TWL

TITAGARH WAGONS LIMITED

www.titagarh.biz

A TRISYS PRODUCT • info@trisyscom.com

STRENGTHENING THE PATH

TITAGARH WAGONS LIMITED

Annual Report, 2010-11

Contents

A Corporate Social Responsibility initiative – Industrial Training Institute

Titagarh Wagons AFR (Subsidiary in France)

TITAGARH WAGONS LIMITED
Registered Office: 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 Fourteenth ANNUAL GENERAL MEETING of the members of TITAGARH WAGONS LIMITED will be held at Kalakunj, 48 Shakespeare Sarani, Kolkata-700017 on Wednesday, the 27th day of July, 2011 at 10.30 A.M. to transact the following business:

Ordinary Business

1. To consider and adopt the audited Balance Sheet as at 31st March, 2011, 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 the 31st March, 2011.
3. To appoint a Director in place of Shri Aloke Mookherjea who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Shri Abhas Sen who retires by rotation and being eligible offers himself for reappointment.
5. To appoint Auditors and fix their remuneration by passing the following Resolution as an Ordinary Resolution with or without modification(s):

"RESOLVED THAT M/s. S R Batliboi & Co; Chartered Accountants of 22 Camac Street, Block C, 3rd Floor, Kolkata-700016 having Firm Registration No. 301003E, be and are hereby re-appointed as auditors of the Company to hold office until the conclusion of the next Annual General Meeting of the Company for auditing the accounts of the Company for the financial year 2011-2012 and the Board of Directors of the Company be and is hereby authorised to fix their remuneration plus other applicable expenses in connection with statutory audit and/or continuous audit and also such other remuneration, as may be decided to be paid by the Board/Committee of the Board, for performing duties other than those referred to hereinabove and the remuneration so fixed may be paid at such intervals during the year as may be decided by the Board/Committee of the Board."

Special Business

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

   "RESOLVED THAT Shri Charles Magolske, who was appointed as an Additional Director by the Board of Directors on 4th February, 2011 and holds office upto the date of this Annual General Meeting and in respect of whom a notice under Section 257 has been received from a member signifying his intention to propose Shri Charles Magolske's candidature for the office of the Director, be and is hereby appointed as Independent Director of the Company who shall be liable to retirement by rotation."

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

   "RESOLVED THAT in partial modification of the earlier Resolutions passed by shareholders of the Company at the Extra Ordinary General Meeting held on 12th February, 2007 and through postal ballot, result whereof declared on 16th December, 2009, and pursuant to provisions of Sections 198, 269, 309 and 310 read with Schedule XIII of the Companies Act, 1956 (the Act) and such other enabling provisions as may be applicable, approval of shareholders of the Company be and is hereby accorded to variation in the terms of remuneration of Shri J P Chowdhary, Executive Chairman such that the remuneration consisting of Salary, perquisites and performance bonus by way of commission subject to the total remuneration per annum not exceeding 5% of the net profits of the Company computed in accordance with Sections 349 and 350 of the Act payable to him, from the financial year 2010-

11 onwards during the remaining period of his tenure shall be without any ceiling, while the other terms and conditions of his appointment and remuneration as approved by the shareholders earlier remain unchanged.

RESOLVED FURTHER THAT the Board of Directors of the Company (which term shall include a Committee) be and is hereby authorized to vary, alter or amend the remuneration of Shri J P Chowdhary, Executive Chairman within the overall limit prescribed by Schedule XIII and/or other enabling provisions of the Act prevailing at that time and take all steps necessary for giving effect to this resolution."

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

"RESOLVED THAT approval of the shareholders be and is hereby accorded pursuant to Part III of the Schedule XIII, Sections 198, 269, 309 and other enabling provisions of the Companies Act, 1956 (the Act) to the appointment of Shri Umesh Chowdhary as Vice Chairman & Managing Director for a term of five years w.e.f. October 01, 2010 at the remuneration approved by the Remuneration Committee and such appointment approved by the Board of Directors at their respective meetings held on September 23, 2010, on the terms and conditions contained in the Agreement entered into between Shri Umesh Chowdhary and the Company.

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

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

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

"RESOLVED THAT pursuant to Section 314 (1) (B) of the Companies Act, 1956 (as amended), approval of the members be and is hereby accorded to payment of remuneration with effect from August 01, 2011 to Smt. Vinita Bajoria, designated Senior Vice President (Commercial) of the Company at a total monthly remuneration of Rs.1,97,614/- (Rupees One Lac Ninety Seven Thousand Six Hundred and Fourteen) only in the scale of Rs.86,000 - Rs.6,000 - Rs.1,10,000 - Rs.8,250 - Rs.1,51,250 as approved by the Remuneration Committee and the Board of Directors of the Company at their respective meetings held on May 12, 2011.

RESOLVED FURTHER THAT in the event of Smt. Vinita Bajoria's remuneration upon reaching the applicable pay in the scale mentioned hereinabove exceeds the limit prescribed under Section 314(1)(B) then in force, payment of such remuneration shall be made subject to compliance with the applicable provisions of law.

RESOLVED FURTHER THAT the Board of Directors (which term shall include any Committee of the Board) be and is hereby authorised to do and perform all acts, deeds or things required in this connection."

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

"RESOLVED THAT pursuant to Section 314 (1) (B) of the Companies Act, 1956 (as amended), approval of the members be and is hereby accorded to payment of remuneration with effect from August 01, 2011 to Shri Saket Kandoi, designated General Manager (New Projects) of the Company at a total monthly remuneration of Rs. 1,32,727/- (Rupees One Lac Thirty Two Thousand Seven Hundred Twenty Seven) only in the scale of Rs.57,750 - Rs.4,331 – Rs.79,406 – Rs.5,955 – Rs.1,09,184 as approved by the Remuneration Committee and the Board of Directors of the Company at their respective meetings held on May 12, 2011.

RESOLVED FURTHER THAT in the event of Shri Saket Kandoi's remuneration upon reaching the applicable pay in the scale mentioned hereinabove exceeds the limit prescribed under Section 314(1)(B) then in force, payment of such remuneration shall be made subject to compliance with the applicable provisions of law.

RESOLVED FURTHER THAT the Board of Directors (which term shall include any Committee of the Board) be and is hereby authorised to do and perform all acts, deeds or things required in this connection."

Registered Office:
Premlata, 4th Floor, 39 Shakespeare Sarani,
Kolkata-700017
24th day of May, 2011

By Order of the Board
Titagarh Wagons Limited
D. 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 (AGM).

3. The Register of Members and Share Transfer Register shall remain closed with effect from Saturday, July 23, 2011 to Wednesday, July 27, 2011 (both days inclusive). The dividend, if declared, will be paid on 5th August, 2011 to those members whose names shall appear on the Register of Members of the Company on 27th July, 2011. 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. 6 to 10 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. The Ministry of Corporate Affairs has vide Circular No.17/2011 dated 21.04.2011 followed by Circular No. 18/2011 dated 29.04.2011, taken "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies through electronic mode and introduced e-mail addresses as one of the modes of sending communication to the shareholders under Section 53 of the Companies Act, 1956.

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

   To implement the said Circulars, the Company proposes to send to the members various documents including Notices, Annual Report etc. from August 1, 2011 onwards in the electronic form to the e-mail addresses of members provided by them and made available to us by the Depositories (NSDL/CDSL), which you are advised to update by registering changes, if any, in your e-mail address from time to time with the concerned Depository.

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

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

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

   All those members who have not registered their e-mail addresses or are holding shares in physical form are requested to immediately register their e-mail addresses with NSDL/CDSL and/or with the Company at twl_cs@titagarh.biz along with Folio No. /Client ID and DPID.

7. As required by the Clause 49 of Listing Agreement, members are informed that Shri Abhas Sen and Shri Aloke Mookherjea and Shri Charles Magolske do not hold any equity shares in the Company and the additional information in respect of the said directors recommended for re-election and appointment respectively at the AGM is appearing in the Corporate Governance Report annexed to the Directors' Report.

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

Item No.6

Shri Charles Magolske has been appointed as an Additional Director of the Company by the Board with effect from February 4, 2011 and in terms of the provisions of Section 260 of the Act, he would hold office upto the date of this AGM.

The Company has received a notice in writing from a member alongwith a deposit of Rs.500/- (Rupees Five Hundred only) proposing the candidature of Shri Magolske for the Office of Director of the Company under the provisions of Section 257 of the Act. Shri Magolske has, to his credit, vast experience in wagon manufacturing industry. Keeping in view his expertise and knowledge, it would be in the interest of the Company to appoint Shri Magolske as an Independent Director, who if appointed, shall be liable to retire by rotation, in accordance with the provisions of the Articles of Association of the Company/Act.

The Directors recommend passing of the Resolution.

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

Item No. 7

Shri Jagdish Prasad Chowdhary had been appointed as Chairman & Managing Director and designated as Executive Chairman for a period of five years from 8th January, 2007 and at present draws remuneration as contained in the Service Agreement dated 12th February 2007 and supplementary agreements dated 29th March 2007 and 27th January, 2010, i.e. Consolidated salary of Rs.3.50 lacs per month, perquisites and Performance Bonus by way of commission on net profit so that aggregate of Salary, Perquisites and Bonus shall not exceed 5 % of net profit of the Company computed in the manner prescribed under the Act subject to a ceiling of Rupees Five crores only per annum as approved by the shareholders.

The Board has, keeping in view all aspects including role and responsibility of Shri J P Chowdhary, performance of the Company, prevailing managerial remuneration trend in the industry and the excellent leadership of Shri J P Chowdhary in achieving the growth (both organic and inorganic) during the financial year 2010-11, decided to alter the terms of remuneration so that aggregate of Salary and Bonus shall not exceed 5% (five percent) of net profit of the Company computed in accordance with the applicable provisions of the Act, without any ceiling w.e.f. the financial year 2010-11 for the remaining period of his tenure as approved by the Remuneration Committee and endorsed by the Board at their respective meetings held on May 12, 2011.Other terms and conditions of the appointment and remuneration of Shri J P Chowdhary shall be the same as contained in Service Agreement referred above.

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

The Directors recommend passing of the Resolution.

The above shall also be treated as an abstract of variation in the terms of remuneration of Shri J P Chowdhary under Section 302 of the Act.

Item No. 8

Shri Umesh Chowdhary was appointed Managing Director by the Board w.e.f. July 01, 2007 with shareholders' approval obtained thereto at their meeting held on 18th August, 2007. He demitted the office of Managing Director on 23rd September, 2009 continuing as Vice Chairman & Director to pursue new and emerging opportunities for inorganic growth of the Company. Shri Umesh Chowdhary associated as an executive director since last 10 years has been instrumental in taking the Company onto high growth path with his expertise and skills as dynamic managerial personnel and therefore, the Board at its meeting held on 24th September, 2010 decided to have him back on the Board as Vice Chairman & Managing Director w.e.f. October 01, 2010. In accordance with the Schedule XIII to the Act, Shri Umesh Chowdhary's appointment as Managing Director is required to be approved by the shareholders at the general meeting held after such appointment by the Board.

The Company has recently acquired Rolling Stock manufacturing Unit in France and the management is proactively pursuing organic and inorganic growth. Shri Umesh Chowdhary's appointment as Vice Chairman & Managing Director would be in the interest of the Company to continue the growth momentum desired. The Directors recommend passing of the Resolution.

Except Shri Umesh Chowdhary and Shri J P Chowdhary, Executive Chairman being related to each other and thus interested in the appointment, none of the Directors is concerned with or interested in the Resolution set out at Item No. 8.

Items No. 9 & 10

Smt. Vinita Bajoria and Shri Saket Kandoi were appointed as Vice

President (Commercial) and Deputy General Manager (Operations) respectively w.e.f. 01/04/2010 in accordance with Director's Relatives (Office or Place of Profit) Rules, 2003 (Rules) and approval of the members obtained at the Extra Ordinary General Meeting of the Company held on 15th March, 2010 to their remuneration within the limit prescribed under the then provisions of the Section 314(1)(B) of the Act. Such remuneration was also approved by the Central Government vide letters dated 24th August, 2010. During the period since their appointment, both of them have been found to be integrally compatible with the Company's day to day operations and considering their excellent performance, they are being increasingly entrusted with greater responsibility to ensure sustained contribution to the growth and development of the Company. Accordingly, the Board redesignated Smt. Vinita Bajoria as Senior Vice President (Commercial) and Shri Saket Kandoi as General Manager (New Projects) and their remuneration too is now proposed to be fitted into respective scales befitting their position. The Remuneration Committee has at the meeting held on 12th May, 2011, in order to provide them the motivation commensurate with the aforesaid, approved the fitment of remuneration as detailed below which is within the limits prescribed by the Section 314(1)(B)/Rules (as amended), which was endorsed by the Board.

Basic Salary per month	Smt. Vinita Bajoria Rs. 86000/- In the scale of Rs. 86000-Rs.6000- Rs.110000-Rs.8250-Rs.151250	Shri Saket Kandoi Rs. 57750/- In the scale of Rs.57750-Rs.4331- Rs.79406-Rs.5955-Rs.109184
The following as % of Basic:		
House Rent Allowance	50.00%	50.00%
Conveyance Allowance	20.00%	20.00%
Special Allowance	30.00%	30.00%
Medical Allowance	9.50%	9.50%
Leave Encashment	8.33%	8.33%
Contribution to Provident Fund	12.00%	12.00%
Total Annual Remuneration at the starting Basic Salary in the scale	Rs. 23,71,846/-	Rs.15,92,722/-
Total Annual Remuneration at the last Basic Salary in the scale	Rs. 41,71,415/-	Rs.30,11,251/-

Smt. Vinita Bajoria and Shri Saket Kandoi are related to Shri J P Chowdhary, Executive Chairman and Shri Umesh Chowdhary, Vice Chairman & Managing Director and therefore, the Resolutions set out at the Items No. 9 and 10 respectively seek the members' approval to their appointment and remuneration in terms of Section 314 (1) (B) of the Act.

The Directors recommend passing of the Resolution.

None of the Directors except Shri J P Chowdhary and Shri Umesh Chowdhary are interested or concerned in the said items of business.

Registered Office:
Premlata, 4th Floor, 39 Shakespeare Sarani,
Kolkata-700017
24th day of May, 2011

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

TITAGARH WAGONS LIMITED

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

PROXY FORM

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

I/We .... of ....

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

of ....in the District of ....

or failing him/her Mr./Mrs./Miss ....of ....

in the District of ....as my/our proxy to vote for me/us on my/our behalf at the Fourteenth Annual General Meeting of the Company to be held on Wednesday, 27th day of July, 2011 at 10.30 A.M. at Kalakunj, 48 Shakespeare Sarani, Kolkata 700017.

Affix Revenue Stamp

Signed this _____day of ________, 2011

Signature of the Shareholder

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

TITAGARH WAGONS LIMITED

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

ATTENDANCE SLIP

I hereby record my presence at the Fourteenth Annual General Meeting of the Company being held on Wednesday, 27th day of July, 2011 at 10.30 A.M. at Kalakunj, 48 Shakespeare Sarani, Kolkata 700017.

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

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

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

____

Signature of the Shareholder/Proxy

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

Corporate Information

Board of Directors

Shri J P Chowdhary	*Executive Chairman*
Shri Umesh Chowdhary	*Vice Chairman and Managing Director* (Vice Chairman & Director till 30/09/2010)
Shri D N Davar	*Independent Director*
Shri N Bhattacharya	*Independent Director*
Shri Aloke Mookherjea	*Independent Director*
Shri Abhas Sen	*Independent Director*
Shri Manoj Mohanka	*Independent Director*
Shri Charles Magolske	*Independent Director*
Shri N K Mittal	*Non Executive Director*
Shri Sanjay Kukreja	*Nominee Director (Goya Limited)*

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

Bankers

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

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: einward.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

Directors' Report and Management Discussion and Analysis

The Company's financial performance during the year improved significantly with all the key financial indicators recording notable rise.

Dear Shareholders

The Directors are pleased to present their Fourteenth Annual Report and Audited Accounts for the year ended March 31, 2011. The Report as well deals with and encompasses aspects relating to Management Discussion and Analysis, while report on Corporate Governance is set out separately.

Economic Environment

During the second half of 2010, global financial conditions broadly improved as reflected in the rise in equity markets, however, lingering vulnerabilities were witnessed in certain sectors including real estate markets and sericitisation in the advanced economies, more so in some of the European economies where financial turbulence raised serious question of fiscal sustainability followed by natural disaster that struck Japan. Robust expansion in emerging and developing economies continued over the year generally, buoyed by well-entrenched private demand and resurgent capital inflows. Growth forecast for the country has been lowered slightly due to growing concern over inflation, however, firm domestic demand; additions to capacities with cost effectiveness backed by forecast of normal monsoons and close monitoring of fiscal health by the Indian Government ought to augur well for the country's economy in the current financial year.

Company Performance

The Company's financial performance during the year improved significantly with all the key financial indicators recording notable rise and the achievement is particularly satisfying due to the fact that the order for wagons was released by the Indian Railways towards the end of the second quarter of FY 2010-11 even as the demand from private sector for wagons almost dried up because of continuing impact of withdrawal of Wagon Investment Scheme by the Indian Railways. Increase during the year under review (FY 10-11) in EBIDTA, Profit before Tax and Profit after Tax was 20.11%, 24.05% and 24.51% respectively over the corresponding parameters in the previous financial year ended 31st March, 2010 (FY 09-10) whereas EPS for FY 10-11 at Rs.43.27 was higher by about 25% than Rs. 34.75 in the previous financial year.

Your Company's endeavors to adopt innovative manufacturing processes for higher efficiency while pursuing proactive growth in other business verticals such as Railway Coaches, Heavy Earth Moving & Mining Machinery and Special Projects to attain inclusive growth in business continue for consolidating your Company's prominence in the industry.

Profit, Retention & Dividend

Your Company's financial performance was as follows:

Rs./Lacs

Particulars		2010-11		2009-10
Turnover		66670.78		55422.38
Profit Before Depreciation and Tax		12838.07		10327.30
Less: Depreciation		576.92		443.58
Profit Before Tax		12261.15		9883.72
Less: Provision For Taxation		4121.73		3346.67
Profit After Taxation		8139.42		6537.05
Balance Brought Forward from Last Account		17761.16		13864.37
Less: Debit Balances of Profit & Loss Account of Transferor Companies upon amalgamation		-		(843.61)
Amount available for Appropriation		25900.58		19557.81
Appropriations				
Transfer to General Reserve	850.00		700.00	
Dividend on Equity	1504.73		940.45	
Tax on Dividend	244.10	2598.83	156.20	1796.65
Balance Carried to Balance Sheet		23301.75		17761.16

Dividend

The Board of Directors has recommended a dividend of 80% i.e. Rs. 8/- per 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. 1748.83 Lacs (including Rs. 244.10 Lacs being tax on dividend) after transferring Rs. 850.00 Lacs to General Reserves from the profit for the Financial Year Ended March 31, 2011.

Overall Review

The overall performance of the Company during the financial year 2010-11 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 and Rail Coaches (EMUs)

Wagons

Wagons Division of the Company continues to be the dominant contributor to Revenues and EBIDTA of your Company, accounting for 91.75 % and 86.90% of the total revenues and operating profit respectively during the year under review. The number of wagons manufactured and despatched during the year under review at 2867 & 2870 Units were higher by 5% & 1% respectively than that in the FY 09-10. The Operating Profit of the Division at Rs. 12553.55 Lacs was higher by 39.08 % than that in the previous financial year. Despatch of almost the same number of wagons in both the financial years was due to delayed release of order by the customer.

The Division's capability to manufacture almost all types of wagons and swiftly scale up production has enabled your Company to satisfactorily cater to its customers' requirements of wagons and proactive steps to continually increase efficiency would help your Company retain place of prominence in the industry.

Demand for Wagons from Indian Railways is expected to be as per the announcement made in the Railway Budget, however, new Wagon Investment Scheme as and when announced by the Indian Railways would provide the much needed impetus to the orders from private sector customers.

As per the Railway Budget announced in February, 2011, plan outlay of Rs. 57,630 crores during 2011-12 is the highest ever and acquisition of 18000 Wagons is planned while freight loading capacity upped by 6.4% to 993 MT. The project of dedicated freight corridors is on track and many projects in PPP mode are envisaged. Rising oil prices would necessitate cost effective movement of cargo by railway network and lead to continuing firm demand for Wagons in future.

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.

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.

Average realization improved owing to production and dispatch of larger number of stainless steel wagons backed by cost optimization.

Rail Coaches (EMUs)

All the five rakes ordered by the Indian Railways have been delivered during the year under review from your Company's manufacturing facility equipped with the state of art machinery at the Uttarpara Unit known as Heavy Engineering Division (HED). HED is now equipped to turn out fairly large number of AC/EMUs per month and is expecting to bag a prestigious order in current financial year.

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

	Unit	2010-11	2009-10	% Change
Production of Wagons	No.	2867	2726	5.17
Sales	No.	2870	2847	0.81
Average Realisation	Rs.in Lacs/No.	20.97	18.06	16.11
Profit Before Interest and Tax	Rs. in Lacs	12,553.55	9,025.90	39.08

Steel Castings

Bulk of Steel Castings produced by the Company is used for captive consumption in the manufacture of critical components such as bogies and couplers at competitive prices. External Sales of the Division at Rs.2252.45 lakhs and Profit before Interest and Tax at Rs 1278.57 lacs of the Division during the year under review were higher by 30.84% and 11.33% respectively than that in the previous financial year ended the 31st March, 2010. The Division is strategically of vital importance as the ready availability of castings ensures uninterrupted manufacture and timely delivery of the wagons.

With the increase in demand for Wagons of various types, the Steel Castings industry is booming since these provide the 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.

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.

The increase in Steel prices coupled with the measures taken by the Government for controlling inflation in the present time might affect profitability of the Segment.

	Unit	2010-11	2009-10	% Change
Production of Steel Castings	M.T.	12087	11110	8.79
Sales	M.T.	12087 *	11110 **	8.79
Average Realisation	Rs. in Lacs/MT	2.67	0.63	323.81
Profit Before Interest and Tax	Rs. in Lacs	1,278.57	1,148.40	11.33

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

** Includes 8139 M.T. consumed internally for manufacture of Wagons

Heavy Earth Moving Machinery (HEMM)

The Division is being revamped to tap its real potential aimed at materially enhancing its contribution to the overall financial performance of your Company. During the financial year ended the 31st March, 2011 the Division earned operating profit of Rs.139.18 Lakhs against Rs.177.14 Lakhs in the previous financial year mainly due to lack of product options to the customers. With broad basing of the products of this division i.e. excavators and cranes of various capacities the operations of the division would receive a major boost and are expected to significantly improve the financials.

	Unit	2010-11	2009-10	% Change
Production of Equipments	No.	10	10	Nil
Sales	No.	6	14	(57.14)
Average Realisation	Rs. in Lacs/No.	146.91	155.35	(5.43)
Profit Before Interest and Tax	Rs. in Lacs	139.18	177.14	(21.43)

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.

The plans to set up new infrastructural facilities for 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.

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.

Special Projects- Steel Bridges

Income from sale of the Steel Bridges by the Company during the FY 10-11 at Rs. 1037.49 lakhs increased by about 108.91% over that in the FY 09-10. Production and sale of Bailey Bridges were higher by 130.77% and 107.14% respectively during the year under review. Further, your Company is expecting to get repeat order for NBC Shelters from the Ministry of Defence, Government of India during the current financial year.

	Unit	2010-11	2009-10	% Change
Production of Steel Bridges	M.T.	30	13	130.77
Sales	M.T.	29	14	107.14
Average Realisation	Rs. in Lacs/M.T.	35.78	35.47	0.87

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.

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 border road network.

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.

Strategic and Joint Venture Agreements

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

Cimco Equity Holdings Private Limited (CEHPL)

The Company and Sponsor Group of Cimmco Limited (formerly Cimmco Birla Limited) (Cimmco) set up a Joint Venture with 50% stake each in CEHPL in 2008 for revival and funding of Cimmco. Cimmco is a subsidiary of CEHPL since 14th March, 2010 consequent to allotment of equity shares against the amount infused by CEHPL in Cimmco pursuant to the Scheme sanctioned by the Hon'ble Board for Industrial and Financial Reconstruction (BIFR). Cimmco's net worth having turned positive, Cimmco has been discharged from the provisions of BIFR and SICA vide order dated December 07, 2010. Cimmco has secured order for wagons valued at about Rs. 250 crores and has started making profits.

Greysham and Co. Private Limited (Greysham)

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

Joint Venture Agreement with FreightCar America Inc. (FCA)

Pursuant to the Joint Venture Agreement (JV) entered into between the Company and FCA, a private limited company, 'Titagarh FreightCar Private Limited' was incorporated in India (JVC) with the stakes of the Company and FCA being 49% and 51% respectively in equity capital of JVC, to develop, design, manufacture, service and distribute Aluminium Rail Cars, Gondolas and such other products as may be agreed from time to time between the partners of the JV.

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 licence to manufacture air brakes and slack adjusters to Greysham and Co. Private Limited in which the Company has acquired strategic stake is subject to certain statutory approvals which are being actively pursued.

(b) Post successful revival of Cimmco Limited (Cimmco) through a joint venture company, Cimco Equity Holdings Pvt. Limited, integration of corporate practices thereat is under way.

(c) Flourish Securities and 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.

(d) With acquisition of the assets of Titagarh Wagons AFR, subsidiary in France enabling the Company to mark its presence in the International market, operations of the Unit thereat have been restarted while adjustments with the local work culture is ongoing.

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

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

Internal Control System and Adequacy

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

a. that its assets are safeguarded

b. that transactions are authorised, recorded and reported properly; and

c. that the accounting records are properly maintained and its financial statements are reliable.

The Company has appointed external firm of Chartered Accountants to conduct internal audit 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, 2011 was 936.

Directors

Shri Umesh Chowdhary, Vice Chairman & Director who had stepped down from the post of Managing Director of the Company for pursuing new and emerging opportunities for the Company has been appointed Vice Chairman & Managing Director w.e.f. October 1, 2010.

Shri Anoop Sethi's nomination was withdrawn by 2i Capital PCC w.e.f. February 04, 2011 Shri Charles Magolske appointed as Additional (Independent) Director of the Company on 4th February, 2011, holds office upto the date of ensuing Annual General Meeting and is eligible for appointment.

Shri Aloke Mookherjea and Shri Abhas Sen, 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 March 31, 2011 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, they 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, note no. 23 in the Schedule 22- Notes on Accounts is self explanatory and requires 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 with regard to the points (vii) and (ix)(a) made by the Auditors in the Annexure to their Report and therefore, the same require no further clarification.

Cost Auditors

Messrs. D. Radhakrishnan & Co., Cost Accountants who carried out the cost audit of Steel Foundries during the financial year ended March 31, 2011 have been reappointed as the Cost Auditors for carrying out the Cost Audit of the Company's Steel Foundries for the financial year ending on the March 31, 2012.

Fixed Deposits

The Company did not accept any deposits during the financial year ended March 31, 2011.

Subsidiary Companies

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

Titagarh Wagons AFR

The Company's subsidiary in France acquired as a going concern assets of a manufacturing Wagon/Rolling Stock unit has design, research & development as its core strengths with capacity to annually manufacture 5000 special & conventional types of Wagons at its facilities spread over 17 Hectares of land. The operations have been restarted at the Unit and 18 wagons despatched by March 31, 2011. Orders for further wagons are being pursued and operations of the Subsidiary are being streamlined. The Company has thus forayed into the international market to broaden its footprint.

Consolidated Financial Statements

In accordance with Accounting Standard 21-Consolidated Financial Statement of Accounts, Accounting Standard 23-Accounting for Investments in Associates in Consolidated Financial Statements and Accounting Standard 27- Financial Reporting of Interests in Joint Ventures issued by the Institute of Chartered Accountants of India, consolidated financial accounts prepared on the basis of the financial statements received from Subsidiaries, Associates and Joint Venture Companies as approved by their respective Boards, form part of this Report & Accounts.

Promoter Group

In accordance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, details of Promoters, Promoter Group and its constituents are disclosed in a statement annexed to this Report. 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 (Particulars of Employees) Amendment Rules, 2011 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. The first batch of 80 students at the campus of Industrial Training Institute (the "ITI") set up on your Company's land at Titagarh plant situate in Barrackpore, North 24 Parganas under Private Public Partnership (PPP) with access to the tools, equipments and machinery together with experienced skilled officers as faculty provided by the Company for imparting hands-on training has successfully passed the first module and they have been admitted to the three advanced modules viz. TIG/MIG Welding, Structural Welding and Pressure Vessel & Pipe Welding.

Investment of about Rs. 750 Lacs including Rs. 500 Lacs on construction of building and Rs. 250 Lacs of outlay in machinery, equipments and other facilities is committed by the State and land for ITI has been allotted by Khardah Municipality, near Khardah Railway Station and your Company's contribution is by way of providing full support for training of about 180 students and offer them need based employment at the Company's facilities.

The second batch of 105 students has been admitted to the preliminary module – BBBT during the current year. Your Company is also in dialogue with Directorate of Technical Education for approval of industry specific course in specialized module on "Welding Technology for Fabrication of Railway Transportation Systems" to give the opportunity to the students of Advanced Module to train and be equipped with the skills for securing immediate employment. The ITI once operational fully on the land allotted, would 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 March 31, 2012 have been duly paid.

Forward looking Statement

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

Acknowledgement

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

For and on behalf of the Board
Umesh Chowdhary
Vice Chairman & Managing Director

Kolkata,
May 24, 2011

Annexure to the Directors' Report

- Financial Year Ended March 31, 2011

As required under Regulation 3 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 March 31, 2011

Name of the Shareholder	Number of shares held	% of total paid up equity
Promoters		
Titagarh Capital Management Services Private Limited	39,64,033	21.08%
Jagdish Prasad Chowdhary	31,308	0.17%
Umesh Chowdhary	15,485	0.08%
Savitri Devi Chowdhary	36,23,207	19.26%
Sub Total	**76,34,033**	**40.59%**
Promoter Group		
Rashmi Chowdhary	16,83,221	8.95%
Panna Devi Kajaria	90	0.00%
Bimla Devi Kajaria	90	0.00%
Gaurav Kajaria	90	0.00%
Pawan Kajaria	90	0.00%
Sanjay Kumar Bajoria	4,899	0.03%
Vinita Bajoria	5,016	0.03%
Saket Kandoi	193	0.00%
Sumita Kandoi	1,217	0.00%
Subhash Kandoi	69	0.00%
Aditya Kumar Saraogi	19	0.00%
Sushil Kumar Saraogi	155	0.00%
Traco International Investment Private Limited	30,352	0.16%
Titagarh Logistics Infrastructures Private Limited	30,000	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	1,663	0.01%
Vivek Vinidhan Private Limited *	1,944	0.01%
Sub Total	**17,68,705**	**9.40%**
Total Promoter/Promoter Group Holding	**94,02,738**	**49.99%**

**Vivek Vinidhan 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 Papers Limited
5. Titagarh Shipyd Limited
6. 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 500 cfm compressor to be installed replacing old and inefficient compressor.
4. System being designed for reduction in No-Load Losses of Welding transformers, by automatically cutting off supply when not in operation.
5. Replacement of rewound and inefficient drives.
6. Water management by delinking industrial and domestic use.
7. Installation of capacitor banks to improve Power Factor at Steel Casting Unit.

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

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

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

a) i) Electricity		
Purchased	2010-11	2009-10
Units (Kwh)	28,318,969	28,060,702
Total Amount (Rs. In lacs)	1,719.36	1420.71
Rate/Unit (Rs.)	6.07	5.06
ii) Furnace Oil/LDO/LVFO	**2010-11**	**2009-10**
Quantity (K Litres)	1,655.45	2068.71
Total cost (Rs. In lacs)	560.13	765.42
Average rate (Rs.)	33,844.71	37,000.00

b	Consumption per unit of production			
	Products	Standards (if any)	2010-11	2009-10
	Wagons and Coaches			
	No. of Wagons produced	-	2867	2726
	Electricity (Kwh) per Wagon manufactured	-	2374	1737
	Steel Castings			
	MT of Castings Produced	-	12,087	11,110
	Electricity (Kwh) per MT of casting manufactured	-	1637	1587
	Furnace Oil (Kl) per MT of casting manufactured	-	0.14	0.19
	HEMM			
	Number	-	10	10
	Electricity (Kwh) per unit manufactured	-	163,746	113,355
	Bailey Bridges			
	No. of Bailey Bridges produced	-	30	13
	Electricity (Kwh) per bridge manufactured	-	2773	1696

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 few rakes of the same have already been despatched.

4. Expenditure on R & D:

Rs./Lacs

	2010-11	2009-10
Capital	Nil	Nil
Recurring	16.93	8.40
Total	16.93	8.40
Total R & D expenditure as a percentage of total turnover	0.025%	0.015%

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 have not only led to a product development essentially for the Indian ambience but also resulted in 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 therefor and future plan of action: Step by step absorption is taking place.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

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

(i) A Memorandum of Understanding is proposed to be signed with the Government of India's agency RITE International for cooperation in respect of exclusive export market.

(ii) Efforts are being made to secure an order for limestone carrying wagons for Malaysian railway tracks.

b) Total foreign exchange used and earned:

As per Note No. 27 of the Notes to Accounts.

ANNEXURE B

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

	Name of the Employees	
Particulars	Shri J P Chowdhary	Shri Umesh Chowdhary
Designation	Executive Chairman	Vice Chairman & Managing Director*
Remuneration Received (Rs./Lacs)*	695.97	261.42
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)	49	19
Date of commencement of employment	08.01.2007	01.07.2002
Age (Years)	71	37
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%)

**Shri Umesh Chowdhary was Vice Chairman and Director from 24.09.2009 to 30.09.2010 and resumed the office of Vice Chairman and Managing Director w.e.f 01.10.2010*

 # Remuneration includes commission payable subject to shareholders' approval at the ensuing Annual General Meeting.

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

Statement regarding Subsidiary Companies as on March 31, 2011

Particulars required under Section 212 of the Companies Act, 1956

(Rupees in Lacs)

1.	Name of the Subsidiary Company	Flourish Securities and Finance Private Limited	Titagarh Singapore Pte. Limited*	Titagarh Wagons AFR**	Greysham & Co. Private Limited
2.	Financial period of the subsidiary ended on	31/03/2011	31/03/2011	First Financial year will end on 31/12/2011#	31/03/2011
3.	Holding Company's Interest	100% of the paid up Equity and Preference Share Capital	100% of the paid up Equity Share Capital	90% of the paid up Equity Share Capital	50% of the paid up Equity Share Capital
4.	Share Capital (Issued, Subscribed and Paid up)				
	Equity Share Capital	1099.00	476.37	3007.57	71.00
	Preference Share Capital	2500.00	Nil	Nil	Nil
5.	Reserves (including Profit and Loss Account - debit balance)	(1252.44)	(24.10)	(731.03)	(7.40)
6.	Total Assets	8230.42	460.24	10905.99	409.11
7.	Total Liabilities	5883.86	7.97	8629.45	345.51
8.	Investments	Nil	Nil	Nil	Nil
9.	Turnover	Nil	Nil	995.16	Nil
10.	Total Income	15.81	7.57	1243.81	0.17
11.	Profit/(Loss) - (Before Tax)	(1166.22)	(4.87)	(594.68)	(0.62)
12.	Provision for Taxation (Including Deferred Taxes)	Nil	Nil	Nil	Nil
13.	Profit/(Loss) After Tax	(1166.22)	(4.87)	(594.68)	(0.62)
14.	Proposed Dividend	Nil	Nil	Nil	Nil
15.	Net Aggregate Profits/ Losses for the current financial year since becoming subsidiary so far as it concerns the members of the holding company dealt with or provided for in accounts of the holding company	Nil	Nil	Nil	Nil
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	(1166.22)	(4.87)	(535.21)	(0.31)
17.	Net Aggregate Profits/ Losses for the previous financial years since becoming subsidiary so far as it concerns the members of the holding company dealt with or provided for in accounts of the holding company	Nil	Nil	Nil	Nil
18.	Net Aggregate Profits/ Losses for the previous financial years since becoming subsidiary so far as it concerns the members of the holding company not dealt with or provided for in accounts of the holding company	(73.82)	(63.60)	Nil	(6.78)

** Subject to audit as per the laws of Singapore.*

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

 # First Financial Year is from 18th June 2010 to 31st December 2011

[Exchange Rate for conversion: 1USD=Rs.44.65 as on March 31, 2011]

[Exchange Rate for conversion: 1Euro=Rs.63.24 as on March 31, 2011]

As Approved
For and on behalf of the Board of Directors

J P Chowdhary
Executive Chairman

D N Davar
Director

Dinesh Arya
Company Secretary

Umesh Chowdhary
Vice Chairman & Managing Director

Anil Kumar Agarwal
Chief Financial Officer

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 and Vice Chairman & Managing Director being the executive directors, one Nominee Director of equity investor, six Independent Directors and one Non-Executive Director.

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

Sl. No.	Director	No. of Board Meetings attended	Attendance at previous AGM on 27/08/2010	No. of other directorships held[a]	No. of other membership/ chairmanship in Committees[b]	Category
1.	Shri J P Chowdhary	9	Present	4	1	Promoter and Executive
2.	Shri Umesh Chowdhary*	8	Present	3	Nil	Promoter and Executive
3.	Shri D N Davar	11	Present	14	9	Non Promoter and Independent
4.	Shri Nandan Bhattacharya	11	Present	1	2	Non Promoter and Independent
5.	Shri Abhas Sen	9	Absent	2	1	Non Promoter and Independent
6.	Shri Aloke Mookherjea	9	Present	3	1	Non Promoter and Independent
7.	Shri Manoj Mohanka	7	Absent	5	Nil	Non Promoter and Independent
8.	Shri Sanjay Kukreja	7	Present	1	Nil	Nominee
9.	Shri Nand Kishore Mittal	11	Present	3	Nil	Non Promoter and Non Executive
10.	Shri Charles Magolske**	Nil	Not Applicable	Nil	Nil	Non Promoter and Independent
11.	Shri Anoop Sethi***	1	Absent	Nil	Nil	Nominee

** Appointed as Managing Director and designated as Vice Chairman & Managing Director w.e.f 01.10.2010*
*** Appointed as an Additional Director w.e.f 04.02.2011*
**** Nomination withdrawn and hence ceased to be a Director w.e.f 04.02.2011*
[(a)-Directorship of Companies registered under the Companies Act, 1956 but excluding Indian private limited companies, foreign companies, companies u/s 25 of the Companies Act, 1956 and alternate directorships].
[(b)-Chairmanship/membership of Audit Committee & Shareholders'/Investors' Grievance Committee only]
Shri J P Chowdhary and Shri Umesh Chowdhary are related to each other.

Board Meetings held during the Financial Year Ended March 31, 2011

During the Financial Year Ended March 31, 2011, Eleven (11) Board Meetings were held on 20th April, 17th May, 28th May, 9th July, 29th July, 27th August, 16th September, 13th November and 4th December, 2010 and 4th February and 25th March, 2011.

Re-appointment/Appointment of Directors

Shri Aloke Mookherjea and Shri Abhas Sen, directors retire by rotation and are eligible for reappointment. Shri Charles Magolske, appointed Additional Director on 4th February, 2011 vacates office at the ensuing Annual General Meeting (AGM) and is eligible for appointment pursuant to the Section 257 of the Companies Act, 1956 (the Act). Shri Umesh Chowdhary had been appointed as Managing Director of the Company designated as Vice Chairman and Managing Director and pursuant to the provisions of the Act, and approval of shareholders for such appointment is being sought at the ensuing AGM. A brief resume together with the other directorships/committee memberships of the directors being reappointed/appointed is given below:

a) Shri Aloke Mookherjea, aged 73 years, is an Independent Director. He holds Bachelor's Degree in Electrical Engineering and is a fellow member of Institution of Engineers and Institute of Instrumentation Scientist and Technologist. He is also Chartered Engineer from Advanced Training in Environmental Management and Engineering in Scandinavia & U.S.A. He has over 43 years of experience in projects of large industrial undertakings. He has been Director of the Company since 8th January, 2007 and does not hold any shares in the Company.

   Shri Aloke Mookherjea is Chairman & Managing Director of Flakt (India) Limited (Flakt), Vice Chairman & Director of Meredian Medical Research & Hospital Ltd. and Director of Woodlands Medical Centre Ltd. and Bengal Chamber of Commerce & Industry. He is also Chairman of Audit Committee and Member of Remuneration Committee of Flakt.

b) Shri Abhas Sen, Independent Director, aged 75 years, holds Bachelor's Degree in Economics from Presidency College, Kolkata and is a fellow member of the Institute of Company Secretaries of India. He has over 51 years of experience in manufacturing sector. He has been a Director of the Company since March 28, 2001 and does not hold any shares in the Company.

   Shri Abhas Sen is also on the Boards of Madhya Bharat Papers Ltd. (MBPL), Indal Exports Ltd., Inspectorate Griffith India P. Ltd., Power Max (India) P Ltd., Spearhead P Ltd. and Flourish Securities and Finance P Ltd. (Flourish) and member of Audit Committees of Flourish and MBPL and Remuneration and Share Transfer Committees of MBPL.

c) Shri Charles Magolske, resident of United States of America, aged 54 years, holds a Bachelors degree in Science from Manufacturing Engineering Technology, California State Polytechnic University and is MBA from Colgate Darden Graduate School of Business, University of Virginia and Juris Doctor from Loyola University Chicago School of Law, Chicago. Appointed by the Board as an additional (Independent) Director on 4th February, 2011, he vacates office at the ensuing AGM. Shri Magolske has over 25 years of experience in industrial capital goods business in marketing, operations management, business management, joint ventures and acquisitions in both international and domestic venues. He is not a director in any other Indian Company and also does not hold any shares in the Company.

d) Shri Umesh Chowdhary, aged 37 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 about 19 years of experience in the manufacturing sector. He has been on the Board of your Company since incorporation and was later appointed as Whole time Director on July 1, 2002; Managing Director on September 5, 2002 and reappointed as Managing Director by the Board on June 21, 2007 for a period of five years with effect from July 1, 2007. He resigned from the office of Managing Director on September 23, 2009 to pursue new and emerging opportunities. Being actively involved in the day to day management of the Company again, he has been appointed as Managing Director and designated as Vice Chairman and Managing Director on 1st October, 2010 for a period of five years.

   Shri Umesh Chowdhary is Vice Chairman and Managing Director of Cimmco Limited and Director of Titagarh Shipyd Limited, Continental Valves Limited, Titagarh Capital Management Services Private Limited, Titagarh Logistics Infrastructures Private Limited, Sourenee Leaves Private Limited, Titagarh FreightCar Private Limited, and Titagarh Singapore Pte. Limited and Vice Chairman of Supervisory Board of Titagarh Wagons AFR, France. He is a member of the Shareholders'/Investors' Grievance Committee and Committee of Directors of the Company.

Board Committees

Audit Committee

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

	Attendance at the Audit Committee meeting held on				
Name	17.05.2010	28.05.2010	29.07.2010	12.11.2010	04.02.2011
Shri D N Davar	Present	Present	Present	Present	Present
Shri N Bhattacharya	Present	Present	Present	Present	Present
Shri Manoj Mohanka	Present	Absent	Absent	Present	Present

Shareholders'/Investors' Grievance Committee

Shareholders'/Investors' Grievance Committee is headed by Shri Nandan Bhattacharya, an Independent Director with Shri Manoj Mohanka and Shri Umesh Chowdhary, the other two members. Shri D. Arya, Company Secretary is the Compliance Officer. Four (4) meetings of the Committee were held during the financial year ended March 31, 2011. The Attendance at and dates of Shareholders'/Investors' Grievance Committee meetings held and the Status of Investors' complaints are as follows:

	Attendance at the Shareholders'/Investors' Grievance Committee meetings held on			
Name	17.05.2010	29.07.2010	13.11.2010	04.02.2011
Shri Nandan Bhattacharya	Present	Present	Present	Present
Shri Manoj Mohanka	Present	Absent	Present	Present
Shri Umesh Chowdhary	Absent	Present	Present	Present

In total 96 cases of investors' grievances (including normal routine queries) were received during financial year 2010-11 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 was pending as at March 31, 2011.

All valid requests for transfer of shares in physical mode received during the financial year ended March 31, 2011 have been acted upon by the Company and no such transfer is pending.

Remuneration Committee

Remuneration Committee comprising Shri D. N. Davar, Shri Nandan Bhattacharya and Shri Manoj Mohanka, all Independent Directors, is headed by Shri D. N. Davar. The Committee met once on 16.09.2010 during the financial year ended March 31, 2011 and the meeting was attended by Shri D N Davar and Shri Nandan Bhattacharya. Shri Mohanka could not attend the meeting of the Committee. Shri Dinesh Arya acts as Secretary to 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 March 31, 2011 and their shareholding in the Company:

Rs./Lacs

Name of Director	Sitting Fees	Salaries and Perquisites	Commission	Total	No. of Shares held
Shri J P Chowdhary	Nil	47.04	648.93#	695.97	31308
Shri Umesh Chowdhary	1.30	23.52	237.90#	262.72	15485
Shri D N Davar	3.60	Nil	*	3.60	Nil
Shri Nandan Bhattacharya	3.80	Nil	*	3.80	Nil
Shri Abhas Sen	1.80	Nil	*	1.80	Nil
Shri Aloke Mookherjea	1.80	Nil	*	1.80	Nil
Shri Manoj Mohanka	2.30	Nil	*	2.30	Nil
Shri Anoop Sethi	Nil	Nil	*	Nil	Nil
Shri Sanjay Kukreja	Nil	Nil	*	Nil	Nil
Shri Nand Kishore Mittal	2.20	Nil	*	2.20	90
Shri Charles Magolske	Nil	Nil	*	Nil	Nil
Total	**16.80**	**70.56**	**886.83**	**974.19**	**46883**

\# *Commission is payable to Shri J P Chowdhary and Shri Umesh Chowdhary subject to approval of the shareholders at the ensuing AGM.*

a) **Distribution individually of commission of Rs. 10 lakhs only payable to the non-executive directors to be decided by the Board in due course and hence not included above; and*

b) *Shri Anoop Sethi and Shri Sanjay Kukreja, Nominee Directors have voluntarily waived the sitting fees for attending the meetings of Board and Committees.*

c) *There is no other element of remuneration package of Directors except as set out hereinabove.*

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

Allotment Committee

Allotment Committee for issue and allotment of shares and securities of the Company was constituted during the financial year, comprising Shri Nandan Bhattacharya, Chairman of the Committee and Shri Abhas Sen being the other member. One meeting of the Allotment Committee was held on 09.09.2010 during the Financial Year ended March 31, 2011.

Committee of Directors

Committee of Directors was constituted during the financial year ended March 31, 2011 comprising Shri J P Chowdhary, Chairman and Shri Umesh Chowdhary, Shri D. N. Davar and Shri Nandan Bhattacharya as members to exercise such powers as may from time to time be delegated to it by the Board. One meeting of the Committee was held on December 4, 2010 during the Financial Year ended March 31, 2011. All the members of the Committee except Shri Umesh Chowdhary attended the meeting.

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

General Body Meetings

Annual General Meetings held during the last three years:

Year	Kind of Meeting	Venue	Date	Time	No. of special resolutions passed
2007-2008	11th Annual General Meeting	Kalamandir, 48 Shakespeare Sarani, Kolkata-700017	28.07.2008	10.30 A.M.	One
2008-2009	12th Annual General Meeting	Kalakunj, 48 Shakespeare Sarani, Kolkata-700017	14.09.2009	11.00 A.M.	Three
2009-2010	13th Annual General Meeting	Rotary Sadan, 94/2 Chowringhee Road Kolkata-700020	27.08.2010	10.00 A.M	Two

No Resolutions were passed through Postal Ballot during the year.

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

Disclosures

(i) The related party transactions have been disclosed in the Notes on Accounts forming part of the Statement of Accounts for the financial year ended March 31, 2011 and no transaction is considered to be pecuniary and/or in potential conflict with the interests of the Company at large.

(ii) There has not been any non-compliance, penalties or strictures imposed on the Company by the Stock Exchange(s), Securities and Exchange Board of India or any other statutory authority, on any matter relating to the capital markets, during the last 3 years.

(iii) The Company affirms that no personnel has been denied access to the Audit Committee.

(iv) All the mandatory requirements have been appropriately complied with and the non mandatory requirements relating to Remuneration Committee have also been complied with.

Code of Conduct

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

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 (Business Standard or Financial Express) 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	Wednesday, the 27th July, 2011
Time	10.30 A.M.
Venue	Kalakunj, 48 Shakespeare Sarani, Kolkata-700017
Financial Year	April 1, 2010 to March 31, 2011
Dates of Book Closure	July 23, 2011 to July 27, 2011 (both days inclusive)
Dividend Payment Date	5th August, 2011

Financial Calendar:

First Quarter Results	July/August, 2011
Second Quarter Results	October/November, 2011
Third Quarter Results	January/February, 2012
Fourth Quarter Results	April/May, 2012

Outstanding ADRs/GDRs/Warrants or any convertible instruments, conversion date and likely impact on equity:

12,50,000 Equity Share Warrants convertible into Equity Shares of Rs. 10/- each have been allotted on 09.09.2010 to Smt. Rashmi Chowdhary, a promoter group entity pursuant to the Special Resolution passed by the members at the Annual General Meeting held on 27th August, 2010. The said Warrants will be converted into equity shares upon receipt of the entire amount due thereon by March 8, 2012. Assuming full conversion, consequent thereto, the shareholding of the promoter group will increase to 53.11% in the Company based on the shareholding as on March 31, 2011.

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 2011-12 have been paid to both BSE and NSE.

ISIN for dematerialization is INE 615H01012

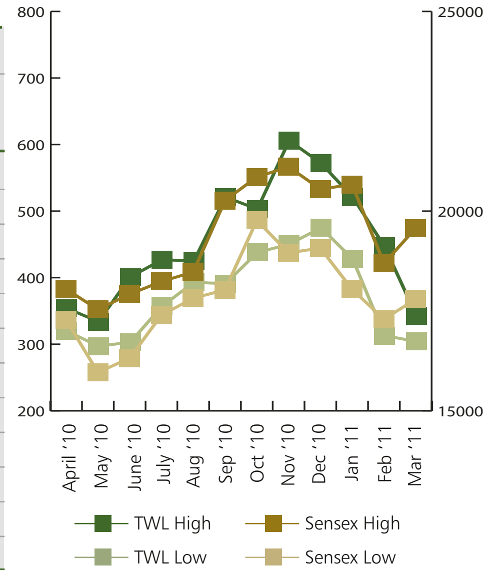
Details of unclaimed shares allotted in the IPO pursuant to Clause 5A of the Listing Agreement

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

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

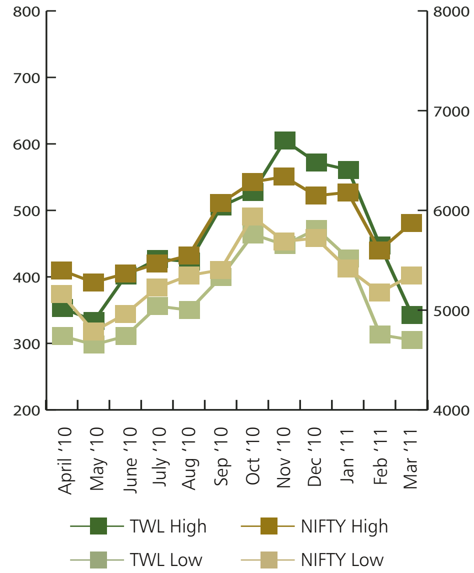
A. Bombay Stock Exchange Limited

				Sensitive Index	
Month	High (Rs.)	Low (Rs.)	Quantity Traded (Shares)	High	Low
April 2010	354.00	320.00	6,45,984	18,047.86	17,276.80
May 2010	334.60	297.20	4,45,826	17,536.86	15,960.15
June 2010	401.60	303.85	10,84,548	17,919.62	16,318.39
July 2010	427.90	357.50	14,21,898	18,237.56	17,395.58
August 2010	425.00	393.00	4,05,310	18,475.27	17,819.99
September 2010	521.00	391.15	10,36,834	20,267.98	18,027.12
October 2010	503.80	438.90	3,47,266	20,854.55	19,768.96
November 2010	606.00	450.00	9,68,313	21,108.64	18,954.82
December 2010	572.40	475.00	16,72,390	20,552.03	19,074.57
January 2011	521.60	428.85	12,65,930	20,664.80	18,038.48
February 2011	447.75	313.50	64,51,332	18,690.97	17,295.62
March, 2011	343.85	304.40	11,38,176	19,575.16	17,792.17



B. THE NATIONAL STOCK EXCHANGE OF INDIA LIMITED -

				CNX NIFTY	
Month	High (Rs.)	Low (Rs.)	Quantity Traded (Shares)	High	Low
April, 2010	353.40	311.25	11,75,966	5,399.65	5,160.90
May, 2010	334.90	298.00	9,72,827	5,278.70	4,786.45
June, 2010	402.00	311.25	18,12,527	5,366.75	4,961.05
July, 2010	427.80	356.50	26,25,085	5,466.25	5,225.60
August, 2010	423.50	350.25	9,61,772	5,549.80	5,348.90
September, 2010	506.50	400.00	23,01,255	6,073.50	5,403.05
October, 2010	528.00	464.10	8,76,991	6,284.10	5,937.10
November, 2010	605.00	448.50	22,06,989	6,338.50	5,690.35
December, 2010	572.00	472.05	46,03,567	6,147.30	5,721.15
January, 2011	561.00	428.25	36,66,696	6,181.05	5,416.65
February, 2011	447.70	313.10	1,25,48,244	5,599.25	5,177.70
March, 2011	343.80	305.00	22,52,918	5,872.00	5,348.20



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 March 31, 2011

Category	No. of Shares held	% of total shares
Promoter & Promoter Group	94,02,738	49.99
Mutual Funds	1,14,646	0.61
Financial Institutions and Banks	94,907	0.50
Private Corporate Bodies	13,11,376	6.97
Indian Public	19,37,779	10.31
N R I s/O C B s	44,19,995	23.50
Foreign Institutional Investors	14,87,904	7.91
Clearing Members	39,724	0.21
TOTAL	**1,88,09,069**	**100.00**

Dematerialization of shares and liquidity: 99.83% of total equity shares of the Company have been dematerialised as on March 31, 2011.

Distribution of Shareholding as on March 31, 2011

Range of Shares	No. of Shareholders	Number of Shares	% to total Shares
1 to 5000	24,184	1796484	9.55
5001 to 10000	25	186822	0.99
10001 to 20000	15	218776	1.16
20001 to 30000	6	154547	0.82
30001 to 40000	2	61660	0.33
40001 to 50000	2	89357	0.48
50001 to 100000	10	764459	4.06
100001 & above	15	15536964	82.61
TOTAL	**24259**	**18809069**	**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. Limited, Singapore. - Shri Umesh Chowdhary is a Director on its Board.

Other subsidiaries:

1. Greysham & Co. Private Limited (Greysham) is a subsidiary of the Company by virtue of the Company's right to appoint majority of the Directors on its Board. None of the Directors of the Company is on the Board of Greysham.
2. Titagarh Wagons AFR, France – Shri J P Chowdhary and Shri Umesh Chowdhary are Chairman and Vice-Chairman respectively of Supervisory Board.

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

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

1. **Wagons Division**
   P.O. Titagarh- 743188
   District: 24 Parganas (N) West Bengal
   Telephone: 91 33 2707 4078; Fax 91 33 2501 0270

2. **Heavy Engineering Division**
   Hindmotor- 712233
   District : Hooghly, West Bengal
   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: titagarhipo@karvy.com
   Exclusive email for investor complaints: einward.ris@karvy.com

For and on behalf of the Board of Directors

Kolkata,
May 24, 2011

Umesh Chowdhary
Vice Chairman & Managing Director

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, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with 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 compliance of the conditions of Corporate Governance. It is neither an audit nor expression of the opinion on the financial statements of the Company.

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

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

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

Place: Kolkata
Date: 24th May, 2011

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, 2011 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 we 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 and CEO
Kolkata, May 12, 2011

Anil Kumar Agarwal
Chief Financial Officer

Declaration Affirming Compliance of Provisions of the Code of Conduct

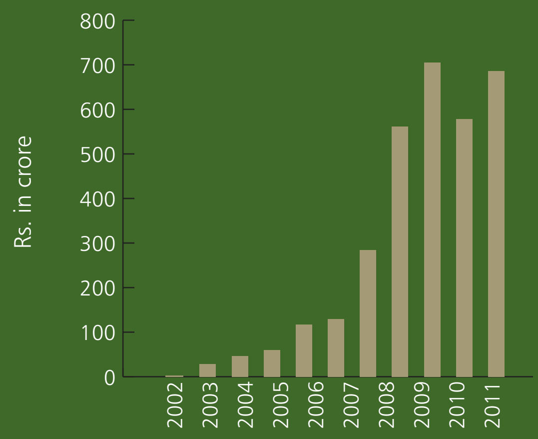
To the best of my knowledge and belief and on the basis of declarations given to me, I hereby affirm that all the Board members and the senior management personnel have fully complied with the provisions of the Code of Conduct for Directors and Senior Management Personnel during the financial year ended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

For Titagarh Wagons Limited
J P Chowdhary
Executive Chairman and CEO

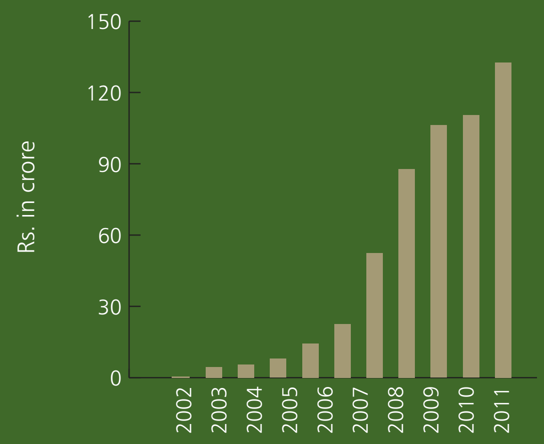
Kolkata, May 12, 2011

Financial
Performance

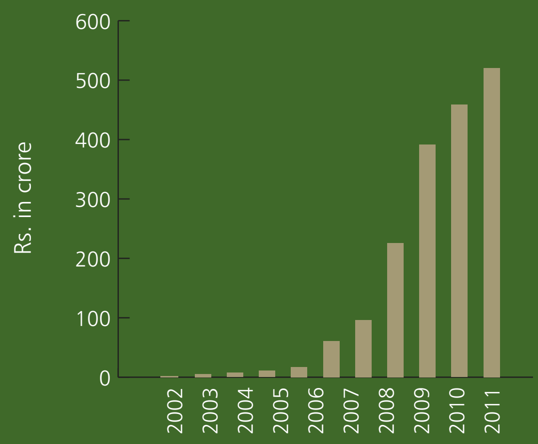
Total Income



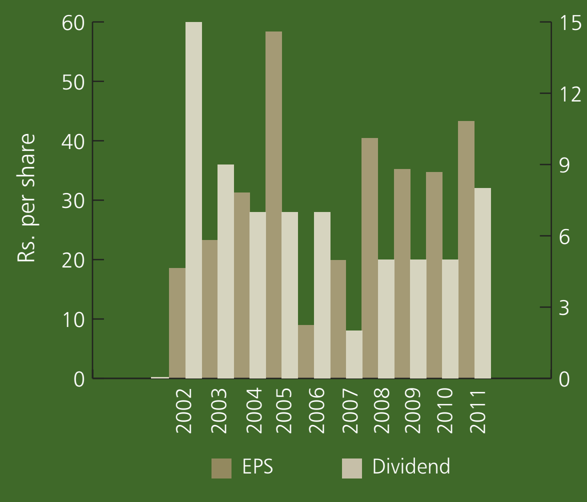
PBDIT



Networth



EPS and Dividend



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, 2011 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 the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. 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. Without qualifying our report, attention is drawn to Note No 23 on Schedule 22 regarding Investments made and loans and advances given by the Company to a subsidiary and a joint venture company to the extent of Rs. 15,552.72 Lacs (Rs. 14,145.38 Lacs as at March 31, 2010) for the purpose of acquiring controlling stake including certain financial assets like leased wagons of another company which was registered with the Board for Industrial and Financial Reconstruction (BIFR) and which have been considered good of recovery by the management inspite of accumulated losses, since the said company has been de-registered by BIFR from its purview and has started its operations and also started making profits.

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, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
   vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with our observation in para 4 above whose impact, if any, on the Company's profit is currently unascertainable, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
      a) in the case of Balance Sheet, of the state of affairs of the Company as at March 31, 2011;
      b) in the case of Profit and Loss Account, of the profit for the 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 12, 2011

Annexure to the Auditors Report

[Referred to in our report of even date to the members of Titagarh Wagons Limited as at and for the year ended March 31, 2011]

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All fixed assets have not been physically verified by the management during the 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 such 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) to (d) of the Order are not applicable.

(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.

(iv) In our opinion and according to the information and explanations given to us, having regard to the explanation that some of the items purchased are of special nature and suitable alternative sources do not exist for obtaining comparable quotations thereof, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas and we have also not observed any continuing failure to correct major weakness in the internal control system of the company.

(v) According to the information and explanations provided by the management, we are of the opinion that there are no particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under the above section. Hence the provisions of clause (v) (b) of the Order are not applicable.

(vi) The Company has not accepted any deposits from the public.

(vii) The Company has an internal audit system, the scope and coverage of which, in our opinion, requires to be enlarged to be 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 and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases and significant delay in case of custom duty of Rs. 535.68 Lacs (including interest of Rs.153.37 Lacs) for liability arisen due to non-fulfillment of export obligation against duty free imports.

Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs. in lacs)	Period to which the amount relates	Forum where dispute is pending
The Income Tax Act, 1961	Disallowance under various sections	53.68	2003-2004 to 2005-2006	Deputy Commissioner/ Commissioner of Income Tax
The West Bengal Sales Tax Act, 1944	Deferment of sales tax liability	55.32	2004-2005	Senior Joint Commissioner of Commercial Taxes
The West Bengal Sales Tax Act, 1944	Short payment of sales tax	5.24	2004-2005	Deputy Commissioner, Commercial Taxes
The Central Sales Tax Act , 1956	Short payment of sales tax, non submission of forms and other documents	303.64	2005-2006 to 2007-2008	Additional / Joint Commissioner of Commercial Taxes
The Value Added Tax Act, 2003	Additional demand of sales tax under various sections, disallowance of input tax credit, levy of purchase tax	608.57	2005-2006 to 2007-2008	Additional / Joint Commissioner, Commercial Taxes
The Central Excise Act, 1944	Incorrect availment of cenvat credits, short payment of duty including interest	2133.41	1991-1992. 1996-1997, 2003-2004 to 2009-2010	Various Appellate Authorities

(x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.

(xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a bank. There are no dues to financial institution and debenture holders.

(xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable.

(xiv) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable.

(xv) As indicated in Note No. 24 on Schedule 22, the Company has given a guarantee by way of put option for loans taken by a related party from a bank, the terms and conditions whereof, considering its strategic nature, are stated to be not prejudicial to the interest of the Company.

(xvi) The Company did not have any term loans outstanding during the year.

(xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

(xviii) The Company has not made any preferential allotment of shares during the year to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.

(xix) The Company did not have any outstanding debentures during the year.

(xx) The Company has not raised any money through public issue during the year.

(xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

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

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

Place: Kolkata
Date: May 12, 2011

Balance Sheet As at March 31, 2011

(Rs. in Lacs)

	Schedules	As at March 31, 2011	As at March 31, 2010
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	1,880.91	1,880.91
Advance towards Equity Warrants		1,209.38	-
(Refer Note No. 18 on Schedule 22)			
Reserves and Surplus	2	50,189.26	43,971.63
Loan Funds			
Secured Loans	3	7,137.78	7,368.16
Unsecured Loans	4	56.65	63.43
Deferred Tax Liabilities (Net)		-	12.35
		60,473.98	**53,296.48**
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	15,069.71	13,112.55
Less : Accumulated Depreciation/Amortisation		5,643.32	4,896.04
Net Block		9,426.39	8,216.51
Capital Work -in- Progress including Capital Advances		1,291.47	2,667.64
		10,717.86	10,884.15
Investments	6	7,441.24	4,916.28
Deferred Tax Assets (Net)		19.53	-
Current Assets, Loans and Advances			
Inventories	7	16,709.17	18,959.13
Sundry Debtors	8	12,066.44	9,548.96
Cash and Bank Balances	9	9,575.98	10,604.92
Other Current Assets	10	1,431.77	854.06
Loans and Advances	11	17,987.33	13,867.17
		57,770.69	53,834.24
Less : Current Liabilities and Provisions			
Current Liabilities	12	10,987.30	13,496.83
Provisions	13	4,488.04	2,841.36
		15,475.34	**16,338.19**
Net Current Assets		42,295.35	37,496.05
		60,473.98	**53,296.48**
Significant Accounting Policies and Notes on Accounts	22		

The Schedules referred to above form an integral part of the Balance Sheet

As per our Report of even date

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

per R. K. Agrawal
Partner
Membership No. 16667
Place: Kolkata
Dated : May 12, 2011

As Approved
For and on behalf of the Board of Directors

J P Chowdhary
Executive Chairman

Umesh Chowdhary
Vice Chairman & Managing Director

D N Davar
Director

Anil Kumar Agarwal
Chief Financial Officer

Dinesh Arya
Company Secretary

Profit and Loss Account For the year ended March 31, 2011

(Rs. in Lacs)

	Schedules	For the year ended March 31, 2011		For the year ended March 31, 2010	
INCOME					
Gross Sales	14		68,590.16		57,172.53
Less: Excise Duty			1,919.38		1,750.21
Net Sales			66,670.78		55,422.32
Other Income	15		1,899.58		2,458.18
			68,570.36		57,880.50
EXPENDITURE					
Raw Materials and Components Consumed	16		39,431.64		32,956.86
Manufacturing Expenses	17		10,125.17		8,037.49
(Increase)/Decrease in Stocks	18		(879.33)		1,074.88
Excise Duty and Cess on Stocks			241.57		(209.88)
(Refer Note No. 4 on Schedule 22)					
Payments to and Provisions for Employees	19		1,850.77		1,558.13
Administration, Selling and Other Expenses	20		4,536.49		3,420.17
Interest	21		425.98		715.55
Depreciation/ Amortisation		749.88		624.16	
Less: Transfer from Revaluation Reserve		172.96	576.92	180.58	443.58
			56,309.21		47,996.78
Profit before Taxation			12,261.15		9,883.72
Provision for Taxation					
Current Tax [Includes Wealth Tax]					
For the year			4,189.29		3,003.00
For earlier years			(35.68)		20.54
Deferred Tax charge/(credit)			(31.88)		323.13
			4,121.73		3,346.67
Profit after Taxation			8,139.42		6,537.05
Balance brought forward from previous year			17,761.16		13,864.37
Less: Profit and Loss Account Debit Balances of Titagarh Steels Limited & Titagarh Biotec Private Limited as on 1st April 2009 adjusted on amalgamation			-		(843.61)
Profit available for appropriations			**25,900.58**		**19,557.81**
APPROPRIATIONS					
Transfer to General Reserve			850.00		700.00
Proposed Dividend			1,504.73		940.45
Tax on Proposed Dividend			244.10		156.20
Balance carried to the Balance Sheet			**23,301.75**		**17,761.16**
Basic Earning per share of Rs. 10/-each (Rs.)			43.27		34.75
Diluted Earning per share of Rs. 10/-each (Rs.)			42.88		34.75
(Refer Note No. 14 on Schedule 22)					
Significant Accounting Policies and Notes to Accounts	22				

The Schedules referred to above form an integral part of the Profit and Loss Account

As per our Report of even date

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

per R. K. Agrawal
Partner
Membership No. 16667
Place: Kolkata
Dated : May 12, 2011

As Approved
For and on behalf of the Board of Directors

J P Chowdhary
Executive Chairman

Umesh Chowdhary
Vice Chairman & Managing Director

D N Davar
Director

Anil Kumar Agarwal
Chief Financial Officer

Dinesh Arya
Company Secretary

Cash Flow Statement For the year ended March 31, 2011

(Rs. in Lacs)

	2010-11	2009-10
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before taxation	12,261.15	9,883.72
Adjustments for:		
Depreciation/Amortisation	576.92	443.58
Interest Expenses	425.98	715.55
Miscellaneous Expenditure written off	-	19.38
Exchange Differences (unrealised)	(60.60)	(6.53)
Debts and Irrecoverable Balances written off	124.23	-
Debts Written off in earlier years, now recovered	(43.89)	(178.36)
Loss on sale of fixed assets (net)	0.62	2.61
Dividend Received	(4.25)	(3.19)
Liabilities Written Back (net)	-	(207.53)
Interest on Deposits from banks/ loans, advances etc. (Gross)	(1,378.34)	(1,404.21)
Provision for Diminution in value of Investments	329.03	-
Provision for Diminution in value of Investments written back	-	(96.14)
Provision for Doubtful Advances	344.45	-
Operating Profit before Working Capital Changes	**12,575.30**	**9,168.88**
Decrease/(Increase) in Inventories	2,249.96	(2,471.44)
Decrease/(Increase) in Sundry Debtors	(2,473.59)	(2,559.45)
Decrease/(Increase) in Loans & Advances	(265.22)	5,182.94
(Decrease) in Current Liabilities & provisions	(2,707.48)	(612.90)
Cash Generated from Operations	**9,378.97**	**8,708.03**
Taxes Paid	(2,950.51)	(2,908.21)
Net Cash from Operating Activities (A)	**6,428.46**	**5,799.82**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets including Capital work in progress	(584.46)	(1,830.02)
Proceeds from sale of Fixed Assets	0.25	5.75
Loans to Subsidiary	(5,105.44)	(1,471.00)
Loan refunded by Subsidiary	416.00	-
Loans refunded by Body Corporates	465.00	(2,555.00)
Loans to Body Corporates	(95.50)	
Purchase of Investments	-	(66.46)
Proceeds from sale of Investments	10.61	-
Investment in Subsidiary	(2,864.60)	(3,500.01)
Investment in Bank Fixed Deposits	(21,349.31)	(8,495.20)
Fixed Deposits encashed/matured (net)	22,182.38	6,425.71
Dividend Received	4.25	3.19
Interest Received	800.63	980.24
Net Cash used in Investing Activities (B)	**(6,120.19)**	**(10,502.80)**

Cash Flow Statement For the year ended March 31, 2011

(Rs. in Lacs)

	2010-11	2009-10
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Share Warrants	1,209.38	-
Net movement in Other Borrowings (short term)	(1,602.21)	4,523.94
Repayment of Sales Tax Deferment Loan	(6.78)	(3.35)
Net Movement in Buyer's Credit	1,434.35	819.67
Interest Paid	(442.23)	(688.86)
Dividend Paid (including corporate dividend tax)	(1,096.65)	(1,078.27)
Net Cash (used)/from Financing Activities (C)	**(504.14)**	**3,573.13**
Net decrease in Cash & Cash Equivalent (A+B+C)	**(195.87)**	**(1,129.85)**
Cash and Cash Equivalents - Opening Balance	320.98	1,450.83
Cash and Cash Equivalents - Closing Balance	125.11	320.98
Notes:		
Cash & Cash Equivalents *:		
Cash on hand	44.91	18.80
Cheques on hand	-	187.00
Balance with Scheduled Banks:		
Current Account	80.20	115.18
Fixed Deposits**	-	-
	125.11	**320.98**
* Excludes balance lying in Unpaid dividend account as these balances are not available for use by the Company as they represent corresponding unpaid dividend liabilities.		
**Excluding Fixed Deposits of Rs. 9,449.93 lacs (Rs. 10,283.00 Lacs) having maturity period of more than three months.		

As per our Report of even date

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

per R. K. Agrawal
Partner
Membership No. 16667
Place: Kolkata
Dated : May 12, 2011

As Approved
For and on behalf of the Board of Directors

J P Chowdhary
Executive Chairman

Umesh Chowdhary
Vice Chairman & Managing Director

D N Davar
Director

Anil Kumar Agarwal
Chief Financial Officer

Dinesh Arya
Company Secretary

Schedules to the Balance Sheet

(Rs. in Lacs)

	As at March 31, 2011	As at March 31, 2010
1 SHARE CAPITAL		
Authorised		
9,60,00,000 Equity shares of Rs. 10/- each	9,600.00	9,600.00
5,20,00,000 Preference shares of Rs. 10/- each	5,200.00	5,200.00
	14,800.00	14,800.00
Issued, Subscribed and Paid up		
1,88,09,069 Equity shares of Rs. 10/- each fully paid up	1,880.91	1,880.91
Notes:		
Of the above		
- 3,66,954 equity shares were alloted as fully paid up for consideration other than cash		
- 1,30,46,224 equity shares were issued as bonus shares by capitalisation of securities premium		
	1,880.91	1,880.91

	As at March 31, 2011	As at March 31, 2010
2 RESERVES AND SURPLUS		
Capital Reserve		
As per last Account	9.18	9.18
Securities Premium		
As per last Account	21,481.95	21,481.95
Revaluation Reserve		
As per last Account	1,164.73	1,345.31
Less: Transferred to Depreciation Account	172.96	180.58
	991.77	1,164.73
General Reserve		
As per last Account	3,554.61	1,976.90
Transferred from Profit & Loss Account	850.00	700.00
	4,404.61	2,676.90
Add: Additions arising on Amalgamation	-	877.71
	4,404.61	3,554.61
Balance in Profit & Loss Account	23,301.75	17,761.16
	50,189.26	43,971.63

	As at March 31, 2011	As at March 31, 2010
3 SECURED LOANS (Refer note no. 5 on Schedule 22)		
From Scheduled Banks:		
Short Term Loan against Fixed Deposits	-	5,350.00
Working Capital Facilities		
In Rupees	3,873.18	125.39
In Foreign Currency (Buyer's Credit)	3,264.60	1,892.77
	7,137.78	7,368.16

(Payable within one year Rs. 7,137.78 lacs (Rs. 7,368.16 lacs)

	As at March 31, 2011	As at March 31, 2010
4 UNSECURED LOANS		
Sales Tax Deferment Loan	56.65	63.43
(Payable within one year Rs. 4.93 lacs (Rs. 7.63 lacs)		
	56.65	63.43

Schedules to the Balance Sheet

5 FIXED ASSETS

(Rs. in Lacs)

Particulars	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at March 31, 2010	Additions	Sales/ Adjustments	As at March 31, 2011	Upto March 31, 2010	For the year	On sales/ Adjustments	Upto March 31, 2011	As at March 31, 2011	As at March 31, 2010
TANGIBLE										
Freehold Land	1,801.80	151.00	-	1,952.80	-	-	-	-	1,952.80	1,801.80
Leasehold Land	88.52	-	-	88.52	7.56	0.82	-	8.38	80.14	80.96
Buildings	2,652.99	1,280.77	-	3,933.76	322.62	157.29	-	479.91	3,453.85	2,330.37
Plant and Machinery	7,189.70	317.07	-	7,506.77	3,769.13	465.73	-	4,234.86	3,271.91	3,420.57
Railway Siding	84.69	160.69	-	245.38	22.12	7.66	-	29.78	215.60	62.57
Moulds and Patterns	530.28	-	-	530.28	377.83	18.14	-	395.97	134.31	152.45
Furniture, Fixtures & Office Equipments	387.96	35.64	-	423.60	244.71	44.13	-	288.84	134.76	143.25
Vehicles	299.04	8.64	3.47	304.21	113.51	29.60	2.60	140.51	163.70	185.53
INTANGIBLE										
Computer Software	77.57	6.82	-	84.39	38.56	26.51	-	65.07	19.32	39.01
Total	**13,112.55 (b)**	**1,960.63**	**3.47**	**15,069.71 (b)**	**4,896.04**	**749.88**	**2.60**	**5,643.32**	**9,426.39**	**8,216.51**
Capital Work in Progress	2,667.64	533.36	1,909.53	1,291.47 (c)	-	-	-	-	1,291.47	2,667.64
Grand Total	**15,780.19**	**2,493.99**	**1,913.00**	**16,361.18**	**4,896.04**	**749.88**	**2.60**	**5,643.32**	**10,717.86**	**10,884.15**
Previous Year's Total	7,989.93	8,519.32	729.06	15,780.19	1,188.51	3,718.21	10.68	4,896.04	10,884.15	-

Notes:

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

(b) Include Rs. 1,345.49 lacs on account of revaluation of Land, Buildings and Plant & Machinery of the Company as on March 31, 2009 at net replacement cost basis.

(c) Includes Capital advance of Rs. 451.59 lacs (Rs. 263.29 lacs)

(Rs. in Lacs)

	No. of shares	Face value per share (Rs.)	As at March 31, 2011	As at March 31, 2010
6 INVESTMENTS				
Long Term				
(A) In Fully paid up Equity Shares				
(i) Quoted (Other than Trade)				
Continental Valves Limited	160,000	10	14.78	18.71
	(202,500)			
Tata Steel Limited	4,725	10	8.09	8.09
Tube Investments of India 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
IDBI Bank Limited	11,040	10	8.97	8.97
Bank of Baroda	5,000	10	4.25	4.25
State Bank of Bikaner & Jaipur	10,250	10	5.54	5.54

Schedules to the Balance Sheet

(Rs. in Lacs)

	No. of shares	Face value per share (Rs.)	As at March 31, 2011	As at March 31, 2010
6 INVESTMENTS (Contd.)				
(ii) Unquoted (Trade)				
In Subsidiary Company				
Titagarh Singapore Pte. Limited	1,065,000	USD 1	476.37 (c)	476.37
Flourish Securities and Finance Private Limited	1,099,000	100	1,141.57	1,141.57
Greysham and Co. Private Limited (a)	355,000	10	35.50	35.50
Titagarh Wagons AFR	2,834,257	EURO 1	2,864.60 (c)	-
	(-)			
In Joint Venture Company				
Cimco Equity Holdings Private Limited	500,000	10	50.00	50.00
Titagarh FreightCar Private Limited	1,179,822	10	117.98	117.98
In Others (Other than Trade)				
Tecalemit Industries Limited	685,000	10	22.82	29.50
	(885,000)			
Titagarh Papers Limited	4,933,000	10	493.30 (b)	493.30
Bhatpara Papers Limited	50,000	10	5.00	5.00
(B) In Fully paid up Preference Shares				
Unquoted (Trade)				
1% Non Cumulative Redeemable Preference Shares of Flourish Securities and Finance Private Limited (Subsidiary Company)	2,500,000	100	2,500.00	2,500.00
(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			**7,770.27**	**4,916.28**
Less : Provision for Diminution in value of Investment			329.03 (b)	-
			7,441.24	**4,916.28**
Aggregate cost of Quoted Investments			63.13	67.06
Aggregate cost of Unquoted Investments			7,707.14	4,849.22
			7,770.27	**4,916.28**
Market Value of Quoted Investments			194.90	164.99

Note:

(a) Greysham and Co. Private Limited is a subsidiary by virtue of the Company's control over the composition of its board of directors.

(b) During the year, the Company has provided Rs. 329.03 lacs towards diminution in the value of investments in Titagarh Papers Limited (TPL) based on the breakup value of such investment as per audited Balance Sheet of TPL as on June 30, 2010.

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

7 INVENTORIES (at lower of cost and net realisable value)		
Raw Materials and Components	8,784.40	11,950.81
Stores and Spares Parts	825.07	787.95
Work in Progress	4,076.17	4,476.40
Finished Goods	3,023.53	1,743.97
	16,709.17	**18,959.13**

Schedules to the Balance Sheet

(Rs. in Lacs)

	As at March 31, 2011	As at March 31, 2010
8 SUNDRY DEBTORS (Unsecured, Considered Good)		
Outstanding for a period exceeding six months*	1,010.25	1,177.52
Other Debts	11,056.19	8,371.44
	12,066.44	**9,548.96**

* Includes Retention of Rs. 108.40 lacs (Rs. 43.58 lacs)

	As at March 31, 2011	As at March 31, 2010
9 CASH AND BANK BALANCES		
Cash in Hand	44.91	18.80
Cheques in Hand	-	187.00
With Scheduled Banks in :-		
Current Account	80.20	115.18
Fixed Deposit Account*	9,449.93	10,283.00
Unpaid Dividend Account	0.94	0.94
	9,575.98	**10,604.92**
*Includes Receipts lying with banks as security against guarantees and letters of credit issued by them	5,012.93	2,179.29

	As at March 31, 2011	As at March 31, 2010
10 OTHER CURRENT ASSETS (Unsecured, Considered good)		
Interest Accrued on loans, fixed deposits, etc.		
Outstanding for a period exceeding six months	325.22	54.44
Others	1,106.55	799.62
	1,431.77	**854.06**

	As at March 31, 2011	As at March 31, 2010
11 LOANS AND ADVANCES (Unsecured, Considered Good, except otherwise stated)		
Loans to:		
- Body Corporates	4,900.50	5,270.00
- Subsidiaries (Refer Note No. 22 on Schedule 22)	9,859.12	5,166.00
Advances recoverable in cash or in kind or for value to be received:		
- to Subsidiaries [net of provision Rs. 344.45 Lacs (Rs. Nil)]	87.65	319.57
- to Others	2,797.15*	2,808.93*
Balance with Central Excise Authorities	8.91	120.33
Security Deposits	334.00	182.34
	17,987.33	**13,867.17**
*Includes:		
- Due from officers of the Company	6.25	19.92
Maximum amount outstanding during the year	21.37	23.40

Schedules to the Balance Sheet

(Rs. in Lacs)

	As at March 31, 2011	As at March 31, 2010
12 CURRENT LIABILITIES		
Acceptances	1,470.15	2,429.67
Sundry Creditors		
- Dues to Micro & Small Enterprises (Refer Note No. 21 on Schedule 22)	264.79	395.20
- Dues to others	4,282.47*	4,030.23*
Other Liabilities	1,072.19	1,626.78
Advances from Customers	3,880.53	4,981.53
Investor Education and Protection fund:**		
- Unpaid Dividend	0.94	0.94
Interest accrued but not due on loans	16.23	32.48
	10,987.30	13,496.83
* Includes dues to Directors	619.71	398.66
** To be credited as and when due		

13 PROVISIONS		
Income Tax [Net of advance tax Rs. 8,949.51 lacs (Rs. 9,211.93 lacs)]	1,540.61	337.51
Leave Encashment	97.16	77.40
Gratuity	406.02	434.61
Warranty Claims	204.10	164.32
Liquidated Damages	491.32	730.87
Proposed Dividend	1,504.73	940.45
Tax on Proposed Dividend	244.10	156.20
	4,488.04	2,841.36

Schedules to the Profit and Loss Account

(Rs. in Lacs)

	For the year ended March 31, 2011	For the year ended March 31, 2010
14 GROSS SALES		
Finished Goods	66,778.48	57,172.53
Raw Materials & Components	1,811.68	-
	68,590.16	57,172.53

Schedules to the Profit and Loss Account

(Rs. in Lacs)

	For the year ended March 31, 2011	For the year ended March 31, 2010
15 OTHER INCOME		
Interest on:		
- Deposits with Banks (Gross)	571.23	917.79
(Tax deducted at source Rs. 48.00 lacs (Rs. 101.45 lacs)		
- Loans, Advances etc. (Gross)	786.41	486.42
(Tax deducted at source Rs. 67.96 lacs (Rs. 48.64 lacs)		
- Others	20.70	-
Unspent Liabilities / Provisions no longer required written back	-	207.53
Brokerage & Commission	-	347.52
Gain on Foreign Exchange Fluctuations/Forward Exchange Contracts (Net)	345.88	209.63
Debts written off in earlier years, now recovered	43.89	178.36
Management Fee	53.43	-
Dividend Received on		
- Long term Investments (Other than Trade)	4.25	3.19
Provision for Dimunition in value of Investments written back	–	96.14
Miscellaneous Receipts	73.79	11.60
	1,899.58	**2,458.18**

	For the year ended March 31, 2011	For the year ended March 31, 2010
16 RAW MATERIALS AND COMPONENTS CONSUMED		
Opening stock	11,950.81	8,040.72
Add: Stock acquired on amalgamation	-	513.02
	11,950.81	8,553.74
Add: Purchases	36,265.23	36,353.93
	48,216.04	44,907.67
Less: Closing stock	8,784.40	11,950.81
	39,431.64*	**32,956.86**

* Including Rs. 1,776.16 lacs (NIL) being the cost of raw materials sold during the year

	For the year ended March 31, 2011	For the year ended March 31, 2010
17 MANUFACTURING EXPENSES		
Stores and Spares consumed	4,347.48	3,300.03
Power and Fuel	2,740.69	2,069.90
Design and Development expenses	123.91	145.57
Job Processing and other Machining Charges (including contract labour charges)	2,703.33	2,106.89
Repairs - Buildings	1.01	207.01
- Plant and Machinery	147.64	136.25
- Others	61.11	42.59
Crane Hiring Charges	-	29.25
	10,125.17	**8,037.49**

	For the year ended March 31, 2011	For the year ended March 31, 2010
18 (INCREASE)/ DECREASE IN STOCKS		
Closing Stock		
Finished Goods	3,023.53	1,743.97
Work in Progress	4,076.17	4,476.40
	7,099.70	6,220.37
Opening Stock		
Finished Goods	1,743.97	3,810.59
Work in Progress	4,476.40	3,484.66
	6,220.37	7,295.25
	(879.33)	**1,074.88**

Schedules to the Profit and Loss Account

(Rs. in Lacs)

		For the year ended March 31, 2011		For the year ended March 31, 2010
19 PAYMENTS TO AND PROVISIONS FOR EMPLOYEES				
Salaries, Wages, Bonus, etc.		1,516.55		1,250.25
Contribution to Provident and Other Funds		129.91		118.91
Gratuity Expenses		27.13		64.42
Workmen and staff welfare expenses		177.18		124.55
		1,850.77		**1,558.13**

20 ADMINISTRATION, SELLING AND OTHER EXPENSES				
Rent		46.89		45.41
Rates and Taxes		37.38		42.23
Insurance		24.84		26.57
Travelling Expenses*		359.01		273.10
Professional & Consultancy fees		354.22		444.16
Directors' Remuneration (Refer Note No.12 on Schedule 22)		984.39		678.46
Charity and Donations		29.95		28.17
Loss on Sale of Fixed Assets (Net)		0.62		2.61
Debts and Irrecoverable Balances written off		124.23		91.54
Brokerage & Commission to other selling agents		35.60		32.23
Other Selling Expenses		200.97		151.28
Provision for Warranty Claims		129.86		195.74
Liquidated Damages	921.15		291.64	
Less: Adjusted with provision	381.77	539.38	279.95	11.69
Provision for Liquidated Damages		142.23		568.47
Auditor's Remuneration		56.46		49.86
Bank Charges		347.85		339.38
Miscellaneous Expenditure written off		-		19.38
Miscellaneous Expenses		449.13		419.89
Provision for Diminution in value of Investments		329.03		-
Provision for Doubtful Advances		344.45		
		4,536.49		**3,420.17**

*Including Directors' (including Managing Director) Travelling Rs. 62.07 lacs (Rs. 26.75 lacs)

21 INTEREST				
Interest to Banks:				
On Term Loans		71.81		66.38
On Other Loans		171.67		343.50
Interest to Others		182.50		305.67
		425.98		**715.55**

Schedules to the Balance Sheet and Profit and Loss Account

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

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

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, or otherwise when events or changes in circumstances indicate that the carrying value may not be recoverable.

Computer software not being part of the hardware operating system are capitalized as intangible assets.

e) Depreciation / Amortisation

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

f) Impairment of Fixed Assets

1) 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

22 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

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

3) 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.

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

1) Raw materials & Components and Stores & spares Parts are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of finished goods are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost include expenses incidental to procurement thereof and determined on a weighted average basis.

2) Goods under process and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials, labour cost and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty.

3) Obsolete/damaged stores and saleable scrap are valued at estimated net realizable value.

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

j) Revenue Recognition

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

Sale of Goods

In case of sale of goods, revenue is recognized when the significant risks and rewards of ownership of goods have passed to the buyer. 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. Dividend from subsidiaries is recognised even if same are declared after the Balance Sheet date but pertains to period on or before the date of Balance Sheet as per the requirement of schedule VI of the Companies Act, 1956.

k) Liquidated Damages

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

Schedules to the Balance Sheet and Profit and Loss Account

22 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

l) Retirement and other Employee Benefits

1) Retirement benefits in the form of Provident and Superannuation funds are defined contribution schemes and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no obligations other than the contribution payable to the respective funds.

2) Gratuity liability is a defined benefit obligation and is provided for on the basis of actuarial valuation on projected unit credit method made at the end of each financial period.

3) Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation, as per projected unit credit method, made at the end of each financial period.

4) Actuarial gains/losses are taken to Profit and Loss Account and are not deferred.

m) Taxes on Income

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

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

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. If the company has carry forward unabsorbed depreciation and carry forward tax losses, deferred tax assets are recognized only if there is virtual certainty backed by convincing evidence that such deferred tax assets can be realized against future taxable profits. Unrecognized deferred tax assets of earlier periods are re-assessed and recognized to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realized.

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

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

n) Provisions

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to 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's estimates of further liability to be incurred in this regard during the warranty period.

o) Foreign Currency Transactions

1) 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.

2) 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.

3) Exchange differences

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

22 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

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

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

p) Segment Reporting

Identification of segments

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

Inter Segment transfers

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

Allocation of common costs:

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

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

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

q) Earning per share

Basic earning per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (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.

r) Excise duty & custom duty

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

s) Cash and Cash equivalents

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

2. Contingent liabilities not provided for in respect of:

(Rs. in Lacs)

Sl No.	Particulars	As at March 31, 2011	As at March 31, 2010
A	Disputed claims contested by the Company and pending at various courts.	357.35	311.20
B	Matters under appeal with:		
	Sales Tax Authorities	1,035.41	464.59
	Income Tax Authorities	53.68	53.68
	Customs and Excise Authorities	2,415.32	1,567.74
C	Letters of Credit, Bills discounted and Bank Guarantees outstanding	14,018.00	9,253.33
D	Performance Guarantee given on behalf of a subsidiary Company for fulfillment of certain obligations	2,031.30	2,031.30
E	Put Option granted (Refer Note No. 24 on Schedule 22)	13,000.00	-
F	Custom Duty on import of equipments and spare parts under EPCG-scheme	124.55	246.30

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

Schedules to the Balance Sheet and Profit and Loss Account

22 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

3. Estimated amount of capital commitments (net of advances) remaining to be executed - Rs. 141.77 lacs (Rs. 144.46 lacs).

4. Excise duties on stocks represent differential excise duty on opening & closing stock of finished goods.

5. Working Capital Facilities 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.

   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 sales 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.

7. During the year, the Company has implemented a new ERP system which required a change in the method of valuation of Raw Materials & Components and Stores & Spare Parts inventories from "First in First out" to "weighted average basis". Further, the management also believes that such change in method of valuation of inventories will result in a more appropriate presentation of these inventories and will give a systematic basis for charge of Raw Materials & Components and Stores & Spare Parts consumption and would be more representative of the time pattern in which the economic benefits will be derived from the use of such inventories. Had the Company continued to use the earlier basis of valuation, the charge to Profit and Loss Account for the year would have been higher by Rs. 18.99 lacs and Raw Materials & Components and Stores & Spare Parts inventories would have been lower by Rs. 39.18 lacs and higher by Rs. 20.19 lacs respectively.

8. Gratuity and other post retirement benefit plans

   The Company has a defined benefit gratuity plan which is unfunded (except for Titagarh Steels unit where it is administered through a trust and funded with Life Insurance Corporation of India (LIC) in the form of qualifying insurance policy). Every employee who has completed five years or more of service is entitled to Gratuity on terms not less favorable than the provisions of the Payment of Gratuity Act, 1972.

   The Company also extends benefit of compensated absences to the employees, whereby they are eligible to carry forward their entitlement of earned leave for encashment. This is also an unfunded plan.

   The following tables summaries the components of net benefit/ expense recognised in the Profit and Loss Account and Balance Sheet for the Gratuity plan.

   (a) Expenses recognized in the Profit and Loss Account for the respective years are as follows: *(Rs. in Lacs)*

Particulars	Gratuity (Funded)		Gratuity (Unfunded)	
	2010-11	2009-10	2010-11	2009-10
Current service cost	7.37	8.32	25.28	23.02
Interest cost on benefit obligations	13.35	10.61	24.64	21.01
Expected Return on plan assets	(2.99)	(3.20)	NA	NA
Net actuarial (gain)/loss recognized in the year	(20.92)	(1.71)	(19.60)	6.37
Net benefit expense	(3.19)	14.02	30.32	50.40

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

Particulars	Gratuity (Funded)		Gratuity (Unfunded)	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
Defined benefit obligations	145.13	154.23	298.28	317.67
Fair Value of Plan Assets	37.39	37.29	NA	NA
Net obligations	(107.74)	(116.94)	(298.28)	(317.67)

Schedules to the Balance Sheet and Profit and Loss Account

22 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

(c) Changes in the present value of the defined benefit obligation during the respective years are as follows: *(Rs. in Lacs)*

Particulars	Gratuity (Funded)		Gratuity (Unfunded)	
	2010-11	2009-10	2010-11	2009-10
Opening defined benefit obligations	154.23	144.58	317.67	296.35
Interest cost	13.35	10.61	24.64	21.01
Current service cost	7.37	8.32	25.28	23.02
Benefit paid	(8.49)	(6.21)	(49.71)	(29.08)
Actuarial (gains)/losses on obligation	(21.33)	(3.07)	(19.60)	6.37
Closing defined benefit obligations	**145.13**	**154.23**	**298.28**	**317.67**

(d) Changes in Fair Value of Plan Assets during the year *(Rs. in Lacs)*

Particulars	Gratuity (Funded)	
	2010-11	2009-10
Fair Value of Plan Asset at the beginning of the period	37.29	36.21
Expected return on Plan Asset	2.99	3.20
Contribution	6.01	5.45
Benefit paid	(8.49)	(6.21)
Actuarial Gains/(Losses)	(0.41)	(1.36)
Fair Value of Plan Asset at the end of the year	**37.39**	**37.29**

(e) The major categories of plan assets as a percentage of the fair value of total plan assets are as follows: *(Rs. in Lacs)*

Particulars	Gratuity (Funded)	
	2010-11	2009-10
Investments with Insurer	100%	100%

(f) The principal assumptions used in determining gratuity liability are as shown below:

Particulars	Gratuity (Funded)		Gratuity (Unfunded)	
	2010-11	2009-10	2010-11	2009-10
Discount rate	8.00%	7.70%	8.00%	7.70%
Expected rate of return on plan assets	8.00%	8.92%	NA	NA
Rate of increase in salary	5.00%	7.50%	5.00%	7.50%
Expected average remaining working live of the employees	9	10	15	16
Mortality Table	Standard Table LIC (1994-1996)			

(g) Amounts for the current and previous periods are as follows:- *(Rs. in Lacs)*

Particulars	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007
Defined benefit obligations	443.41	471.90	296.35	282.72	276.27
Plan Assets	37.39	37.29			
Surplus / (Deficit)	(406.02)	(434.61)			
Experience adjustments on plan liabilities - (gains)/losses	(40.93)	(15.98)	(24.39)		
Experience adjustments on plan assets - (gains)/losses	0.41	(1.36)			

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

(i) The Company expects to contribute Rs. 6.00 lacs to the gratuity fund during 2011-12.

Schedules to the Balance Sheet and Profit and Loss Account

22 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

(j) The amounts provided for defined contribution plans are as follows: *(Rs. in Lacs)*

Particulars	2010-11	2009-10
Provident Fund	98.94	89.09
Employee State Insurance	32.90	31.76
Superannuation Fund	5.63	5.52
Total	**137.47**	**126.37**

9. Segment Information

Business Segments:

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

a) Wagons & Coaches – Consists of manufacturing of wagons and coaches as per customer specification

b) Heavy Earth Moving Machineries (HEMM) – Consists of manufacturing of heavy earth moving equipments

c) Steel Foundry – Consists of foundries casting including bogies and couplers

d) Others - Consists of miscellaneous business comprising of less than 10% revenue.

Geographical Segments:

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

Information about Primary Business Segments: *(Rs. in Lacs)*

	Particulars	Wagons & Coaches	HEMM	Steel Foundry	Others	Elimination	Total
A	Revenues (net of excise duty and cess)						
	External sales	61,173.31 (49,620.92)	1,413.30 (2,595.46)	2,252.45 (1,721.49)	1,831.72 (1,484.45)	- (-)	66,670.78 (55,422.32)
	Inter- segment sales	- (183.97)	- -	9,792.80 (9,575.05)	- -	9,792.80 (9,759.02)	- -
	Total Revenue	**61,173.31** (49,804.89)	**1,413.30** (2,595.46)	**12,045.25** (11,296.54)	**1,831.72** (1,484.45)	**9,792.80** (9,759.02)	**66,670.78** (55,422.32)
B	Results						
	Segment results	12,553.55 (9,025.90)	139.18 (177.14)	1,278.57 (1,148.40)	474.42 (231.18)	- (-)	14,445.72 (10,582.62)
	Less: Unallocated Expense net of unallocated Income						3,136.93 (1,387.56)
	Operating Income						**11,308.79** (9,195.06)
	Add: Interest Income (Net)						952.36 (688.66)
	Current Taxes (including tax for earlier years and wealth tax)						4,153.61 (3,023.54)
	Deferred Tax [Credit (-) / Charge (+)]						-31.88 (323.13)
	Net Profit after Taxes						**8,139.42** (6,537.05)
C	Segment assets	25,129.91 (23,660.54)	2,240.23 (3,175.63)	9,141.27 (9,224.22)	2,835.78 (5,224.75)		39,347.19 (41,285.14)
	Unallocated corporate assets						36,602.13 (28,349.53)
	Total Assets						**75,949.32** (69,634.67)

Schedules to the Balance Sheet and Profit and Loss Account

22 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

(Rs. in Lacs)

		Wagons & Coaches	HEMM	Steel Foundry	Others	Elimination	Total
D	**Segment liabilities**	4,165.12	997.72	2,506.58	2,000.14		9,669.56
		(11,313.72)	(1,968.96)	(715.79)	(473.46)		(14,471.93)
	Unallocated corporate liabilities						13,000.20
							(9,310.20)
	Total Liabilities						**22,669.77**
							(23,782.13)
E	**Other Information**						
	Capital Expenditure	409.69	84.58	81.88	8.31		584.46
		(550.79)	(68.62)	(456.53)	(753.83)		(1,829.77)
	Depreciation	300.20	30.20	63.04	183.49		576.92
		(255.39)	(28.86)	(69.63)	(89.70)		(443.58)
F	**Non cash expenses**						
	Provision for diminution in value of investments				329.03		329.03
					(-)		(-)
	Provision for Doubtful Advances				344.45		344.45
					(-)		(-)
	Debts and Irrecoverable Balances written off				124.23		124.23
					(91.54)		(91.54)
	Miscellaneous Expenditure		-				-
			(19.38)				(19.38)

Geographical Segment:

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

(Rs. in Lacs)

Geographical Segment Revenue	2010-11	2009-10
Domestic (Net of Excise Duty)	66,639.39	55,422.32
Overseas	31.39	-
Total	**66,670.78**	**55,422.32**

Export Segment assets consists of export debtors whose balance is less than 10% of assets of the business segment and hence not disclosed as per Accounting Standard 17. The Company has common fixed assets for producing goods for domestic and overseas markets, hence separate figures for fixed assets/additions to fixed assets for these two segments are not furnished.

Schedules to the Balance Sheet and Profit and Loss Account

22 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

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

I. Name of Related parties:

a)	Subsidiary Companies	:	Titagarh Singapore Pte Limited Flourish Securities and Finance Private Limited Titagarh Wagons AFR Greysham and Co. Private Limited (by virtue of control of composition of Board of the Company)
b)	Associate Companies	:	Continental Valves Limited (upto 29th July, 2010) Tecalemit Industries Limited (upto 30th June, 2010)
c)	Joint Venture Companies	:	Cimco Equity Holdings Private Limited Titagarh FreightCar Private Limited Cimmco Limited, subsidiary of Cimco Equity Holdings Private Limited (with effect from 14th March, 2010)
d)	Key Management Personnel (KMP)	:	Mr. J P Chowdhary – Executive Chairman Mr. Umesh Chowdhary – Vice Chairman & Managing Director (with effect from 1st October, 2010) (Previous Year upto 23rd September, 2009)
e)	Relatives of KMP	:	Ms. Savitri Devi Chowdhary, Wife of Mr. J P Chowdhary Ms. Rashmi Chowdhary, Wife of Mr. Umesh Chowdhary Mr. Umesh Chowdhary, Son of Mr. J P Chowdhary Ms. Vinita Bajoria, Daughter of Mr. J P Chowdhary Ms. Sumita Kandoi, Daughter of Mr. J P Chowdhary
f)	Enterprises over which KMP/Shareholders/ Relatives have significant influence	:	Titagarh Logistics Infrastructures Private Limited Sourenee Leaves Private Limited Titagarh Shipyd Limited Titagarh Capital Management Services Private Limited Traco International Investment Private Limited

II. 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	KMP	Relatives of KMP	Enterprises over which KMP/ Shareholders/ Relatives have significant influence	Total
Sale of Goods (Gross)							
Cimmco Limited			2,449.32 (-)				2,449.32 (-)
Management Fees							
Titagarh Wagons AFR	53.43 (-)						53.43 (-)
Interest Income on Advances / Loans							
Cimco Equity Holdings Private Limited			668.81 (435.41)				668.81 (435.41)
Titagarh Wagons AFR	105.77 (-)						105.77 (-)
Reimbursement of Expenses							
Titagarh Wagons AFR	84.06 (-)						84.06 (-)
Purchase of Raw materials							
Cimmco Limited			1,018.64 (153.32)				1,018.64 (153.32)

22 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

(Rs. in Lacs)

Nature of Transactions	Subsidiary Companies	Associate Companies	Joint Ventures	KMP	Relatives of KMP	Enterprises over which KMP/ Shareholders/ Relatives have significant influence	Total
Provision for Doubtful Advances							
Greysham and Co. Private Limited	344.45 (-)						344.45 (-)
Dividend Paid							
Ms. Savitri Devi Chowdhary					181.16 (180.65)		181.16 (180.65)
Ms. Rashmi Chowdhary					78.71 (77.13)		78.71 (77.13)
Mr. J P Chowdhary				1.57 (1.57)			1.57 (1.57)
Mr. Umesh Chowdhary				- (0.77)	0.77 (-)		0.77 (0.77)
Ms. Vinita Bajoria					0.25 (0.25)		0.25 (0.25)
Ms. Sumita Kandoi					0.24 (0.01)		0.24 (0.01)
Traco International Investment Private Limited						1.52 (1.52)	1.52 (1.52)
Titagarh Capital Management Services Private Limited						196.34 (196.34)	196.34 (196.34)
Tecalemit Industries Limited		- (0.13)					- (0.13)
Remuneration (including Contribution to Provident & Other Funds)							
Mr. J P Chowdhary				695.97 (433.67)			695.97 (433.67)
Mr. Umesh Chowdhary				261.42 (176.63)			261.42 (176.63)
Ms. Vinita Bajoria					17.96 (4.17)		17.96 (4.17)
Directors Sitting Fees							
Mr. Umesh Chowdhary					1.30 (0.60)		1.30 (0.60)
Advance towards Equity Warrants							
Ms. Rashmi Chowdhary					1,209.38 (-)		1,209.38 (-)
Assets:							
Loans Given							
Cimco Equity Holdings Private Limited			95.50 (2,555.00)				95.50 (2,555.00)
Flourish Securities and Finance Private Limited	1,125.00 (1,471.00)						1,125.00 (1,471.00)
Titagarh Wagons AFR	3,984.12 (-)						3,984.12 (-)
Investments Made							
Flourish Securities and Finance Private Limited	- (3,500.00)						- (3,500.00)
Titagarh FreightCar Private Limited			- (68.98)				- (68.98)
Continental Valves Limited		- (18.71)					- (18.71)
Tecalemit Industries Limited		- (29.50)					- (29.50)
Titagarh Wagons AFR	2,864.60 (-)						2,864.60 (-)

Schedules to the Balance Sheet and Profit and Loss Account

22 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

(Rs. in Lacs)

Nature of Transactions	Subsidiary Companies	Associate Companies	Joint Ventures	KMP	Relatives of KMP	Enterprises over which KMP/ Shareholders/ Relatives have significant influence	Total
Loans refunded							
Flourish Securities and Finance Private Limited	416.00 (-)						416.00 (-)
Outstanding Guarantees							
Titagarh Singapore Pte Limited	2,031.30 (2,031.30)						2,031.30 (2,031.30)
Put Option Given							
Cimmco Limited			13,000.00 (-)				13,000.00 (-)
Balance outstanding as at the year end-Debit							
Cimco Equity Holdings Private Limited			5,986.15 (5,287.82)				5,986.15 (5,287.82)
Titagarh Singapore Pte Limited	3.60 (4.10)						3.60 (4.10)
Greysham and Co. Private Limited	- (315.47)						- (315.47)
Flourish Securities and Finance Private Limited	5,875.00 (5,166.00)						5,875.00 (5,166.00)
Cimmco Limited			2013.26 (201.54)				2013.26 (201.54)
Titagarh Wagons AFR	4,231.06 (-)						4,231.06 (-)
Balance outstanding as at the year end-Credit							
Mr. J P Chowdhary				448.41 (256.16)			448.41 (256.16)
Mr. Umesh Chowdhary				164.39 (106.44)			164.39 (106.44)

11. **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 FreightCar Private Limited	49%	India

The Company's share in assets, liabilities, income and expenses in the above Jointly Controlled Entities as at and for the year ended 31st March, 2011 based on the accounts certified by the management of respective Companies are as follows :- *(Rs. in Lacs)*

Company's Share in:	Name of the Joint Venture Company			
	Cimco Equity Holdings Private Limited (Consolidated)		Titagarh FreightCar Private Limited	
	2010-11	2009-10	2010-11	2009-10
Assets	23,426.36	11,769.68	23.35	41.90
Liabilities	17,246.67	11,984.42	1.76	2.01
Net Assets	6,179.69	(214.74)	21.59	39.89
Income	6,585.23	0.68	0.70	1.76
Expenses	5,988.24	228.25	18.98	74.75
Profit / (Loss) after Taxes	596.99	(257.57)	(18.78)	(72.99)
Capital Expenditure Commitments	197.50	281.92	Nil	Nil
Contingent Liabilities	13,179.21	3,807.82	Nil	Nil

Schedules to the Balance Sheet and Profit and Loss Account

22 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

12. A) Details of Directors' Remuneration: *(Rs. in Lacs)*

Particulars	2010-11	2009-10
I. Remuneration to Managing and Whole Time Directors		
a) Salary	63.00	75.94
b) Perquisites	-	2.16
c) Contribution to Provident Fund	7.56	7.46
d) Commission on Profit	886.83	524.74
	957.39	610.30
II Commission to Non-Whole Time Directors	10.00	52.19
III Sitting Fees	17.00	15.97
	984.39	678.46

B) Computation of net profit under Section 349 of the Companies Act, 1956: *(Rs. in Lacs)*

Particulars	2010-11	2009-10
Profit before taxation as per Profit & Loss Account	**12,261.15**	**9,883.72**
Add:		
Loss on sale of Fixed Assets (net)	0.62	2.61
Provision for diminution in value of investments	329.03	-
Provision for doubtful advances	344.45	-
Less:		
Provision for fall in the value of investment written back	-	96.14
Net profit as per section 349 of the Companies Act, 1956	**12,935.25**	**9,790.19**
Add:		
Directors' Remuneration	984.39	678.46
Net profit as per section 198 of the Companies Act, 1956	**13,919.64**	**10,468.65**

(Rs. in Lacs)

Particulars	2010-11	2009-10
Commission to:	**2010-11**	**2009-10**
Managing & Whole time Directors		
(a) Chairman & Managing Director (CMD)	648.93	
(Salary and Commission restricted to 5% of net profit)		
(b) Vice Chairman & Managing Director (VCMD)	237.90	
(Salary and Commission restricted to 3.5% of net profit with effect from October 01, 2010)		
Total	**886.83**	**524.74**
Other Directors		
- 1% of Net Profit (subject to maximum Rs. 10 lacs for FY 2010-11)	10.00	52.19

C) In terms of the resolution passed by the Remuneration Committee and endorsed by Board at their respective meetings held on May 12, 2011, the maximum cap of Rs. 500.00 lacs on the remuneration payable to CMD has been removed, and the remuneration payable to CMD, which now stands at 5% of net profit without any ceiling, has been provided accordingly.

In terms of the resolution passed by the Remuneration Committee and endorsed by the Board at their respective meetings held on September 16, 2010, VCMD is entitled to a pro-rata remuneration of 3.5% of the net profits with effect from October 01, 2010 and accordingly, remuneration of Rs. 258.90 lacs payable to VCMD has been provided in the Accounts.

The above remuneration payable to CMD and VCMD is subject to approval of the shareholders at the forthcoming general meeting.

Schedules to the Balance Sheet and Profit and Loss Account

22 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

13. The break up of net deferred tax asset of Rs. 19.53 lacs (Deferred tax liability of Rs. 12.35 lacs) as on the Balance Sheet date is as follows:

(Rs. in Lacs)

Details of Deferred Tax Asset / (Liability)	March 31, 2011	March 31, 2010
Timing differences in depreciable assets	(475.46)	(421.56)
Expenses allowable against taxable income in future years	494.99	409.21
Net Deferred Tax Asset / (Liability)	**19.53**	**(12.35)**

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

Particulars		2010-11	2009-10
Present Weighted Average Equity Shares	Nos.	18,809,069	18,809,069
Equivalent Weighted Average Equity Shares to be allotted against share warrant	Nos.	174,658	-
Potential weighted Average Equity Shares	Nos.	18,983,727	18,809,069
Net Profit after Taxes	Rs. in lacs	8,139.42	6,537.05
Nominal Value of each Shares of Rs. 10/-			
Earning Per Share	Basic (Rs.)	43.27	34.75
	Diluted (Rs.)	42.88	34.75

15. The movement in provision for warranties and liquidated damages during the year is as follows: *(Rs. in Lacs)*

Particulars	Warranties		Liquidated Damages	
	2010-11	2009-10	2010-11	2009-10
Balance as at April 1, 2010	164.32	94.25	730.87	124.44
Acquired on Amalgamation	-	20.98	-	317.91
Additions during the year	129.86	195.74	142.22	568.47
Amounts used during the year	90.08	146.65	381.77	279.95
Balance as at March 31, 2011	204.10	164.32	491.32	730.87

16. a) Forward Contracts outstanding as at the Balance Sheet date – USD 4,410,056 (USD 3,222,048) for minimizing risk of currency exposure on import of goods.

b) Details of un-hedged foreign currency exposure as on the Balance Sheet date are as follows: *(Rs. in Lacs)*

Particulars	As at March 31, 2011	As at March 31, 2010
Investment in Subsidiaries	3,340.97	476.37
Sundry Debtors	53.43	164.98
Other Current Assets	109.45	-
Loans & Advances	4,363.09	-
Secured Loans	-	446.45

17. Professional Expenses include expenses towards Research and Development Rs. 16.93 lacs (Rs. 8.40 lacs). There is no capital expenditure on account of Research and Development

18. During the year, the Company has issued 1,250,000 convertible equity warrants to its promoter group entity on preferential basis at a resultant price of Rs. 387 each per share (Face value - Rs. 10 each) and has received a sum of Rs. 1,209.38 lacs as advance payment there against. The warrants are convertible into equivalent number of equity shares at the option of warrant holder within 18 months from the date of allotment of the warrants subject to receipt of full consideration.

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. 46.89 lacs (Rs. 45.41 lacs).

Schedules to the Balance Sheet and Profit and Loss Account

22 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

20. Details of equity shares pledged by the promoter or persons forming part of the promoter group ('Promoter Group') of the Company as on the Balance Sheet date are as follows:

Particulars	March 31, 2011	March 31, 2010
Total Number of Equity shares held by the Promoter Group	9,402,738	9,225,329
Total Number of Equity shares pledged by the Promoter Group	NIL	Nil
Percentage of total shares pledged to total shareholding of the Promoter Group	Nil	Nil
Percentage of total shares pledged to total outstanding shares of the Company	Nil	Nil

21. 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, 2011	March 31, 2010
I	Principal amount remaining unpaid to any supplier at the end of accounting year	264.79	395.20
II	Interest due on above	1.95	17.08
	Total of (I) and (II)	266.74	412.28
III	Amount of interest paid by the Company to the suppliers	13.08	32.81
IV	Amounts paid to the suppliers beyond the respective due date	258.38	782.67
V	Amount of interest due and payable for the period of delay in payments but without adding the interest specified under the Act	4.92	22.88
VI	Amount of interest accrued and remaining unpaid at the end of each accounting year	77.58	83.79
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	6.87	39.94

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

(Rs. in Lacs)

Particulars	Balance as on March 31, 2011	Maximum amount due at any time during the year
Loans to Subsidiaries:		
Flourish Securities and Finance Private Limited	5,875.00	6,241.00
	(5,166.00)	(8,666.00)
Titagarh Wagons AFR	3,984.12	3,984.12
	(-)	(-)
Advances to Subsidiaries:		
Titagarh Wagons AFR	137.49	137.49
	(-)	(-)
Greshyam and Co. Private Limited	-	344.45
	(315.47)	(455.81)
Loans to Associates (Joint Venture)		
Cimco Equity Holdings Private Limited	4,900.50	4,900.50
	(4,805.00)	(4,805.00)

23. The Company has made Investments and given Loans & Advances of Rs. 15,552.72 lacs (Rs. 14,145.38 lacs) to a subsidiary and a joint venture company for the purpose of acquiring controlling stake including certain financial assets like leased wagons of another company, which was registered with the Board for Industrial and Financial Reconstruction (BIFR).

The net worth of the said company has since turned positive and BIFR has also de-registered the company from its purview based on progress of rehabilitation scheme. Since the said company has started operations and has also started making profits, the above amounts are considered good of recovery by the management.

Schedules to the Balance Sheet and Profit and Loss Account

22 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

24. As per the rehabilitation scheme sanctioned by Board for Industrial and Financial Reconstruction (BIFR) for Cimmco Limited ("Cimmco"), a related party, the Company has been identified as a "co-promoter" for the successful revival of Cimmco and accordingly the Company has granted an option to a lender of Cimmco for Rs. 13,000.00 lacs, towards credit facilities sanctioned to Cimmco, whereby on occurrence of any of the put option events, the lender has a right to call upon the Company to assume and discharge the receivables of the lender under the said credit facilities.

25. During the year, the Company has set up Titagarh Wagons AFR (formerly, La Compagnie AFR Titagarh), a 90% subsidiary in France to takeover the wagon manufacturing facility of another company in France. The Company has invested Rs. 2,864.60 lacs towards share capital and has also given interest bearing loan of Rs. 3,984.12 lacs to fund the operations of the said Company.

26. Auditors' remuneration includes:

(Rs. in Lacs)

Particulars	2010-11	2009-10
As Auditor:		
Audit fee	27.50	22.50
Limited Review	19.50	15.00
Other Certifications	8.75	2.50
Out of Pocket Expenses	0.71	0.86
As advisor in respect of:		
Management Services	-	9.00
	56.46	49.86

27. Additional information pursuant to the provisions of paragraphs 3 and 4 of Part II of Schedule VI of the Companies Act, 1956

I. Quantitative details of products manufactured

a) Licensed capacity : Not applicable

b) Quantitative Information :

Item	Unit	Installed Capacity (a)	Opening Stock (b) Qty.	Opening Stock (b) Amount (Rs. in Lacs)	Prodn. Qty.	Sales (b) Qty.	Sales (b) Amount (Rs. in Lacs)	Closing Stock (b) & (c) Qty.	Closing Stock (b) & (c) Amount (Rs. in Lacs)
Wagons	Nos.	5,000	99	1,560.60	2,867	2,870	60,183.94	96	2,205.03
		(5,000)	(220)	(3,185.06)	(2,726)	(2,847)	(51,406.43)	(99)	(1,560.60)
Steel Bridges	Nos.	72	-	-	30	29	1,037.49	1	49.78
		(72)	(1)	(14.90)	(13)	(14)	(496.61)	(-)	(-)
Casting	MT	20,000	-	-	929	929 (d)	2,483.17	-	-
		(20,000)	(-)	(-)	(2,971)	(2,971) (d)	(1,872.38)	(-)	(-)
HEMM	Nos.	50	2	121.52	10	6	881.48	6	587.41
		(50)	(6)	(567.52)	(10)	(14)	(2,174.83)	(2)	(121.52)
HEMM Spares		N.A.		61.85			677.14	-	-
				(43.11)			(573.32)		(61.85)
Shelters	Nos	120	-	-	12	12	920.78	-	-
		(120)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Scrap/Others							594.48		181.30
							(648.96)		(-)
Total				**1,743.97**			**66,778.48**		**3,023.53**
				(3,810.59)			(57,172.53)		(1,743.97)

Notes:

a) The Installed capacity is certified by the management

b) Includes Excise Duty

c) After adjusting shortages / excess, if any.

d) Excludes 11158 MT (8139 MT) consumed departmentally

Schedules to the Balance Sheet and Profit and Loss Account

22 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

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

Sl.	Item	Unit	2010-11 Qty	2010-11 Amount (Rs. in lacs)	2009-10 Qty	2009-10 Amount (Rs. in lacs)
I	Couplers with Draft Gear	Nos.	6,508	6,748.30	4,947	5,517.79
II	Steels	MT	10,222	4,305.20	8,401	3,117.54
III	Wheel sets	Nos.	2,636	4,099.43	3,888	5,121.47
IV	Others components (including material handling charges) (Note d)			24,278.71		19,200.06
	Total			**39,431.64**		**32,956.86**

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. and excluding materials received from customers on free supply basis.

b) Excludes captive consumption as reflected in Note No. 27(1) (d) of Schedule 22.

c) Includes 1316 (Nil) Couplers valuing Rs. 1,610.32 lacs (Nil), 121 MT (Nil) of steel valuing Rs. 52.14 lacs (Nil) and others valuing Rs. 113.70 lacs (Nil) sold during the year.

d) 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)*

Particulars	2010-11	2009-10
i) Components	7,296.95	7,071.09
ii) Capital goods	-	411.22

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

	Particulars	2010-11	2009-10
i)	Travelling	54.18	7.22
ii)	Interest	34.42	66.38
iii)	Professional & Consultation Fees	8.94	3.36
iv)	Others - Investments	2,864.60	-

V. Earnings in Foreign Exchange (on accrual basis): *(Rs. in Lacs)*

	Particulars	2010-11	2009-10
i)	Export of Goods on FOB basis	31.39	-
ii)	Management Fees	53.43	-
iii)	Commission Income	-	225.04

VI. Break-up of Raw Materials & Components and Stores & Spares consumed:

Company's Share in:	Raw Materials & Components		Stores & Spares	
	(Rs. in lacs)	%	(Rs. in lacs)	%
Imported	10,725.23	27.20	-	-
	(10,061.30)	(30.53)	(-)	(-)
Indigenous	28,706.41	72.80	4,347.48	100.00
	(22,895.56)	(69.47)	(3,300.03)	(100.00)
Total	**39,431.64**	**100.00**	**4,347.48**	**100.00**
	(32,956.86)	(100.00)	(3,300.03)	(100.00)

Schedules to the Balance Sheet and Profit and Loss Account

22 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

VII. Amount remitted in Foreign Currency towards dividend:

	Particulars	2010-11	2009-10
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	2009-10	2008-09

28. Previous period's figures including those given in brackets have been regrouped / rearranged where necessary to conform to this year's classification.

Signatories to Schedules 1 to 22

As per our Report of even date

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

per R. K. Agrawal
Partner
Membership No. 16667
Place: Kolkata
Dated : May 12, 2011

As Approved
For and on behalf of the Board of Directors

J P Chowdhary
Executive Chairman

Umesh Chowdhary
Vice Chairman & Managing Director

D N Davar
Director

Anil Kumar Agarwal
Chief Financial Officer

Dinesh Arya
Company Secretary

Balance Sheet Abstract & Company's General Business Profile

a. Registration Details

Registration No.	21-084819
State Code	21
Balance Sheet Date	31 03 2011

b. Capital raised during the year *(Rs. in Lacs)*

Public Issue	NIL
Rights Issue	NIL
Bonus Issue	NIL
Private Placement	NIL

c. Position of Mobilisation and Deployment of Funds *(Rs. in Lacs)*

Total Liabilities	75949.32
Total Assets	75949.32

Sources of Funds

Paid-up Capital	1880.91
Share Application money	NIL
Application and Allotment money towards Equity Warrants	1209.38
Reserves and Surplus	50189.26
Secured Loans	7137.78
Unsecured Loans	56.65
Deferred Tax Liability	NIL

Application of Funds

Net Fixed Assets (Including CWIP)	10717.86
Investments	7441.24
Deferred Tax Asset	19.53
Misc. Expenditure	NIL
Net Current Assets	42295.35

d. Performance of the Company *(Rs. in Lacs)*

Turnover (including other income)	68570.36
Expenditure	56309.21
Profit before Tax	12261.15
Profit after Tax	8139.42
Earnings per share (Basic) (Rs.)	43.27
Earnings per share (Diluted) (Rs.)	42.88
Dividend per shares (%)	80%

e. Generic Names of three Principal Products/Services of Company

Products Description	ITC Code
Railway Wagons	860691
Iron & Steel Bridge	730820
Heavy Earth Moving Machinery	73089050

Consolidated Auditors' Report

To
The Board of Directors
Titagarh Wagons Limited

1. We have audited the attached Consolidated Balance Sheet of Titagarh Wagons Limited, its Subsidiaries and Joint Ventures ("the Group") as at March 31, 2011, and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Titagarh Wagons Limited's management and have been prepared by the management on the basis of separate financial statements and other financial information. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit the financial statements of certain subsidiaries and a joint venture, whose financial statements reflect total assets of Rs. 44,580.43 lacs as at March 31, 2011, and total revenue of Rs. 7,572.52 lacs and total cash inflows of Rs. 480.45 lacs for the year then ended. These financial statements and other financial information 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 joint ventures, is based solely on the report of other auditors.

4. We did not audit the financial statements of a subsidiary and a joint venture, whose financial statements reflect total assets of Rs. 483.26 lacs as at March 31, 2011, and total cash outflows of Rs. 28.80 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 amounts included in respect of these subsidiary and joint venture, is based on such certified unaudited financial statements.

5. Without qualifying our opinion, attention is drawn to the following notes on Schedule 22:
   a. Note No. 20 regarding loans and advances aggregating to Rs. 7,019.11 lacs (Rs. 11,103.91 lacs as at March 31, 2010) given by the Group to the subsidiary of a joint venture company, which have been considered good of recovery by the management inspite of accumulated losses, since the said company has been de-registered by the Board for Industrial and Financial Reconstruction from its purview, and has started its operations and also started making profits.
   b. Note No. 30, regarding non recognition of income from sublease of wagons relating to secondary lease period, pending renewal of the sublease agreement with the Indian Railways.
   c. Note No 24 (a). (b) and (c) regarding proportionate share in loans and advances of Rs. 2,524.68 lacs which have been considered good of recovery since the management, based on the current status of negotiation, is hopeful to recover these claims in full.
   d. Note No. 26 regarding raw material inventories of Rs. 625.10 lacs lying in the bonded warehouse under the custody of Custom Authorities, for which auction proceedings have been initiated. Pending confirmation from the Custom Authorities, we are unable to offer our comment about the carrying value of such inventories.

6. *Attention is also drawn to the following notes on Schedule 22:*
   a. *Note No 24 (d), (e) and 25 regarding certain debts & advances of Rs. 794.21 lacs which have been considered good of recovery by the management. However, pending final outcome of the court cases/negotiations/completion of assessment proceedings with the relevant parties/authorities, we are unable to comment upon their recoverability and impact on the profit of the Company.*
   b. *Note No 27 regarding non reconciliation/pending confirmation of the account of Asset Reconstruction Company (India) Limited, the impact whereof is presently unascertainable.*

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", and Accounting Standard (AS) 27, "Financial Reporting of Interests in Joint Ventures" notified pursuant to 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 audit reports/review reports of other auditors on separate financial statements and on the consideration of unaudited financial statements and on the other relevant financial information of the Group, we are of the opinion that the attached consolidated financial statements, *subject to the effect of matters referred to in Para 6 above, whose impact on the Group's profit is presently unascertainable* and read with our observations in Para 5 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 the Group as at March 31, 2011;
   (b) in the case of Consolidated Profit and Loss Account, of the profit for the year ended on that date; and
   (c) in the case of Consolidated 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 24, 2011

Consolidated Balance Sheet As at March 31, 2011

(Rs. in Lacs)

	Schedules	As at March 31, 2011	As at March 31, 2010
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	1,880.91	1,880.91
Advance towards Equity Warrants (Refer Note No. 16 on Schedule 22)		1,209.38	-
Reserves and Surplus	2	54,549.57	43,481.22
Minority Interest		1,936.41	58.03
[Proportionate Share in Joint Venture Rs. 1,663.33 lacs (Rs. 25.92 lacs)]			
Loan Funds			
Secured Loans	3	13,301.12	15,726.35
Unsecured Loans	4	109.82	76.25
		72,987.21	**61,222.76**
APPLICATION OF FUNDS			
Fixed Assets			
Goodwill on Consolidation		2,459.22	2,301.44
Gross Block	5	29,334.50	16,815.89
Less : Accumulated Depreciation/Amortisation		8,184.87	7,288.35
Net Block		21,149.63	9,527.54
Capital Work -in- Progress including Capital Advances		2,096.60	2,762.55
		25,705.45	14,591.53
Investments	6	255.25	594.89
Deferred Tax Assets (Net)		451.92	218.93
[Proportionate Share in Joint Venture Rs. 432.39 lacs (Rs. 231.28 lacs)]			
(Refer Note No. 11 on Schedule 22)			
Current Assets, Loans and Advances			
Inventories	7	24,851.31	22,796.73
Sundry Debtors	8	14,377.04	9,671.06
Cash and Bank Balances	9	12,775.15	11,509.59
Other Current Assets	10	831.27	632.04
Loans and Advances	11	15,150.59	18,422.55
		67,985.36	63,031.97
Less : Current Liabilities and Provisions			
Current Liabilities	12	16,916.79	14,367.56
Provisions	13	4,493.98	2,847.00
		21,410.77	17,214.56
Net Current Assets		46,574.59	45,817.41
		72,987.21	**61,222.76**
Significant Accounting Policies and Notes on Accounts	22		

The Schedules referred to above form an integral part of the Consolidated Balance Sheet

As per our Report of even date

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

per R. K. Agrawal
Partner
Membership No. 16667
Place: Kolkata
Dated : May 24, 2011

As Approved
For and on behalf of the Board of Directors

J P Chowdhary
Executive Chairman

Umesh Chowdhary
Vice Chairman & Managing Director

D N Davar
Director

Anil Kumar Agarwal
Chief Financial Officer

Dinesh Arya
Company Secretary

Consolidated Profit and Loss Account For the year ended March 31, 2011

(Rs. in Lacs)

	Schedules		For the year ended March 31, 2011		For the year ended March 31, 2010
INCOME					
Gross Sales	14		74,451.13		57,172.53
Less: Excise Duty			2,009.96		1,750.21
[Proportionate Share in Joint Venture Rs. 124.16 lacs (Nil)]					
Net Sales			72,441.17		55,422.32
Other Income	15		1,857.10		2,174.73
			74,298.27		**57,597.05**
EXPENDITURE					
Raw Materials and Components Consumed	16		43,881.22		32,956.86
Manufacturing Expenses	17		11,425.19		8,037.49
(Increase)/Decrease in Stocks	18		(3,954.47)		1,074.88
Excise Duty and Cess on Stocks			295.72		(209.88)
[Proportionate Share in Joint Venture Rs. 54.15 lacs (Nil)]					
(Refer Note No. 4 on Schedule 22)					
Payments to and Provisions for Employees	19		3,765.66		1,611.73
Administration, Selling and Other Expenses	20		5,791.41		3,593.99
Interest	21		554.65		715.55
Depreciation/ Amortisation		1,004.13		633.40	
Less: Transfer from Revaluation Reserve		173.12	831.01	180.58	452.82
[Proportionate Share in Joint Venture Rs. 90.11 lacs (Rs. 2.08 lacs)]			62,590.39		48,233.44
Profit before prior Period Items, Exceptional Items, Extraordinary Items & Taxation			11,707.88		9,363.61
Prior Period Items			19.74		-
[Proportionate Share in Joint Venture Rs. 19.74 lacs (Nil)]					
Exceptional Items			317.98		-
[Proportionate Share in Joint Venture Rs. 317.98 lacs (Nil)]					
Profit before Extraordinary Items & Taxation			11,370.16		9,363.61
Extraordinary Items					
[Net of Proportionate Share of Income in Joint Venture Rs. 964.05 lacs (Nil)]			194.85		-
(Refer Note No. 29 on Schedule 22)					
Profit before Taxation			11,175.31		9,363.61
Provision for Taxation					
Current Tax [Includes Wealth Tax]					
For the year			4,190.36		3,003.00
[Proportionate Share in Joint Venture Rs. 1.06 lacs (Nil)]					
For earlier years			(35.68)		20.54
Deferred Tax charge/(credit)			(232.99)		323.13
[Proportionate Share in Joint Venture Rs. 201.11 lacs (Nil)]					
			3,921.69		3,346.67
Profit after Taxation but Before Minority Interest			7,253.62		6,016.94
Minority Interest			124.15		(1.30)
[Proportionate Share in Joint Venture Rs. 183.93 lacs (Nil)]					
Profit after Taxation			7,129.47		6,018.24
Balance brought forward from previous year			17,263.07		13,798.45
Less: Profit and Loss Account Debit Balances of Titagarh Steels Limited & Titagarh Biotec Private Limited as on April 01, 2009 adjusted on amalgamation			-		(756.97)
Profit available for Appropriations			**24,392.54**		**19,059.72**
APPROPRIATIONS					
Transfer to General Reserve			850.00		700.00
Proposed Dividend			1,504.73		940.45
Tax on Proposed Dividend			244.10		156.20
Balance carried to the Balance Sheet			**21,793.71**		**17,263.07**
Earning per share before extraordinary items - Basic (Rs.)			38.94		32.00
Earning per share before extraordinary items - Diluted (Rs.)			38.58		32.00
Earning per share after extraordinary items - Basic (Rs.)			37.90		32.00
Earning per share after extraordinary items - Diluted (Rs.)			37.56		32.00
(Nominal value of share Rs. 10 each)					
(Refer Note No. 12 on Schedule 22)					
Significant Accounting Policies and Notes to Accounts	22				

The Schedules referred to above form an integral part of the Consolidated Profit and Loss Account

As per our Report of even date

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

per R. K. Agrawal
Partner
Membership No. 16667
Place: Kolkata
Dated : May 24, 2011

As Approved
For and on behalf of the Board of Directors

J P Chowdhary
Executive Chairman

Umesh Chowdhary
Vice Chairman & Managing Director

D N Davar
Director

Anil Kumar Agarwal
Chief Financial Officer

Dinesh Arya
Company Secretary

Consolidated Cash Flow Statement For the year ended March 31, 2011

(Rs. in Lacs)

	2010-11	2009-10
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before taxation	11,175.31	9,363.61
Adjustments for:		
Depreciation/Amortisation	831.01	452.82
Interest Expenses	554.65	715.55
Miscellaneous Expenditure written off	-	19.38
Exchange Differences (unrealised)	(56.92)	(6.53)
Debts and Irrecoverable Balances written off $	211.45	91.54
Debts Written off in earlier years, now recovered	(43.89)	(178.36)
Loss on sale/discard of Fixed Assets (Net) $	8.95	2.61
Dividend Received $	(7.02)	(3.19)
Gain on Sale of Investments $	(0.10)	-
Unspent Liabilities / Provisions no longer required written back	-	(207.53)
Interest Income $	(1,024.85)	(1,204.54)
Provision for Diminution in value of Investments	329.03	-
Provision for Diminution in value of Investments written back	-	(9.50)
Provision for Doubtful Advances	405.85	-
Exceptional Items	317.98	-
Extraordinary Items	194.85	-
Operating Profit before Working Capital Changes	**12,896.30**	**9,035.86**
Decrease/(Increase) in Inventories	(2,054.58)	(2,471.44)
Decrease/(Increase) in Sundry Debtors	(4,708.87)	(2,550.22)
Decrease/(Increase) in Loans & Advances	(2,163.64)	1,418.86
(Decrease)/Increase in Current Liabilities & provisions	2,511.72	(696.33)
Cash Generated from Operations	**6,480.93**	**4,736.73**
Taxes Paid	(2,973.21)	(2,913.43)
Net Cash from Operating Activities (A)	**3,507.72**	**1,823.30**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets including Capital work in progress	(2,900.17)	(2,098.97)
Proceeds from sale of Fixed Assets	0.25	5.76
Loans refunded by Body Corporates	543.94	-
Loans to Body Corporates	(477.25)	(1,277.50)
Investment in Bank Fixed Deposits	(23,658.15)	(8,651.41)
Fixed Deposits encashed/matured	22,650.91	6,425.71
Purchase of Investments (including Goodwill)	(532.78)	(2,219.18)
Proceeds from Sale of Investments	385.71	2.49
Dividend Received	7.02	3.19
Interest Received	825.62	963.42
Net Cash used in Investing Activities (B)	**(3,154.90)**	**(6,846.49)**

Consolidated Cash Flow Statement For the year ended March 31, 2011

(Rs. in Lacs)

	2010-11	2009-10
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Share Warrants	1,209.38	-
Proceeds from issue of Shares to Minority	300.75	-
Repayment of Finance Lease Liability	(177.45)	-
Repayment of Long term borrowings $	(2,237.68)	-
Repayment of Public Deposits $	(1.14)	-
Repayment of Inter Corporate Deposits $	(7.50)	-
Repayment of Debentures $	(321.12)	-
Receipt of long term borrowings $	3,750.00	-
Net movement in Other Borrowings (short term) $	(844.34)	4,517.41
Repayment of Sales Tax Deferment Loan	(6.78)	(3.35)
Net Movement in Buyer's Credit	1,434.35	819.67
Interest Paid	(2,123.89)	(688.86)
Dividend Paid (including corporate dividend tax)	(1,096.65)	(1,078.28)
Net Cash (used)/from Financing Activities (C)	**(122.07)**	**3,566.59**
Exchange differences on translation of foreign subsidiaries (D)	**27.56**	**-**
Net decrease/(increase) in Cash & Cash Equivalent (A+B+C+D)	**258.31**	**(1,456.60)**
Cash and Cash Equivalents - Opening Balance	965.48	2,422.08
Cash and Cash Equivalents - Closing Balance	1,223.79	965.48
Notes:		
Cash & Cash Equivalents *:		
Cash on hand	47.84	20.32
Cheques on hand	-	187.00
Balance with Scheduled Banks:		
Current Account	88.56	126.84
Fixed Deposits **	-	-
Balance with Non-Scheduled Banks:-		
With Barclays Bank, France on Current Account	1,010.13	-
With Standard Chartered Bank, Singapore on Current Account	4.63	-
With State Bank of India, Paris on Fixed Deposit Account**	-	-
Proportionate share in Joint Venture **	72.63	631.32
	1,223.79	965.48

* Excludes balance lying in Unpaid dividend account as these balances are not available for use by the Company as they represent corresponding unpaid dividend liabilities.

** Fixed Deposits of Rs. 11,550.42 lacs (Rs. 10,543.17 Lacs) [including Proportionate share in Fixed Deposits of Joint Venture of Rs. 1,626.95 lacs (Rs. 258.28 Lacs)] having maturity period of more than three months have not been considered as Cash & Cash Equivalents.

$ Includes proportionate Share in Joint Venture

As per our Report of even date

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

per R. K. Agrawal
Partner
Membership No. 16667
Place: Kolkata
Dated : May 24, 2011

As Approved
For and on behalf of the Board of Directors

J P Chowdhary
Executive Chairman

Umesh Chowdhary
Vice Chairman & Managing Director

D N Davar
Director

Anil Kumar Agarwal
Chief Financial Officer

Dinesh Arya
Company Secretary

Schedules to the Consolidated Balance Sheet

(Rs. in Lacs)

	As at March 31, 2011	As at March 31, 2010
1 SHARE CAPITAL		
Authorised		
9,60,00,000 Equity shares of Rs. 10/- each	9,600.00	9,600.00
5,20,00,000 Preference shares of Rs. 10/- each	5,200.00	5,200.00
	14,800.00	14,800.00
Issued, Subscribed and Paid up		
1,88,09,069 Equity shares of Rs. 10/- each fully paid up	1,880.91	1,880.91
Notes:		
Of the above		
- 3,66,954 equity shares were allotted as fully paid up for consideration other than cash		
-1,30,46,224 equity share were issued as bonus shares by capitalisation of securities premium		
	1,880.91	1,880.91
2 RESERVES AND SURPLUS		
Capital Reserve		
As per last Account	9.18	9.18
Securities Premium		
As per last Account	21,481.95	21,481.95
Revaluation Reserve		
As per last Account	1,164.73	1,345.31
Add: Proportionate share in revaluation arisen during the year in Cimmco	7,323.29	-
	8,488.02	1,345.31
Less: Transferred to Depreciation Account [Proportionate Share in Joint Venture Rs. 0.16 lacs (Nil)]	173.12	180.58
Less: Minority Interest	1,403.11	-
	6,911.79	1,164.73
General Reserve		
As per last Account	3,554.61	1,976.90
Transferred from Profit & Loss Account	850.00	700.00
	4,404.61	2,676.90
Add: Additions arising on Amalgamation	-	877.71
	4,404.61	3,554.61
Foreign Currency Translation Reserve		
As per last Account	5.43	-
Add: Arisen during the year	(59.35)	5.43
	(53.92)	5.43
Special Reserve under Section 45IC of RBI Act		
As per last Account	2.25	2.25
Profit & Loss Account Balance	21,793.71	17,263.07
	54,549.57	43,481.22
3 SECURED LOANS (Refer note no. 5 on Schedule 22)		
From Scheduled Banks:		
Short Term Loan against Fixed Deposits	-	5,350.00
Working Capital Facilities		
In Rupees	3,873.18	125.39
In Foreign Currency (Buyer's Credit)	3,264.60	1,892.77
Finance Lease Obligations	1,655.47	-
	8,793.25	7,368.16
Add: Proportionate Share in Joint Ventures	4,507.87	8,358.19
	13,301.12	15,726.35

(Payable within one year Rs. 8,110.79 lacs (Rs. 12,396.66 lacs)

Schedules to the Consolidated Balance Sheet

(Rs. in Lacs)

	As at March 31, 2011	As at March 31, 2010
4 UNSECURED LOANS		
Sales Tax Deferment Loan	56.65	63.43
Add: Proportionate Share in Joint Ventures	53.17	12.82
	109.82	76.25

(Payable within one year Rs. 58.10 lacs (Rs. 20.45 lacs)

5 FIXED ASSETS

Particulars	GROSS BLOCK				DEPRECIATION / AMORTISATION					NET BLOCK	
	As at March 31 2010	Additions	Sales/ Adjustments	As at March 31, 2011	Upto March 31, 2010	For the year	Less: On sales/ Adjustments	Translation Adjustment	Upto March 31, 2011	As at March 31, 2011	As at March 31, 2010
TANGIBLE											
Freehold Land	1,801.80	151.00	-	1,952.80	-	-	-	-	-	1,952.80	1,801.80
Leasehold Land	88.52	175.36	-	263.88 (d)	7.56	0.82	-	-	8.38	255.50	80.96
Buildings	2,652.99	2,859.01	-	5,512.00 (d)	322.62	213.64	-	2.84	539.10	4,972.90	2,330.37
Plant and Machinery	7,289.70	317.07	-	7,606.77	3,776.29	478.64	-	-	4,254.93	3,351.84	3,513.41
Railway Siding	84.69	160.69	-	245.38	22.12	7.66	-	-	29.78	215.60	62.57
Moulds and Patterns	530.28	-	-	530.28	377.83	18.14	-	-	395.97	134.31	152.45
Furniture, Fixtures & Office Equipments	387.96	1,239.09	-	1,627.05	244.71	138.85	-	4.75	388.31	1,238.74	143.25
Vehicles	299.04	8.64	3.47	304.21	113.51	29.60	2.60	-	140.51	163.70	185.53
INTANGIBLE											
Computer Software	77.57	6.82	-	84.39	38.56	26.51	-	-	65.07	19.32	39.01
Patents	-	221.34	-	221.34	-	-	-	-	-	221.34	-
	13,212.55	5,139.02	3.47	18,348.10	4,903.20	913.86	2.60	7.59	5,822.05	12,526.05	8,309.35
Add: Proportionate Share in Joint Ventures	3,603.34	7,503.98 (c)	120.92	10,986.40	2,385.15	90.27	112.60	-	2,362.82	8,623.58	1,218.19
Sub Total (a)	**16,815.89 (b)**	**12,643.00**	**124.39**	**29,334.50 (b)**	**7,288.35**	**1,004.13**	**115.20**	**7.59**	**8,184.87**	**21,149.63**	**9,527.54**
Capital Work In Progress	2,667.64	1,151.78	1,909.53	1,941.01	-	-	-	-	-	1,941.01	2,667.64
Add: Proportionate Share in Joint Ventures	94.91	218.54	157.86	155.59	-	-	-	-	-	155.59	94.91
Sub Total (b)	**2,762.55**	**1,370.32**	**2,067.39**	**2,096.60**	**-**	**-**	**-**	**-**	**-**	**2,096.60**	**2,762.55**
Grand Total (a+b)	**19,578.44**	**14,013.32**	**2,191.78**	**31,431.10**	**7,288.35**	**1,004.13**	**115.20**	**7.59**	**8,184.87**	**23,246.23**	**12,290.09**
Previous Year's Total	17,688.87	2,851.76	962.19	19,578.44	6,726.31	719.68 (e)	157.64	-	7,288.35	12,290.09	-

Notes:

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

(b) Include Rs. 1,345.49 Lacs on account of revaluation of Land, Buildings and Plant & Machinery of the Company as on March 31, 2009 at net replacement cost basis.

(c) Includes Rs. 7323.29 lacs, being the proportionate amount capitalised on revaluation of Joint Venture Company's Land at net replacement basis, as on March 31, 2011, based on the report of an approved valuer.

(d) Includes assets taken on Finance Lease as disclosed in Note No. 22 on Schedule 22. Gross Block Rs. 1,669.58 lacs (Nil) and Net Block Rs. 1,613.23 lacs (Nil).

(e) Includes Rs. 86.28 lacs pertaining to preaquisition period of Cimmco which has been considered for the purpose of calculation of goodwill on consolidation.

Schedules to the Consolidated Balance Sheet

(Rs. in Lacs)

	No. of shares	Face value per share (Rs.)	As at March 31, 2011	As at March 31, 2010
6 INVESTMENTS				
Long Term				
(A) In Fully paid up Equity Shares				
(i) Quoted (Other than Trade)				
Continental Valves Limited	160,000 (202,500)	10	14.78	18.71
Tata Steel Limited	4,725	10	8.09	8.09
Tube Investments of India 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
IDBI Bank Limited	11,040	10	8.97	8.97
Bank of Baroda	5,000	10	4.25	4.25
State Bank of Bikaner & Jaipur	10,250	10	5.54	5.54
(ii) Unquoted (Other than Trade)				
Tecalemit Industries Limited	685,000 (885,000)	10	22.82	29.50
Titagarh Papers Limited	4,933,000	10	493.30 (a)	493.30
Bhatpara Papers Limited	50,000	10	5.00	5.00
(B) 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			584.25	594.86
Add: Proportionate Share in Joint Venture			0.03	0.03
			584.28	594.89
Less : Provision for Diminution in value of Investment			329.03 (a)	-
			255.25	594.89
Aggregate cost of Quoted Investments			63.13	67.06
Aggregate cost of Unquoted Investments			521.15	527.83
			584.28	594.89
Market Value of Quoted Investments			195.68	165.84

Note:

(a) During the year, the Company has provided Rs. 329.03 lacs towards diminution in the value of investments in Titagarh Papers Limited (TPL) based on the breakup value of such investment as per audited Balance Sheet of TPL as on June 30, 2010.

7 INVENTORIES (at lower of cost and net realisable value)		
Raw Materials and Components	9,222.79	11,950.81
Stores and Spares Parts	827.14	787.95
Work in Progress	7,193.82	4,476.40
Finished Goods	3,023.53	1,743.97
	20,267.28	18,959.13
Add: Proportionate Share in Joint Ventures	4,584.03	3,837.60
	24,851.31	22,796.73

Schedules to the Consolidated Balance Sheet

(Rs. in Lacs)

	As at March 31, 2011	As at March 31, 2010
8 SUNDRY DEBTORS (Unsecured, Considered Good)		
Outstanding for a period exceeding six months*	1,010.25	1,177.52
Other Debts	10,791.05	8,270.67
	11,801.30	9,448.19
Add: Proportionate Share in Joint Ventures	2,575.74	222.87
	14,377.04	**9,671.06**

* Includes retention money of Rs. 108.40 lacs (Rs. 43.58 lacs)

	As at March 31, 2011	As at March 31, 2010
9 CASH AND BANK BALANCES		
Cash on Hand	47.84	20.32
Cheques on Hand	-	187.00
With Scheduled Banks on :-		
Current Account	88.56	126.84
Fixed Deposit Account*	9,451.83	10,284.90
Unpaid Dividend Account	0.94	0.94
With Non-Scheduled banks:-		
With Barclays Bank, France on Current Account	1,010.13	-
[Maximum amount outstanding during the year Rs. 4841.22 lacs (Nil)]		
With Standard Chartered Bank, Singapore on Current Account	4.63	-
[Maximum amount outstanding during the year Rs. 7.72 lacs (Nil)]		
With State Bank of India, Paris on Fixed Deposit Account*	471.64	-
[Maximum amount outstanding during the year Rs. 471.64 lacs (Nil)]		
	11,075.57	10,620.00
Add: Proportionate Share in Joint Ventures*	1,699.58	889.59
	12,775.15	**11,509.59**
* Includes Receipts lying with banks as security against guarantees and letters of credit issued by them	7,111.52	2,181.19

	As at March 31, 2011	As at March 31, 2010
10 OTHER CURRENT ASSETS (Unsecured, Considered good)		
Interest accrued on loans, fixed deposits, etc		
- Outstanding for a period exceeding six months	166.27	67.54
- Others	642.55	561.19
	808.82	628.73
Add: Proportionate Share in Joint Ventures	22.45	3.31
	831.27	**632.04**

Schedules to the Consolidated Balance Sheet

(Rs. in Lacs)

	As at March 31, 2011	As at March 31, 2010
11 LOANS AND ADVANCES (Unsecured, Considered Good, except otherwise stated)		
Loans to:		
- A Partnership Firm	104.00	104.00
- Body Corporates	6,451.36	11,327.50
(Refer Note No. 20 on Schedule 22)		
Advances recoverable in cash or in kind or for value to be received [Net of provision of Rs. 405.85 lacs (Rs. Nil)]	4,486.60*	3,651.18*
Balance with Central Excise Authorities	8.91	120.33
Security Deposits	337.33	182.34
Subsidy Receivable	227.66	-
	11,615.86	15,385.35
Add: Proportionate Share in Joint Ventures	3,534.73	3,037.20
	15,150.59	**18,422.55**
*Includes:		
- Due from Officers of the Company	6.25	19.92
Maximum amount outstanding during the year	21.37	23.40

12 CURRENT LIABILITIES		
Acceptances	1,470.15	2,429.67
Sundry Creditors		
Dues to Micro & Small Enterprises (Refer Note No. 19 on Schedule 22)	264.79	395.20
Dues to others	5,541.26*	4,039.47*
Other Liabilities	1,987.11	1,627.25
Advances from Customers	4,537.63	4,981.53
Investor Education and Protection fund:**		
- Unpaid Dividend	0.94	0.94
Interest accrued but not due on loans	16.23	32.48
	13,818.11	13,506.54
Add: Proportionate Share in Joint Ventures	3,098.68	861.02
	16,916.79	**14,367.56**
* Includes dues to the Directors	619.71	398.66
** To be credited as and when due		

13 PROVISIONS		
Income Tax [Net of advance tax Rs. 8,955.88 lacs (Rs. 11,682.25 lacs)]	1,534.89	333.43
Leave Encashment	97.16	77.40
Gratuity	406.02	434.61
Warranty claims	204.10	164.32
Liquidated damages	491.32	730.87
Proposed Dividend	1,504.73	940.45
Tax on Proposed Dividend	244.10	156.20
	4,482.32	2,837.28
Add: Proportionate Share in Joint Ventures	11.66	9.72
	4,493.98	**2,847.00**

Schedules to the Consolidated Profit and Loss Account

(Rs. in Lacs)

	For the year ended March 31, 2011	For the year ended March 31, 2010
14 GROSS SALES		
Finished Goods	67,423.22	57,172.53
Raw Materials & Components	937.37	-
	68,360.59	57,172.53
Add: Proportionate Share in Joint Ventures	6,090.54	-
	74,451.13	**57,172.53**

	For the year ended March 31, 2011	For the year ended March 31, 2010
15 OTHER INCOME		
Interest on:		
- Deposits with Banks (Gross)	571.40	921.21
(Tax deducted at source Rs. 48.33 lacs (Rs. 102.24 lacs)		
- Loans, advances etc. (Gross)	362.05	283.33
(Tax deducted at source Rs. 36.10 lacs (Rs. 28.33 lacs)		
- Others	20.70	-
Unspent Liabilities / Provisions no longer required written back	-	207.53
Brokerage & Commission	-	347.52
Gain on Foreign Exchange Fluctuations/Forward Exchange Contracts (Net)	348.51	209.98
Debts written off in earlier years, now recovered	43.89	178.36
Dividend Received on Long term investments (Other than -Trade)	4.25	3.19
Provision for Diminution in value of Investments written back	-	9.50
Subsidy Received	216.76	-
Miscellaneous Receipts	113.65	11.67
	1,681.21	2,172.29
Add: Proportionate Share in Joint Ventures	175.89	2.44
	1,857.10	**2,174.73**

	For the year ended March 31, 2011	For the year ended March 31, 2010
16 RAW MATERIALS AND COMPONENTS CONSUMED		
Opening stock	11,950.81	8,040.72
Add: Stock acquired on amalgamation	-	513.02
	11,950.81	8,553.74
Add: Purchases	38,000.28	36,353.93
	49,951.09	44,907.67
Less: Closing stock	9,222.79	11,950.81
	40,728.30*	32,956.86
Add: Proportionate Share in Joint Ventures	3,152.92	-
	43,881.22	**32,956.86**

* Including Rs. 918.99 lacs (NIL) being the cost of raw materials sold during the year

Schedules to the Consolidated Profit and Loss Account

(Rs. in Lacs)

	For the year ended March 31, 2011	For the year ended March 31, 2010
17 MANUFACTURING EXPENSES		
Stores and Spares consumed	4,387.07	3,300.03
Power and Fuel	3,152.07	2,069.90
Design and Development expenses	123.91	145.57
Job Processing and other Machining Charges	2,703.33	2,106.89
(including contract labour charges)		
Repairs - Buildings	1.01	207.01
- Plant and Machinery	147.64	136.25
- Others	92.11	42.59
Crane Hiring Charges	-	29.25
	10,607.14	8,037.49
Add: Proportionate Share in Joint Ventures	818.05	-
	11,425.19	**8,037.49**

18 (INCREASE)/ DECREASE IN STOCKS		
Closing Stock		
Finished Goods	3,023.53	1,743.97
Work in Progress	7,193.82	4,476.40
	10,217.35	6,220.37
Opening Stock		
Finished Goods	1,743.97	3,810.59
Work in Progress	4,476.40	3,484.66
	6,220.37	7,295.25
	(3,996.98)	1,074.88
Add: Proportionate Share in Joint Ventures	42.51	-
	(3,954.47)	**1,074.88**

19 PAYMENTS TO AND PROVISIONS FOR EMPLOYEES		
Salaries, Wages, Bonus, etc.	3,248.63	1,250.25
Contribution to Provident and Other Funds	129.91	118.91
Gratuity Expenses	27.13	64.42
Workmen and staff welfare expenses	177.18	124.55
	3,582.85	1,558.13
Add: Proportionate Share in Joint Ventures	182.81	53.60
	3,765.66	**1,611.73**

Schedules to the Consolidated Profit and Loss Account

(Rs. in Lacs)

		For the year ended March 31, 2011		For the year ended March 31, 2010
20 ADMINISTRATION, SELLING AND OTHER EXPENSES				
Rent		152.09		45.41
Rates and Taxes		90.03		55.53
Insurance		115.38		26.57
Travelling Expenses		387.88		273.35
Professional & Consultancy fees		593.73		499.52
Directors' Remuneration		984.51		679.26
Charity and Donations		29.95		28.17
Loss on sale/discard of Fixed Assets (Net)		0.62		2.61
Loss on Foreign Exchange Fluctuations/ Forward Exchange Contracts		-		65.46
Debts and Irrecoverable Balances written off		124.23		91.54
Brokerage & Commission to other selling agents		35.60		32.23
Other Selling Expenses		247.76		151.28
Provision for Warranty Claims		129.86		195.74
Liquidated Damages	921.15		291.64	
Less: Adjusted with provision	381.77	539.38	279.95	11.69
Provision for Liquidated Damages		142.23		568.47
Auditor's Remuneration		57.12		55.66
Bank Charges		368.60		340.56
Provision for Diminution in value of Investments		329.03		-
Provision for Doubtful Advances		405.85		-
Miscellaneous Expenditure written off		-		19.38
Miscellaneous Expenses		612.91		421.94
		5,346.76		3,564.37
Add: Proportionate Share in Joint Ventures		444.65		29.62
		5,791.41		**3,593.99**

	For the year ended March 31, 2011	For the year ended March 31, 2010
21 INTEREST		
Interest to Banks:		
On Term Loans	71.81	66.38
On Other Loans	171.67	343.50
Interest to Others	243.52	305.67
	487.00	715.55
Add: Proportionate Share in Joint Ventures	67.65	-
	554.65	**715.55**

Schedules to the Consolidated Balance Sheet and Profit and Loss Account

22 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

1. Significant accounting policies

   a) Principles of Consolidation

      (i) The Consolidated Financial Statements present the consolidated Accounts of Titagarh Wagons Limited ("the Company") and its Subsidiaries and Joint Ventures (collectively referred as "the Group").

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

Name of the Subsidiary	Country of Incorporation	Proportion of Ownership Interest	
		March 31, 2011	March 31, 2010
Flourish Securities and Finance Private Limited (FSFL)	India	100	100
Titagarh Singapore Pte. Limited (TSPL)	Singapore	100	100
Greysham and Co. Private Limited (GCPL)	India	50*	50*
Titagarh Wagons AFR (AFR)	France	90**	-

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

** The Company has set up Titagarh Wagons AFR (formerly, La Compagnie AFR Titagarh) to takeover the wagon manufacturing facility of another Company in France.

      (iii) The financial statements of the Company and its subsidiary have been consolidated on a line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances, intra-group transactions and any unrealized profits/losses. The excess of the cost of investments over the proportionate value of interest in the subsidiaries has been recognised as "Goodwill".

      (iv) Minorities' interest in net profit/loss of consolidated subsidiaries for the year has been identified and adjusted against the income in order to arrive at the net income attributable to the shareholders of the Group. Their share of net assets has been identified and presented in the Consolidated Balance Sheet separately.

      (v) The financial statements of TSPL and AFR have been prepared in accordance with Singapore Financial Reporting Standards (SFRS) and International Financial Reporting Standards (IFRS) respectively. The management of the Company has made necessary adjustments on account of significant difference due to adoption of different Accounting Standards as stated above, in comparison to the Indian Generally Accepted Accounting Principles (IGAAP) for preparing consolidated Financial Statements.

      (vi) 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.

      (vii) In terms of Accounting Standard (AS) 27 'Financial Reporting of Interests in Joint Venture' notified by the Companies (Accounting Standards) Rules, 2006 (as amended), the Company's proportionate interests in the Joint Ventures are consolidated as separate line items in the financial statements along with the book values of assets, liabilities, income and expenses, after eliminating intra-group balances/transactions and unrealized profit and losses resulting from the transactions between the Company and the joint ventures.

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

Name of the Joint Venture	Country of Incorporation	Proportion of Ownership Interest	
		March 31, 2011	March 31, 2010
Cimco Equity Holdings Private Limited (CEHPL)	India	50	50
Titagarh FreightCar Private Limited (TFPL)	India	49	49

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

Name of the Subsidiary	Country of Incorporation	Proportion of Ownership Interest	
		March 31, 2011	March 31, 2010
Cimmco Limited (Cimmco)	India	80.84	85.00

Schedules to the Consolidated Balance Sheet and Profit and Loss Account

22 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

(x) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and events in similar circumstances and necessary adjustments required for deviation in accounting policies, if any, to the extent possible, are made in the consolidated financial statements and are presented in the same manner as the Company's separate financial statements.

(xi) The Consolidated Financial Statements are based on the audited Financial Statements of subsidiaries and joint ventures, except in case of AFR, the results of which are based on the unaudited financial statements, subjected to a review by its auditors, while the results of TSPL and TFPL are based on the unaudited financial statements as certified by the management.

b) Basis of preparation

The financial statements of the Group 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 Group 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

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

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, or otherwise when events or changes in circumstances indicate that the carrying value may not be recoverable.

Computer software not being part of the hardware operating system are capitalized as intangible assets.

f) Depreciation / Amortisation

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

22 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

g) Impairment of Fixed Assets

1) The carrying amounts of assets are reviewed at each Balance Sheet date to determine if there is any indication of impairment based on the internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount which is the greater of the assets' net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

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

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

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

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the 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 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

1) Raw materials & Components and Stores & spares Parts are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of finished goods are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost include expenses incidental to procurement thereof and determined on a weighted average basis.

2) Goods under process and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials, labour cost and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty.

3) Obsolete/damaged stores and saleable scrap are valued at estimated net realizable value.

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

k) Revenue Recognition

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

Sale of Goods

In case of sale of goods, revenue is recognized when the significant risks and rewards of ownership of goods have passed to the buyer. 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.

Schedules to the Consolidated Balance Sheet and Profit and Loss Account

22 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

l) Liquidated Damages

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

m) Retirement and other Employee Benefits

1) Retirement benefits in the form of Provident and Superannuation funds are defined contribution schemes and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no obligations other than the contribution payable to the respective funds.

2) Gratuity liability is a defined benefit obligation and is provided for on the basis of actuarial valuation on projected unit credit method made at the end of each financial period.

3) Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation, as per projected unit credit method, made at the end of each financial period.

4) Actuarial gains/losses are taken to Profit and Loss Account and are not deferred.

n) Taxes on Income

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

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

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. If the company has carry forward unabsorbed depreciation and carry forward tax losses, deferred tax assets are recognized only if there is virtual certainty backed by convincing evidence that such deferred tax assets can be realized against future taxable profits. Unrecognized deferred tax assets of earlier periods are re-assessed and recognized to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realized.

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

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

o) Provisions

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to 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's estimates of further liability to be incurred in this regard during the warranty period.

p) Foreign Currency Transactions

1) 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.

22 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

2) 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.

3) Exchange differences

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

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

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

q) Segment Reporting

Identification of segments

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

Inter Segment transfers

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

Allocation of common costs:

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

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

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

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) Excise duty & custom duty

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

t) Cash and Cash equivalents

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

u) Government grants and subsidies

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

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

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

Schedules to the Consolidated Balance Sheet and Profit and Loss Account

22 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

2. Contingent liabilities not provided for in respect of:

(Rs. in Lacs)

Sl No.	Particulars	As at March 31, 2011	As at March 31, 2010
A	Disputed claims contested by the Company and pending at various courts.	5,048.54	3,706.51
	[Proportionate Share in Joint Venture Rs. 4,691.19 lacs (Rs. 3,395.31 lacs)]		
B	Matters under appeal with:		
	Sales Tax Authorities	1,992.45	489.51
	[Proportionate Share in Joint Venture Rs. 957.04 lacs (Rs. 24.92 lacs)]		
	Income Tax Authorities	1,736.79	123.79
	[Proportionate Share in Joint Venture Rs. 1,683.11 lacs (Rs. 69.93 lacs)]		
	Customs and Excise Authorities	3,694.71	1,885.40
	[Proportionate Share in Joint Venture Rs. 1,279.39 lacs (Rs. 317.66 lacs)]		
C	Letters of Credit, Bills discounted and Bank Guarantees outstanding	18,103.75	9,255.23
	[Proportionate Share in Joint Venture Rs. 4,083.85 lacs (Nil)]		
D	Performance Guarantee given for fulfillment of certain obligations	2,031.30	2,031.30
E	Put Option granted (Refer Note No 21 on Schedule 22)	9,599.99	-
F	Custom Duty on import of equipments and spare parts under EPCG-scheme	444.69	903.74
	[Proportionate Share in Joint Venture Rs. 320.14 lacs (Nil)]		

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

3. Estimated amount of capital commitments (net of advances) remaining to be executed: - Rs. 141.77 lacs (Rs. 144.46 lacs).

4. Excise duties on stocks represent differential excise duty and cess on opening & closing stock of finished goods.

5. Working Capital Facilities of the Company 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.

   Short term loans against fixed deposits of the Company are secured by pledge of fixed deposits receipts.

   Term loan from a scheduled bank of Cimmco is secured by exclusive first charge on land situated at Gwalior and also by first pari passu charge over the other fixed assets and second pari passu charge over the current assets of Cimmco, both present and future.

   Term loans from others of Cimmco are secured by first pari passu charge (created / to be created) over entire fixed assets (excluding land at Gwalior) and also by first pari passu charge on all the current assets of Cimmco, both present and future.

   Working Facilities from scheduled banks of Cimmco are secured by first pari passu charge over all current assets, both present and future and also by a second pari passu charge over entire fixed assets of Cimmco (excluding land at Gwalior).

   Finance Lease Obligations of AFR are secured by hypothecation of the assets acquired under the respective agreements.

6. The Company's application for increase in Gross value of fixed capital Assets by Rs. 78.95 lacs and allowance of sales 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.

7. During the year, the Company has implemented a new ERP system which required a change in the method of valuation of Raw Materials & Components and Stores & Spare Parts inventories from "First in First out" to "weighted average basis". Further, the management also believes that such change in method of valuation of inventories will result in a more appropriate presentation of these inventories and will give a systematic basis for charge of Raw Materials & Components and Stores & Spare Parts consumption and would be more representative of the time pattern in which the economic benefits will be derived from the use of such inventories. Had the Company continued to use the earlier basis of valuation, the charge to Profit and Loss Account for the year would have been higher by Rs. 18.99 lacs and Raw Materials & Components and Stores & Spare Parts inventories would have been lower by Rs. 39.18 lacs and higher by Rs. 20.19 lacs respectively.

22 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

8. Gratuity and other post retirement benefit plans

The Company has a defined benefit gratuity plan which is unfunded (except for Titagarh Steels unit where it is administered through a trust and funded with Life Insurance Corporation of India (LIC) in the form of qualifying insurance policy). Every employee who has completed five years or more of service is entitled to Gratuity on terms not less favorable than the provisions of the Payment of Gratuity Act, 1972.

The Company also extends benefit of compensated absences to the employees, whereby they are eligible to carry forward their entitlement of earned leave for encashment. This is also an unfunded plan.

The following tables summaries the components of net benefit/ expense recognised in the Profit and Loss Account and Balance Sheet for the respective plans.

(a) Expenses recognized in the Profit and Loss Account for the respective years are as follows: *(Rs. in Lacs)*

Particulars	Gratuity (Funded)		Gratuity (Unfunded)	
	2010-11	2009-10	2010-11	2009-10
Current service cost	7.37	8.32	25.28	23.02
Interest cost on benefit obligations	13.35	10.61	24.64	21.01
Expected Return on plan assets	(2.99)	(3.20)	NA	NA
Net actuarial (gain)/loss recognized in the year	(20.92)	(1.71)	(19.60)	6.37
Net benefit expense	**(3.19)**	**14.02**	**30.32**	**50.40**

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

Particulars	Gratuity (Funded)		Gratuity (Unfunded)	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
Defined benefit obligations	145.13	154.23	298.28	317.67
Fair Value of Plan Assets	37.39	37.29	NA	NA
Net obligations	(107.74)	(116.94)	(298.28)	(317.67)

(c) Changes in the present value of the defined benefit obligation during the respective years are as follows: *(Rs. in Lacs)*

Particulars	Gratuity (Funded)		Gratuity (Unfunded)	
	2010-11	2009-10	2010-11	2009-10
Opening defined benefit obligations	154.23	144.58	317.67	296.35
Interest cost	13.35	10.61	24.64	21.01
Current service cost	7.37	8.32	25.28	23.02
Benefit paid	(8.49)	(6.21)	(49.71)	(29.08)
Actuarial (gains)/losses on obligation	(21.33)	(3.07)	(19.60)	6.37
Closing defined benefit obligations	**145.13**	**154.23**	**298.28**	**317.67**

(d) Changes in Fair Value of Plan Assets during the year *(Rs. in Lacs)*

Particulars	Gratuity (Funded)	
	2010-11	2009-10
Fair Value of Plan Asset at the beginning of the period	37.29	36.21
Expected return on Plan Asset	2.99	3.20
Contribution	6.01	5.45
Benefit paid	(8.49)	(6.21)
Actuarial Gains/(Losses)	(0.41)	(1.36)
Fair Value of Plan Asset at the end of the year	**37.39**	**37.29**

(e) The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	Gratuity (Funded)	
	2010-11	2009-10
Investments with Insurer	100%	100%

Schedules to the Consolidated Balance Sheet and Profit and Loss Account

22 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

(f) **The principal assumptions used in determining gratuity liability are as shown below:**

Particulars	Gratuity (Funded)		Gratuity (Unfunded)	
	2010-11	2009-10	2010-11	2009-10
Discount rate	8.00%	7.70%	8.00%	7.70%
Expected rate of return on plan assets	8.00%	8.92%	NA	NA
Rate of increase in salary	5.00%	7.50%	5.00%	7.50%
Expected average remaining working live of the employees	9	10	15	16
Mortality Table	Standard Table LIC (1994-1996)			

(g) **Amounts for the current and previous periods are as follows:-** *(Rs. in Lacs)*

Particulars	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007
Defined benefit obligations	443.41	471.90	296.35	282.72	276.27
Plan Assets	37.39	37.29	-	-	-
Surplus / (Deficit)	(406.02)	(434.61)	-	-	-
Experience adjustments on plan liabilities-(gains)/losses	(21.33)	(15.98)	(24.39)	-	-
Experience adjustments on plan assets-(gains)/losses	4.01	(1.36)	-	-	-

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

(i) The Company expects to contribute Rs. 6.00 lacs to the gratuity fund during 2011-12.

(j) **The details of proportionate share in Joint Venture with respect to Gratuity and Other post retirement benefits are as follows:**

(Rs. in Lacs)

Particulars	2010-11	2009-10
Net defined benefit Income recognized in the Profit & Loss Account	0.49	7.90
Defined benefit obligation at the end of the year	34.66	5.15

(k) **The amounts provided for defined contribution plans (including Rs. 7.56 lacs (Rs. 7.46 lacs) debited to directors remuneration) are as follows:** *(Rs. in Lacs)*

Particulars	2010-11	2009-10
Provident Fund	98.94	89.09
Employee State Insurance	32.90	31.76
Superannuation Fund	5.63	5.52
Total	**137.47**	**126.37**
Proportionate Share in Joint Venture	8.31	14.35
Total	**145.78**	**140.72**

9. Segment Information

Business Segments:

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

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

22 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

Geographical Segments:

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

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	66,944.10 (49,620.92)	1,413.30 (2,595.46)	2,252.44 (1,721.49)	1,831.33 (1,484.45)	- (-)	72,441.17 (55,422.32)
	Inter- segment sales	- (183.97)	- -	9,792.81 (9,575.05)	- -	9,792.81 (9,759.02)	- -
	Total Revenue	**66,944.10** (49,804.89)	**1,413.30** (2,595.46)	**12,045.25** (11,296.54)	**1,831.33** (1,484.45)	**9,792.81** (9,759.02)	**72,441.17** (55,422.32)
B	**Results**						
	Segment results	12,007.01 (9,025.90)	139.18 (177.14)	1,278.57 (1,148.40)	474.42 (231.18)	- (-)	13,899.18 (10,582.62)
	Less: Unallocated Expense net of unallocated Income						2,610.54 (1,708.01)
	Operating Income						11,288.64 (8,874.61)
	Add: Interest Income (Net)						399.50 (489.00)
	Less: Exceptional Items						317.98 (-)
	Less: Extraordinary Items (Net)						194.85 (-)
	Less: Current Taxes (including tax for earlier years and wealth tax)						4,154.67 (3,023.54)
	Add: Deferred Tax [Credit (-) / Charge (+)]						(232.98) (+323.13)
	Net profit						**7,253.62** (6,016.94)
C	**Segment assets**	52,632.07 (23,345.07)	2,240.23 (3,175.63)	9,141.27 (9,123.45)	2,835.78 (5,224.75)	- (-)	66,840.35 (40,868.90)
	Unallocated corporate assets						27,557.63 (37,568.42)
	Total Assets						**94,397.98** (78,437.32)
D	**Segment liabilities**	20,540.08 (11,313.72)	997.72 (1,968.96)	2,506.58 (715.79)	2,000.14 (473.45)	- (-)	26,044.52 (14,471.92)
	Unallocated corporate liabilities						10,713.60 (18,603.27)
	Total Liabilities						**36,758.12** (33,075.19)
E	**Other Information**						
	Capital Expenditure	746.40 (551.74)	84.58 (68.62)	81.88 (456.53)	3,736.78 (979.76)		4,622.64 (2,056.65)
	Depreciation	358.00 (187.48)	53.07 (28.86)	63.04 (69.63)	356.90 (166.85)		831.01 (452.82)

Schedules to the Consolidated Balance Sheet and Profit and Loss Account

22 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

(Rs. in Lacs)

	Wagon	HEMM	Steel Foundry	Others	Elimination	Total
F Non cash expenses						
Provision for diminution in value of investments				329.03 (-)		329.03 (-)
Provision for Doubtful Advances				405.85 (-)		405.85 (-)
Debts and Irrecoverable Balances written off				211.45 (-)		211.45 (-)
Miscellaneous Expenditure		- (19.38)				- (19.38)

Geographical Segment:

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

(Rs. in Lacs)

Geographical Segment Revenue	2010-11	2009-10
Domestic (Net of Excise Duty)	71,446.41	55,422.32
[Proportionate Share in Joint Venture Rs. 6,410.05 lacs (Nil)]		
Overseas	994.76	-
Total	**72,441.17**	**55,422.32**
Geographical Segment Assets		
Domestic	82,968.22	77,968.59
Overseas	11,429.76	468.73
Total	**94,397.98**	**78,437.32**

9. A. In terms of the resolution passed by the Remuneration Committee and endorsed by Board of the Company at their respective meetings held on May 12, 2011, the maximum cap of Rs. 500.00 lacs on the remuneration payable to Chairman and Managing Director (CMD) has been removed, and the remuneration payable to CMD, which now stands at 5% of net profit without any ceiling, has been provided accordingly.

In terms of the resolution passed by the Remuneration Committee and endorsed by the Board of the Company at their respective meetings held on September 16, 2010, Vice-Chairman and Managing Director (VCMD) is entitled to a pro-rata remuneration of 3.5% of the net profits with effect from October 01, 2010 and accordingly, remuneration of Rs. 258.90 lacs payable to VCMD has been provided in the Accounts.

The above remuneration payable to CMD and VCMD is subject to approval of the shareholders of the Company at their forthcoming general meeting.

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

I. Name of Related parties:

a)	Associate Companies	:	Continental Valves Limited (upto 29th July, 2010) Tecalemit Industries Limited (upto 30th June, 2010)
b)	Joint Venture Companies	:	Cimco Equity Holdings Private Limited Cimmco Limited, subsidiary of Cimco Equity Holdings Private Limited (with effect from 14th March, 2010)
c)	Key Management Personnel (KMP)	:	Mr. J P Chowdhary – Executive Chairman Mr. Umesh Chowdhary – Vice Chairman & Managing Director (with effect from 1st October, 2010) (Previous Year upto 23rd September, 2009)
d)	Relatives of KMP	:	Ms. Savitri Devi Chowdhary, Wife of Mr. J P Chowdhary Ms. Rashmi Chowdhary, Wife of Mr. Umesh Chowdhary Mr. Umesh Chowdhary, Son of Mr. J P Chowdhary Ms. Vinita Bajoria, Daughter of Mr. J P Chowdhary Ms. Sumita Kandoi, Daughter of Mr. J P Chowdhary
e)	Enterprises over which KMP/Shareholders/ Relatives have significant influence	:	Titagarh Logistics Infrastructures Private Limited Sourenee Leaves Private Limited Titagarh Shipyd Limited Titagarh Capital Management Services Private Limited Traco International Investment Private Limited

Schedules to the Consolidated Balance Sheet and Profit and Loss Account

22 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

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

(Rs. in Lacs)

Nature of Transactions	Associate Companies	Joint Ventures	KMP	Enterprises over which KMP/ Shareholders/ Relatives have significant influence	Relatives of KMP	Total
Sale of Goods (Gross)						
Cimmco Limited		1,224.66 (-)				1,224.66 (-)
Interest on Advances / Loans						
Cimco Equity Holdings Private Limited		334.41 (217.71)				334.41 (217.71)
Purchase of Raw Material						
Cimmco Limited		509.32 (76.66)				509.32 (76.66)
Dividend Paid						
Ms. Savitri Devi Chowdhary					181.16 (180.65)	181.16 (180.65)
Ms. Rashmi Chowdhary					78.71 (77.13)	78.71 (77.13)
Mr. J P Chowdhary			1.57 (1.57)			1.57 (1.57)
Mr. Umesh Chowdhary			- (0.77)		0.77 (-)	0.77 (0.77)
Ms. Vinita Bajoria					0.25 (0.25)	0.25 (0.25)
Ms. Sumita Kandoi					0.24 (0.01)	0.24 (0.01)
Traco International Investment Private Limited				1.52 (1.52)		1.52 (1.52)
Tecalemit Industries Limited	- (0.13)					- (0.13)
Titagarh Capital Management Services (P) Limited				196.34 (196.34)		196.34 (196.34)
Remuneration (including Contribution to Provident & Other Funds)						
Mr. J P Chowdhary			695.97 (433.67)			695.97 (433.67)
Mr. Umesh Chowdhary			261.42 (176.64)			261.42 (176.64)
Ms. Vinita Bajoria					17.96 (4.17)	17.96 (4.17)
Directors Sitting Fees						
Mr. Umesh Chowdhary					1.30 (0.60)	1.30 (0.60)
Advance towards Equity Warrants						
Ms. Rashmi Chowdhary					1,209.38 (-)	1,209.38 (-)
Assets:						
Loan/ Advance Given						
Cimco Equity Holdings Private Limited		95.50 (1,277.50)				95.50 (1,277.50)

Schedules to the Consolidated Balance Sheet and Profit and Loss Account

22 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

(Rs. in Lacs)

Nature of Transactions	Associate Companies	Joint Ventures	KMP	Enterprises over which KMP/ Shareholders/ Relatives have significant influence	Relatives of KMP	Total
Investment in Shares						
Tecalemit Industries Limited	- (29.50)					- (29.50)
Continental Valves Limited	- (18.71)					- (18.71)
Put Option Given						
Cimmco Limited		6,500.00 (-)				6,500.00 (-)
Balance outstanding as at the year end – Debit						
Cimco Equity Holdings Private Limited		2,993.08 (2,643.91)				2,993.08 (2,643.91)
Cimmco Limited		1,006.63 (100.77)				1,006.63 (100.77)
Balance outstanding as at the year end – Credit						
Mr. J P Chowdhary			448.41 (256.16)			448.41 (256.16)
Mr. Umesh Chowdhary			164.39 (106.44)			164.39 (106.44)

11. The break up of net deferred tax asset of Rs. 451.92 lacs (Rs. 218.93 lacs) as on the Balance Sheet date is as follows: *(Rs. in Lacs)*

	March 31, 2011	March 31, 2010
Timing differences in depreciable assets	(475.46)	(421.56)
Expenses allowable against taxable income in future years	494.99	409.21
Net Deferred Tax Asset	19.53	(12.35)
Add: Proportionate Share in Joint Venture	432.39	231.28
Net Deferred Tax Asset	**451.92**	**218.93**

In case of Cimmco, the management, based on confirmed sales orders, believes that it will earn sufficient taxable profits in the future to set-off deferred tax asset recognised as at March 31, 2011 arising on timing differences due to unabsorbed depreciation, carry-forward business losses and other timing differences, which is in compliance with the requirements of Accounting Standard 22 "Accounting for Taxes on Income".

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

Particulars		2010-11	2009-10
Present Weighted Average Equity Shares	Nos.	18,809,069	18,809,069
Equivalent Weighted Average Equity Shares to be allotted against share warrant	Nos.	174,658	-
Potential weighted Average Equity Shares	Nos.	18,983,727	18,809,069
Net Profit after Taxes before extraordinary Items	Rs. in lacs	7,324.32	6,018.24
Net Profit after Taxes After extraordinary Items	Rs. in lacs	7,129.47	6,018.24
Nominal Value of each Shares of Rs. 10/-			
Earning Per Share before extraordinary Items	Basic (Rs.)	38.94	32.00
	Diluted (Rs.)	38.58	32.00
Earning Per Share after extraordinary Items	Basic (Rs.)	37.90	32.00
	Diluted (Rs.)	37.56	32.00

22 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

13. The movement in provision for warranties and liquidated damages during the year is as follows: *(Rs. in Lacs)*

Particulars	Warranties		Liquidated Damages	
	2010-11	2009-10	2010-11	2009-10
Balance as at April 1, 2010	164.32	(94.25)	730.87	(124.44)
Acquired on Amalgamation	-	(20.98)	-	(317.91)
Additions during the year	129.86	(195.74)	142.22	(580.16)
Amounts used during the year	90.08	(146.65)	381.77	(291.64)
Balance as at March 31, 2011	204.10	(164.32)	491.32	(730.87)

14. (a) Forward Contracts outstanding as at the Balance Sheet date: USD 4,410,056 (USD 3,222,048) for minimizing risk of currency exposure on import of goods.

(b) Details of un-hedged foreign currency exposure as on the Balance Sheet date are as follows: *(Rs. in Lacs)*

Particulars	As at March 31, 2011	As at March 31, 2010
Secured Loans	1,655.47	446.45
Fixed Assets	3,827.05	-
Inventories	3,558.11	-
Sundry Debtors	794.92	164.98
Cash and Bank Balances	1,487.03	7.47
Loans and Advances	2,211.76	461.26
Current Liabilities	2,820.85	6.67

15. Professional Expenses include expenses towards Research and Development Rs. 16.93 lacs (Rs. 8.40 lacs). There is no capital expenditure on account of Research and Development

16. During the year, the Company has issued 1,250,000 convertible equity warrants to its promoter group entity on preferential basis at a resultant price of Rs. 387 each per share (Face value: Rs. 10 each) and has received a sum of Rs. 1,209.38 lacs as advance payment there against. The warrants are convertible into equivalent number of equity shares at the option of warrant holders within 18 months from the date of allotment of the warrants subject to receipt of full consideration.

17. 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. 46.89 lacs (Rs. 45.41 lacs).

18. Details of equity shares pledged by the promoter or persons forming part of the promoter group ('Promoter Group') of the Company as on the Balance Sheet date are as follows:

Particulars	As at March 31, 2011	As at March 31, 2010
Total Number of Equity shares held by the Promoter Group	9,402,738	9,225,329
Total Number of Equity shares pledged by the Promoter Group	NIL	NIL
Percentage of total shares pledged to total shareholding of the Promoter Group	NIL	NIL
Percentage of total shares pledged to total outstanding shares of the Company	NIL	NIL

Schedules to the Consolidated Balance Sheet and Profit and Loss Account

22 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

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, 2011	March 31, 2010
I	Principal amount remaining unpaid to any supplier at the end of accounting year	264.79	395.20
II	Interest due on above	1.95	17.08
	Total of (I) and (II)	266.74	412.28
III	Amount of interest paid by the Company to the suppliers	13.08	32.81
IV	Amounts paid to the suppliers beyond the respective due date	258.38	782.67
V	Amount of interest due and payable for the period of delay in payments but without adding the interest specified under the Act	4.92	22.88
VI	Amount of interest accrued and remaining unpaid at the end of each accounting year	77.58	83.79
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	6.87	39.94

20. The Group has given Loans & Advances of Rs. 7,019.11 lacs (Rs. 11,103.91 lacs) to the subsidiary of a joint venture Company, which was registered with the Board for Industrial and Financial Reconstruction (BIFR).

    The net worth of the said company has since turned positive and BIFR has also de-registered the company from its purview based on progress of rehabilitation scheme. Since the said company has started operations and has also started making profits, the above amounts are considered good of recovery by the management.

21. As per the rehabilitation scheme sanctioned by Board for Industrial and Financial Reconstruction (BIFR) for Cimmco, the Company has been identified as a "co-promoter" for the successful revival of Cimmco and accordingly the Company has granted an option to a lender of Cimmco for Rs. 13,000.00 lacs, towards credit facilities sanctioned to Cimmco, whereby on occurrence of any of the put option events, the lender has a right to call upon the Company to assume and discharge the receivables of the lender under the said credit facilities.

22. Assets include Land and Buildings acquired under finance lease (Gross Block Rs. 1,669.58 lacs (Nil), Net Block Rs. 1,613.23 lacs (Nil) and the year wise break-up of future obligations towards lease rentals, inclusive of finance charges of Rs. 296.31 lacs(Nil) under the agreements as on March 31, 2011 amounting to Rs. 1951.78 lacs (Nil) is given below:

(Rs. in Lacs)

Assets taken on lease		Not later than 1 year		Later than 1 year and not later than 5 years	
Total Minimum Lease payments at the year end	Present Value of Minimum Lease Payments	Minimum Lease Payment	Present Value as on March 31, 2011	Minimum Lease Payment	Present Value as on March 31, 2011
1,951.78 (Nil)	1,655.47 (Nil)	230.15 (Nil)	147.43 (Nil)	1,721.63 (Nil)	1,508.04 (Nil)

23. In September 2008, TSPL had entered into an agreement with an external party in respect of the proposed acquisition of assets for a consideration of approximately Rs. 454.85 lacs (US$1,018,711). The Company had paid this consideration in 2008. The agreement, however, terminated by efflux of time as provided therein, notice whereof was issued to the external party on 18th March, 2010.

24. Proportionate share in Loans and Advances of CEHPL includes:
    a) Rs. 1976.18 lacs (Rs. 1976.18 lacs) recoverable from Indian Railway on account of differential wagon sub lease rental for the period 1997-98 to 2008-09, net of Rs. 658.42 lacs, being the cost of wheel sets to be returned to the railways . The matter is under arbitration and the management is pursuing the railways for recovery of these dues in terms of directions issued by Board for Industrial and Financial Reconstruction (BIFR). The management is hopeful to recover the amount in full.
    b) Rs. 101.99 lacs (Rs. 101.99 lacs) due from SBI Capital Markets Limited (SBI Caps) on account of Cimmco's share of lease rental. The amount is retained by SBI caps due to its certain tax disallowances, which are contested by SBI Caps separately. Further, SBI Caps has claimed Rs. 564.48 lacs (proportionate share of the Group), being the amount of such disallowance from Cimmco which as per lease and sub lease arrangement with SBI Caps and Indian Railways is recoverable from Indian Railway on back to back basis and hence included in the contingent liabilities as indicated in Note 2 above. The Company is pursuing the matter with SBI caps and is hopeful to recover the dues.

22 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

c) Rs. 446.51 lacs (Rs. 446.51 lacs) recoverable from National Insurance Company Limited towards insurance claims in terms of an order passed by the Honb'le High Court of Delhi in favour of Cimmco. The management is taking necessary steps to recover the above claim amount and is certain about the realization of the total outstanding amount.

d) Rs. 176.13 lacs (Rs. 176.13 lacs) recoverable from Income Tax Department, being the tax refunds for various assessment years against which Cimmco's appeal/claims are pending at various levels. No value adjustment has been considered necessary by the management, pending disposal of such appeals.

e) Rs. 441.99 Lacs (Rs. 441.99 Lacs) of Cimmco recoverable from various parties which are more than three years old. The management is taking necessary steps including legal proceedings to recover these amounts and is hopeful about the realization of the total outstanding amount.

25. Proportionate share in Sundry Debtors of CEHPL include Rs. 176.09 lacs (Rs. 176.09 lacs) recoverable from Export and Guarantee Corporation of India Limited which is subject to confirmation. The management is taking legal steps to recover this amount and considers the amount as fully recoverable.

26. Proportionate share in Raw Materials and Components of CEHPL include wheel-sets of Rs. 625.10 lacs (Rs. 625.10 lacs) lying in bonded warehouse for which auction proceeding has been initiated by the Custom Authorities. Pending confirmation from the Custom Authorities, these have been considered as a part of Inventories and valued at cost.

27. The account between Asset Reconstruction Company (India) Limited (ARCIL) and Cimmco is subject to confirmation/reconciliation. Any adjustment in this regard would be carried out after the above reconciliation/receipt of confirmation.

28. Exceptional items of Rs. 317.98 lacs represent proportionate share of additional amount paid/payable to ARCIL by Cimmco in terms of revised restructuring of the dues.

29. Extraordinary Items of the Group represents adjustments made in terms of the Rehabilitation Scheme sanctioned by Board for Industrial and Financial Reconstruction (BIFR) for Cimmco. The details of above is as follows:

Particulars	Rs. in lacs
Irrecoverable Advances (Intra Group) written off	1,158.90
Proportionate share in CEHPL of the following:	
- Liabilities no longer required written back	(1091.51)
- Irrecoverable Claims & Others written off	127.46
Total	**194.85**

30. Pending execution of renewal of sublease agreement with respect to wagons relating to secondary leasing period, (sub-leased to Indian Railways) acquired by FSFL, the Company has prudently decided not to recognize the income with respect to the said wagons.

31. Previous period's figures including those given in brackets have been regrouped / rearranged where necessary to conform to this year's classification.

Signatories to Schedules 1 to 22

As per our Report of even date

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

per R. K. Agrawal
Partner
Membership No. 16667
Place: Kolkata
Dated : May 24, 2011

As Approved
For and on behalf of the Board of Directors

J P Chowdhary
Executive Chairman

Umesh Chowdhary
Vice Chairman & Managing Director

D N Davar
Director

Anil Kumar Agarwal
Chief Financial Officer

Dinesh Arya
Company Secretary