of power and energy which are scarce and expensive in the country and thus result in lowering of the cost of production as well as saving the non renewable sources of energy.

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

i	Electricity			
	Purchased	2009-10	2008-09	
	Units (Kwh)	28060.702	132304.889	
	Total Amount (RS. In lacs)	1420.71	555707.93	
	Rate/Unit (Rs.)	5.06	4.20	
iii	Furnace Oil/LDO/LVFO	2009-10	2008-09	
	Quantity (K Litres)	2068.71	1992.48	
	Total cost (Rs. In lacs)	765.4227	714.9517	
	Average rate (Rs.)	0.37	0.36	
b	Consumption per unit of production			
	Products	Standards	2009-10	2008-09
	Wagons			
	No. of Wagons produced	-	2726	
	Electricity (Kwh) per Wagon manufactured	-	1617.32	
	Steel Castings			
	MT of Castings Produced	-	11110	
	Electricity (Kwh) per MT of casting manufactured	-	1586.81	
	Furnace Oil per MT of casting manufactured	-	155.73	
	HEMM			
	Number	-	10	



	Electricity (Kwh) per unit manufactured	-	226710.84	
	Bailey Bridges			
	MT produced	-	630	
	Electricity (Kwh) per MT manufactured	-	34.77	

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.

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. The Company has already set up an EMU manufacturing facility at its Uttarpara unit and a prototype of the same has already been despatched.

4. Expenditure on R & D:

	(Rs. In lacs)	
	2009-10	2008-09
Capital	Nil	Nil
Recurring	8.40	8.10
Total	8.40	8.10
Total R & D expenditure as a percentage of total turnover	0.02%	0.01%

Technology absorption, adaptation and innovation

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

- a) A few critical wagon parts were produced by using specially developed Press Tools. We achieved more accurate parts by this innovative process. Earlier these parts were produced by Plasma Cutting process.
- b) We have been saving a considerable amount of Man-hours after making a few innovative process changes during the fabrication of wagons. As a result, re-work were reduced considerably.
- c) After the implementation of various innovative press tools, our NBC (IFS) productivity as well as Quality, has been improved substantially.
- d) Some of the Hydraulic Tanks required chilling plant from outside sources which are very costly. We have made our own innovative design and installed two machines in place of Hydraulic Tanks. 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 led to cost reduction in the form of development of an import substitution item. This would open a passage to world market as well.

3. Information on imported technology



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

2. FOREIGN EXCHANGE EARNINGS AND OUTGO:

- a) Activities relating to exports, initiatives taken to increase exports, development of new export markets and export plans:
 - (i) A Memorandum of Understanding is proposed to be signed with the Government of India's agency RITE International for cooperation in respect of exclusive export market.
 - (ii) Efforts are being made to secure an order for limestone carrying wagons for Malaysian railway tracks.
- b) Total foreign exchange used and earned:
As per Notes No. 16 and 17 of the Notes to Accounts.

**ANNEXURE B**

Particulars required under the Companies (Particulars of Employees) Rules, 1975.

Particulars	Name of the Employees	
	Shri J P Chowdhary	Shri Umesh Chowdhary
Designation	Executive Chairman	Vice Chairman & Managing Director*
Remuneration Received (Rs./Lacs)	433.67	176.64**
Nature of employment	Contractual	Contractual
Nature of duties of employees	Managing the day to day affairs of the Company	Managing the day to day affairs of the Company
Qualifications	B.Com. MIMA	B. Com
Experience (Years)	48	18
Date of commencement of employment	08.01.2007	01.07.2002
Age (Years)	70	36
Last employment held	Bhartia Electric Steel Company Limited	Titagarh Industries Limited
Number and % of equity shares held in the Company	31,308 (0.17%)	15,485 (0.08%)

**Distribution individually of commission payable to non-executive directors to be decided by the Board in due course, hence not included here.*

***Shri Umesh Chowdhary was Vice Chairman and Managing Director till 23.09.2009. From 24.09.2009 he is Vice Chairman and Director*

Shri Umesh Chowdhary is a relative of Shri J P Chowdhary.



STATEMENT REGARDING SUBSIDIARY COMPANIES AS ON 31ST MARCH 2010
Particulars required under Section 212 of the Companies Act, 1956

IN RUPEES

1.	Name of the Subsidiary Company	Flourish Securities and Finance Private Limited	Greysham & Co. Private Limited	Titagarh Singapore Pte. Limited*
2.	Financial period of the subsidiary ended on	31/03/2010	31/03/2010	31/03/2010
3.	Holding Company's Interest	100% of the paid up Equity and Preference Share Capital	50% 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	10,99,00,000	71,00,000	4,80,74,100
	Preference Share Capital	2,50,000,000	Nil	Nil
5.	Reserves	2,25,000	Nil	Nil
6.	Total Assets	87,67,25,000	71,00,000	4,62,05,846
7.	Total Liabilities	87,67,25,000	71,00,000	4,62,05,846
8.	Investments	Nil	Nil	Nil
9.	Turnover	Nil	Nil	Nil
10.	Total Income	17,88,253	15,851	41,994
11.	Net Aggregate Profit/(Loss) for the current year- (Before Tax)	(55,91,798)	(2,60,388)	(8,91,791)
12.	Provision for Taxation (Including Deferred Taxes)	Nil	Nil	Nil
13.	Profit/(Loss) After Tax	(55,91,798)	(2,60,388)	(8,91,791)
14.	Proposed Dividend	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
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	Nil	Nil	Nil
17.	Net Aggregate Profits/ Losses for the previous 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
18.	Net Aggregate Profits/ Losses for the previous 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	Nil	Nil	Nil
19.	Net aggregate amounts received as Dividend for the Previous Financial Years since becoming subsidiary dealt with in the accounts of the Holding Company in the Financial Years	Nil	Nil	Nil

* Subject to audit as per the laws of Singapore.

[Exchange Rate for conversion: 1USD=Rs. 45.14 as on 31.03.2010]



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 quality deservingly is the focus of attention consistently with the ultimate aim of bringing full satisfaction to its customers.

Board of Directors

TWL's Board comprises ten directors -Executive Chairman being the executive director subsequent to relinquishment of office of managing director on 23/09/2009 who continues as Vice Chairman, two nominee directors of equity investors, five non-executive and independent directors and two non-executive directors including the Vice Chairman.

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

Director	No. of Board Meetings attended	Attendance at previous AGM on 14/09/2009	No. of outside directorships held ^a	No. of membership/ chairmanship in Committees ^b	Executive/Non Executive/Independent
Shri J P Chowdhary	10	Absent	4	1	Executive
Shri Umesh Chowdhary*	8	Present	3	1	Non Executive*
Shri D N Davar	11	Present	14	9	Independent
Shri Nandan Bhattacharya	11	Present	2	3	Independent
Shri Abhas Sen	10	Present	2	3	Independent
Shri Alope Mookherjea	8	Present	4	2	Independent
Shri Manoj Mohanka	3	Present	7	3	Independent
Shri Anoop Sethi	-	Absent	1	-	Nominee
Shri Sanjay Kukreja	7	Absent	2	1	Nominee
Shri Nand Kishore Mittal	8	Present	3	-	Non Executive

* Vice Chairman & Managing Director till 23/09/09 and Vice Chairman & Non Executive Director w.e.f. 24/09/09

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

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

Board Meetings held during the Financial Year Ended the 31st March, 2010

During the Financial Year Ended 31st March, 2010, eleven (11) Board Meetings were held on 15th May, 2009 (two meetings on the same day), 30th June, 2009, 27th July, 2009, 14th September, 2009, 23rd September, 2009, 23rd October, 2009, 27th January, 2010, 11th February, 2010, 15th March, 2010 and 25th March, 2010.

Re-appointment of Directors

The following directors retire by rotation and are eligible for reappointment. A brief resume together with the other directorship/committee membership of the directors being reappointed is given below:

- a) Shri Nandan Bhattacharya**, aged about 70 years is an Independent Director of the Company. He holds a Bachelor's degree in Engineering with specialization in telecommunication and electronics from Jadavpur University, Kolkata. Prior to joining the Company's Board in September 1999, he served Philips India Limited and Webel Telecommunications Limited. He was Managing Director of West Bengal Electronics Industries Development Corporation Limited and also the India Head of Asia IT&C project of European Commission at Bangkok. Shri Bhattacharya has 43 years of experience in manufacturing, industrial promotion and service.

The other Directorships held by him are: Mishanti Engineers Limited, IFB Agro Industries Limited, Cadworld Infosystems Private Limited and Flourish Securities and



Finance Private Limited apart from Titagarh Wagons Limited. He is Chairman of the Shareholders'/ Investors' Grievance Committee and member of Audit and Remuneration Committees of the Company.

- b) Shri Manoj Mohanka**, 47 years, is an Independent Director of the Company. He holds a Bachelor's degree in Commerce with Honours from St. Xaviers 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. He is currently President of the Calcutta Chamber of Commerce and is also Co-Chairman of the Economic Affairs Committee of FICCI (Eastern Region). He has over 20 years of experience in manufacturing and service. Mr. Mohanka joined the Company's Board on December 21, 2001.

He is also a Director on the Board of the following companies: Network 18 Media & Investment Limited, Television 18 India Limited, Television 18 Mauritius Limited, 3D Technologies Limited, India Carbon Limited, MyVakil.com Private Limited, Info Media (India) Limited, Artevea Digital India Private Limited and iBN18 BroadCast (India) Limited. Mr. Mohanka is a member of the Shareholders'/Investors' Grievance, Audit and Remuneration Committees of the Company.

- c) Shri Umesh Chowdhary** aged about 36 years, holds a Bachelor's degree in Commerce from St. Xavier's College, Kolkata and has attended one module of the Owner/President Management Programme of Harvard Business School, Boston, USA. He has 18 years of experience in the manufacturing sector. On Board of the Company since incorporation he was appointed as Whole time Director on July 1, 2002, and Managing Director on September 5, 2002, and such appointment was renewed for 5 years w.e.f. 01/07/2007. Mr. Umesh Chowdhary was appointed Vice Chairman & Managing Director by the Board on April 28, 2008. He resigned from the post of Managing Director on 23/09/2009 and is Vice Chairman and Director of the Company w.e.f. 24th September, 2009.

Mr. Umesh Chowdhary's other directorships are as follows: Continental Valves Limited, Titagarh Capital Management Services Private Limited, Sourenee Leaves Private Limited, Titagarh Logistics Infrastructures Private Limited, Titagarh Singapore Pte. Limited, Titagarh Shipyd Limited, Titagarh FreightCar Private Limited and Cimmco Limited. He is a member of Shareholders'/Investors' Grievance Committee of the Company.

Board Committees

Audit Committee

The Audit Committee comprises Messrs D N Davar, Nandan Bhattacharya and Manoj Mohanka (Non Executive and Independent Directors). Shri D N Davar, Ex Chairman of Industrial Finance Corporation of India who is an expert inter alia in banking, development banking, financial and internal control areas, is the Chairman of the Audit Committee. Shri D Arya, Company Secretary acts as the Secretary to the Committee. The role and duties of the Audit Committee have been defined by the Board of Directors under Section 292A of the Companies Act, 1956 and cover the areas mentioned under Clause 49 of the Listing Agreement (as amended from time to time). Attendance at and dates of Audit Committee meetings held are as follows:

Name	Attendance at the Audit Committee meeting held on				
	15.05.2009	30.06.2009	27.07.2009	23.10.2009	27.01.2010
Shri D N Davar	Present	Present	Present	Present	Present
Shri N Bhattacharya	Present	Present	Present	Present	Present
Shri Manoj Mohanka	Absent	Absent	Present	Absent	Absent

Shareholders'/Investors' Grievance Committee

Shareholders'/Investors' Grievance Committee is headed by Shri Nandan Bhattacharya, a Non-Executive Independent Director with Shri Manoj Mohanka and Shri Umesh Chowdhary the other two members. Shri D. Arya, Company Secretary is the Compliance Officer. Four (4) meetings of the Committee were held during the financial year ended the 31st March, 2010. 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

Name	15.05.2009	27.07.2009	24.10.2009	25.01.2010
Shri Nandan Bhattacharya	Present	Present	Present	Present
Shri Manoj Mohanka	Absent	Present	Absent	Absent
Shri Umesh Chowdhary	Present	Present	Present	Present

In total, 26 cases of Investors' Grievances (including normal routine queries) were received during the period from 01-04-2009 to 31-03-2010 pertaining to Non-Receipts of Dividend Warrants/Annual Reports/Non-Receipt of certificate(s)/credit of share(s), which were duly redressed and no Investors' Grievance is pending as at 31st March, 2010.

All valid requests for transfer of shares in physical mode received during the financial year ended the 31st March, 2010 have been acted upon by the Company and no such transfer is pending.

Remuneration Committee

Remuneration Committee comprising Messrs D. N. Davar, Nandan Bhattacharya and Manoj Mohanka, all independent and non-executive directors, is headed by Shri D. N. Davar. The Committee met on 23.10.2009 and 11.02.2010 during the financial year ended 31st March, 2010 and both the meetings were attended by Shri D N Davar and Shri Nandan Bhattacharya. Shri Mohanka did not attend any meeting of the Committee.

Remuneration Policy of the Company:

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.

Remuneration of Directors for the financial year ended the 31st March, 2010 and their shareholding in the Company:

Name of Director	Position	Rs./Lacs			
		Sitting Fees	Salaries and Perquisites	Total	No. of Shares held
Shri J P Chowdhary	Executive Chairman & CEO	Nil	433.67	433.67	31,308
Shri Umesh Chowdhary	Vice Chairman & Non Executive Director (w.e.f. 24/09/2009)	0.60	176.64	177.24	15,485
Shri D N Davar	Non Executive & Independent Director	3.40	Nil	3.40	Nil
Shri Nandan Bhattacharya	-do-	3.80	Nil	3.80	Nil
Shri Abhas Sen	-do-	2.00	Nil	2.00	Nil
Shri Alope Mookherjee	-do-	1.60	Nil	1.60	Nil
Shri Manoj Mohanka	-do-	0.90	Nil	0.90	Nil
Shri Anoop Sethi	Nominee of 2i Capital PCC	Nil	Nil	Nil	Nil
Shri Sanjay Kukreja	Nominee of Goya Limited	Nil	Nil	Nil	Nil
Shri Nand Kishore Mittal	Non Executive Director	1.60	Nil	1.60	90
Total		13.90	610.31	624.21	46,883

- a) Distribution individually of commission payable to the non-executive directors to be decided by the Board in due course and hence not included above; and
- b) Messrs. Anoop Sethi and Sanjay Kukreja, Nominee Directors have voluntarily waived the sitting fees for attending the meetings of Board and Committees.

General Body Meetings

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

Year	Kind of Meeting	Venue	Date	Time	No. of special resolutions passed
2006-2007	10 th Annual General Meeting	Premalata Building, 4 th Floor, 39, Shakespeare Sarani, Kolkata- 700017	18.08 2007	11.00 A .M.	Nil
2007-2008	11 th Annual General Meeting	Kalamandir, 48A Shakespeare Sarani, Kolkata-700017	28.07.2008	10.30 A.M.	One
2008-2009	12 th Annual General Meeting	Kalakunj, 48, Shakespeare Sarani, Kolkata-700017	14.09.2009	11.00 A.M.	Three



Resolutions passed through Postal Ballots were as follows:

During the year four resolutions (two special resolutions and two ordinary resolutions) were passed by means of two postal ballots exercises.

Postal Ballot-1

Following Resolutions were passed through this Postal Ballot:

Resolution No. 1: Insertion of sub-clause in the "Main Objects" Clause of the Memorandum of Association of the Company (Special Resolution)

Resolution No. 2: To mortgage or charge immovable properties of the Company for securing the borrowings (Ordinary Resolution)

Salient features of this postal ballot were:

- (i) The Board of Directors of the Company at its meeting held on 27th July, 2009 appointed Shri B P Dhanuka, Practicing Company Secretary and Past President of the ICSI as the Scrutinizer for conducting the Postal Ballot Process.
- (ii) The Company completed the dispatch of notice and postal ballot forms along with postage prepaid reply envelope by 17th August, 2009 under certificate of posting to its members whose name(s) appeared on the Register of Members/list of beneficiaries as on the 14th August, 2009 as provided by RTA.
- (iii) The last date of receipt of Postal Ballot Forms was 17th September, 2009.
- (iv) The Report was submitted by the Scrutinizer to the Chairman on 22nd September, 2009.
- (v) Based on the said Report, the Chairman declared the Results on the 22nd September, 2009 at the Registered Office of the Company.
- (vi) 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	230	9995120	-	230	9995120	-
(b) Less: Invalid Postal Ballot forms	11	686	-	11	686	-
(c) Net valid postal ballot forms	219	9994434	100.000	219	9994434	100.000
(d) Postal Ballot forms with assent for the resolution	217	9993878	99.999	210	9093155	90.986
(e) Postal Ballot forms with dissent for the resolution	2	500	0.001	9	900655	9.012
(f) No. of shares short voted	-	56	-	-	624	0.002

The Resolutions were passed by the shareholders with the requisite majority.

Postal Ballot-2

Following Resolutions were passed through this Postal Ballot:

Resolution No. 1: Variation in terms of remuneration of Shri J P Chowdhary, Executive Chairman (Ordinary Resolution)

Resolution No. 2: Payment of Commission to Non-Executive Directors (Special Resolution)

Salient features of this postal ballot were:

- (i) The Board of Directors of the Company at its meeting held on 23rd October, 2009 appointed Shri B P Dhanuka, Practicing Company Secretary and Past President of the ICSI as the Scrutinizer for conducting the Postal Ballot Process.
- (ii) The Company completed the dispatch of notice and postal ballot forms along with postage prepaid reply envelope by 12th November, 2009 under certificate of posting to its members whose name(s) appeared on the Register of Members/list of beneficiaries as on the 6th November, 2009 as provided by RTA.
- (iii) The last date of receipt of Postal Ballot Forms was 12th December, 2009.
- (iv) The Report was submitted by the Scrutinizer to the Chairman on 15th December, 2009.



(v) Based on the said Report, the Chairman declared the Results on the 16th December, 2009 at the Registered Office of the Company.

(vi) 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	209	10158532	-	209	10158532	-
(b) Less:- Invalid Postal Ballot forms	09	435	-	09	435	-
(c) Net valid postal ballot forms	200	10158097	100.00	200	10158097	100.00
(d) Postal Ballot forms with assent for the resolution	158	10155140	99.97	153	10154831	99.97
(e) Postal Ballot forms with dissent for the resolution	42	2937	0.03	47	3151	0.03
(f) No of shares short voted	-	20	-	-	115	-

The Resolutions were passed by the shareholders with the requisite majority.

No special Resolution required to be passed through a Postal Ballot is proposed at the ensuing Annual General Meeting of the Company.

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 31st March, 2010 and no 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 relating to the capital markets, during the last 3 years.

Code of Conduct

In compliance of the Clause 49, to emphasize the importance of ethical behaviour and for protection of all stakeholders' interests, Code of Conduct for Directors and Senior Management laid down by the Board of Directors is posted on the Company's website. The Code of Conduct has been adopted by the Directors on 28.04.2008. Chief Executive Officer's certificate of compliance of the Code of Conduct by the Directors and Senior Management is appended.

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.

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 (Economic Times or Business Standard) and Vernacular (Aaj Kal or Pratidin) dailies. The interim financial results/ reports are also 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	Friday, 27 th August, 2010
Time	10.00 A.M.
Venue	Rotary Sadan, 94/2 Chowringhee Road, Kolkata-700020



Dates of Book Closure: 21st August, 2010 to 27th August, 2010 (both days inclusive)

Financial Calendar:

First Quarter Results	July/August, 2010
Second Quarter Results	October/November, 2010
Third Quarter Results	January/February, 2011
Fourth Quarter Results	April/May, 2011

Outstanding ADRs/GDRs/Warrants or any convertible instruments, conversion date and likely impact on equity: *Not applicable*

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 2010-11 have been paid to both BSE and NSE.

ISIN for dematerialization is INE 615H01012

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

A. BOMBAY STOCK EXCHANGE LIMITED

Month	High (Rs.)	Low (Rs.)	Quantity Traded (Shares)	Sensitive Index	
				High	Low
April, 2009	229.30	141.55	22,15,391	11,492.10	9546.29
May, 2009	338.00	197.45	21,23,665	14,930.54	11,621.30
June, 2009	444.85	320.00	13,86,982	15,600.30	14,016.95
July, 2009	455.00	282.15	37,90,026	15,732.81	13219.99
August, 2009	324.80	275.25	8,23,686	16002.46	14,684.45
September, 2009	333.80	295.10	6,35,858	17,142.52	15356.72
October, 2009	346.50	266.40	7,68,774	17493.17	15805.20
November, 2009	339.00	256.00	7,93,206	17,290.48	15,330.56
December, 2009	488.70	306.70	48,33,275	17,530.94	16,577.78
January, 2010	482.00	340.00	30,29,569	17,790.33	15,982.08
February, 2010	485.00	340.30	2,09,34,826	16,669.25	15,651.99
March, 2010	374.90	323.00	30,87,222	17,793.01	16,438.45

B. THE NATIONAL STOCK EXCHANGE OF INDIA LIMITED -

Month	High (Rs.)	Low (Rs.)	Quantity Traded (shares)	CNX NIFTY	
				High	Low
April, 2009	230.10	141.10	2722151	3517.25	2965.70
May, 2009	340.00	192.15	2373004	4488.05	3478.70
June, 2009	445.00	320.50	2523402	4688.95	4206.70
July, 2009	455.00	285.60	6010745	4596.75	3918.75
August, 2009	325.00	261.15	1482654	4743.75	4353.45
September, 2009	334.15	296.20	1275265	5030.75	4576.60
October, 2009	346.80	268.10	1612265	5181.95	4711.70
November, 2009	339.30	253.00	1340875	5116.45	4538.50
December, 2009	488.30	306.10	9406395	5221.85	4943.45
January, 2010	456.00	387.30	6280296	5310.85	4766.00
February, 2010	484.90	341.00	40729548	4922.05	4712.75
March, 2010	373.70	323.00	6180586	5329.55	4935.35

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

The Company has appointed Karvy ComputerShare Private Limited, Karvy House, 21 Avenue 4, Street No. 1, Banjara Hills, Hyderabad-500086 as the RTA for both physical and dematerialised share maintenance. Share transfers are generally effected within 15 days of lodgment or such period as may be permissible by law/regulatory authority.



Categories of Shareholding as on 31st March, 2010

Category	No. of Shares held	% of total shares
Promoter & Promoter Group	92,25,329	49.05
Mutual Funds & UTI	3,19,697	1.70
Private Corporate Bodies	10,95,284	5.82
Indian Public	17,81,639	9.47
N R I s/O C B s	44,32,983	23.57
Foreign Institutional Investors	19,05,161	10.13
Clearing Members	48,976	0.26
TOTAL	1,88,09,069	100.00

Dematerialisation of shares and liquidity: 99.77% of total equity shares of the Company have been dematerialised as on 31st March, 2010.

Distribution of Shareholding as on 31st March, 2010

Range of Shares	Number of Shares	No. of Shareholders	% to total Shares
1 to 5000	10,23,793	23,169	5.44
5001 to 10000	2,23,065	284	1.19
10001 to 20000	2,29,403	152	1.22
20001 to 30000	1,26,746	52	0.67
30001 to 40000	84,475	23	0.45
40001 to 50000	79,865	17	0.42
50001 to 100000	2,18,020	33	1.16
100001 & above	1,68,23,702	45	89.44
TOTAL	1,88,09,069	23,775	100.00

Subsidiary Companies:

There is no material non listed Indian subsidiary company.

The Company has the following Wholly Owned Subsidiaries:

1. Flourish Securities and Finance Private Limited - Shri Nandan Bhattacharya, Shri Abhas Sen and Shri N K Mittal are Directors on its Board.
2. Titagarh Singapore Pte. Ltd. - Shri Umesh Chowdhary is a Director on its Board.

Greysham & Co. Private Limited is a subsidiary of the Company by virtue of the Company's right to appoint majority of the Directors on its Board.

Titagarh Biotec Private Limited, erstwhile wholly owned subsidiary of the Company had been amalgamated with the Company w.e.f. 1st April, 2009.

Save and except the above companies there is no other subsidiary company. The requirements of the Clause 49 with regard to subsidiary company have been complied with.

Plant Locations: The Company's plants are located at:

1. Wagon Division
P.O. Titagarh- 743188
District: 24 Parganas (N) West Bengal, India
Telephone: 91 33 2707 4078; Fax 91 33 2501 0270
2. Heavy Engineering Division (HED)
Hindmotor- 712233
District : Hooghly, West Bengal, India
Telephone: 91 33 2664 1755; Fax 91 33 2664 7333
3. Steel Castings Division



1, Abdul Quddus Road
Titagarh-743188
District: 24 Paraganas (N)
West Bengal
Telephone: 91 33 2545 7067; Fax 91 33 2545 7068

Address for correspondence:

1. Titagarh Wagons Limited
Premlata, 4th Floor
39, Shakespeare Sarani,
Kolkata-700017
Telephone: 91 33 2283 4467; Fax: 9133 2289 1655

Email for investors: investors@titagarh.biz
Web site: www.titagarh.biz

2. Karvy Computershare Private Limited
Karvy House, 21 Avenue 4
Street No.1, Banjara Hills,
Hyderabad- 500 086
Telephone: 91 40 2342 0815; Fax 91 40 23420814
email: titagarhpo@karvy.com
Exclusive email for investor complaints: inward.ris@karvy.com

On behalf of the Board of Directors

Kolkata
July 9, 2010

J P Chowdhary
Executive Chairman & CEO



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 2010 and to the best of our knowledge and belief, we state that:

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

J P Chowdhary
Executive Chairman & CEO

Anil Kumar Agarwal
Chief Financial Officer

Kolkata July 9, 2010



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, 2010.

For Titagarh Wagons Limited

J P Chowdhary
Executive Chairman & CEO

Kolkata
July 9, 2010



Certificate on Compliance of Corporate Governance

To the Members of
Titagarh Wagons Limited

I have examined the compliance of conditions of Corporate Governance by Titagarh Wagons Limited for the year ended on 31st March, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with relevant Stock Exchanges.

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

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

I state that no investors grievances are pending for a period exceeding one month against the Company, as per records maintained by the Shareholders'/Investors' Grievance Committee.

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

B P Dhanuka
Practicing Company Secretary
C P No. 6041
FCS 615

Place: Kolkata
Date: 9th July, 2010

Auditors' Report

To
The Members of Titagarh Wagons Limited

1. We have audited the attached Balance Sheet of Titagarh Wagons Limited ('the Company') as at March 31, 2010 and also the Profit and Loss account and the cash flow statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) (the Order) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. (a) Without qualifying our opinion, we draw attention to note no. 26 on Schedule 22 regarding investments made and loans and advances aggregating to Rs. 14,145.38 lacs given by the Company to a subsidiary and a joint venture company for the purpose of acquiring controlling stake in certain financial assets like leased wagons, debts / loans, etc. of a sick company, rehabilitation scheme of which is under implementation. Pending revival of the said sick company, these investments and loans and advances have been considered good of recovery by the management.

(b) Attention is drawn to Note No. 20 (a) on Schedule 22, regarding non provision of Rs. 329.03 lacs towards diminution in the value of certain investments in a company based on its latest audited financial statements as at June 30, 2009. In view of the management, the present diminution is considered as temporary in nature since the investment is strategic in nature and also because the current realizable value of the assets held by the aforesaid company is likely to be significantly higher than the book value of investment and no provision towards such diminution is considered necessary.

(c) As given in Note No. 20 (b), debts amounting to Rs. 746.57 lacs recoverable from a customer have not been realized since last year. The Company has taken reasonable steps in the matter and is hopeful to recover these dues. Accordingly, these dues have been considered good of recovery. For the reasons mentioned above, Terminal Excise duty claim of Rs. 195.34 lacs from the Director General of Foreign Trade have also been considered as good of recovery.

5. Further to our comments in the Annexure referred to above, we report that:
- i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - v. On the basis of the written representations received from the directors, as on March 31, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with para 4 above whose impact on the Company's profit, if any, is presently not ascertainable, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - a) in the case of Balance Sheet, of the state of affairs of the Company as at March 31, 2010;
 - b) in the case of Profit and Loss Account, of the profit for the year ended on that date; and
 - c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For S.R. BATLIBOI & CO.
Firm Registration No. 301003E
Chartered Accountants

per R. K. Agrawal
Partner
Membership No.: 16667
Place: Kolkata
Date: May 17, 2010

Annexure referred to in paragraph 3 of our report of even date

Re: Titagarh Wagons Limited ('the Company')

- (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. As informed, no material discrepancies were noticed on such verification.
 - (c) There was no substantial disposal 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) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Therefore the provisions of clauses (iii) (b), (c) & (d) of the Order, are not applicable to the Company.
 - (b) As informed, 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. Hence the provisions of clauses (iii) (f) & (g) of the Order, are not applicable to the company.
- (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. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- (v) According to the information and explanations provided by the management, we are of the opinion that there are no particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956, which need to be entered into the register maintained under section 301. Hence the provisions of clause (v) (b) of the Order are not applicable to the Company.

- (vi) The Company has not accepted any deposits from the public.
- (vii) *The Company has appointed a firm of Chartered Accountants to carry out the internal audit for the year ended March 31, 2010, the report whereof has been received, but the internal audit scope and coverage needs to be further strengthened commensurate with the size and nature of its business.*
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess, etc have generally been regularly deposited with the appropriate authorities *though there has been delays in a few cases of provident fund and income tax and significant delay in case of custom duty of Rs. 573.67 lacs (including interest of Rs.166.90 lacs) for liability arisen due to non-fulfillment of export obligation against duty free imports as included in Note No.21 on schedule 22.*
- (b) According to the information and explanations given to us, *except as given below* no undisputed dues 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 statutory dues which were outstanding, at the year end for a period of six months from the date they become payable:

Name of the statute	Nature of the dues	Amount (Rs in lacs)	Period to which the amount relates	Due Date	Date of Payment
Central Excise and Customs Act, 1944	Custom duty (including interest)	230.16	2006-07	September 06, 2009	Not Yet Paid
		289.52	2009-10	June 7, 2009	April 21, 2010

- (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
Income Tax Act 1961	Disallowances under various sections	53.68	2003-04, 2004-05, 2005-06	Assistant Commissioner of Income Tax
West Bengal Sales Tax Act, 1944	Deferment of Sales Tax Liability	55.32	2004-05	Additional Commissioner, Commercial Taxes
West Bengal Sales Tax Act, 1944	Disallowances under various sections	5.24	2004-05	Deputy Commissioner, Commercial Taxes
Central Sales Tax Act, 1956	Disallowances under various sections	101.63	2004-05, 2005-06	Deputy Commissioner, Commercial Taxes
Value Added Taxes Act, 2003	Disallowances under various sections	352.64	2005-06	Additional Commissioner, Commercial Taxes
Central Excise and Customs Act, 1944	Disallowance of Modvat Credit	1576.28	2002-03, 2003-04, 2004-05, 2006-07, 2007-08	Commissioner of Central Excise (Appeals)

- (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 financial institution and bank.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.

- (xvi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has 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) We have verified that the end use of money raised by public issues is as disclosed in the note no. 18 on schedule 22 to the financial statements.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For S.R. BATLIBOI & CO.
Firm Registration No. 301003E
Chartered Accountants

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

Place: Kolkata
Date: May 17, 2010

Balance Sheet as at March 31, 2010

TITAGARH WAGONS LIMITED

	Schedules	March 31,2010 Rs.in Lacs	March 31,2009 Rs.in Lacs
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	1,880.91	1,844.21
Reserves and Surplus	2	43,971.63	37,323.22
Loan funds			
Secured Loans	3	7,368.16	1,131.59
Unsecured Loans	4	63.43	51.72
Deferred Tax Liabilities (net)		12.35	69.69
		53,296.48	40,420.43
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	13,112.55	7,571.41
Less : Accumulated Depreciation/Amortisation		4,896.04	1,188.51
Net Block		8,216.51	6,382.90
Capital Work -in- Progress including Capital Advances		2,667.64	418.52
		10,884.15	6,801.42
Capital Expenditure on Expansion Projects	6	-	1,158.24
		10,884.15	7,959.66
Investments	7	4,916.28	774.33
Current Assets, Loans and Advances			
Inventories	8	18,959.13	14,321.39
Sundry Debtors	9	9,548.96	5,659.16
Cash and Bank Balances	10	10,604.92	9,599.07
Other Current Assets	11	854.06	430.09
Loans and Advances	12	13,867.17	14,116.21
		53,834.24	44,125.92
Less : Current Liabilities and Provisions			
Current Liabilities	13	13,496.83	10,644.52
Provisions	14	2,841.36	1,814.34
		16,338.19	12,458.86
Net Current Assets		37,496.05	31,667.06
Miscellaneous Expenditure			
(To the extent not written off or adjusted)			
Payment under early retirement scheme		-	19.38
		53,296.48	40,420.43

Accounting Policies and Notes to Accounts

22

Schedules 1 to 14 and 22 referred to above form an integral part of the Balance Sheet

As per our Report of even date

As Approved

For and on behalf of the Board of Directors

For S. R. BATLIBOI & CO.

Firm Registration No.: 301003E

CHARTERED ACCOUNTANTS

J P Chowdhary**Executive Chairman****D N Davar****Director****per R. K. Agrawal**

Partner

Membership No. 16667

Place: Kolkata

Dated : May 17, 2010

Anil Kumar Agarwal**Chief Financial Officer****Dinesh Arya****Company Secretary**

TITAGARH WAGONS LIMITED

Profit & Loss Account for the Year ended March 31, 2010

	Schedules	2009-10 Rs.in Lacs	2008-09 Rs.in Lacs
INCOME			
Gross Sales		57,172.53	75,760.77
Less: Excise Duty		1,750.21	7,173.11
Net Sales		55,422.32	68,587.66
Other Income	15	2,458.18	1,904.63
		<u>57,880.50</u>	<u>70,492.29</u>
EXPENDITURE			
Raw Materials and Components Consumed	16	32,956.86	49,810.29
Manufacturing Expenses	17	8,037.49	5,922.19
(Increase)/Decrease in Stocks	18	1,074.88	(270.64)
Excise Duty and Cess on Stocks		(209.88)	(317.08)
Payments to and Provisions for Employees	19	1,558.13	1,082.95
Administration, Selling and Other Expenses	20	3,420.17	3,645.39
Interest Expense	21	715.55	550.10
Depreciation/ Amortisation		624.16	286.65
Less: Transfer from Revaluation Reserve		<u>180.58</u>	-
		<u>47,996.78</u>	<u>60,709.85</u>
PROFIT BEFORE TAXATION		9,883.72	9,782.44
Provision for Taxation			
Current Tax [Includes Wealth Tax]:			
For the year		3,003.00	3,175.00
For earlier years		20.54	-
Deferred Tax charge		323.13	95.01
Fringe Benefit Tax		-	34.05
		<u>3,346.67</u>	<u>3,304.06</u>
PROFIT AFTER TAXATION		6,537.05	6,478.38
Add: Balance brought forward from previous year			
		13,864.37	9,114.80
Less: Profit and Loss Account Debit Balances of transferor companies as on 1st April 2009 (Refer Note No. 25 on Schedule 22)			
		(843.61)	-
Profit available for appropriations		<u>19,557.81</u>	<u>15,593.18</u>
APPROPRIATIONS			
Transfer to General Reserve		700.00	650.00
Proposed Dividend		940.45	922.10
Tax on Proposed Dividend		156.20	156.71
Surplus carried to Balance Sheet		<u>17,761.16</u>	<u>13,864.37</u>
Basic/ Diluted earning per share of Rs.10/-each. (Rs.) (Refer Note No. 12 on Schedule 22)		34.75	35.21

Accounting Policies and Notes to Accounts 22
Schedules 15 to 22 referred to above form an integral part of the Profit & Loss Account

As per our Report of even date

As Approved
For and on behalf of the Board of Directors

For S. R. BATLIBOI & CO.
Firm Registration No.: 301003E
CHARTERED ACCOUNTANTS

J P Chowdhary **Executive Chairman**

D N Davar **Director**

per R. K. Agrawal
Partner
Membership No. 16667
Place: Kolkata
Dated : May 17, 2010

Anil Kumar Agarwal **Chief Financial Officer**

Dinesh Arya **Company Secretary**

TITAGARH WAGONS LIMITED

CASH FLOW STATEMENT

For the year ended March 31, 2010

	2009-10 Rs in lacs	2008-09 Rs in lacs
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before taxation	9,883.72	9,782.44
Adjustments for:		
Depreciation	443.58	286.65
Interest Expenses	715.55	550.10
Miscellaneous Expenditure written off	19.38	19.38
Exchange Difference (unrealised)	(6.53)	14.31
Debts written off in earlier years	-	449.47
Debts written off in earlier years, now recovered	(178.36)	-
Loss on sale of fixed assets (net)	2.61	2.22
Dividend Received	(3.19)	(360.30)
Liabilities written back (net)	(207.53)	(307.59)
Interest on deposits from Banks/ loans, advances etc. (Gross)	(1,404.21)	(1,207.68)
Provision for diminution in value of investments	(96.14)	96.14
	(714.84)	(457.30)
Operating Profit before Working Capital Changes	9,168.88	9,325.14
Increase in Inventories	(2,471.44)	(804.29)
Decrease/(Increase) in Sundry Debtors	(2,559.45)	164.58
Decrease/(Increase) in Loans & Advances	5,183.48	(1,620.28)
Decrease in Current Liabilities & provisions	(612.90)	(1,817.78)
	(460.31)	(4,077.77)
Cash Generated from operations	8,708.57	5,247.37
Direct taxes paid	(2,908.21)	(3,387.11)
Net Cash from operating activities	5,800.36	1,860.26
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets including Capital work in progress	(1,830.02)	(3,835.50)
Proceeds from sale of fixed assets	5.75	0.97
Loans to Subsidiary	(1,471.00)	(3,695.00)
Loans to Body Corporates	(2,555.00)	(2,715.00)
Purchase of Investments	(66.46)	(99.00)
Purchase of investment in subsidiaries	(3,500.01)	(664.43)
Investment in Bank Fixed Deposits	(2,860.13)	(6,723.40)
Proceeds of deposits matured (net)	6,425.71	9,041.14
Dividend received	3.19	360.30
Interest received	980.24	1,278.98
Net cash used in investing activities	(4,867.73)	(7,050.94)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Share Capital	-	21.22
Receipts of Securities Premium	-	1,124.66
Share Issue Expenses	-	(33.68)
Received/(paid) from/to Bank Borrowings (net)	(826.06)	(1,364.46)
Repayment of Sales Tax Deferment Loan	(3.35)	-
Received/(paid) from/to External Commercial Borrowings	819.67	(748.70)
Short Term Loan against Fixed Deposits received / (paid)	5,350.00	(2,173.00)
Interest paid	(688.86)	(583.60)
Dividend paid (including corporate dividend tax)	(1,078.27)	(1,078.42)
Net cash from financing activities	3,573.13	(4,835.98)
Net Increase in cash & cash equivalent (A+B+C)	4,505.76	(10,026.66)
Cash and Cash Equivalents - Opening Balance	1,385.56	11,412.22
Opening Cash and Cash Equivalents pertaining to Erstwhile Titagarh Steels Limited and Titagarh Biotec (P) Limited	65.67	
(Refer Note No. 25 on Schedule 22)		
Cash and Cash Equivalents - Closing Balance	5,956.99	1,385.56

Notes:

Cash & Cash Equivalents *:

Cash on hand	18.80	1.53
Cheques on hand	187.00	127.89
Balance with Scheduled Banks:		
In Current Account	115.18	615.74
Fixed Deposit account	5,635.07	640.00
Unpaid Dividend Account**	0.94	0.40
	5,956.99	1,385.56

* Excluding Fixed Deposits of Rs. 4,647.93 lacs (Rs. 8,213.51 lacs) having maturity of more than three months.

**These balances are not available for use by the Company as they represent corresponding unpaid dividend liabilities.

As per our Report of even date

As Approved

For and on behalf of the Board of Directors

For S. R. BATLIBOI & CO.

Firm Registration No.: 301003E

CHARTERED ACCOUNTANTS

J P Chowdhary

Executive Chairman

D N Davar

Director

per R. K. Agrawal

Partner

Membership No. 16667

Place: Kolkata

Dated : May 17, 2010

Anil Kumar Agarwal

Chief Financial Officer

Dinesh Arya

Company Secretary

TITAGARH WAGONS LIMITED

SCHEDULES TO THE BALANCE SHEET

March 31,2010
Rs.in Lacs

March 31,2009
Rs.in Lacs

SCHEDULE 1 : SHARE CAPITAL

Authorised

9,60,00,000 (2,00,00,000) Equity shares of Rs. 10/- each	9,600.00	2,000.00
5,20,00,000 (20,00,000) Preference shares of Rs. 10/- each	5,200.00	200.00
	14,800.00	2,200.00

Issued, Subscribed and Paid up

1,88,09,069 (1,84,42,115) Equity shares of Rs. 10/- each fully paid up	1,880.91	1,844.21
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Notes:

Of the above

- 3,66,954 equity shares were allotted as fully paid up to the shareholders of erstwhile Titagarh Steels Ltd. pursuant to the Scheme of Amalgamation for consideration other than cash

(Refer Note No. 25 On Schedule 22)

-1,30,46,224 equity share were issued as bonus shares by capitalisation of securities premium)

	1,880.91	1,844.21
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SCHEDULE 2 : RESERVES AND SURPLUS

Capital Reserve

Additions arising on amalgamation #	9.18	-
	9.18	-

Securities Premium

As per last Balance Sheet	21,481.95	10,554.64
Add: Received on initial public offer	-	10,960.99
	21,481.95	21,515.63
Less: Utilised during the year	-	33.68
	21,481.95	21,481.95

Revaluation Reserve

Additions arising on revaluation #	1,345.31	-
Less: Transfer to Profit & Loss Account	180.58	-
	1,164.73	-

General Reserve

As per last Balance Sheet	1,976.90	1,326.90
Transferred from Profit & Loss Account	700.00	650.00
	2,676.90	1,976.90
Add: Additions arising on Amalgamation #	877.71	-
	3,554.61	1,976.90

Profit & Loss Account Balance

	17,761.16	13,864.37
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	43,971.63	37,323.22
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Refer Note No. 25 On Schedule 22

SCHEDULE 3: SECURED LOANS

(Refer note no. 5 on Schedule 22)

From Scheduled Banks:

-Working Capital Borrowings	125.39	51.96
-External Commercial Borrowings (Short Term)	1,892.77	1,079.63
-Short Term Loan against Fixed Deposits	5,350.00	-

	7,368.16	1,131.59
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SCHEDULE 4: UNSECURED LOANS

Sales tax deferment loan	63.43	51.72
(Payable within one year 7.63 Lacs (Rs. NIL)	63.43	51.72

	63.43	51.72
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SCHEDULE TO THE BALANCE SHEET

TITAGARH WAGONS LIMITED
(Rs.in Lacs)

SCHEDULE 5 : FIXED ASSETS

Particulars	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK	
	As at March 31, 2009	Assets Acquired on Amalgamation (Refer Note No. 2 below)	Additions	Sales/ Adjustments	As at March 31, 2010	Upto March 31, 2009	On Assets Acquired on Amalgamation (Refer Note No. 2 below)	For the year	Less: On sales/ Adjustments	Upto March 31, 2010	As at March 31, 2010	As at March 31, 2009
Freehold Land	1,655.24	146.56	-	-	1,801.80	-	-	-	-	-	1,801.80	1,655.24
Leasehold Land	88.52	-	-	-	88.52	6.74	-	0.82	-	7.56	80.96	81.78
Buildings	1,688.75	894.65	69.59	-	2,652.99	107.32	100.57	114.73	-	322.62	2,330.37	1,581.43
Plant and Machinery	3,262.37	3,301.81	625.52	-	7,189.70	741.51	2,640.07	387.55	-	3,769.13	3,420.57	2,520.86
Railway Siding	84.69	-	-	-	84.69	18.10	-	4.02	-	22.12	62.57	66.59
Moulds and Patterns	266.28	249.20	14.80	-	530.28	170.22	167.46	40.15	-	377.83	152.45	96.06
Furniture, Fixtures & Office Equipments	176.36	192.78	18.82	-	387.96	62.38	157.39	24.94	-	244.71	143.25	113.98
Vehicles	275.83	36.30	5.96	19.05	299.04	68.83	28.56	26.80	10.68	113.51	185.53	207.00
Intangibles												
-Specialised Software	73.37	-	4.20	-	77.57	13.41	-	25.15	-	38.56	39.01	59.96
Total	7,571.41	4,821.30	738.89	19.05	13,112.55	1,188.51	3,094.05	624.16	10.68	4,896.04	8,216.51	6,382.90
Previous Year's Total	3,547.90	-	4,029.03	5.52	7,571.41	904.19	-	286.65	2.33	1,188.51	6,382.90	-

Notes:

1. Deed of conveyance in respect of Land and Buildings amounting to Rs.1,164.08 Lacs (Rs.1,164.08 Lacs) is pending registration.

2. Land, Buildings and Plant & Machineries of the erstwhile Titagarh Steels Ltd. Amalgamated with the Company pursuant to a Scheme of Amalgamation were revalued as on 31st march 2009 by an approved valuar and surplus arising thereon amounting to Rs. 1,345.31 Lacs has been transferred to Revaluation Reserve. Additional depreciation for the year Rs. 180.58 Lacs on the revalued assets has been appropriated from the Revaluation Reserve.

SCHEDULE TO THE BALANCE SHEET

TITAGARH WAGONS LIMITED

	March 31,2010 Rs.in Lacs	March 31,2009 Rs.in Lacs
SCHEDULE 6:		
CAPITAL EXPENDITURE ON EXPANSION PROJECTS		
Opening Balance		
-Machinery and building under erection	1,110.29	1,232.11
-Preoperative Expenses		
Salary & Wages	<u>47.95</u>	<u>20.70</u>
	1,158.24	1,252.81
Additions during the year		
-Machinery and building under erection	175.19	1,113.27
-Preoperative Expenses		
Salary & Wages	14.35	27.25
Power & Fuel	<u>3.60</u>	<u>-</u>
Advances against purchase of fixed assets	<u>-</u>	<u>289.19</u>
	1,351.38	2,682.52
Less: Capitalised during the year	<u>358.78</u>	<u>1,524.28</u>
	992.60	1,158.24
Less: Transfer to Capital Work-in-Progress	<u>992.60</u>	<u>-</u>
	<u>-</u>	<u>1,158.24</u>

TITAGARH WAGONS LIMITED

SCHEDULES TO THE BALANCE SHEET

SCHEDULE 7 : INVESTMENTS

			As at March 31, 2010 Rs. In Lacs	As at 31st March 31, 2009 Rs. In Lacs
	No. of shares	Face value per share		
Long Term (At cost)				
(A) In fully paid up equity shares				
(i) Quoted (Other than Trade)				
Continental Valves Limited (Associate Company)	202,500	10	18.71 (b)	-
	(-)			
Tata Iron & Steel Company Limited	4,725	10	8.09	4.94
(525 equity shares acquired on conversion of fully convertible preference shares)	(4,200)	(10)		
Tube Investments Limited	10,000	2	0.75	0.75
Punjab National Bank	883	10	1.18	1.18
Indian Aluminium Company Limited	2,000	2	0.60	0.60
JSW Steel Limited	437	10	1.81	1.81
Syndicate Bank	4,321	10	2.16	2.16
Industrial Development Bank of India	11,040	10	8.97 (b)	-
	(-)			
Bank of Baroda	5,000	10	4.25 (b)	-
	(-)			
State Bank of Bikaner & Jaipur	10,250	10	5.54 (b)	-
	(-)			
(ii) Unquoted (Trade)				
In Subsidiary Company				
Titagarh Biotec (P) Limited	(-)	10	-	88.45
(Amalgamated with the company w.e.f. April 1, 2009)	(884,500)			
Titagarh Singapore Pte Limited	1,065,000	USD 1	476.37	476.37
Flourish Securities & Finance Private Ltd	1,099,000	100	1,141.57	141.56
	(99,000)			
Greysham and Company Private Limited	355,000	10	35.50 (a)	35.50
In Associate Company				
Tecalemit Industries Limited	885,000	10	29.50 (b)	-
In Joint Venture Company				
Cimmco Equity Holdings Private Limited	500,000	10	50.00	50.00
Titagarh FreightCar Private Limited	1,179,822	10	117.98	49.00
	(490,000)			
In Others (Other than Trade)				
Titagarh Papers Limited	4,933,000	10	493.30 (b)	-
	(-)			
Bhatpara Papers Limited	50,000	10	5.00 (b)	-
	(-)			
(B) In fully paid up Preference Shares				
(i) Unquoted (Trade)				
1% Non Cumulative Redeemable Preference Shares of Flourish Securities & Finance Private Ltd (Subsidiary Company)	2,500,000	100	2,500	-
	(-)			
(ii) Quoted (Other than Trade)				
Fully convertible preference shares of Tata Iron & Steel Company Limited	(-)	10	-	3.15
(Converted into equity shares during the year)	(3,150)			
(C) In Mutual Fund (Other than Trade)				
UTI Infrastructure Fund	17,979	10	5.00	5.00
UTI Lifestyle Fund	100,000	10	10.00	10.00
Total			4,916.28	870.47
Less : Provision for diminution in value of Investments			-	96.14
			4,916.28	774.33
Aggregate cost of Quoted Investments			67.05	29.59
Market Value of Quoted Investments			164.99	28.72
Aggregate cost of Unquoted Investments			4,849.23	840.88

Note:

- (a) Greshyam & Company Private Limited is a subsidiary by virtue of the Company's control over the composition of its board of directors.
(b) Indicates Securities which have been acquired pursuant to a scheme of amalgamation. (Refer Note No.25 On Schedule 22)

TITAGARH WAGONS LIMITED

SCHEDULES TO THE BALANCE SHEET

	March 31, 2010 Rs.in Lacs	March 31, 2009 Rs.in Lacs
SCHEDULE 8: INVENTORIES		
(at lower of cost and net realisable value)		
Raw materials and Components*	11,950.81	8,040.72
Stores and Spares Parts	787.95	490.59
Work in Progress	4,476.40	1,979.49
Finished goods	1,743.97	3,810.59
	<u>18,959.13</u>	<u>14,321.39</u>
* Including goods in transit	NIL	397.88
SCHEDULE 9: SUNDRY DEBTORS		
(Unsecured, Considered Good)		
Outstanding for a period exceeding six months	1,177.52	622.02
Other Debts	8,371.44	5,037.14
	<u>9,548.96</u>	<u>5,659.16</u>
SCHEDULE 10: CASH AND BANK BALANCES		
Cash in hand	18.80	1.53
Cheques in hand	187.00	127.89
With Scheduled banks on :-		
Current account	115.18	615.74
Fixed deposit account*	10,283.00	8,853.51
Unpaid Dividend account	0.94	0.40
	<u>10,604.92</u>	<u>9,599.07</u>
* Includes		
a) Receipts lying with banks as security against guarantees and letters of credit issued by them	2,179.29	3,824.85
b) Balance of unutilised money out of issue of Shares	-	2,217.23
SCHEDULE 11: OTHER CURRENT ASSETS		
(Unsecured , Considered good)		
Interest accrued on loans, fixed deposits, etc		
-Outstanding for a period exceeding six months	54.44	-
-Others	799.62	430.09
	<u>854.06</u>	<u>430.09</u>
SCHEDULE 12: LOANS AND ADVANCES		
(Unsecured, Considered Good)		
Loans to:		
- Body Corporates	5,270.00	2,715.00
- Subsidiaries	5,166.00	3,695.00
(refer Note no. 26 on Schedule 22)		
Advances (recoverable in cash or in kind or for value to be received)	-	-
- to Subsidiaries	319.57	459.91
- to Others	2,808.93 *	7,022.96 *
Balance with Central Excise Authorities	120.33	46.35
Security Deposits	182.34	176.99
	<u>13,867.17</u>	<u>14,116.21</u>
*Includes:		
- Due from a Company under the same management Titagarh Steels Limited	NIL *	2,826.57
Maximum amount outstanding during the year	NIL *	3,838.88
- Due from officers of the Company	19.92	1.40
Maximum amount outstanding during the year	23.40	5.37
* Due to the merger of Titagarh Steels Limited with the Company w.e.f. April 1, 2009		

TITAGARH WAGONS LIMITED

SCHEDULES TO THE BALANCE SHEET

	March 31,2010	March 31,2009
	Rs.in Lacs	Rs.in Lacs
SCHEDULE 13: CURRENT LIABILITIES		
Acceptances	2,429.67	109.07
Sundry Creditors		
-dues to Micro, medium and small enterprise (Refer Note No. 23 on Schedule 22)	395.20	152.30
-dues to others*	4,030.23 *	4,131.56 *
Other Liabilities	1,626.78	1,176.00
Advances from Customers	4,981.53	5,069.40
Investor Education and Protection fund:**		
- Unpaid Dividend	0.94	0.40
Interest accrued but not due on loans	32.48	5.79
	<u>13,496.83</u>	<u>10,644.52</u>
* Includes dues to Directors	398.66	429.54
** To be credited as and when due		
SCHEDULE 14: PROVISIONS		
Income Tax (Net of advance tax Rs. 11,678.17 Lacs (Rs. 9,211.93 Lacs)	337.51	156.64
Fringe Benefit Tax (Net of advance tax Rs.NIL (Rs. 33.00 Lacs)	-	3.76
Leave Encashment	77.40	60.09
Gratuity	434.61	296.35
Warranty claims (Refer Note no. 13 On Schedule 22)	164.32	218.69
Liquidated damages (Refer Note no. 13 On Schedule 22)	730.87	
Proposed Dividend	940.45	922.10
Tax on Proposed Dividend	156.20	156.71
	<u>2,841.36</u>	<u>1,814.34</u>

TITAGARH WAGONS LIMITED

SCHEDULES TO THE PROFIT & LOSS ACCOUNT

	2009-10 Rs.in Lacs	2008-09 Rs.in Lacs
SCHEDULE 15: OTHER INCOME		
Interest on:		
- Deposits with Banks (Gross)	917.79	842.72
(Tax deducted at source Rs. 101.45 Lacs (Rs. 187.61 Lacs)		
- Loans, advances etc. (Gross)	486.42	364.97
(Tax deducted at source Rs. 48.64 Lacs (Rs.82.70 Lacs)		
Unspent Liabilities, Provision no longer required and Unclaimed Balances adjusted	207.53	307.59
Brokerage & Commission Received	347.52	-
Exchange Differences (Net)	209.63	-
Debts written off in earlier years, now recovered	178.36	-
Dividend Received on		
- Long term investments (Other than -Trade)	3.19	1.38
- Current Investments (Other than -Trade)	-	358.92
Provision for diminution in Value of Investments written back	96.14	-
Miscellaneous receipts	11.60	29.05
	2,458.18	1,904.63
SCHEDULE 16: RAW MATERIALS AND COMPONENTS CONSUMED		
Opening stock	8,040.72	7,631.03
Add: Stock acquired on amalgamation (Refer Note No. 25 On Schedule 22)	513.02	-
	8,553.74	7,631.03
Add: Purchases	36,353.93	50,219.98
	44,907.67	57,851.01
Less: Closing stock	11,950.81	8,040.72
	32,956.86	49,810.29
SCHEDULE 17: MANUFACTURING EXPENSES		
Stores and Spares consumed	3,300.03	2,333.64
Power and Fuel	2,069.90	949.25
Design and Development expenses	145.57	272.19
Job Processing and other Machining Charges (including contract labour charges)	2,106.89	2,064.19
Repairs - Buildings	207.01	45.80
- Plant and Machinery	136.25	120.76
- Others	42.59	37.33
Crane Hiring Charges	29.25	99.03
	8,037.49	5,922.19
SCHEDULE 18: (INCREASE)/ DECREASE IN STOCKS		
Closing Stock		
Finished Goods	1,743.97	3,810.59
Work in Progress	4,476.40	1,979.49
	6,220.37	5,790.08
Opening Stock		
Finished Goods	3,810.59	4,084.85
Work in Progress	1,979.49	1,434.59
Add: Stock acquired on Amalgamation (Refer Note No. 25 On Schedule 22)	1,505.17	3,484.66
	7,295.25	5,519.44
	1,074.88	(270.64)
SCHEDULE 19: PAYMENTS TO AND PROVISIONS FOR EMPLOYEES		
Salaries,wages and bonus	1,250.25	835.58
Contribution to Provident and other funds	131.10	93.78
Gratuity	64.40	67.04
Workmen and staff welfare expenses	112.38	86.55
	1,558.13	1,082.95

TITAGARH WAGONS LIMITED

SCHEDULES TO THE BALANCE SHEET

	March 31,2010 Rs.in Lacs	March 31,2009 Rs.in Lacs
SCHEDULE 20: ADMINISTRATION,SELLING AND OTHER EXPENSES		
Rent	45.41	33.93
Rates and Taxes	42.23	45.93
Insurance	26.57	23.20
Travelling Expenses*	273.10	285.03
Professional & Consultancy fees	444.16	342.48
Directors' Remuneration (refer note no.10 on Schedule 22)	678.46	769.58
Charity and Donations	28.17	11.53
Loss on Sale of fixed Assets (net)	2.61	2.22
Debts and irrecoverable balances etc written off	91.54	449.47
Exchange difference (net)	-	368.23
Brokerage & Commission to other selling agents	32.23	34.71
Other Selling Expenses	151.28	137.66
Provision for Warranty claims & Liquidated damages	775.90	215.83
Auditor's Remuneration (refer note no. 27 on Schedule 22)	49.86	35.18
Bank Charges	339.38	378.99
Miscellaneous Expenditure written off	19.38	19.38
Miscellaneous expenses	419.89	395.90
Provision for diminution in Value of Investments	-	96.14
	3,420.17	3,645.39
*Including Director's (including Managing Director) Travelling Rs.26.75 Lacs (Rs. 21.93 Lacs)		
SCHEDULE 21: INTEREST AND FINANCIAL CHARGES		
Interest to		
- Banks (including Rs. 66.38 Lacs (Rs. 58.64 Lacs) on fixed loans)	409.88	426.53
- Others	305.67	123.57
	715.55	550.10

Schedule – 22:

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

1. Significant accounting policies

a) Basis of preparation

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

b) Use of estimates

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

c) Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price inclusive of duties (net of CENVAT/ VAT), taxes, incidental expenses and any attributable cost of bringing the asset to its working condition for its intended use. In case of revaluation of fixed assets, the original cost as written up by the valuer is considered in the accounts and the differential amount is transferred to revaluation reserve. Borrowing costs relating to acquisition of fixed assets which take substantial period of time to get ready for its intended use are also capitalised, to the extent they relate to the period till such assets are ready to be put to use.

Capital work-in-progress includes machinery to be installed, construction and erection materials and capital advances.

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 capitalised and depreciated over the residual life of the respective assets.

d) Intangibles

Research and Development Costs

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

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

e) Depreciation / Amortisation

Depreciation on 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 as per the useful lives of the assets estimated by the management, whichever is higher. In case of fixed assets which are devalued, the provision for depreciation is based on the revalued amount on the estimate of the remaining useful life of such assets.

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

Leasehold Land is amortised over the period of lease.

Intangible assets (specialised software) are amortised using the straight line method over a period of three years.

f) Impairment of Fixed Assets

- i. 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 at the weighted average cost of capital.
- ii. After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.
- iii. A previously recognized impairment loss is increased or reversed depending on the changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

g) Leases

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased 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 charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalized.

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

TITAGARH WAGONS LIMITED

SCHEDULE TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

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 Profit and Loss account on a straight-line basis over the lease term.

h) **Investments**

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual 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.

i) **Inventories**

Closing stock of stores and spares, raw materials, finished and semi-finished goods are valued at lower of cost and net realizable value. Cost of inventories is ascertained on 'First In First Out' basis. Materials and other supplies held for use in the production of inventories 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 in respect of raw materials and stores and spares include expenses incidental to procurement thereof.

Cost in respect of finished goods represents prime cost and includes appropriate portion of overhead cost and excise duty.

Cost in respect of work in progress represents costs (includes prime cost and appropriate portion of overhead cost) upto the stage of completion.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

j) **Revenue Recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. In case of sale of goods, revenue is recognized when the significant risks and rewards of ownership of goods have passed to the buyer. Revenue is recognized inclusive of excise duty and exclusive of value added tax (VAT).

Interest Income

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

Dividends

Revenue is recognised when the shareholders' right to receive payment is established by the balance sheet date.

k) **Liquidated Damages**

Liquidated damages on supply to Railway and other Public undertakings are provided in the accounts based on the contractual obligations or deduction by the customers as the case may be.

l) Retirement and other Employee Benefits

Contributions to Provident, Pension and Superannuation Funds are defined contribution plans and are paid to appropriate authorities and charged to Profit and Loss Account on accrual basis. There are no other obligations other than the contribution payable to respective authorities.

Gratuity, a defined benefit plan is unfunded (except for Titagarh steel unit where it is administered through a trust and funded) and is provided for based on actuarial valuation made at the end of each financial year using the projected unit credit method. Actuarial gains and losses are recognised immediately in the statement of profit and loss account as income or expenses.

Long term compensated absences are provided for based on actuarial valuation made at the year end using the projected unit credit method. Actuarial gains and losses are recognised immediately in the statement of profit and loss account as income or expenses.

Expenditure in respect of early retirement scheme are written off as a period cost over a period of 5 years.

m) Taxes on Income

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit 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 year 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. Unrecognized deferred tax assets of earlier years are re-assessed and recognized to the extent that it has become reasonably or virtually 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 recognises unrecognized 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 realised.

n) Provisions

Provisions involving substantial degree of estimation in measurement (without being discounted to its present value) are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources

SCHEDULE TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to its present value and are determined based on 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 estimates of further liability to be incurred in this regard during the warranty period.

o) Foreign Currency Transactions

i) 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.

ii) 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.

iii) Exchange differences

Exchange differences arising on the settlement/conversion of monetary items are recognized as income or expenses in the year in which they arise.

iv) Forward Exchange Contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of forward exchange contracts 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.

p) Segment Reporting

Identification of segments

The Company has identified its business segments as the primary segments. The Company's businesses are organized and managed separately according to the nature of products, 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 accounting policies adopted for segment reporting are in line with those of the Company.

q) Expenditure on expansion project

Expenditure directly relating to construction activity are capitalized. Indirect expenditure incurred during construction period are capitalized as part of the indirect construction cost to the extent to which the expenditure are indirectly related to construction or are incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period which are not related to the construction activity nor are incidental thereto are charged to the Profit and Loss Account.

All direct capital expenditures on expansion are capitalized. As regards indirect expenditures on expansion, only that portion is capitalized which represent the marginal increase in such expenditure involved as a result of capital expansion. Both direct and indirect expenditures are capitalized only if they increase the value of the asset beyond its original standard of performance.

r) Earning per share

Basic earning per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).

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

s) Utilization of securities premium

Share issue expenses are written off against securities premium account.

t) Cash and Cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

TITAGARH WAGONS LIMITED

SCHEDULE TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

NOTES TO ACCOUNTS

2. Contingent Liabilities:-
 - i. Claims not acknowledged as debts - **311.20 lacs** (Rs. 154.06 Lacs).
 - ii. Income tax demands under appeal Rs. **53.86 lacs** (Rs.37.46 Lacs).
 - iii. Excise demands under appeal Rs. **1,567.74 lacs** (Rs. 1,109.84 Lacs).
 - iv. Sales tax demands under appeal Rs. **464.59 lacs** (Rs. 451.77 Lacs).
 - v. Outstanding Guarantees and Letters of Credit from Banks Rs. **9,253.33** (Rs. 16,127.32 Lacs) and Performance Guarantee given on behalf of a subsidiary Company for fulfillment of certain obligations **Rs. 2,031.30 Lacs** (Rs 2,292.75 Lacs).
 - vi. Future export obligation with respect of duty free import against advance/EPCG licenses Rs. 903.74 Lacs (636.55 Lacs).
3. Estimated amount of Capital contracts not provided for (net of advances) **Rs.144.46 Lacs** (Rs. 166.26 Lacs).
4. Excise duties on stocks represent differential excise duty on opening & closing stock of finished goods.
5. (a) Working capital borrowings, external commercial borrowings from the bankers and non funded facilities comprising of bank guarantees and letters of credit are secured by hypothecation of stocks, book debts, movable properties of any kind and fixed assets, both present and future and equitable mortgage of immovable properties of the Company and fixed deposits with banks to the extent of Rs.50.00 lacs

(b) Short term loans against fixed deposits are secured by pledge of fixed deposits receipts.
6. The Company's application for increase in Gross value of fixed capital Assets by Rs. 78.95 Lacs and allowance of sale tax deferment loan aggregating to Rs 51.72 Lacs for the period from January 2005 to March 2005 is pending grant by the relevant authorities. The matter is being pursued by the Company and accordingly, such amount has been included in Sales Tax Deferment loan and shown as Unsecured Loan.

TITAGARH WAGONS LIMITED

SCHEDULE TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

7. In compliance with Accounting Standard – 17 – ‘Segment Information’ notified pursuant to the Companies (Accounting Standards) Rules, 2006 (as amended) in respect of Business Segment are as follows:

Business Segment:

The business segments based on the Company’s products have been identified as “Wagon Building”, “Heavy Earth Moving Machineries (HEMM)” and “Steel Foundry”.

Wagon Building: Consists of manufacturing of wagons as per customers’ specification

Heavy earth moving Machineries: Consists of manufacturing of earth moving equipments.

Steel Foundry: Consists of foundry castings including Bogies and Couplers.

Others: Consists of miscellaneous business comprising of less than 10% revenue.

Geographical Segment

The Company primarily operates in India and therefore the analysis of geographical segment is not applicable to the Company.

TITAGARH WAGONS LIMITED

SCHEDULE TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

Information about Primary Business Segments:

(Rs. in Lacs)

	Wagon	HEMM	Steel Foundry	Others	Elimination	Total
A Revenues (net of excise duty and cess)						
External sales	49,620.92	2,595.46	1,721.49	1,484.45		55,422.32
	(65,026.17)	(2,708.38)	(556.59)	(296.52)		(68,587.66)
Inter- segment sales	183.97		9,575.05		9,759.02	
	(26.62)	-	(4,113.16)	-	(4,139.78)	
Total Revenue	49,804.89	2,595.46	11,296.54	1,484.45	9,759.02	55,422.32
	(65,052.79)	(2,708.38)	(4,669.75)	(296.52)	(4,139.78)	(68,587.66)
B Results						
Segment results	9,025.90	177.14	1,148.40	231.18	-	10,582.62
	(9,316.65)	(134.06)	(508.96)	(103.78)	(-)	(10,063.45)
Less: Unallocated Expense net of unallocated Income						1,387.56
						(938.59)
Operating Income						9,195.06
						(9,124.86)
Add: Interest Income (Net)						688.66
						(657.58)
Provision for Tax						3,023.54
						(3,175.00)
Fringe benefit tax						0.00
						(34.05)
Deferred tax						323.13
						(95.01)
Net profit						6,537.05
						(6,478.38)
C Segment assets						
	23,660.54	3,175.63	9,224.22	5,224.75		41,285.14
	(24,636.85)	(3,070.99)	(3,200.42)	(3,436.71)		(34,344.97)
Unallocated corporate assets						28,348.57
						(18,514.94)
Total Assets						69,633.71
						(52,859.91)
D Segment liabilities						
	11,313.72	1,968.96	715.79	473.46		14,471.93
	(7,825.42)	(1,093.38)	(627.32)	(1,031.98)		(10,578.10)

TITAGARH WAGONS LIMITED

SCHEDULE TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

	Wagon	HEMM	Steel Foundry	Others	Elimination	Total
Unallocated corporate liabilities						9,309.25
						(3,133.76)
Total Liabilities						23,781.18
						(13,711.86)
Capital Expenditure	550.79	68.62	456.53	753.83		1,829.77
	(2091.39)	(25.65)	(1,011.18)	(707.33)		(3,835.55)
Depreciation	187.48	28.86	69.63	157.61		443.58
	(164.56)	(25.24)	(18.66)	(78.19)		(286.65)
Non cash expenses						
Provision for diminution in value of investments				NIL (96.14)		NIL (96.14)
Miscellaneous Expenditure (payment under early retirement scheme)		19.38 (19.38)				19.38 (19.38)

TITAGARH WAGONS LIMITED**SCHEDULE TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT**

8. In compliance with Accounting Standard – 18, the disclosures regarding related parties are as follows:

A. Name of Related parties:

a)	Subsidiary Companies *	:	Titagarh Singapore Pte Ltd Flourish Securities & Finance Private Limited Greysam & Company Private Limited (by virtue of control of composition of board)
b)	Associate Companies	:	Continental Valves Limited (with effect from 01.04.2009) Tecalemit Industries Limited (with effect from 01.04.2009)
c)	Joint Venture Companies	:	Cimco Equity Holdings Pvt. Ltd. Titagarh Freight Car Pvt. Ltd Cimmco Ltd, subsidiary of Cimco Equity Holdings Pvt. Ltd. (with effect from 14.03.2010)
d)	Key Management Personnel (KMP)	:	J P Chowdhary – Executive Chairman Umesh Chowdhary – Vice Chairman & Managing Director (upto 23.09.2009)
e)	Relatives of Key Management Personnel (KMP)	:	Savitri Devi Chowdhary, Wife of Mr. J P Chowdhary Rashmi Chowdhary, Wife of Mr. Umesh Chowdhary (upto 23.09.2009) Umesh Chowdhary, Son of Mr. J P Chowdhary (with effect from 24.09.2009) Vinita Bajoria, Daughter of Mr. J P Chowdhary (with effect from 01.04.2009) Sumita Kandoi, Daughter of Mr. J P Chowdhary (with effect from 01.04.2009)
e)	Enterprises owned or significantly influenced by the KMP/ KMP's relatives *	:	Titagarh Logistics Infrastructure Services (P) Limited Sourenee Leaves Private Limited Titagarh Shipyd Limited. Titagarh Capital Management Services (P) Ltd. Traco International Investment Pvt. Ltd

* Titagarh Biotech Private Limited and Titagarh Steels Limited which was reflected as a subsidiary company and enterprise owned or significantly influenced by the KMP/ KMP's relatives respectively till 31st March, 2009 has merged with the Company effective from 1st April, 2009 in terms of High Court's order as indicated in Note No. 25. Accordingly, the figures with respect to transactions with TBPL and TSL for the current year as well as previous year are not given.

TITAGARH WAGONS LIMITED

SCHEDULE TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

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

(Rs. in Lacs)

Nature of Transactions	Subsidiary Companies	Associate Companies	Joint Ventures	Key Management Personnel	Enterprises over which KMP/ KMP's relatives have significant influence	Relatives of Key Management Personnel	Total
Income:							
Interest on Advances / Loans							
Cimco Equity Holdings P. Ltd			435.41				435.41
			(117.59)				(117.59)
Expenditure:							
Purchase of Raw material							
Cimmco Limited			153.32				153.32
Dividend Paid							
Savitri Devi Chowdhary						180.65	180.65
						(180.65)	(180.65)
Rashmi Chowdhary						77.13	77.13
						(77.13)	(77.13)
Titagarh Capital Management Services (P) Ltd					196.34		196.34
					(196.34)		(196.34)
J P Chowdhary				1.57			1.57
				(1.57)			(1.57)
Umesh Chowdhary				0.77			0.77
				(0.77)			(0.77)
Vinita Bajoria						0.25	0.25
						(0.25)	(0.25)
Sumita Kandoi						0.01	0.01
						(0.01)	(0.01)
Traco International Investment Pvt. Ltd					1.52		1.52
					(1.52)		(1.52)
Tecalemit Industries Ltd.		0.13					0.13

TITAGARH WAGONS LIMITED

SCHEDULE TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

Nature of Transactions	Subsidiary Companies	Associate Companies	Joint Ventures	Key Management Personnel	Enterprises over which KMP/ KMP's relatives have significant influence	Relatives of Key Management Personnel	Total
Remuneration (including retirement benefits)							
J P Chowdhary				433.67			433.67
				(372.76)			(372.76)
Umesh Chowdhary				176.64			176.64
				(372.76)			(372.76)
Vinita Bajoria						4.17	4.17
Directors Sitting Fees							
Umesh Chowdhary						0.60	0.60
Assets:							
Loan/ Advance Given							
Cimco Equity Holdings Pvt. Ltd			2,555.00				2,555.00
			(2,250.00)				(2,250.00)
Flourish Securities & Finance Pvt. Ltd.	1,471.00						1,471.00
	(3,695.00)						(3,695.00)
Greshyam & Company Pvt. Ltd.	NIL						NIL
	(455.81)						(455.81)
Titagarh Singapore Pte Ltd	NIL						NIL
	(4.10)						(4.01)
Investment in Shares							
Titagarh Singapore Pte Ltd	NIL						NIL
	(476.37)						(476.37)
Flourish Securities & Finance Pvt. Ltd.	3,500.00						3,500.00
	(141.57)						(141.57)
Cimco Equity Holdings P. Ltd			NIL				NIL
			(50.00)				(50.00)
Greshyam & Co. P.Ltd	NIL						NIL
	(35.50)						(35.50)

TITAGARH WAGONS LIMITED

SCHEDULE TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

Nature of Transactions	Subsidiary Companies	Associate Companies	Joint Ventures	Key Management Personnel	Enterprises over which KMP/ KMP's relatives have significant influence	Relatives of Key Management Personnel	Total
Titagarh Freight Car Pvt Ltd			68.98				68.98
			(49.00)				(49.00)
Tecalemit Industries Ltd.		29.50					29.50
Continental Valves Ltd.		18.71					18.71
Loan/Advance refunded							
Greshyam & Co. P.Ltd	140.34						140.34
	(NIL)						(NIL)
Continental Valves Ltd.		NIL					NIL
		(16.00)					(16.00)
Outstanding Guarantees							
Titagarh Singapore Pte Ltd	2,031.30						2,031.30
	(2,292.75)						(2,292.75)
Balance outstanding as at the year end – Debit							
Cimco Equity Holdings P.Ltd			5,287.82				5,287.82
			(2,340.94)				(2,340.94)
Titagarh Singapore Pte Ltd	4.10						4.10
	(4.10)						(4.10)
Greshyam & Co. P.Ltd	315.47						315.47
	(455.81)						(455.81)
Flourish Securities & Finance Pvt. Ltd.	5,166.00						5,166.00
	(3,695.00)						(3,695.00)
Cimmco Ltd.			201.54				201.54
Balance outstanding as at the year end – Credit							
J P Chowdhary				256.16			256.16
				(214.56)			(214.56)
Umesh Chowdhary				106.44			106.44
				(214.98)			(214.98)

TITAGARH WAGONS LIMITED**SCHEDULE TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT****9. Interest in Joint Ventures:**

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

Name of Joint Venture	Percentage of Ownership	Country of Incorporation
Cimco Equity Holdings Private Limited (Consolidated)	50%	India
Titagarh Freight Car Private Limited	49%	India

The Company's share in assets, liabilities, income and expenses in the above jointly controlled entities as at and for the year ended 31st March, 2010 are as follows :-

(Rs. in Lacs)

Name of Joint Ventures	Company's share in				
	Assets	Liabilities	Income	Expenses	Profit/(Loss) after tax
Cimco Equity Holdings Private Limited (Consolidated)	11,769.68 (1,166.23)	11,984.42 (1,179.31)	0.68 (1.11)	228.25 (5.39)	(227.57) (- 4.28)
Titagarh Freight Car Private Limited	41.90 (45.09)	2.01 (1.21)	1.76 (0.58)	74.75 (2.92)	(72.99) (-2.34)
Total	11,811.58 (1211.32)	11,986.43 (1180.52)	2.44 (1.69)	303.00 (8.31)	(300.56) (-6.62)
Share of Net Assets/Profit after tax	(174.85) (30.80)			(399.56) (-6.62)	

Company's share in the Capital Expenditure Commitments and Contingent Liabilities of the Joint Ventures – Rs. 4,089.74 lacs (Rs. NIL)

TITAGARH WAGONS LIMITED

SCHEDULE TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

10. **A) Details of Directors' Remuneration:**

		Rs.in Lacs	
		2009-10	2008-09
I.	Sitting Fees to Directors	13.90	8.96
II.	Remuneration to Managing and Whole Time Directors		
	a) Salary	75.94	97.80
	b) Perquisites	2.16	1.04
	c) Contribution to Provident Fund	7.46	11.07
	d) Commission on Profit	524.74	650.71
		610.30	760.62
III	Commission to Non-Whole Time Directors	52.19	NIL

Note: As the liabilities for gratuity are provided on an actuarial basis for the Company as a whole, the amounts pertaining to the directors are not included above.

(B) Computation of net profit under Section 349 of the Companies Act, 1956:

		Rs. in Lacs	
		2009-10	2008-09
	Profit before taxation as per Profit & Loss Account	9,883.72	9,782.44
Add:	Remuneration to Managing & Whole Time Directors	610.30	760.62
	Commission to Non-Whole Time Directors	52.19	NIL
	Loss on sale of Fixed Assets (net)	2.61	2.22
	Provision for diminution in value of investments	NIL	96.14
	Directors' Sitting Fees	13.90	8.96
Less:	Provision for fall in the value of investment written back	96.14	
	Net profit as per Section 349 of the Companies Act, 1956	10,466.58	10,650.38

TITAGARH WAGONS LIMITED

SCHEDULE TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

Commission to Managing & Whole time Directors		
i. Subject to overall limit of 7% of Net Profits:		
(a) Commission to Chairman & Managing Director for the period - from April 1, 2009 to September 30, 2009 at 3.5% of net profits	183.66	
(b) Commission to Vice-Chairman & Managing Director for the period from April 1, 2009 to September 23, 2009 at 3.5% of net profits	176.64	
ii. Subject to overall limit of 5% of net profit or Rs.500 lacs whichever is lower:		
Chairman & Managing Director for the period from October 1, 2009 to March 31, 2010 at 5% of net profits	250.00	
Total	610.30	745.53
- Commission to other directors at 1% of Net Profit with effect from October 1, 2009*	52.19	NIL

* Distribution individually among the non executive directors to be decided by the Board of Directors in due course.

11. The break up of net deferred tax liability of **Rs. 12.35 Lacs** (Rs. 69.69 Lacs) as on the Balance Sheet date is as follows:

	Rs.in Lacs	
	March 31, 2010	March 31, 2009
A. Deferred tax liability		
Timing differences in depreciable assets	421.56	265.18
B. Deferred tax assets		
Expenses allowable against taxable income in future years	409.21*	195.49
Net deferred tax liability/(Asset) (A – B)	12.35	69.69

* After adjusting deferred tax assets of Rs. 380.47 Lacs as on 31st March 2009 of erstwhile Titagarh Steels Ltd., pursuant to the Scheme of amalgamation.

12. Earnings per share (EPS) in terms of Accounting Standard 20, is given below:

	2009-10	2008-09
Profit available to share holders (Rs. In lacs)	6,537.05	6,478.38
No. of equity shares (Weighted Average)	1,88,09,069	1,83,96,787
Basic/Diluted earnings per share of Rs. 10 each (Rs.)	34.75	35.21

TITAGARH WAGONS LIMITED

SCHEDULE TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

13. The movement in provision for warranties and liquidated damages during the year is as follows:

(Rs in lacs)

	Warranties	Liquidated Damages	Total
Balance as at 1 st April, 2009	94.25 (203.70)	124.44 (132.78)	218.69 (336.48)
Acquired on Amalgamation	20.98	317.91	338.89
Additions during the year	195.74 (35.72)	580.16 (180.11)	775.90 (215.83)
Amounts used during the year	146.65 (41.05)	291.64 (188.45)	438.29 (229.50)
Unused amounts written back during the year	NIL (104.12)	NIL -	NIL (104.12)
Balance as at 31 st March, 2010	164.32 (94.25)	730.87 (124.44)	895.19 (218.69)

14. (a) Particulars of un-hedged foreign currency exposure as on the Balance Sheet date :

Type	Foreign currency (In Lacs)		Equivalent INR (Rs. in Lacs)	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
Unsecured Loan including Interest thereon (ECB)	USD-9.89	USD-21.30	446.45	1,085.23
Investment in Subsidiary	USD-10.65	USD-10.65	476.37	476.37
Debtors	USD-3.65	-	164.98	-

- (b) Derivatives: outstanding as at Balance sheet date

In Lacs

Particulars	Currency	Amount in Foreign Currency	
		As at 31st March	
		2010	2009
Forward Contracts - (Receivables)	USD	32.22	NIL

15. Professional Expenses include expenses towards Research and Development Rs.8.40 lacs (Rs.8.10 lacs). There is no capital expenditure on account of Research and Development
16. Additional information pursuant to the provisions of paragraphs 3 and 4 of Part II of Schedule VI of the Companies Act, 1956

TITAGARH WAGONS LIMITED

SCHEDULE TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

- I. Quantitative details of products manufactured
 (a) Licensed capacity : Not applicable
 (b) Quantitative Information :

Item	Unit	Installed Capacity (a)	Opening Stock (b)		Production	Sales (b)		Closing Stock (b) & (c)	
			Qty.	Amount (Rs. In lacs)	Qty.	Qty.	Amount (Rs. in Lacs)	Qty.	Amount (Rs. In lacs)
Wagons	Nos.	5000 (5000)	220	3,185.06	2,726	2,847	51,406.43	99	1,560.60
			(308)	(3898.89)	(3597)	(3685)	(71,578.59)	(220)	(3,185.06)
Steel Bridges	MT	3000 (3000)	38	14.90	630	466	496.61	-	-
			(91)	(42.26)	(266)	(319)	(249.13)	(38)	(14.90)
Casting	MT.	20000 (5000)	-	-	11,110	11,110(d)	1,872.38	-	-
			(-)	(-)	(967)	(967)(d)	(629.43)	(-)	(-)
HEMM	Nos.	50 (50)	6	567.52	10	14	2,174.83	2	121.52
			-	-	(17)	(11)	(2,297.96)	(6)	(567.52)
HEMM Spares		N.A.		43.11			573.32		61.85
				(29.77)			(739.07)		(43.11)
Scrap/Others							648.96		
							(266.59)		
TOTAL				3,810.59			57,172.53		1,743.97
				(3,970.92)			(75,760.77)		(3,810.59)

Notes:

(a) The Installed capacity is certified by the management and accepted as correct by the auditors.

(b) Includes Excise Duty

(c) After adjusting differences on account of physical verification, if any.

(d) Excludes 8139 MT (4229 MT) consumed departmentally

* Capacity increased due to amalgamation of erstwhile Titagarh Steels Ltd.

TITAGARH WAGONS LIMITED

SCHEDULE TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

II. Raw materials and components consumed (after adjusting sales):

Sl	Item	2009-10		2008-09	
			Rs.in Lacs		Rs.in Lacs
I	Bogies (Sets)	5,452	7,545.73	6,588	8,801.57
II	Couplers (Sets)	4,947	5,517.79	5,420	3,057.17
III	Steels (MT)	8,401	3,117.54	24,700	9,822.13
IV	Wheel sets (Sets)	3,888	5,121.47	8,184	13,260.07
V	Others components*		11,648.33		14,869.35
	Total		32,956.86		49,810.29

Notes:

(a) The consumption figures shown above and also in Schedule "16" are after adjusting excess and shortages, if any, on physical count, unserviceable items, etc.

(b) Consumption is inclusive of inter-departmental consumption of 5,010 (1,087) sets of bogies and 1,200 (904) sets of couplers.

* It is not practicable to furnish quantitative information 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.

III. CIF value of imports:

(Rs.in Lacs)

		2009-10	2008-09
(i)	Components	7,071.09	10,256.60
(ii)	Capital goods	411.22	131.65

IV. Expenditure in foreign currency (on accrual basis):

(Rs.in lacs)

		2009-10	2008-09
(i)	Travelling	7.22	9.68
(ii)	Interest	66.38	58.42
(III)	Consultation Fees	3.36	20.45

V. Earnings in Foreign Exchange (on accrual basis)

(Rs. in lacs)

		2009-10	2008-09
(i)	Export of goods FOB basis	NIL	NIL
(ii)	Commission Income	225.04	NIL

VI. a) Value of imported & indigenous Raw Materials & Components consumed:

(Rs. in lacs)

	2009-10				2008-09			
	Raw Material	Components	Total	%	Raw Material	Components	Total	%
Imported	NIL	10,061.30	10,061.30	30.53	NIL	16,058.97	16,058.97	32.24
Indigenous	3,117.54	19,778.02	22,895.56	69.47	9,822.13	23,929.19	33,751.32	67.76

TITAGARH WAGONS LIMITED

SCHEDULE TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

b) Value of Stores & Spare parts consumed:

(Rs. in lacs)

	2009-10		2008-09	
	Total	%	Total	%
Imported	NIL	-	Nil	-
Indigenous	3,300.03	100	2,333.64	100

17. Amount remitted in Foreign Currency towards dividend:

	Particulars	2009-10	2008-09
(i)	Number of non-resident shareholders	2	2
(ii)	Number of equity shares held on which dividend was due	2,561,442	2,561,442
(iii)	Amount remitted (Rs. In Lacs)	128.07	128.07
(iv)	Period to which dividend relates	2008-09	2007-08

18. Details of utilization of Rs 11,167.80 Lacs raised through public issue till March 31, 2010:

(Rs. In lacs)

Description	Estimated Amounts to be financed through Issue Proceeds	Amounts utilized till March 31, 2010	Amounts utilized till March 31, 2009
EMU Manufacturing Facility	1,874.10	1,874.10	1,576.45
Upgradation of existing facilities and sub station	1,884.30	1,884.30	1884.30
Corporate Office	700.00	357.44	251.17
Strategic Acquisition	1,250.00	1,250.00	1,250.00
Brand Building Exercise	200.00	29.28	22.55
General Corporate Purposes	4408.40	4,921.68	3,115.10
Issue Expenses	851.00	851.00	851.00
	11,167.80	11,167.80	8950.57
Balance unspent money lying in short terms Fixed Deposits		NIL	2217.23
Total	11,167.80	11,167.80	11,167.80

19. The Company has operating leases for office premises 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 in the lease agreement. There are no restrictions imposed by lease arrangements. There are no subleases.

The amount of rent expenses included in Profit and Loss Account towards operating Leases aggregate to Rs **45.41** Lacs (Rs. 33.93 Lacs).

20. (a) Based on the latest audited financial statements as at June 30, 2009 of Titagarh Paper Limited, there is a diminution in the value of investments to the extent of Rs. 329.03 lacs. However considering the strategic nature of these investment and also because the exact realizable value of the assets held by the aforesaid Company is likely to be significantly higher than the book value, no provision towards diminution, other than temporary in nature, in the value of investment is considered necessary.

TITAGARH WAGONS LIMITED

SCHEDULE TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

(b) Debts amounting to Rs. 746.57 lacs recoverable from a customer have not been realized since last year. The Company has taken reasonable steps in the matter and is hopeful to recover these dues. Accordingly, these dues have been considered good of recovery. For the reasons mentioned above, Terminal Excise duty claim of Rs. 195.34 lacs from the Director General of Foreign Trade have also been considered as good of recovery.

21. Export of finished goods out of material imported against Advance License amounting to Rs. 1,949.17 lakhs did not take place during the specified period. Accordingly, custom duty of Rs. 623.79 lakhs and interest of Rs.148.05 lakhs thereon has been provided in the books and Rs. 307.61 lakhs (including interest of Rs. 65.73 lakhs) has since been paid as well.

22. The following table sets out the disclosure under Accounting Standard-15 (Revised) on 'Employee Benefits':

		Rs. In Lacs			
A	Defined Contribution Plan	2009-10		2008-09	
		Contribution to Provident Fund	50.54		34.39
	Contribution to Pension Fund	43.20		30.66	
	Contribution to Employees State Insurance	31.76		22.14	
	Contribution to Superannuation Fund	5.52		6.53	
B	Defined Benefit Plan				
	The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets Gratuity on terms not lower than the amount payable under the Payment of Gratuity Act, 1972.				
		Gratuity			
		2009-10		2008-09	
		Funded	Unfunded	Unfunded	
I	Expenses recognized in Statement of Profit & Loss Account				
	1	Current Service cost	8.32	23.02	19.92
	2	Interest cost	10.61	21.01	20.48
	3	Expected Return on Plan assets	(3.20)	NA	NA
	4	Actuarial loss / (gain)	(1.73)	6.37	26.64
	5	Total Expenses	14.00	50.40	67.04
II	Net Asset / (Liability) recognized in the Balance Sheet				
	1	Present Value of Defined benefit obligation	154.23	317.67	296.35
	2	Fair Value of Plan Assets	37.29	NA	NA
	3	Net Asset / (Liability)	(116.94)	(317.67)	(296.35)
III	Change in Obligation during the Year				
	1	Present Value of Defined Benefit Obligation at the beginning of the year	144.58	296.35	282.72
	2	Interest cost	10.61	21.01	20.48
	3	Current Service cost	8.32	23.02	19.92

TITAGARH WAGONS LIMITED

SCHEDULE TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

	4	Benefits paid	(6.21)	(29.08)	(53.41)
	5	Actuarial (gains)/losses	(3.07)	6.37	26.64
	6	Present Value of Defined Benefit Obligation at the end of the year	154.23	317.67	296.35
IV		Change in the Fair Value of Plan Assets during the year			
	1	Plan assets at the beginning of the Year	36.21	NA	NA
	2	Expected return on Plan assets	3.20	NA	NA
	3	Contribution by the employer	5.45	NA	NA
	4	Actual Benefit Paid	(6.21)	NA	NA
	5	Actuarial (gains)/losses	(1.36)	NA	NA
	6	Plan assets at the end of the Year	37.29	NA	NA
V		The major categories of plan assets as a percentage of the fair value of total plan assets	Term Deposit in scheduled bank		N.A.
VI		Actuarial Assumptions			
	1	Discount Rate	7.70%	7.70%	7.50%
	2	Expected rate of return on plan assets	8.92%	N.A	N.A
	3	Employee Turnover Rate	Varying from 0.1% to 0.5% per annum depending upon duration and age of the employees	Varying from 0.1% to 0.5% per annum depending upon duration and age of the employees	Varying from 0.1% to 0.5% per annum depending upon duration and age of the employees
	4	Salary escalation	7.50%	7.50%	7.50%
VIII		Experience Gain/(Loss) adjustments on Plan Assets	(1.36)	N.A	N.A
		Experience Gain/(Loss) adjustments on Plan Liabilities	0.93	(16.91)	(24.39)

Notes:

- The estimates 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 employment market
- The gratuity liability is unfunded except for Titagarh Steel Unit . Accordingly information regarding planned assets is given to the extent applicable.
- Amounts for the current and previous three periods are as follows:

Description	March 2010	31, 2009	March 2008	31, 2007
Defined Benefit Obligation	471.90	296.35	282.72	276.27
Plan Assets	37.29			
Surplus / (deficit)	(434.61)			
Experience adjustment on plan liabilities	(15.98)	(24.39)		
Experience adjustment on plan assets	(1.36)			

The information for the year ended March 31, 2006 are not available and hence not furnished

TITAGARH WAGONS LIMITED

SCHEDULE TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

23. Based on the information/ documents available with the Company, the information as per the requirement of Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 are as under:-

		Rs. In Lacs	
Sl	Particulars	March 31, 2010	March 31, 2009
I	Principal amount remaining unpaid to any supplier at the end of accounting year	395.20	152.30
II	Interest due on above	17.08	11.24
	Total of (I) and (II)	412.28	163.54
III	Amount of interest paid by the Company to the suppliers	32.81	NIL
IV	Amounts paid to the suppliers beyond the respective due date	782.67	1.653.83
V	Amount of interest due and payable for the period of delay in payments but without adding the interest specified under the Act	22.88	51.71
VI	Amount of interest accrued and remaining unpaid at the end of each accounting year	83.79	76.66
VII	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 Micro Small and Medium Enterprise Development Act, 2006	39.94	62.95

24. Disclosure as per clause 32 of the Listing Agreement:

Particulars	Balance as on 31st March,2010	Balance as on 31 st March,2009	Maximum amount due at any time during the year 2009-2010	Maximum amount due at any time during the year 2008-2009
Loans to Subsidiaries: Flourish Securities & Finance Private Limited (Interest free)	5,166.00	3695.00	8,666.00	3695.00
Loans to Associates (Joint Venture)/ Cimco Equity Holdings Private Ltd.	4,805.00	2250.00	4,805.00	2250.00

25. (a) Pursuant to a Scheme of Amalgamation (the Scheme) sanctioned by the Hon'ble High Court of Calcutta by order dated September 14, 2009, Titagarh Steels Limited (TSL) and Titagarh Biotec Private Limited (TBPL) were amalgamated with the Company with effect from April 1, 2009 (the appointed date). The amalgamation has been accounted for under the Pooling of Interest Method as prescribed by the Institute of Chartered Accountants of India (ICAI). TSL was in the business of manufacturing of steel castings and TBPL was in the process of setting up biotech business. The

TITAGARH WAGONS LIMITED

SCHEDULE TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

transferred companies carried on all their businesses and activities for the benefit of and in trust for, the Company from the Appointed Date. Thus, the profit or income accruing or arising to or expenditure or losses arising or incurred by the transferred companies from the Appointed Date are treated as the profit or income or expenditure or loss, as the case may be, of the Company. The Scheme has accordingly been given effect to in these accounts upon filing of certified copy of the Order of the Hon'ble High Court at Calcutta on November 27, 2009 (the Effective Date).

(b) In terms of the Scheme, the following assets and liabilities of TSL and TBPL have been transferred to and stand vested with the Company at their respective book values with effect from 1st April 2009 -

(Rs. in lacs)		
Particulars	TSL	TBPL
Fixed Assets (Net, including Capital work in progress)	1804.35	Nil
Current Assets, Loans and Advances	4858.09	2.09
Total Assets	6662.44	2.09
Less:		
Current Liabilities and Provisions	4033.32	0.28
Loans	914.55	Nil
Total Liabilities	4947.87	0.28
Net Assets	1714.57	1.81

(c) The Company has issued 3,66,954 equity shares of Rs.10/- each aggregating to Rs.36.70 lakhs to the shareholders of TSL on January 16, 2010, while in case of TBPL which was a wholly owned subsidiary of the Company, all the shares held by the Company in TBPL were cancelled and extinguished.

(d) A sum of Rs. 1288.85 lakhs being the difference between the amounts recorded as additional shares of the Company and the total share capital of TSL and TBPL has been adjusted and reflected as general reserve, instead of capital reserve as prescribed under Accounting Standard – 14 in terms of the above court order.

(e) To make the accounting policies followed by TSL fall in line with those of the Company, a sum of Rs. 411.13 lakhs as on April 1, 2009 representing the impact of following accounting policy differences has been adjusted against General Reserve which as per Accounting Standard - 5 should have been charged to Profit and Loss Account:

Particulars	Amount (Rs. In lacs)
Depreciation	77.09
Liquidated Damages (Net of Taxes)	334.04
Total	411.13

(f) Certain immovable properties, investments, licenses, contracts / agreements which were acquired pursuant to the above Scheme are in the process of registration in the name of the Company

26. The Company's investments in and loans to a wholly owned subsidiary Flourish Securities & Finance Pvt. Ltd. (FSPL) and a joint venture company, Cimco Equity Holding Private Ltd. (CHEPL) aggregating to Rs.14,145.38 lacs (Rs.5,495 lacs) have been utilized for acquiring controlling stake in and repurchase of certain financial

TITAGARH WAGONS LIMITED

SCHEDULE TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

assets like leased wagons, debts / loans of Cimmco Limited, a company under rehabilitation, the scheme whereof has been approved by the Board for Industrial and Financial Reconstruction (BIFR). In terms of the said approved scheme of BIFR, the rehabilitation of Cimmco Limited is under implementation and the Company, as a co-promoter has given financial and other indemnity to BIFR for fulfillment of the terms of the said scheme.

In the opinion of the management, all the above loans and investments are strategic in nature, with the objective of business expansion and diversification of the company and accordingly, these are considered good of recovery.

27. Auditors' remuneration include:

Particulars	(Rs. In lacs)	
	2009-10	2008-09
As Auditor:		
Audit fee	25.00	18.50
Limited Review	15.00	15.00
Out of Pocket Expenses	0.86	0.18
As advisor in respect of:		
Management Services	9.00	-
In other manner:		
Certification	-	1.50

28. Previous year's figures have been shown within brackets and have been regrouped / rearranged wherever necessary. In view of the merger of erstwhile TSL and TBPL with the Company with effect from April 1, 2009, pursuant to the Scheme of Amalgamation as mentioned in Note No. 25 above, the figures of the previous year are not comparable with the figures of the current year.

As per our Report of even date

As Approved

For and on behalf of the Board of Directors

For S. R. BATLIBOI & CO.

Firm Registration No 301003E.

CHARTERED ACCOUNTANTS

J P Chowdhary

:Executive Chairman

D N Davar

: Director

Per R. K. Agrawal

a Partner

Membership No. 16667

Place: Kolkata

Dated: May 17, 2010

Anil Kumar Agarwal

:Chief Financial Officer

Dinesh Arya

:Company Secretary

Auditors' Report

The Board of Directors

Titagarh Wagons Limited

1. We have audited the attached Consolidated Balance Sheet of Titagarh Wagons Limited and subsidiaries as at 31st March 2010 and also the Consolidated Profit and Loss Account and Consolidated Cash Flow Statement for the year then ended, annexed thereto and prepared in accordance with the accounting principles generally accepted in India. These consolidated financial statements are the responsibility of Titagarh Wagons Limited's management and have been prepared by the management on the basis of separate financial statements and other financial information. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. Without qualifying our opinion, we draw attention to the following notes on Schedule 22 –
 - (a) Note No.20 (a) & (b) regarding loans and advances aggregating to Rs. 11,103.91 lacs given by the Company to a subsidiary and a joint venture company for the purpose of acquiring controlling stake in certain financial assets like leased wagons, debts / loans, etc. of a sick company, rehabilitation scheme of which is under implementation. Pending revival of the said sick company, these loans and advances have been considered good of recovery by the management.
 - (b) Note No. 16 (a) regarding non provision of Rs. 329.03 lacs towards diminution in the value of certain investments based on its latest audited financial statements as at June 30, 2009. In view of the management, the present diminution is temporary in nature since the investment is strategic in nature and also because the current realizable value of the assets held by the aforesaid company is likely to be significantly higher than the book value of investment and no provision towards such diminution is considered necessary.
 - (c) Note No. 16 (b) regarding debts amounting to Rs.746.57 lacs recoverable from a customer which have not been realized since last year. The Company has taken reasonable steps in the matter and is hopeful to recover these dues. Accordingly, these dues have been considered good of recovery. For the reasons mentioned above, Terminal Excise duty claim of Rs. 195.34 lacs from the Director General of Foreign Trade have also been considered as good of recovery.
 - (d) Note No. 21 regarding non recognition of income from sublease of wagons, pending renewal of the sublease agreement with the Indian Railways.
4. *Note No. 23 regarding non-provision of possible loss by Cimmco Limited (subsidiary of a joint venture Cimco Equity Holdings Private Limited) arising from the auction proceedings initiated by the customs authorities, the impact whereof is presently unascertainable.*

5. The financial statements of certain subsidiaries and two joint venture companies, whose financial statements reflect total assets of Rs. 8,333.93 lacs as at 31st March 2010 and total revenue of Rs.20.48 lacs and net cash outflow of Rs. 189.69 lacs for the year then ended, have been audited / reviewed by other auditors, whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries and the joint venture, is based solely on these reports.
6. We did not audit the financial statements of a subsidiary, whose financial statements reflect total assets of Rs. 468.72 lacs as at 31st March, 2010 and total revenue of Rs. 0.42 lacs and net cash outflow of Rs. 10.49 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 certified unaudited financial statements.
7. We report that the consolidated financial statements have been prepared by Titagarh Wagons Limited's management in accordance with the requirements of Accounting Standards (AS) 21, "Consolidated financial statements", Accounting Standard (AS) 23, 'Accounting for Investments in Associates in Consolidated Financial Statements' and Accounting Standard (AS) 27, "Financial Reporting of Interests in Joint Ventures" notified by the Companies (Accounting Standards) Rules, 2006 (as amended).
8. On the basis of the information and explanations given to us and on consideration of the separate audit / review reports on individual audited financial statements and on consideration of the unaudited financial statements and on other relevant financial information, of Titagarh Wagons Limited, its subsidiaries and joint ventures, , we are of the opinion that the attached consolidated financial statements, read with para 3 and *subject to para 4* above, give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of consolidated Balance Sheet, of the state of affairs of Titagarh Wagons Limited and its subsidiaries as at 31st March 2010;
 - (b) in the case of consolidated Profit and Loss Account, of the profit of Titagarh Wagons Limited and its subsidiaries for the year ended on that date.
 - (c) in the case of consolidated Cash Flow Statement, of the cash flows of Titagarh Wagons Limited and its subsidiaries for the year ended on that date.

For S.R. BATLIBOI & CO.
Firm Registration No.301003E
Chartered Accountants

Per R.K. Agrawal
Partner
Membership No.: 16667
Place: Kolkata
Date: May 28, 2010

Titagarh Wagons Limited and its Subsidiaries
Consolidated Balance Sheet as at March 31, 2010

	Schedules	March 31, 2010 Rs. in Lacs	March 31, 2009 Rs. in Lacs
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	1,880.91	1,844.21
Reserves and Surplus	2	43,481.22	37,259.55
Minority interest (Includes Share in Joint Venture Rs. 25.92 lacs)		58.03	1.91
	s		
Loan funds			
Secured Loans	3	15,726.35	1,131.59
Unsecured Loans	4	76.25	51.72
Deferred Tax Liabilities (net)		-	69.69
		61,222.76	40,358.67
APPLICATION OF FUNDS			
Fixed Assets			
Goodwill on Consolidation		2,301.44	24.85
Gross Block	5	16,815.89	7,571.75
Less : Accumulated Depreciation/Amortisation		7,288.35	1,188.52
Net Block		9,527.54	6,383.23
Capital Work -in- Progress including Capital Advances		2,762.55	418.52
		14,591.53	6,826.60
Capital Expenditure on Expansion Projects	6	-	1,158.24
		14,591.53	7,984.84
Investments	7	594.89	20.09
Deferred Tax Assets (net) (Includes Share in Joint Venture Rs. 231.28 lacs)		218.93	-
Current Assets, Loans and Advances			
Inventories	8	22,796.73	14,321.39
Sundry Debtors	9	9,671.06	5,659.16
Cash and Bank Balances	10	11,509.59	9,820.78
Other Current Assets	11	632.04	390.92
Loans and Advances	12	18,422.55	14,619.38
		63,031.97	44,811.63
Less : Current Liabilities and Provisions			
Current Liabilities	13	14,367.56	10,665.54
Provisions	14	2,847.00	1,811.73
		17,214.56	12,477.27
Net Current Assets		45,817.41	32,334.36
Miscellaneous Expenditure (To the extent not written off or adjusted)			
Payment under early retirement scheme		-	19.38
		61,222.76	40,358.67

Accounting Policies and Notes to Accounts 22
Schedules 1 to 14 and 22 referred to above form an integral part of the Balance Sheet

As per our Report of even date

As Approved
For and on behalf of the Board of Directors

For S. R. BATLIBOI & CO.
Firm Registration No.: 301003E
CHARTERED ACCOUNTANTS

J P Chowdhary

Executive Chairman

D N Davar

Director

per R. K. Agrawal
Partner
Membership No. 16667
Place: Kolkata
Dated : May 28, 2010

Anil Kumar Agarwal

Chief Financial Officer

Dinesh Arya

Company Secretary

Titagarh Wagons Limited and its Subsidiaries

Consolidated Profit & Loss Account for the year ended March 31, 2010

	Schedules	2009-10 Rs. in Lacs	2008-09 Rs. in Lacs
INCOME			
Gross Sales		57,172.53	75,760.81
Less: Excise Duty		1,750.21	7,173.11
Net Sales		<u>55,422.32</u>	<u>68,587.70</u>
Other Income	15	2,174.73	1,856.35
		<u>57,597.05</u>	<u>70,444.05</u>
EXPENDITURE			
Raw Materials and Components Consumed	16	32,956.86	49,810.33
Manufacturing Expenses	17	8,037.49	5,922.20
(Increase)/Decrease in Stocks	18	1,074.88	(270.64)
Excise Duty and Cess on Stocks (Refer note no.4 on Schedule 22)		(209.88)	(317.08)
Payments to and Provisions for Employees	19	1,611.73	1,089.11
Administration, Selling and Other Expenses	20	3,593.99	3,658.76
Interest Expense	21	715.55	550.10
Depreciation/Amortisation		633.40	
Less: Transfer from Revaluation Reserve		<u>180.58</u>	286.66
		<u>48,233.44</u>	<u>60,729.44</u>
PROFIT BEFORE TAXATION		9,363.61	9,714.61
Provision for taxation			
Current Tax [Includes Wealth Tax]:			
For the year		3,003.00	3,175.00
For earlier years		20.54	-
Deferred Tax charge		323.13	94.99
Fringe Benefit Tax		-	34.23
		<u>3,346.67</u>	<u>3,304.22</u>
NET PROFIT AFTER TAX BUT BEFORE MINORITY INTEREST		6,016.94	6,410.39
Minority Interest		(1.30)	(2.09)
NET PROFIT AFTER TAXATION AND MINORITY INTEREST		6,018.24	6,412.48
Add: Balance brought forward from previous year		13,798.45	9,114.79
Less: Profit and Loss Account Debit Balances of transferor companies as on 1st April 2009 (Refer Note No. 23 on Schedule 22)		(756.97)	
Profit available for appropriation		<u>19,059.72</u>	<u>15,527.27</u>
APPROPRIATIONS			
Transfer to General Reserve		700.00	650.00
Proposed Dividend		940.45	922.11
Tax on Proposed Dividend		156.20	156.71
Surplus carried to Balance Sheet		<u>17,263.07</u>	<u>13,798.45</u>
Basic/ Diluted earning per share of Rs.10 each. (Rs.) (Refer note no.10 on Schedule 22)		32.00	34.86
Accounting Policies and Notes to Accounts		22	
Schedules 15 to 22 referred to above form an integral part of the Profit & Loss Account			

As per our Report of even date

As Approved
For and on behalf of the Board of Directors

For S. R. BATLIBOI & CO.
Firm Registration No.: 301003E
CHARTERED ACCOUNTANTS

J P Chowdhary

Executive Chairman

D N Davar

Director

per R. K. Agrawal
Partner
Membership No. 16667
Place: Kolkata
Dated : May 28, 2010

Anil Kumar Agarwal

Chief Financial Officer

Dinesh Arya

Company Secretary

TITAGARH WAGONS LIMITED

CASH FLOW STATEMENT

For the year ended March 31, 2010

	2009-10 Rs in lacs	2008-09 Rs in lacs
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before taxation	9,363.61	9,714.61
Adjustments for:		
Depreciation	452.82	286.66
Interest Expenses	715.55	550.10
Miscellaneous Expenditure written off	19.38	26.64
Exchange Difference (unrealised)	(6.53)	(50.98)
Debts and irrecoverable balances etc written off	-	449.47
Debts written off in earlier years, now recovered	(178.36)	-
Loss on sale of fixed assets (net)	2.61	71.72
Dividend Received	(3.19)	(360.47)
Liabilities written back (net)	(207.53)	(307.59)
Interest on deposits from Banks/ loans, advances etc. (Gross)	(1,204.54)	(1,157.34)
Provision for diminution in value of investments	(9.50)	9.50
Profit on Sale of Current Investments (Non Trade)	-	(1.90)
	(419.29)	(484.19)
Operating Profit before Working Capital Changes	8,944.32	9,230.42
Increase in Inventories	(2,471.44)	(804.29)
Decrease/(Increase) in Sundry Debtors	(2,458.68)	164.58
Decrease/(Increase) in Loans & Advances	1,418.86	(3,288.42)
Decrease in Current Liabilities & provisions	(696.33)	(1,796.86)
	(4,207.59)	(5,724.99)
Cash Generated from operations	4,736.73	3,505.43
Direct taxes paid	(2,913.43)	(3,389.91)
Net Cash from operating activities	1,823.30	115.52
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets including Capital work in progress	(2,098.97)	(3,791.21)
Proceeds from sale of fixed assets	5.76	0.97
Loans to Body Corporates	(1,277.50)	(1,590.00)
Loan to a Partnership Firm	-	(104.00)
Advance towards purchase of securities and other debts	-	(3,550.00)
Purchase of Investments	(2,216.69)	1.90
Investment in Bank Fixed Deposits	(3,743.27)	(6,666.69)
Proceeds of deposits matured (net)	6,425.71	8,879.52
Dividend received	3.19	360.47
Interest received	963.42	1,267.81
Net cash used in investing activities	(1,938.35)	(5,191.23)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Share Capital	-	21.22
Receipts of Securities Premium	-	1,124.66
Securities Issue Expenses	-	(33.68)
Received/(paid) from/to Bank Borrowings (net)	(832.59)	(1,364.45)
Repayment of Sales Tax Deferment Loan	(3.35)	-
Received/(paid) from/to External Commercial Borrowings	819.67	(748.70)
Short Term Loan against Fixed Deposits received / (paid)	5,350.00	(2,173.00)
Interest paid	(688.86)	(583.60)
Dividend paid (including corporate dividend tax)	(1,078.28)	(1,078.42)
Net cash from financing activities	3,566.59	(4,835.97)
Net Increase in cash & cash equivalent (A+B+C)	3,451.54	(9,911.68)
Cash and Cash Equivalents - Opening Balance	1,502.37	11,414.05
Opening Cash and Cash Equivalents pertaining to Erstwhile Titagarh Steels Limited	63.58	-
Cash and cash equivalent acquired during the year from Joint Venture	856.13	-
Cash and Cash Equivalents - Closing Balance	5,873.62	1,502.37

Notes:

Cash & Cash Equivalents *:

Cash on hand	20.32	3.11
Cheques on hand	187.00	160.47
Balance with Scheduled Banks:		
In Current Account	126.84	641.21
Fixed Deposit account	4,648.93	640.00
Unpaid Dividend Account**	0.94	0.40
Proportionate Share in Joint Ventures	889.59	57.18
	5,873.62	1,502.37

* Excluding Fixed Deposits of Rs. 5,635.97 lacs (Rs. 8,318.41 lacs) having maturity of more than three months.

**These balances are not available for use by the Company as they represent corresponding unpaid dividend liabilities.

As per our Report of even date

As Approved

For and on behalf of the Board of Directors

For S. R. BATLIBOI & CO.

Firm Registration No.: 301003E

CHARTERED ACCOUNTANTS

J P Chowdhary

Executive Chairman

D N Davar

Director

per R. K. Agrawal

Partner

Membership No. 16667

Place: Kolkata

Dated : May 28, 2010

Anil Kumar Agarwal

Chief Financial Officer

Dinesh Arya

Company Secretary

Titagarh Wagons Limited and its Subsidiaries

Schedules to Consolidated Balance Sheet

	March 31, 2010 Rs. in Lacs	March 31, 2009 Rs. in Lacs
SCHEDULE 1 : SHARE CAPITAL		
Authorised		
9,60,00,000 (2,00,00,000) Equity shares of Rs. 10/- each	9,600.00	2,000.00
5,20,00,000 (20,00,000) Preference shares of Rs. 10/- each	5,200.00	200.00
	<u>14,800.00</u>	<u>2,200.00</u>
Issued, Subscribed and Paid up		
1,88,09,069 (1,84,42,115) Equity shares of Rs. 10/- each fully paid up	1,880.91	1,844.21
Notes:		
Of the above		
- 3,66,954 equity shares were allotted as fully paid up to the shareholders of erstwhile Titagarh Steels Ltd. pursuant to the Scheme of Amalgamation for consideration other than cash (Refer Note No. 23 On Schedule 22)		
- 1,30,46,224 equity share were issued as bonus shares by capitalisation of securities premium)		
	<u>1,880.91</u>	<u>1,844.21</u>
SCHEDULE 2 : RESERVES AND SURPLUS		
Capital Reserve		
Additions arising on amalgamation #	9.18	-
	<u>9.18</u>	<u>-</u>
Securities Premium		
As per last Balance Sheet	21,481.95	10,554.64
Add: Received on Initial Public Offering	-	10,960.99
	<u>21,481.95</u>	<u>21,515.63</u>
Less: Utilised towards share issue expenses	-	33.68
	<u>21,481.95</u>	<u>21,481.95</u>
Revaluation Reserve		
Additions arising on revaluation #	1,345.31	-
Less: Transfer to Profit & Loss Account	180.58	-
	<u>1,164.73</u>	<u>-</u>
General Reserve		
As per last Balance Sheet	1,976.90	1,326.90
Add: Transferred from Profit and Loss account	700.00	650.00
	<u>2,676.90</u>	<u>1,976.90</u>
Add: Adjustment in relation to Amalgamation #	877.71	-
	<u>3,554.61</u>	<u>1,976.90</u>
Foreign Currency Translation Reserve		
	5.43	-
Special Reserve under Section 451C of RBI Act		
	2.25	2.25
Profit & Loss Account balance		
	17,263.07	13,798.45
	<u>43,481.22</u>	<u>37,259.55</u>
# Refer Note No. 23 on Schedule 22		
SCHEDULE 3: SECURED LOANS		
(Refer Note No. 5 on Schedule 22)		
From Scheduled Banks:		
-Working Capital Borrowings	125.39	51.96
-External Commercial Borrowings (Short Term)	1,892.77	1,079.63
-Short Term Loan against Fixed Deposits	5,350.00	-
	<u>7,368.16</u>	<u>1,131.59</u>
Add: Proportionate Share in Joint Ventures	8,358.19	-
	<u>15,726.35</u>	<u>1,131.59</u>
SCHEDULE 4: UNSECURED LOANS		
Sales tax deferment loan	63.43	51.72
(Payable within one year 7.63 Lacs (Rs. NIL)		
Add: Proportionate Share in Joint Ventures	12.82	-
	<u>76.25</u>	<u>51.72</u>

Titagarh Wagons Limited and its Subsidiaries
Schedules To The Consolidated Balance Sheet

(Rs. in Lacs)

SCHEDULE 5 : FIXED ASSETS

Particulars	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK	
	As at March 31, 2009	Assets Acquired on Amalgamation (Refer Note No. 2 below)	Additions	Sales/ Adjustments	As at March 31, 2010	Upto March 31, 2009	On Assets Acquired on Amalgamation (Refer Note No. 2 below)	For the year	Less: On sales/ Adjustments	Upto March 31, 2010	As at March 31, 2010	As at March 31, 2009
Freehold Land	1,655.24	146.56	-	-	1,801.80	-	-	-	-	-	1,801.80	1,655.24
Leasehold Land	88.52	-	-	-	88.52	6.74	-	0.82	-	7.56	80.96	81.78
Buildings	1,688.75	894.65	69.59	-	2,652.99	107.32	100.57	114.73	-	322.62	2,330.37	1,581.43
Plant and Machinery	3,262.37	3,301.81	725.52	-	7,289.70	741.51	2,640.06	394.72	-	3,776.29	3,513.41	2,520.86
Railway Siding	84.69	-	-	-	84.69	18.10	-	4.02	-	22.12	62.57	66.59
Moulds and Patterns	266.28	249.20	14.80	-	530.28	170.22	167.46	40.15	-	377.83	152.45	96.06
Furniture, Fixtures & Office Equipments	176.36	192.78	18.82	-	387.96	62.38	157.39	24.94	-	244.71	143.25	113.98
Vehicles	275.83	36.30	5.96	19.05	299.04	68.83	28.56	26.80	10.68	113.51	185.53	207.00
Intangibles -Specialised Software	73.37	-	4.20	-	77.57	13.41	-	25.15	-	38.56	39.01	59.96
Total	7,571.41	4,821.30	838.89	19.05	13,212.55	1,188.51	3,094.04	631.33	10.68	4,903.20	8,309.35	6,382.90
ADD: PROPORTIONATE SHARE IN JOINT VENTURES	3,719.40 (3)		31.97	148.03	3,603.34	2,443.76 (3)	-	88.35 (4)	146.96 (4)	2,385.15	1,218.19	1,275.64
Total	11,290.81	4,821.30	870.86	167.08	16,815.89	3,632.27	3,094.04	719.68	157.64	7,288.35	9,527.54	7,658.54
Previous Year's Total	3,547.90	-	4,029.37	5.52	7,571.75	904.19	-	286.66	2.33	1,188.52	6,383.23	

Notes:

1. Deed of conveyance in respect of Land and Buildings amounting to Rs.1,164.08 Lacs (Rs.1,164.08 Lacs) is pending registration.

2. Land, Buildings and Plant & Machineries of the erstwhile Titagarh Steels Ltd. Amalgamated with the Company pursuant to a Scheme of Amalgamation were revaluated as on 31st march 2009 by an approved valuar and surplus arising thereon amounting to Rs. 1,345.31 Lacs has been transferred to Revaluation Reserve. Additional depreciation for the year Rs. 180.58 Lacs on the revalued assets has been appropriated from the Revaluation Reserve.

3. Includes Gross Block of Rs. 3719.06 lacs & Accumulated Depreciation of Rs. 2443.75 lacs on acquisition of Cimcco Limited.

4. Includes Rs. 86.28 lacs and Rs. 146.96 lacs respectively, pertaining to preacquisition period of Cimcco Ltd which has been considered for the purpose of calculation of Goodwill on Consolidation.

Titagarh Wagons Limited and its Subsidiaries

Schedules to Consolidated Balance Sheet

	March 31, 2010 Rs. in Lacs	March 31, 2009 Rs. in Lacs
SCHEDULE 6:		
CAPITAL EXPENDITURE ON EXPANSION PROJECTS		
Opening Balance		
-Machinery and building under erection	1,110.29	1,232.11
-Preoperative Expenses		
Salary & Wages	47.95	20.70
	1,158.24	1,252.81
Additions during the year		
-Machinery and building under erection	175.19	1,113.27
-Preoperative Expenses		
Salary & Wages	14.35	27.25
Power & Fuel	3.60	-
Advances against purchase of fixed assets	-	289.19
	1,351.38	2,682.52
Less: Capitalised during the year	358.78	1,524.28
	992.60	1,158.24
Less: Transfer to Capital Work-in-Progress	992.60	-
	-	1,158.24

Titagarh Wagons Limited and its Subsidiaries

Schedules to Consolidated Balance Sheet

	No. of shares / units	Face value per share/ unit (Rs.)	March 31, 2010 Rs.in Lacs	March 31, 2009 Rs.in Lacs
SCHEDULE 7 : INVESTMENTS				
Long Term (At cost)				
(A) In fully paid up equity shares				
(i) Quoted (Other than Trade)				
Continental Valves Limited (Associate Company)	202,500	10	18.71 (a)	-
Tata Iron & Steel Company Limited	4,725	10	8.09	4.94
(525 equity shares acquired on conversion of fully convertible preference shares)	(4,200)	(10)		
Tube Investments Limited	10,000	2	0.75	0.75
Punjab National Bank	883	10	1.18	1.18
Indian Aluminium Company Limited	2,000	2	0.60	0.60
JSW Steel Limited	437	10	1.81	1.81
Syndicate Bank	4,321	10	2.16	2.16
Industrial Development Bank of India	11,040	10	8.97 (a)	-
Bank of Baroda	5,000	10	4.25 (a)	-
State Bank of Bikaner & Jaipur	10,250	10	5.54 (a)	-
(ii) Unquoted (Trade)				
In Associate Company				
Tecalemit Industries Limited	885,000	10	29.50 (a)	-
In Others (Other than Trade)				
Titagarh Papers Limited	4,933,000	10	493.30 (a)	-
	(-)			
Bhatpara Papers Limited	50,000	10	5.00 (a)	-
	(-)			
(B) In fully paid up Preference Shares				
(i) Quoted (Other than Trade)				
Fully convertible preference shares of Tata Iron & Steel Company Limited	(-)	10	-	3.15
(Converted into equity shares during the year)	(3,150)			
(C) In Mutual Funds (Other than Trade)				
UTI Infrastructure Fund	17,979	10	5.00	5.00
UTI Lifestyle Fund	100,000	10	10.00	10.00
Total			594.86	29.59
Add : Proportionate Share in Joint Venture			0.03	-
			594.89	29.59
Less : Provision for diminution in value of Investments			-	9.50
			594.89	20.09
Aggregate cost of Quoted Investments			67.06	29.59
Market Value of Quoted Investments			164.99	28.72
Aggregate cost of Unquoted Investments			527.80	

Note:

(a) Indicates Securities which have been acquired pursuant to a scheme of amalgamation. (Refer Note No. 23 On Schedule 22)

Titagarh Wagons Limited and its Subsidiaries

Schedules to Consolidated Balance Sheet

	March 31, 2010 Rs. in Lacs	March 31, 2009 Rs. in Lacs
SCHEDULE 8: INVENTORIES		
(at lower of cost and net realisable value)		
Raw materials and Components*	11,950.81	8,040.72
Stores and Spares Parts	787.95	490.59
Work in Progress	4,476.40	1,979.49
Finished goods	1,743.97	3,810.59
	<u>18,959.13</u>	<u>14,321.39</u>
Add: Proportionate Share in Joint Ventures	3,837.60	-
	<u>22,796.73</u>	<u>14,321.39</u>
* Including goods in transit	NIL	397.88
SCHEDULE 9: SUNDRY DEBTORS		
(Unsecured, Considered Good)		
Outstanding for a period exceeding six months	1,177.52	622.02
Other Debts	8,270.67	5,037.14
	<u>9,448.19</u>	<u>5,659.16</u>
Add: Proportionate Share in Joint Ventures	222.87	-
	<u>9,671.06</u>	<u>5,659.16</u>
SCHEDULE 10: CASH AND BANK BALANCES		
Cash on hand	20.32	3.11
Cheques on hand	187.00	160.47
With Scheduled banks on :-		
Current account	126.84	641.21
Fixed deposit account*	10,284.90	8,958.41
Unpaid Dividend account	0.94	0.40
	<u>10,620.00</u>	<u>9,763.60</u>
Add: Proportionate Share in Joint Ventures	889.59	57.18
	<u>11,509.59</u>	<u>9,820.78</u>
* Includes		
a) Receipts lying with banks as security against guarantees and letters of credit issued by them	2,181.19	3,826.75
b) Balance of unutilised money out of issue of Shares	-	2,217.23
SCHEDULE 11: OTHER CURRENT ASSETS		
(Unsecured, Considered good)		
Interest accrued on loans, fixed deposits, etc		
-Outstanding for a period exceeding six months	67.54	
-Others	561.19	389.81
	<u>628.73</u>	<u>389.81</u>
Add: Proportionate Share in Joint Ventures	3.31	1.11
	<u>632.04</u>	<u>390.92</u>

Titagarh Wagons Limited and its Subsidiaries

Schedules to Consolidated Balance Sheet

	March 31, 2010 Rs. in Lacs	March 31, 2009 Rs. in Lacs
SCHEDULE 12: LOANS AND ADVANCES		
(Unsecured, Considered Good)		
Loan to a partnership firm	104.00	104.00
Loans to:		
- Body Corporates	2,867.50	1,590.00
(refer Note No. 20 on Schedule 22)		
Advances (recoverable in cash or in kind or for value to be received or pending adjustments) : (Refer Note No. 20 on Schedule 22)	12,111.18 *	11,549.33 *
Balance with Central Excise Authorities	120.33	46.35
Security Deposits	182.34	176.99
	15,385.35	13,466.67
Add: Proportionate Share in Joint Ventures (Refer Note No. 20 on Schedule 22)	3,037.20	1,152.71
	18,422.55	14,619.38
*Includes:		
- Due from a Company under the same management		
Titagarh Steels Limited	NIL *	2,826.57
Maximum amount outstanding during the year	NIL *	3,838.88
- Due from officers of the Company	19.92	1.40
Maximum amount outstanding during the year	23.40	5.37
* Due to the merger of Titagarh Steels Limited with the Company w.e.f. April 1, 2009		
SCHEDULE 13: CURRENT LIABILITIES		
Acceptances	2,429.67	109.07
Sundry Creditors		
-dues to Micro, Medium and Small Enterprises	395.20	152.30
-dues to others*	4,039.47	4,142.01
Other Liabilities	1,627.25	1,176.53
Advances from Customers	4,981.53	5,069.40
Investor Education and Protection fund:**		
- Unpaid Dividend	0.94	0.40
Interest accrued but not due on loans	32.48	5.79
	13,506.54	10,655.50
Add: Proportionate Share in Joint Ventures	861.02	10.04
	14,367.56	10,665.54
* Include dues to directors	398.66	429.54
** To be credited as and when due		
SCHEDULE 14: PROVISIONS		
Income Tax [(Net of advance tax Rs. 11,682.25 Lacs (Rs. 9,214.56 Lacs))]	333.43	154.00
Fringe Benefit Tax [(Net of advance tax Rs.NIL (Rs. 33.00 Lacs))]	-	3.78
Leave Encashment	77.40	60.09
Gratuity	434.61	296.35
Warranty claims (Refer Note no. 11 on Schedule 22)	164.32	218.69
Liquidated damages (Refer Note no. 11 on Schedule 22)	730.87	-
Proposed Dividend	940.45	922.11
Tax on Proposed Dividend	156.20	156.71
	2,837.28	1,811.73
Add: Proportionate Share in Joint Ventures	9.72	
	2,847.00	1,811.73

Titagarh Wagons Limited and its Subsidiaries
Schedules to Consolidated Profit and Loss Account

	2009-10 Rs. in Lacs	2008-09 Rs. in Lacs
SCHEDULE 15: OTHER INCOME		
Interest on:		
- Deposits with Banks (Gross)	921.21	846.02
[Tax deducted at source Rs. 102.24 lacs (Rs. 188.77 lacs)]		
- Loans, advances etc. (Gross)	283.33	309.80
[Tax deducted at source Rs. 28.33 lacs (Rs. 70.28 lacs)]		
Profit on sale of Current Investments (Non Trade)	-	1.90
Unspent Liabilities, Provision no longer required and Unclaimed Balances adjusted	207.53	307.59
Exchange Differences (Net)	209.98	-
Brokerage and commission received	347.52	-
Debts written off in earlier years, now recovered	178.36	-
Provision for Diminution in value of investments written back	9.50	-
Dividend Received on		
- Long term investments (Other than -Trade)	3.19	1.38
- Current Investments (Other than -Trade)	-	358.92
Miscellaneous receipts	11.67	29.05
	2,172.29	1,854.66
Add: Proportionate Share in Joint Ventures	2.44	1.69
	2,174.73	1,856.35
SCHEDULE 16: RAW MATERIALS AND COMPONENTS CONSUMED		
Opening stock	8,040.72	7,631.03
Add: Stock acquired on amalgamation (Refer Note No. 23 on Schedule 22)	513.02	-
	8,553.74	7,631.03
Add: Purchases	36,353.93	50,220.02
	44,907.67	57,851.05
Less: Closing stock	11,950.81	8,040.72
	32,956.86	49,810.33
SCHEDULE 17: MANUFACTURING EXPENSES		
Stores and Spares consumed	3,300.03	2,333.64
Power and Fuel	2,069.90	949.25
Design and Development expenses	145.57	272.19
Job Processing and other Machining Charges (including contract labour charges)	2,106.89	2,064.19
Repairs - Buildings	207.01	45.80
- Plant and Machinery	136.25	120.76
- Others	42.59	37.34
Crane Hiring Charges	29.25	99.03
	8,037.49	5,922.20
SCHEDULE 18: (INCREASE)/ DECREASE IN STOCKS		
Closing Stock		
Finished Goods	1,743.97	3,810.59
Work in Progress	4,476.40	1,979.49
	6,220.37	5,790.08
Opening Stock		
Finished Goods	3,810.59	4,084.85
Work in Progress	1,979.49	1,434.59
Add: Stock acquired on Amalgamation (Refer Note No. 23 on Schedule 22)	1,505.17	-
	7,295.25	5,519.44
	1,074.88	(270.64)

Titagarh Wagons Limited and its Subsidiaries
Schedules to Consolidated Profit and Loss Account

	2009-10	2008-09
	Rs. in Lacs	Rs. in Lacs
SCHEDULE 19: PAYMENTS TO AND PROVISIONS FOR EMPLOYEES		
Salaries, wages and bonus	1,250.25	841.34
Contribution to Provident and other funds	131.10	93.78
Gratuity	64.40	67.04
Workmen and staff welfare expenses	112.38	86.95
	1,558.13	1,089.11
Add: Proportionate Share in Joint Ventures	53.60	-
	1,611.73	1,089.11
SCHEDULE 20: ADMINISTRATION,SELLING AND OTHER EXPENSES		
Rent	45.41	33.93
Rates and Taxes	55.53	56.27
Insurance	26.57	23.24
Travelling Expenses	273.35	285.90
Professional & Consultancy fees	499.52	394.00
Directors' Remuneration	679.26	770.14
Charity and Donations	28.17	11.53
Loss on Sale of fixed Assets (net)	2.61	71.72
Exchange Differences (Net)	65.46	302.96
Debts and irrecoverable balances etc written off	91.54	449.47
Provision for diminution in Value of Investments	-	9.50
Brokerage & Commission to other selling agents	32.23	34.71
Other Selling Expenses	151.28	137.66
Provision for Warranty Claims and Liquidated Damages	775.90	215.83
Auditor's Remuneration	55.66	41.33
Bank Charges	340.56	379.64
Miscellaneous Expenditure written off	19.38	26.64
Miscellaneous expenses	421.94	403.21
	3,564.37	3,647.68
Add: Proportionate Share in Joint Ventures	29.62	11.08
	3,593.99	3,658.76
SCHEDULE 21: INTEREST EXPENSE (NET)		
Interest to		
- Banks (including Rs. 66.38 Lacs (Rs. 58.42 Lacs) on fixed loans)	409.88	426.53
- Others	305.67	123.57
	715.55	550.10

SCHEDULE TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

Schedule – 22:

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

1. Significant accounting policies

a) Principles of Consolidation

The consolidated financial statements which relate to Titagarh Wagons Limited, (the Company) and its Subsidiaries and Joint Ventures have been prepared in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India on the following basis:

- (i) The financial statements of the Company and its Subsidiaries have been consolidated, in terms of Accounting Standard (AS) 21 'Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India, 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/shortfall of cost to the Company of its investments in the Subsidiary Companies as on the date of investment is recognised in the financial statements as Goodwill/Capital Reserve as the case may be.

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

Name of the Subsidiary	Country of Incorporation	Proportion of Ownership Interest	
		31st March, 2010	31st March, 2009
Flourish Securities and Finance Pvt Ltd (FSFL)	India	100	100
Titagarh Singapore Pte. Limited (TSPL)	Singapore	100	100
Greysam & Company Private Limited (GCPL)	India	50*	50*
Titagarh Biotec Private Limited (TBPL)	India	**	100

* GCPL is a subsidiary of the Company by virtue of control over composition of its board of directors.

** TBPL has merged with the Company with effect from April 1, 2009 pursuant to a Scheme of Amalgamation.

- (ii) 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 Company. Their share of net assets has been identified and presented in the Consolidated Balance Sheet separately.

SCHEDULE TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

- (iii) The financial statements of TSPL have been prepared in accordance with Singapore Financial Reporting Standard (SFRS). This subsidiary is not significant as compared to the Company's consolidated operation and hence, the impact thereof, if any, on account of any differences due to adoption of different Accounting Standards as stated above, in comparison to the Indian Generally Accepted Accounting Principles (IGAAP) is not material.
- (iv) 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 Schedule 2.
- (v) In terms of Accounting Standard (AS) 27 'Financial Reporting of Interests in Joint Venture' issued by the Institute of Chartered Accountants of India, 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 the joint ventures.
- (vi) Particulars of interest in joint ventures:

Name of Joint Venture	Country of Incorporation	Proportion of Ownership Interest	
		31 st March, 2010	31 st March, 2009
Cimmco Equity Holdings Private Limited (CEHPL)	India	50%	50%
Titagrah Freight Car Private Limited (TFPL)	India	49%	49%

- (vii) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and are presented, to the extent possible, in the same manner as the Company's separate financial statements.
- (viii) The Consolidated Financial Statements are based on audited Financial Statements of subsidiaries and joint ventures, except in case of CEHPL, the results of which are based on unaudited financial statements, subjected to limited review by its auditors while the results of TSPL are based on unaudited financial statements as certified by the management.
- (ix) Cimmco Ltd (CL) has become a subsidiary of CEHPL with effect from 14th March, 2010. Since CL did not have material operations during the period from 15th March, 2010 to 31st March, 2010, the reviewed figures of CL as on the balance sheet date have been considered for the purpose of calculation of goodwill on consolidation in the accounts of CEHPL.
- (x) Continental Valves Ltd. and Tecalemit Industries Ltd. have become associates of the Company with effect from 1st April 2009 pursuant to the amalgamation of erstwhile Titagarh Steels Ltd. as given in note no. 23 below. The Company has considered these investments as acquired and held exclusively for the purpose of subsequent disposal in the near future and accordingly, these associates have not been consolidated in these consolidated financial statements.

SCHEDULE TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

b) Basis of preparation

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

c) Use of estimates

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

d) Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price inclusive of duties (net of CENVAT/ VAT), taxes, incidental expenses and any attributable cost of bringing the asset to its working condition for its intended use. In case of revaluation of fixed assets, the original cost as written up by the valuer is considered in the accounts and the differential amount is transferred to revaluation reserve. Borrowing costs relating to acquisition of fixed assets which take substantial period of time to get ready for its intended use are also capitalised, to the extent they relate to the period till such assets are ready to be put to use.

Capital work-in-progress includes machinery to be installed, construction and erection materials and capital advances.

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 capitalised and depreciated over the residual life of the respective assets.

e) Intangibles

Research and Development Costs

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

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

f) Depreciation / Amortisation

Depreciation on 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 as per the useful lives of

SCHEDULE TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

the assets estimated by the management, whichever is higher. In case of fixed assets which are devalued, the provision for depreciation is based on the revalued amount on the estimate of the remaining useful life of such assets.

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

Leasehold Land is amortised over the period of lease.

Intangible assets (specialised software) are amortised using the straight line method over a period of three years.

g) Impairment of Fixed Assets

- i. 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 at the weighted average cost of capital.
- ii. After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.
- iii. 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.

h) 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 charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalized.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalized leased assets are depreciated over the shorter of 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 Profit and Loss account on a straight-line basis over the lease term.

i) Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term

SCHEDULE TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

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

Closing stock of stores and spares, raw materials, finished and semi-finished goods are valued at lower of cost and net realizable value. Cost of inventories is ascertained on 'First In First Out' basis. Materials and other supplies held for use in the production of inventories 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 in respect of raw materials and stores and spares include expenses incidental to procurement thereof.

Cost in respect of finished goods represents prime cost and includes appropriate portion of overhead cost and excise duty.

Cost in respect of work in progress represents costs (includes prime cost and appropriate portion of overhead cost) upto the stage of completion.

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. In case of sale of goods, revenue is recognized when the significant risks and rewards of ownership of goods have passed to the buyer. Revenue is recognized inclusive of excise duty and exclusive of value added tax (VAT).

Interest Income

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

Dividends

Revenue is recognised when the shareholders' right to receive payment is established by the balance sheet date.

l) Liquidated Damages

Liquidated damages on supply to Railway and other Public undertakings are provided in the accounts based on the contractual obligations or deduction by the customers as the case may be.

m) Retirement and other Employee Benefits

Contributions to Provident, Pension and Superannuation Funds are defined contribution plans and are paid to appropriate authorities and charged to Profit and Loss Account on

SCHEDULE TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

accrual basis. There are no other obligations other than the contribution payable to respective authorities.

Gratuity, a defined benefit plan is unfunded (except for Titagarh steel unit where it is administered through a trust and funded) and is provided for based on actuarial valuation made at the end of each financial year using the projected unit credit method. Actuarial gains and losses are recognised immediately in the statement of profit and loss account as income or expenses.

Long term compensated absences are provided for based on actuarial valuation made at the year end using the projected unit credit method. Actuarial gains and losses are recognised immediately in the statement of profit and loss account as income or expenses.

Expenditure in respect of early retirement scheme are written off as a period cost over a period of 5 years.

n) Taxes on Income

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit 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 year 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. Unrecognized deferred tax assets of earlier years are re-assessed and recognized to the extent that it has become reasonably or virtually 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 recognises unrecognized 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 realised.

o) Provisions

Provisions involving substantial degree of estimation in measurement (without being discounted to its present value) are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to its present value and are determined based on 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 estimates of further liability to be incurred in this regard during the warranty period.

p) Foreign Currency Transactions

i) 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.

ii) 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.

iii) Exchange differences

Exchange differences arising on the settlement/conversion of monetary items are recognized as income or expenses in the year in which they arise.

iv) Forward Exchange Contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of forward exchange contracts 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.

q) Segment Reporting

Identification of segments

The Company has identified its business segments as the primary segments. The Company's businesses are organized and managed separately according to the nature of products, 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 accounting policies adopted for segment reporting are in line with those of the Company.

SCHEDULE TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

r) Expenditure on expansion project

Expenditure directly relating to construction activity are capitalized. Indirect expenditure incurred during construction period are capitalized as part of the indirect construction cost to the extent to which the expenditure are indirectly related to construction or are incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period which are not related to the construction activity nor are incidental thereto are charged to the Profit and Loss Account.

All direct capital expenditures on expansion are capitalized. As regards indirect expenditures on expansion, only that portion is capitalized which represent the marginal increase in such expenditure involved as a result of capital expansion. Both direct and indirect expenditures are capitalized only if they increase the value of the asset beyond its original standard of performance.

s) Earning per share

Basic earning per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) 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.

t) Utilization of securities premium

Share issue expenses are written off against securities premium account.

u) Cash and Cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

NOTES TO ACCOUNTS

2. Contingent Liabilities:-

SCHEDULE TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

- i. Claims not acknowledged as debts – 3,706.51 **lacs** (Rs. 154.06 Lacs). [Including Rs. 3,395.31 lacs (NIL) for Joint Venture].
 - ii. Income tax demands under appeal Rs.123.79 **lacs** (Rs.37.46 Lacs). [Including Rs. 69.93 Lacs (NIL) for Joint Venture]
 - iii. Excise demands under appeal Rs. 1885.40 **lacs** (Rs. 1,109.84 Lacs). [Including Rs. 317.66 Lacs (NIL) for Joint Venture]
 - iv. Sales tax demands under appeal Rs. 489.51 lacs (Rs. 451.77 Lacs). [Including Rs. 24.92 Lacs (NIL) for Joint Venture]
 - v. Outstanding Guarantees and Letters of Credit from Banks Rs. 9,255.23 Lacs (Rs. 16,129.22 Lacs) and Performance Guarantee given for fulfillment of certain obligations **Rs. 2,031.30 Lacs** (Rs **2,292.75 Lacs**).
 - vi. Future export obligation with respect of duty free import against advance/EPCG licenses Rs. 903.74 **Lacs** (636.55 Lacs).
3. Estimated amount of Capital contracts not provided for (net of advances) **Rs. 426.38 Lacs** (**Rs. 166.26 Lacs**). [Share in Joint venture Rs. **281.92 Lacs** (NIL)].
 4. Excise duties on stocks represent differential excise duty on opening & closing stock of finished goods.
 5. (a) Working capital borrowings, external commercial borrowings from the bankers and non funded facilities comprising of bank guarantees and letters of credit are secured by hypothecation of stocks, book debts, movable properties of any kind and fixed assets, both present and future and equitable mortgage of immovable properties of the Company and fixed deposits with banks to the extent of Rs.50.00 lacs

(b) Short term loans against fixed deposits are secured by pledge of fixed deposits receipts.
 6. The Company's application for increase in Gross value of fixed capital Assets by Rs. 78.95 Lacs and allowance of sale tax deferment loan aggregating to Rs 51.72 Lacs for the period from January 2005 to March 2005 is pending grant by the relevant authorities. The matter is being pursued by the Company and accordingly, such amount has been included in Sales Tax Deferment loan and shown as Unsecured Loan.

SCHEDULE TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

7. In compliance with Accounting Standard – 17 – ‘Segment Information’ notified pursuant to the Companies (Accounting Standards) Rules, 2006 (as amended) in respect of Business Segment are as follows:

Business Segment:

The business segments based on the Company's products have been identified as “Wagon Building”, “Heavy Earth Moving Machineries (HEMM)” and “Steel Foundry”.

Wagon Building: Consists of manufacturing of wagons as per customers' specification

Heavy earth moving Machineries: Consists of manufacturing of earth moving equipments.

Steel Foundry: Consists of foundry castings including Bogies and Couplers.

Others: Consists of miscellaneous business comprising of less than 10% revenue.

Geographical Segment

The Company primarily operates in India and therefore the analysis of geographical segment is not applicable to the Company.

SCHEDULE TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

Information about Primary Business Segments:

(Rs. in Lacs)

	Wagon	HEMM	Steel Foundry	Others	Elimination	Total
A Revenues (net of excise duty and cess)						
External sales	49,620.92	2,595.46	1,721.49	1,484.45		55,422.32
	(65,026.17)	(2,708.38)	(556.59)	(296.56)		(68,587.70)
Inter- segment sales	183.97		9,575.05		9,759.02	-
	(26.62)		(4,113.16)		(4,139.78)	(-)
Total Revenue	49,804.90	2,595.46	11,296.54	1,484.44	9,759.02	55,422.32
	(65,032.57)	(2,708.38)	(4,669.75)	(296.56)	(4,139.78)	(68,587.70)
B Results						
Segment results	9,025.90	177.14	1,148.40	231.18	-	10,582.62
	(9,316.65)	(134.06)	(508.96)	(103.78)	(-)	(10,063.45)
Less: Unallocated Expense net of unallocated Income						1,708.01
						(954.54)
Operating Income						8,874.61
						(9,108.91)
Add: Interest Income (Net)						(489.00)
						(605.71)
Provision for Tax						3,023.54
						(3,175.00)
Fringe benefit tax						0.00
						(34.23)
Deferred tax						323.13
						(94.99)
Net Profit after tax						6,016.94
						(6,410.39)
C Segment assets	23,345.07	3,175.63	9,123.45	5,224.75		40,868.90
	(24,636.85)	(3,070.99)	(3,200.42)	(3,436.71)		(34,344.97)
Unallocated corporate assets						37,568.42
						(18,471.49)
Total Assets						78,437.32
						(52,816.46)
D Segment liabilities	11,313.72	1,968.96	715.79	473.45		14,471.92
	(7,825.42)	(1,093.38)	(627.32)	(1,031.98)		(10,578.10)
Unallocated corporate liabilities						18,603.27
						(3,153.96)
Total Liabilities						33,075.19

SCHEDULE TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

		Wagon	HEMM	Steel Foundry	Others	Elimination	Total
							(13,732.06)
	Capital Expenditure	551.74	68.62	456.53	979.76		2,056.65
		(2091.39)	(25.65)	(1,011.18)	(638.14)		(3,766.36)
	Depreciation	187.48	28.86	69.63	166.85		452.82
		(164.56)	(25.24)	(18.66)	(78.20)		(286.66)
	Non cash expenses						
	Provision for diminution in value of investments				NIL (9.50)		NIL (9.50)
	Miscellaneous Expenditure (payment under early retirement scheme)		19.38 (26.64)				19.38 (26.64)

SCHEDULE TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

8. In compliance with Accounting Standard – 18, the disclosures regarding related parties are as follows:

A. Name of Related parties:

a)	Associate Companies		Continental Valves Limited (with effect from 01.04.2009) Tecalemit Industries Limited (with effect from 01.04.2009)
b)	Joint Venture Companies	:	Cimco Equity Holdings Pvt. Ltd. Titagarh Freight Car Pvt. Ltd Cimmco Ltd, subsidiary of Cimco Equity Holdings Pvt. Ltd. (with effect from 14.03.2010)
c)	Key Management Personnel (KMP)	:	J P Chowdhary – Executive Chairman Umesh Chowdhary – Vice Chairman & Managing Director (upto 23.09.2009)
d)	Relatives of Key Management Personnel (KMP)	:	Savitri Devi Chowdhary, Wife of Mr. J P Chowdhary Rashmi Chowdhary, Wife of Mr. Umesh Chowdhary (upto 23.09.2009) Umesh Chowdhary, Son of Mr. J P Chowdhary (with effect from 24.09.2009) Vinita Bajoria, Daughter of Mr. J P Chowdhary (with effect from 01.04.2009) Sumita Kandoi, Daughter of Mr. J P Chowdhary (with effect from 01.04.2009)
e)	Enterprises owned or significantly influenced by the KMP/ KMP's relatives *	:	Titagarh Logistics Infrastructure Services (P) Limited Sourenee Leaves Private Limited Titagarh Shipyd Limited. Titagarh Capital Management Services (P) Ltd. Traco International Investment Pvt. Ltd

* Titagarh Steels Limited which was reflected as an enterprise owned or significantly influenced by the KMP/ KMP's relatives respectively till 31st March, 2009 has merged with the Company effective from 1st April, 2009 in terms of High Court's order as indicated in Note No. 23. Accordingly, the figures with respect to transactions with TSL for the current year as well as previous year are not given.

SCHEDULE TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

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

(Rs. in Lacs)

Nature of Transactions	Associate Companies	Joint Ventures	Key Management Personnel	Enterprises over which KMP/ KMP's relatives have significant influence	Relatives of Key Management Personnel	Total
Income:						
Interest on Advances / Loans						
Cimco Equity Holdings P. Ltd		217.71				217.71
		(58.80)				(58.80)
Expenditure:						
Purchase of Raw Material						
Cimmco Limited		153.32				153.32
Dividend Paid						
Savitri Devi Chowdhary					180.65	180.65
					(180.65)	(180.65)
Rashmi Chowdhary					77.13	77.13
					(77.13)	(77.13)
Titagarh Capital Management Services (P) Ltd				196.34		196.34
				(196.34)		(196.34)
J P Chowdhary			1.57			1.57
			(1.57)			(1.57)
Umesh Chowdhary			0.77			0.77
			(0.77)			(0.77)
Vinita Bajoria					0.25	0.25
					(0.25)	(0.25)
Sumita Kandoi					0.01	0.01
					(0.01)	(0.01)
Traco International Investment Pvt. Ltd				1.52		1.52
				(1.52)		(1.52)
Tecalemit Industries Ltd.	0.13					0.13
J P Chowdhary			433.67			433.67
			(372.76)			(372.76)
Umesh Chowdhary			176.64			176.64
			(372.76)			(372.76)
Vinita Bajoria					4.17	4.17
Directors Sitting Fees						

SCHEDULE TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

Nature of Transactions	Associate Companies	Joint Ventures	Key Management Personnel	Enterprises over which KMP/ KMP's relatives have significant influence	Relatives of Key Management Personnel	Total
Umesh Chowdhary					0.60	0.60
Assets:						
Loan/ Advance Given						
Cimco Equity Holdings Pvt. Ltd		1,277.50				1,277.50
		(1,125.00)				(1,125.00)
Investment in Shares						
Tecalemit Industries Ltd.	29.50					29.50
Continental Valves Ltd.	18.71					18.71
Loan/Advance refunded						
Continental Valves Ltd.	NIL					NIL
	(16.00)					(16.00)
Balance outstanding as at the year end – Debit						
Cimco Equity Holdings P.Ltd		2,643.91				2,643.91
		(1,170.47)				(1,170.47)
Cimmco Ltd.		100.77				100.77
Balance outstanding as at the year end – Credit						
J P Chowdhary			256.16			256.16
			(214.56)			(214.56)
Umesh Chowdhary			106.44			106.44
			(214.98)			(214.98)

SCHEDULE TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

9. The breakup of net deferred tax asset / (liability) of **Rs. 218.93 Lacs** (Rs. 69.69 Lacs) as on the Balance Sheet date is as follows:

	Rs.in Lacs	
	March 31, 2010	March 31, 2009
A. Deferred tax liability		
Timing differences in depreciable assets	421.56	265.18
B. Deferred tax assets		
Expenses allowable against taxable income in future years	409.21*	195.49
Net deferred tax liability/(Asset) (A – B)	(12.35)	(69.69)
Share of Joint Venture	231.28	-
Grand Total	218.93	(69.69)

* After adjusting deferred tax assets of Rs. 380.47 Lacs as on 31st March 2009 of erstwhile Titagarh Steels Ltd., pursuant to the Scheme of amalgamation.

10. Earnings per share (EPS) in terms of Accounting Standard 20, is given below:

	2009-10	2008-09
Profit available to share holders (Rs. In lacs)	6,018.24	6,412.48
No. of equity shares (Weighted Average)	1,88,09,069	1,83,96,787
Basic/Diluted earnings per share of Rs. 10 each (Rs.)	32.00	34.86

11. The movement in provision for warranties and liquidated damages during the year is as follows:

	(Rs in lacs)		
	Warranties	Liquidated Damages	Total
Balance as at 1 st April, 2009	94.25 (203.70)	124.44 (132.78)	218.69 (336.48)
Acquired on Amalgamation	20.98	317.91	338.89
Additions during the year	195.74 (35.72)	580.16 (180.11)	775.90 (215.83)
Amounts used during the year	146.65 (41.05)	291.64 (188.45)	438.29 (229.50)
Unused amounts written back during the year	NIL (104.12)	NIL -	NIL (104.12)
Balance as at 31 st March, 2010	164.32 (94.25)	730.87 (124.44)	895.19 (218.69)

SCHEDULE TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

12. (a) Particulars of un-hedged foreign currency exposure as on the Balance Sheet date :

Type	Foreign currency (In Lacs)		Equivalent INR (Rs.in Lacs)	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
Unsecured Loan (ECB)	USD-9.89	USD-21.30	446.45	1,085.23
Investment in Subsidiary	USD-10.65	USD-10.65	476.37	476.37
Debtors	USD-3.65	-	164.98	-

- (b) Derivatives: outstanding as at Balance sheet date

Particulars	Currency	Amount in Foreign Currency (In Lacs)	
		As at 31 st March, 2010	
		2010	2009
Forward Contracts - (Receivables)	USD	32.22	NIL

13. Professional Expenses include expenses towards Research and Development Rs.8.40 lacs (Rs.8.10 lacs). There is no capital expenditure on account of Research and Development

14. Details of utilization of Rs 11,167.80 Lacs raised through public issue till March 31, 2010:

Description	Estimated Amounts to be financed through Issue Proceeds	Amounts utilized till March 31, 2010	
		2010	2009
EMU Manufacturing Facility	1,874.10	1,874.10	1,576.45
Upgradation of existing facilities and sub station	1,884.30	1,884.30	1884.30
Corporate Office	700.00	357.44	251.17
Strategic Acquisition	1,250.00	1,250.00	1,250.00
Brand Building Exercise	200.00	29.28	22.55
General Corporate Purposes	4408.40	4,921.68	3,115.10
Issue Expenses	851.00	851.00	851.00
	11,167.80	11,167.80	8950.57
Balance unspent money lying in short terms Fixed Deposits		NIL	2217.23
Total	11,167.80	11,167.80	11,167.80

15. The Company has operating leases for office premises 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 in the lease agreement. There are no restrictions imposed by lease arrangements. There are no subleases.

The amount of rent expenses included in Profit and Loss Account towards operating Leases aggregate to Rs **45.41** Lacs (Rs. 33.93 Lacs).

SCHEDULE TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

16. (a) Based on the latest audited financial statements as at June 30, 2009 of Titagarh Paper Limited, there is a diminution in the value of investments to the extent of Rs. 329.03 lacs. However considering the strategic nature of these investment and also because the exact realizable value of the assets held by the aforesaid Company is likely to be significantly higher than the book value, no provision towards diminution in the value of investment is considered necessary.

(b) Debts amounting to Rs. 746.57 lacs recoverable from a customer have not been realized since last year. The Company has taken reasonable steps in the matter and is hopeful to recover these dues. Accordingly, these dues have been considered good of recovery. For the reasons mentioned above, Terminal Excise duty claim of Rs. 195.34 lacs from the Director General of Foreign Trade have also been considered as good of recovery.

17. Export of finished goods out of material imported against Advance License amounting to Rs. 1,949.17 lacs did not take place during the specified period. Accordingly, custom duty of Rs. 623.79 lacs and interest of Rs.148.05 lacs thereon has been provided in the books and Rs. 307.61 lacs (including interest of Rs. 65.73 lacs) has since been paid as well.

18. The following table sets out the disclosure under Accounting Standard-15 (Revised) on 'Employee Benefits':

		Rs. In Lacs		
A	Defined Contribution Plan	2009-10		2008-09
	Contribution to Provident Fund	50.54		34.39
	Contribution to Pension Fund	43.20		30.66
	Contribution to Employees State Insurance	31.76		22.14
	Contribution to Superannuation Fund	5.52		6.53
B	Defined Benefit Plan			
The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets Gratuity on terms not lower than the amount payable under the Payment of Gratuity Act, 1972.				
		Gratuity		
		2009-10		2008-09
		Funded	Unfunded	Unfunded
I	Expenses recognized in Statement of Profit & Loss Account			
	1 Current Service cost	8.32	23.02	19.92
	2 Interest cost	10.61	21.01	20.48
	3 Expected Return on Plan assets	(3.20)	NA	NA
	4 Actuarial loss / (gain)	(1.73)	6.37	26.64
	5 Total Expenses	14.00	50.40	67.04
II	Net Asset / (Liability) recognized in the Balance Sheet			
	1 Present Value of Defined benefit obligation	154.23	317.67	296.35
	2 Fair Value of Plan Assets	37.29	NA	NA
	3 Net Asset / (Liability)	(116.94)	(317.67)	(296.35)

SCHEDULE TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

III	Change in Obligation during the Year				
	1	Present Value of Defined Benefit Obligation at the beginning of the year	144.58	296.35	282.72
	2	Interest cost	10.61	21.01	20.48
	3	Current Service cost	8.32	23.02	19.92
	4	Benefits paid	(6.21)	(29.08)	(53.41)
	5	Actuarial (gains)/losses	(3.07)	6.37	26.64
	6	Present Value of Defined Benefit Obligation at the end of the year	154.23	317.67	296.35
IV	Change in the Fair Value of Plan Assets during the year				
	1	Plan assets at the beginning of the Year	36.21	NA	NA
	2	Expected return on Plan assets	3.20	NA	NA
	3	Contribution by the employer	5.45	NA	NA
	4	Actual Benefit Paid	(6.21)	NA	NA
	5	Actuarial (gains)/losses	(1.36)	NA	NA
	6	Plan assets at the end of the Year	37.29	NA	NA

SCHEDULE TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

V	The major categories of plan assets as a percentage of the fair value of total plan assets	Term Deposit in scheduled bank		N.A.
VI	Actuarial Assumptions			
	1 Discount Rate	7.70%	7.70%	7.50%
	2 Expected rate of return on plan assets	8.92%	N.A	N.A
	3 Employee Turnover Rate	Varying from 0.1% to 0.5% per annum depending upon duration and age of the employees	Varying from 0.1% to 0.5% per annum depending upon duration and age of the employees	Varying from 0.1% to 0.5% per annum depending upon duration and age of the employees
	4 Salary escalation	7.50%	7.50%	7.50%
VIII	Experience Gain/(Loss) adjustments on Plan Assets	(1.36)	N.A	N.A
	Experience Gain/(Loss) adjustments on Plan Liabilities	0.93	(16.91)	(24.39)

Notes:

- a) The estimates 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 employment market
- b) The gratuity liability is unfunded except for Titagarh Steel Unit . Accordingly information regarding planned assets is given to the extent applicable.
- c) Amounts for the current and previous three periods are as follows:

Description	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007
Defined Benefit Obligation	471.90	296.35	282.72	276.27
Plan Assets	37.29			
Surplus / (deficit)	(434.61)			
Experience adjustment on plan liabilities	(15.98)	(24.39)		
Experience adjustment on plan assets	(1.36)			

The information for the year ended March 31, 2006 are not available and hence not furnished

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19. Based on the information/ documents available with the Company, the information as per the requirement of Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 are as under:-

		Rs. In Lacs	
Sl	Particulars	March 31, 2010	March 31, 2009
I	Principal amount remaining unpaid to any supplier at the end of accounting year	395.20	152.30
II	Interest due on above	17.08	11.24
	Total of (I) and (II)	412.28	163.54
III	Amount of interest paid by the Company to the suppliers	32.81	NIL
IV	Amounts paid to the suppliers beyond the respective due date	782.67	1.653.83
V	Amount of interest due and payable for the period of delay in payments but without adding the interest specified under the Act	22.88	51.71
VI	Amount of interest accrued and remaining unpaid at the end of each accounting year	83.79	76.66
VII	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 Micro Small and Medium Enterprise Development Act, 2006	39.94	62.95

20. Loans and Advances include:

- a) Flourish Securities & Finance Private Limited, a subsidiary of the Company, has advanced :
- i) an amount of Rs.2,000 Lacs being consideration paid for acquisition of certain financial assets like wagon lease rights. Pending execution of renewal of related sublease agreement, no accounting adjustment has been made with respect to the same and the amount so far paid has been included in 'Advances Recoverable / pending adjustment' in Schedule 12.

iii) an amount of Rs. 6,460 Lacs being part consideration paid for acquisition of certain financial assets of a Sick Company for which Rehabilitation Scheme has been sanctioned by the statutory authority and is under implementation. Pending final execution of the Deed of Assignment, no accounting adjustment has been made with respect to the above financial assets and the amounts so far paid have been included in 'Advances Recoverable / pending adjustment' in Schedule 12.

As per the management, since the value of the financial and other assets being acquired is significantly higher than the total consideration money paid/to be paid to Bank/ Securitization Company these advances are considered as fully recoverable.

- b) The Company's loans to a joint venture company, Cimco Equity Holding Private Ltd. (CHEPL) aggregating to Rs.2,402.50 lacs (Rs.1,125 lacs) have been utilized for acquiring controlling stake in and repurchase of certain financial assets like leased wagons, debts / loans of Cimmco Limited, a company under rehabilitation, the scheme whereof has been approved by the Board for Industrial and Financial Reconstruction (BIFR). In terms of the said approved scheme of BIFR, the rehabilitation of Cimmco Limited is under implementation

SCHEDULE TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

and the Company, as a co-promoter has given financial and other indemnity to BIFR for fulfillment of the terms of the said scheme.

In the opinion of the management, all the above loans are strategic in nature, with the objective of business expansion and diversification of the company and accordingly, these are considered good of recovery.

- c) GCPL has entered into a Business Transfer Agreement with M/s. Greysham & Co., a partnership firm engaged in the manufacture and sale of certain critical components e.g., air brake, slack adjuster, etc. which are used in the manufacture of wagons by Titagarh Wagons Ltd.(TWL), the holding company. In terms of the said agreement, the business (i.e., specified assets and liabilities, rights, permissions, privileges, etc. pertaining to the said business) of the said firm would be transferred to GCPL on fulfillment of the terms and conditions specified in the agreement. Pending this, the firm would continue to supply the components required by TWL directly. With a view to carry on the business and meet the working capital requirements, the firm has requested GCPL to provide necessary resources for which, GCPL has entered into the following arrangements:
- i) In terms of an agreement, GCPL has received Rs.500 lacs (outstanding balance as on March 31, 2010 Rs.355.47 lacs) as interest free trade advance from Titagarh Wagons Limited (TWL), the holding company which is repayable by way of adjustments against bills of supply.
- ii) In terms of a separate agreement entered into between the GCPL and the aforesaid partnership firm, the Company has given Rs.500 lacs (outstanding amount Rs.380.50 as on March 31, 2010) to the said firm as interest free trade advance which is recoverable (under a back to back arrangement) against the bills of supply as mentioned in (20) (c) (i) above.
21. The Company's share in joint venture in inventories of CEHPL include an amount of Rs.703.24 lacs for which the auction proceeding has been initiated by the Custom Authorities. CL is carrying the inventory at cost as since the net realizable value thereof is higher than the cost.
22. Pending execution of renewal of sublease agreement with respect to wagons, (sub- leased to the Indian Railways) acquired by Flourish Securities & Finance Private Limited, it has prudently been decided not to recognize the income with respect to the said Wagons.
23. (a) Pursuant to a Scheme of Amalgamation (the Scheme) sanctioned by the Hon'ble High Court of Calcutta by order dated September 14, 2009, Titagarh Steels Limited (TSL) and Titagarh Biotec Private Limited (TBPL) were amalgamated with the Company with effect from April 1, 2009 (the appointed date). The amalgamation has been accounted for under the Pooling of Interest Method as prescribed by the Institute of Chartered Accountants of India (ICAI). TSL was in the business of manufacturing of steel castings and TBPL was in the process of setting up biotech business. The transferred companies carried on all their businesses and activities for the benefit of and in trust for, the Company from the Appointed Date. Thus, the profit or income accruing or arising to or expenditure or losses arising or incurred by the transferred companies from the Appointed Date are treated as the profit or income or expenditure or loss, as the case may be, of the Company. The Scheme has accordingly been given effect to in these accounts upon filing of certified copy of the Order of the Hon'ble High Court at Calcutta on November 27, 2009 (the Effective Date).

SCHEDULE TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

(b) In terms of the Scheme, the following assets and liabilities of TSL and TBPL have been transferred to and stand vested with the Company at their respective book values with effect from 1st April 2009 -

Particulars	(Rs. in lacs)	
	TSL	TBPL
Fixed Assets (Net, including Capital work in progress)	1,804.35	Nil
Current Assets, Loans and Advances	4,858.09	2.09
Total Assets	6,662.44	2.09
Less:		
Current Liabilities and Provisions	4,033.32	0.28
Loans	914.55	Nil
Total Liabilities	4,947.87	0.28
Net Assets	1,714.57	1.81

(c) The Company has issued 3,66,954 equity shares of Rs.10/- each aggregating to Rs.36.70 lacs to the shareholders of TSL on January 16, 2010, while in case of TBPL which was a wholly owned subsidiary of the Company, all the shares held by the Company in TBPL were cancelled and extinguished.

(d) A sum of Rs. 1288.85 lacs being the difference between the amounts recorded as additional shares of the Company and the total share capital of TSL and TBPL has been adjusted and reflected as general reserve, instead of capital reserve as prescribed under Accounting Standard – 14 in terms of the above court order.

(e) To make the accounting policies followed by TSL fall in line with those of the Company, a sum of Rs. 411.13 lacs as on April 1, 2009 representing the impact of following accounting policy differences has been adjusted against General Reserve which as per Accounting Standard - 5 should have been charged to Profit and Loss Account:

Particulars	Amount (Rs. In lacs)
Depreciation	77.09
Liquidated Damages (Net of Taxes)	334.04
Total	411.13

(f) Certain immovable properties, investments, licenses, contracts / agreements which were acquired pursuant to the above Scheme are in the process of registration in the name of the Company

24. Previous year's figures have been shown within brackets and have been regrouped / rearranged wherever necessary. In view of the merger of erstwhile TSL with the Company with effect from April 1, 2009, pursuant to the Scheme of Amalgamation as mentioned in

SCHEDULE TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

Note No. 23 above, the figures of the previous year are not comparable with the figures of the current year.

As per our Report of even date

As Approved

For and on behalf of the Board of Directors

For S. R. BATLIBOI & CO.

Firm Registration No 301003E.

CHARTERED ACCOUNTANTS

J P Chowdhary

:Executive Chairman

D N Davar

: Director

Per R. K. Agrawal

a Partner

Membership No. 16667

Place: Kolkata

Dated: May 28, 2010

Anil Kumar Agarwal

:Chief Financial Officer

Dinesh Arya

:Company Secretary