

# ANNUAL REPORT 2012 - 2013



## TITAGARH WAGONS LIMITED

## CORPORATE INFORMATION

### Board of Directors

Shri J P Chowdhary	<i>Executive Chairman</i>
Shri Umesh Chowdhary	<i>Vice Chairman and Managing Director</i>
Shri D N Davar	<i>Independent Director</i>
Shri N Bhattacharya	<i>Independent Director</i>
Shri Alope Mookherjea	<i>Independent Director</i>
Shri Abhas Sen	<i>Independent Director</i>
Shri Manoj Mohanka	<i>Independent Director</i>
Shri Arvind Pande	<i>Independent Director</i>
Shri N K Mittal	<i>Non Executive Director</i>
Shri Sanjay Kukreja	<i>Nominee Director (Goya Limited)</i>
Shri S C Das	<i>Independent Director</i>
<hr/>	
Shri Anil Kumar Agarwal	<i>Chief Financial Officer</i>
Shri Dinesh Arya	<i>Company Secretary</i>

### Bankers

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

### Auditors

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

### Audit Committee

Shri D N Davar	<i>Chairman</i>
Shri Nandan Bhattacharya	<i>Member</i>
Shri Manoj Mohanka	<i>Member</i>
Shri Arvind Pande	<i>Member</i>
Shri J P Chowdhary	<i>Special Invitee</i>
Shri Umesh Chowdhary	<i>Special Invitee</i>

### Registrar & Transfer Agent (RTA)

Karvy Computershare Private Limited  
Plot No. 17-24, Vittal Rao Nagar, Madhapur  
Hyderabad 500 081  
Phone : 91 40 4465 5000. Fax: 91 40 2342 0814  
Email for Investors : einward.ris@karvy.com

### Shareholders'/Investors' Grievance Committee

Shri Nandan Bhattacharya	<i>Chairman</i>
Shri Manoj Mohanka	<i>Member</i>
Shri Umesh Chowdhary	<i>Member</i>
Shri D N Davar	<i>Special Invitee</i>

### Registered Office



Premlata, 4th Floor, 39 Shakespeare Sarani, Kolkata-700017  
Telephones : 91 33 22834467/40190800; Fax : 91 33 22891655  
Email : investors@titagarh.biz

### Remuneration Committee

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

### Nomination Committee

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



## Notice of Annual General Meeting

Notice is hereby given that the Sixteenth ANNUAL GENERAL MEETING of the members of TITAGARH WAGONS LIMITED will be held at Kalakunj, 48 Shakespeare Sarani, Kolkata-700017 on Monday, the 26th of August, 2013 at 12.30 P.M. to transact the following businesses :

### ORDINARY BUSINESS

1. To consider and adopt the audited Balance Sheet as at 31st March, 2013, Statement of Profit & Loss and Cash Flow Statement for the year ended that date and the Reports of Directors and Auditors thereon.
2. To declare dividend on Equity Shares for the Financial Year ended the 31st March, 2013.
3. To appoint a Director in place of Shri Manoj Mohanka who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Shri Nandan Bhattacharya 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. LLP; 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 2013-2014 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 Sudev Chandra Das, who was appointed as an Additional Director by the Board of Directors on the 13th May, 2013 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 Sudev Chandra Das'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."*

Registered Office :

Premlata, 4th Floor  
39, Shakespeare Sarani, Kolkata-700017  
20th May, 2013

By Order of the Board

**Dinesh Arya**  
Company Secretary

### Notes :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL, ON HIS BEHALF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. Proxies in order to be effective must be received by the Company at the registered office address not less than 48 hours before the commencement of the Annual General Meeting (AGM).
3. The Register of Members and Share Transfer Register shall remain closed with effect from Saturday, August 17, 2013 to Monday, August 26, 2013 (both days inclusive). The dividend, if declared, will be paid after 26th August, 2013 to those members whose names shall appear on the Register of Members of the Company on 26th August, 2013. In respect of dematerialized shares, the dividend will be payable on the basis of beneficial ownership as per the details to be furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for this purpose.
4. Members are requested to preferably send their queries to the Registered Office atleast 7 days before the date of the Annual General Meeting.
5. The documents pertaining to the special business set out at Item No. 6 of the Notice are available for inspection at the Registered Office of the Company during 10.30 A.M. to 1.00 P.M. on all working days.
6. Members are requested to note that dividend warrants, unclaimed refund of application money paid for shares issued under IPO (Initial Public Offering) in the year 2008, and warrants for fractional entitlements of shares not encashed/claimed within seven years from the date of declaration of dividend/IPO will, as per Section 205A of the Act, be transferred to Investor Education and Protection Fund (IEPF). After transfer of the said amount to IEPF, no claims in this respect shall lie against the Company. Members concerned are requested to contact M/s. Karvy Computershare Private Limited, RTA of the Company for encashing the same.

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

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



## Notice of Annual General Meeting

In case you desire to receive the documents mentioned above in physical form, please write to us at [twl\\_cs@titagarh.biz](mailto: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](mailto:twl_cs@titagarh.biz) along with Folio No. /Client ID and DP ID.

7. As required by the Clause 49 of Listing Agreement, members are informed that Shri Manoj Mohanka, Shri Nandan Bhattacharya and Shri Sudev Chandra Das do not hold any equity shares in the Company. The additional information in respect of the said directors recommended for appointment/re-appointment/re-election respectively at the AGM is appearing in the Corporate Governance Report annexed to the Directors' Report.

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

#### Item No. 6

Shri Sudev Chandra Das has been appointed as an Additional Director of the Company by the Board with effect from May 13, 2013 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 Sudev Chandra Das for the Office of Director of the Company under the provisions of Section 257 of the Act.

Shri Sudev Chandra Das aged 66 years is M.A (Economics) and B.A. He has about 40 years of experience in banking, finance (including corporate and export finance), finance/securities markets and for past 6 years in academics. Continuation of Shri Das on the Board would be beneficial to the Company.

The Directors recommend passing of the Resolution.

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

*Registered Office :*

Premlata, 4th Floor  
39, Shakespeare Sarani, Kolkata-700017  
20th May, 2013

By Order of the Board

**Dinesh Arya**  
Company Secretary



# Directors' Report

*Dear Shareholders,*

The Directors are pleased to present their Sixteenth Annual Report and Audited Accounts for the year ended the 31st March, 2013.

## Profit, Retention & Dividend

Your Company's financial performance was as follows :

(Rs. in Lacs)

Particulars	2012-13	2011-12
Turnover	49,935.21	64,432.99
Profit Before Interest, Depreciation, Tax & Amortisation	5,898.95	12,934.88
Less : Depreciation	678.04	558.73
: Interest/Finance Cost	1,486.63	2,164.67
		893.91
Profit Before Tax	3,734.28	11,482.24
Less: Provision For Taxation	1,346.47	3,819.79
Profit After Taxation	2,387.81	7,662.45
Balance Brought Forward from Last Account	28,299.14	23,301.75
Amount available for Appropriation	30,686.95	30,964.20
<b>Appropriations</b>		
Transfer to General Reserve	240.00	800.00
Dividend on Equity	802.36	1,604.73
Tax on Dividend	130.16	1,172.52
		260.33
Balance Carried to Balance Sheet	29,514.43	28,299.14

## Economic Environment

Advanced economies faced two of the biggest short-term threats to the global recovery during the year 2012-13, the threat of euro area disintegration and repercussions of 'fiscal cliff' in the United States in the form of fiscal contraction, which have, however been successfully diffused. Global economic prospects have since improved but the challenges to smooth recovery remain though activity is expected to gradually accelerate, starting in the second half of 2013. Accordingly, the overall growth forecast for advanced economies in 2013 is a modest 1¼ percent i.e. stagnating at the level of 2012.

From a high of about 9 percent GDP growth for many years prior to the 2008 crisis, the Indian economy grew 6 percent during 2012-13 and is projected to slow down further to a decadal low of 5.5 percent during this fiscal. Significant structural challenges would lower potential output over the medium term and also keep inflation elevated with Current Account Deficit in addition to various regional factors posing a serious risk to the much needed growth in the economy despite forecast of a normal monsoon during this fiscal.

## Company's Performance

The Company's Operating Profit during the year under review (FY 2012-13) at Rs. 5,898.95 lacs, declined sharply by about 54% as against Rs.12,934.88 lacs in the previous financial year (FY 2011-12) and in relation thereto the Profit After Tax and Earning Per Share (EPS) were also affected adversely, owing mainly to prolonged delay in release of orders by the Indian Railway for Wagons coupled with the substantial rise in the cost of carrying inventory and other inputs, as despite the Company mobilising main raw materials for manufacture of EMUs (Coaches) at substantial cost, the execution of orders for EMU and MEMU secured in the previous financial year, valued at about Rs. 250 crores could not be taken up, in the absence of freezing of design parameters for the newly developed BCHNL wagons by ICF and RCF, who had been assigned the responsibility by Indian Railway. Further, there had been disruption in the manufacturing activities, consequent upon the fire at Titagarh Wagons plant, resulting in the loss of materials costing Rs. 228.98 lacs for which claim has been lodged with the Insurance Company.

Implementation of your Company's plans to achieve growth in the other segments viz. Coaches, Castings, Bailey Bridges and Special Projects has been taken up and is being pursued aggressively. Cost efficiency and improvement in productivity for optimisation of resources are under sharp focus to tide over the difficult period in the wake of inordinate delay in orders for procurement of Wagons by the Indian Railways, compounded by continued subdued demand from the private sector buyers.

The restructuring of major verticals, earlier announced has subsequent to review been deferred, in the context of the recent developments in the industries in which your Company operates.

## Dividend

The Board of Directors has recommended a dividend of 40 percent i.e. Rs. 4/- per share on 2,00,59,069 equity shares of Rs. 10/- each fully paid up subject to approval of the members, by appropriation of Rs. 932.52 Lacs (including Rs. 130.16 Lacs being Dividend Distribution Tax) after transferring Rs. 240 lacs to General Reserves from the profit for the Financial Year ended March 31, 2013.

# Directors' Report

## Business Segments

### Wagons and Coaches

Wagons segment of the Company accounted for 87.31% (Previous year 88.00%) and 80.64% (Previous year 80.05%) of the total revenue and operating profit respectively of your Company during the year under review. Production of 2495 wagons during the FY 2012-13 was lower by 9.63% against 2761 and sales of 2362 units of Wagons as compared to 2855 units respectively in FY 2011-12 portraying a decline of 17.27%. Though the average Sales realisation per unit was comparable, Sales generated by the Segment at Rs. 43,598 lacs were down by 23.11% vis a vis the corresponding numbers in the previous financial year.

During the FY 2012-13, orders for 12 rakes of MEMU and 11 rakes of EMU from the Indian Railways secured are still pending execution in the absence of designs from the customer. Had the designs been provided to the Company as originally scheduled, the performance of the Company would have been distinctly better than that achieved during the year under review.

The self-propelled railway passenger vehicles such as Electrical Multiple Units ("EMUs"), and Main Line Electrical Multiple Units ("MEMUs"), in which your Company, having been endowed with the first mover's advantage in the Private Sector, expects to consolidate its position by execution of orders for 23 rakes and with tie up for the requisite technology from foreign collaborators would move on to the next stage of Rolling Stock i.e. manufacture of Metro Coaches.

Movement of cargo by Wagons is expected to continue to be the preferred mode and setting up of the Dedicated Freight Corridors would boost the demand for Rolling Stock, auguring well for this segment.

### Steel Castings

Production of 9,971.36 M.T. (Previous year 14,583 M.T.) of Castings and Profit Before Interest & Tax at Rs. 759.17 lacs (Previous year 1,691.68 lacs) during the year under review were lower by 31.62% and 55.12% respectively than the corresponding numbers in the previous financial year ended the 31st March, 2012. About 2/3<sup>rd</sup> of the Steel Castings mainly consisting of bogies and couplers, the critical components produced by the Company were used for captive consumption in the manufacture of Wagons by the Company.

### Heavy Earth Moving Machinery (HEMM)

Performance of the segment during the financial year 2012-13 improved with the sale of 16 equipments, higher by 220% whereas production at 7 units was lower by 46.15%, compared to the previous financial year. Higher sales volume led PBIT to rise 481.60%, over the corresponding figure of FY 12 on account of two distinct categories of equipments sold during the year under review.

Your Board is seized of the vital aspect of development of new products and overhaul of the business model of this segment and would take the steps in due course subject to the applicable compliances.

### Special Projects - Steel Bridges

Revenue from Steel Bridges accounts for a marginal portion of the total revenues of the Company, however, the segment affords the prestige of being associated with the Country's defence sector and also has huge potential for growth in future. The Company is exploring association with a world renowned manufacturer of steel bridges to develop the segment.

## Strategic and Joint Venture Agreements

Update on your Company's strategic partnerships entered into for growth and expansion of its businesses is as follows :

### Cimco Equity Holdings Private Limited (CEHPL)

The Joint Venture namely Cimco Equity Holdings Private Limited (CEHPL) is the holding company of CIMMCO Limited (Cimmco) and was incorporated to be the Special Purpose Vehicle for the Company for revival of Cimmco in accordance with the Rehabilitation Scheme sanctioned by the Hon'ble BIFR. Cimmco is a manufacturer of Wagons and other engineering products, however, there is no conflict of interest.

### Greysam and Co. Private Limited (Greysam)

The joint venture namely, Greysam 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. Greysam 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. Aimed at backward integration, the production at Greysam's unit had to be suspended due to various reasons including partial strike by the workmen. The options available are being evaluated and the matter is receiving due attention for suitable action.

### 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, seeking to develop, design, manufacture, service and distribute Aluminium Rail Cars, Gondolas etc. Due to various compelling reasons, JVC withdrew last year its proposal for design approval submitted to RDSO. Meanwhile, as agreed JV Agreement has been terminated upon execution of Settlement Agreement between the Joint Venture partners on the 18th February, 2013 and consequently the JVC would be wound up subject to the applicable compliances.



# Directors' Report

## Directors

Shri Nandan Bhattacharya and Shri Manoj Mohanka, Directors retire by rotation and being eligible offer themselves for re-appointment at the ensuing Annual General Meeting (AGM). Shri Sudev Chandra Das appointed as an Additional Director by the Board w.e.f. the 13th May, 2013, holds office upto the date of ensuing AGM and in accordance with the provision of Section 257 of the Companies Act, 1956 (the Act) is eligible for appointment. Notice pursuant to the provisions of Section 257 proposing the candidature of Shri Das has been received from a member of the Company proposing his appointment.

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

## Directors' Responsibility Statement

The Directors state that :

- Appropriate Accounting Standards as are applicable to the Annual Statement of Accounts for the financial year ended the March 31, 2013 have been followed in preparation of the said accounts and there were no material departures therefrom requiring any explanation;
- The Directors have selected and followed the accounting policies as described in the Notes on Accounts and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of financial year and of the Profit and Loss statement of the Company for that period;
- Proper and sufficient care has been taken for maintaining adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- The Annual Accounts have been prepared on a going concern basis.

## Auditors, Consolidated Financial Statements and Auditor's Report

Messrs S R Batliboi & Co. LLP, 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.

In accordance with Accounting Standard 21 - Consolidated Financial Statement of Accounts, Accounting Standard 23 - Accounting for Investments in Associates in Consolidated Financial Statements (CFS) and Accounting Standard 27 - Financial Reporting on Interest in Joint Ventures issued by the Institute of Chartered Accountants of India, consolidated financial accounts prepared on the basis of financial statements received from subsidiaries, associates and joint venture companies as approved by their respective Boards, form part of this report & Accounts. As regards the qualified opinion in Auditor's Report on CFS, in addition to Notes No. 31, 13.2 & 11 being self explanatory and requiring no further clarification from the Directors at this stage, a gist of management response is as follows :

- (i) Demand made by ARCIL against the joint venture company (JVC) was not in consonance with the understanding i. e. the alleged amount will stand repaid upon invocation of the pledge of shares being the exclusive security in its favour and therefore, JVC denied such additional demand and thus no provision has been considered necessary. Subsequently in an application filed by ARCIL before the BIFR on the subject, it has been held that ARCIL's prayers are not maintainable.
- (ii) The amount comprised of three separate claims has been considered good of recovery based on the facts of each matter and progress witnessed therein including the ruling of the apex court having a direct (positive) bearing on the grounds taken in one of the proceedings filed by JVC. Whereas arbitration has resumed in one of the matters, a part of the amount has already been received against guarantee given in compliance with the Hon'ble High Court's order in favour of the JVC in the other matter. Therefore, the management is pursuing the proceedings and is hopeful of recovering the said amounts.
- (iii) Order for Wagons procurement having been placed by the customer, JVC has taken steps to execute the same in right earnest and is virtually certain of earning reasonable taxable profit to claim entire Deferred Tax Asset in near future.

## Cost Auditors

Messrs D. Radhakrishnan & Co., Cost Accountants were re-appointed as Cost Auditors to conduct cost audit of the accounts maintained by the Company in respect of the products manufactured by the Company, for the Financial Year 2013-14. The Cost Audit Report for the financial year 31st March, 2013 would be filed with the authority concerned within the time stipulated by law.

## Fixed Deposits

The Company did not accept any deposits during the financial year ended March 31, 2013.



## Directors' Report

### Subsidiary Companies

A statement containing in brief the details required under Section 212(3) of the Companies Act, 1956 and pursuant to the Circular No. 2/2011 dated February 8, 2011 issued by Ministry of Corporate Affairs regarding Titagarh Capital Private Limited (Formerly known as Flourish Securities and Finance Private Limited), Titagarh Singapore Pte. Limited, Titagarh Marine Limited (including its subsidiary) and Titagarh Cranes Private Limited (w.e.f. August 24, 2012), wholly owned subsidiaries of the Company and Greysam and Co. Private Limited and Titagarh Wagons AFR, France, subsidiaries of the Company is included in the Annual Report.

The Accounts of the subsidiaries are not attached to the Annual Report and Accounts and a copy thereof will be made available upon request by any member of the Company/its subsidiaries at the Registered Office of the Company/ respective subsidiary companies.

### 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 have been cordial throughout the year under review. The Directors express their 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

As part of your Company's Social Responsibility, involvement in various Community Welfare Programmes, directly and through philanthropic organizations continues. Your Company has donated to the charitable institutions and schools engaged in medical, education and relief of the poor sections of the society. Further, the fourth batch of 126 students (including 13 female 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, is being imparted hands-on training. Thus, upon completion of the training of the current batch in July, 2013, a total of about 350 students would have been trained at the ITI.

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

### Listing

The Company's Equity Shares are listed at the Bombay Stock Exchange Limited (BSE) and The National Stock Exchange of India Limited (NSE). The listing fees for the financial year ending on March 31, 2014 have been duly paid.

### Acknowledgement

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

Kolkata  
May 20, 2013

For and on behalf of the Board

**J P Chowdhary**  
Executive Chairman





# Annexure to Directors' Report

## ANNEXURE A

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

### A. CONSERVATION OF ENERGY

- a) Energy conservation measures taken :
  - 1) Use of transparent sheets in sheds to utilise 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.
- b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy :
  - 1) Usage of LED Energy Efficient lighting system for shop floor illumination and street light.
  - 2) Water management by delinking industrial and domestic use.
  - 3) Replacement of existing two nos. of 750 KVA, 6 KV old model transformer into new energy efficient transformer.
  - 4) Separate CESC Connection has to be taken for I.T.I Centre to reduce the existing meter power consumption.
  - 5) Separate CESC Connection has to be taken for domestic area at worker and staff quarter.
- c) Impact of measures at a) and b) above for reduction of energy consumption and consequent impact on cost of production of goods:  
The measures taken as above will result in saving of non renewable sources of power and energy which are scarce and expensive in the country and thus will result in lowering of the cost of production as well as saving the non renewable sources of energy.

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

	2012-13	2011-12
<b>a) i) Electricity</b>		
<b>Purchased</b>		
Units (Kwh)	2,39,54,715	3,09,85,073
Total Amount (Rs. In lacs)	1,988	1,951
Rate/Unit (Rs.)	8.30	6.30
<b>ii) Furnace Oil/LDO/LVFO</b>		
Quantity (K Litres)	1,865	2,064
Total cost (Rs. In lacs)	746	851
Average rate (Rs.)	40,022	41,244
<b>b) Consumption per unit of production</b>		
<b>Products</b>	<b>Standards (if any)</b>	
<b>Wagons and Coaches</b>		
No. of Wagons produced	-	2,495
Electricity (Kwh) per Wagon manufactured	-	1,454
<b>Steel Castings</b>		
MT of Castings Produced	-	9,971
Electricity (Kwh) per MT of casting manufactured	-	1,598
Furnace Oil (KI) per MT of casting manufactured	-	0.19
<b>HEMM</b>		
Number	-	7
Electricity (Kwh) per unit manufactured	-	2,70,560
		2,99,960

### 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 :

Serious and intensive development work has been carried out during the financial year under review pertaining to the following Special Purpose Wagons.

- While TWL's own 'COR' Automobile Carrying Wagon is awaiting field trial of the 1st prototype as well as 'Patent', a lot of advanced features have been incorporated by TWL in a differently designed Automobile Carrying Wagon conceptualized in the basic form by RDSO. Prototype against the latter has successfully undergone rigid and stringent trial run. This is going to be the first commercial run of a genuine Automobile carrying Wagon on Indian Railway Tracks, courtesy, TWL's In-house R&D Team.
- A sophisticated design is closes to finalization / approval by RDSO for a Steel Coil Carrying Wagon.
- Following successful development of a design for Brake Van for BLCA Wagon for the Indian Railways, the basic philosophy of design developed is being leveraged to design a Special Purpose Brake Van for the MG Freight Container Wagon rakes to be run by the Bangladesh Railway. Incidentally, a new design for MG BLCA Wagons for Bangladesh Railways has simultaneously been developed by our In-house R&D Team.

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

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

## Annexure to Directors' Report

### 3. Future plan of action :

While developing newer Special Purpose Wagons will engage the attention of our In-house R&D Team, a lot of focused attention will have to be directed towards development of newer generation of EMU & DEMU Coaches. Our team will not allow developing Metro Coaches go out of focus because of understandable huge potential in the Indian context.

### 4. Expenditure on R & D :

(Rs. in lacs)

	2012-13	2011-12
Capital	Nil	Nil
Recurring	43.88	18.95
<b>Total</b>	<b>43.88</b>	<b>18.95</b>
<b>Total R &amp; D expenditure as a percentage of total turnover</b>	<b>0.087%</b>	<b>0.029%</b>

### Technology Absorption, Adaptation And Innovation

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

- A few critical wagon parts were produced by using specially developed Press Tools. More accurate parts by this innovative process have been achieved. Earlier these parts were produced by Plasma Cutting process.
- Saving a considerable amount of Man-hours after making a few innovative process changes during the fabrication of wagons has been attend. As a result, re-work was reduced considerably.
- After the implementation of various innovative press tools, our NBC (IFS) productivity as well as quality, has been improved substantially.
- Some of the Hydraulic Tanks required chilling plant from outside sources which are very costly. Own innovative design has been made and two machines in place of Hydraulic Tanks installed. Results were very effective.

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

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

#### 3. Information on imported technology

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

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

### ANNEXURE B

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

Particulars	Name of the Employees	
	Shri J P Chowdhary	Shri Umesh Chowdhary
Designation	Executive Chairman	Vice Chairman & Managing Director
Remuneration Received (Rs./Lacs)#	212.65	148.86
Nature of employment	Contractual	Contractual
Nature of duties of employees	Co-ordination amongst upper echelon of Management and overseeing policy directives and Corporate Governance issues	Management of the day to day affairs of the Company
Qualifications	B.Com. MIMA	B. Com.
Experience (Years)	51	21
Date of commencement of employment	08.01.2007	01.07.2002
Age (Years)	73	39
Last employment held	Bhartia Electric Steel Company Limited	Titagarh Industries Limited
Number and % of equity shares held in the Company	31,308 (0.16%)	15,485 (0.08%)

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



## Statement regarding Subsidiary Companies as on March 31, 2013

Particulars required under Section 212 of the Companies Act, 1956

(Rupees in lacs)

1	Name of the Subsidiary Company	Titagarh Capital Pvt Ltd (Flourish Securities and Finance Private Limited)	Titagarh Singapore Pte. Limited*	Titagarh Wagons AFR**	Greysam and Co. Private Limited	Titagarh Marine Ltd	Titagarh Cranes Private Limited (w.e.f. August 24, 2012)
2	Financial period of the subsidiary ended on	31/03/2013	31/03/2013	31/03/2013	31/03/2013	31/03/2013	31/03/2013
3	Holding Company's Interest	100% of the Paid up Equity and Preference Share Capital	100% of the Paid up Equity Share Capital	100% of the Paid up Equity Share Capital	50% of the Paid up Equity Share Capital	100% of the Paid up Equity Share Capital	100% of the Paid up Equity Share Capital
4	Share Capital (Issued, Subscribed and Paid up) Equity Share Capital Preference Share Capital	1500 2500	633.63 Nil	3007.57 Nil	71 Nil	455 Nil	1.00 Nil
5	Reserves (including Profit and Loss Account –Debit balance)	-1284.92	-137.12	524.91	-33.02	-198.51	-20.26
6	Total Assets	2733.19	499.34	21013.23	38.01	2908.62	4.16
7	Total Liabilities	18.11	2.83	17480.71	0.33	2652.14	12.91
8	Investments	Nil	476.80	Nil	Nil	547.21	Nil
9	Turnover	Nil	Nil	24303.35	Nil	46.20	Nil
10	Total Income	63.87	Nil	24761.35	0.22	54.93	Nil
11	Profit/(Loss) Before Tax	37.65	-6.89	758.80	-0.24	-165.03	Nil
12	Provision for Taxation (Including Deferred Taxes)	1.23	Nil	178.47	Nil	Nil	Nil
13	Profit/(Loss) After Tax	36.42	-6.89	580.33	-0.24	-165.03	Nil
14	Proposed Dividend	Nil	Nil	Nil	Nil	Nil	Nil
15	Net Aggregate Profits/ Losses for the current financial year since becoming subsidiary so far as it concerns the members of the holding company dealt with or provided for in accounts of the holding company	Nil	Nil	Nil	Nil	Nil	Nil
16	Net Aggregate Profits/ Losses for the current financial year since becoming subsidiary so far as it concerns the members of the holding company not dealt with or provided for in accounts of the holding company	36.42	-6.89	580.33	-0.12	-165.03	-21.26
17	Net Aggregate Profits/ Losses for the previous financial years since becoming subsidiary so far as it concerns the members of the holding company dealt with or provided for in accounts of the holding company	Nil	Nil	Nil	Nil	Nil	Nil
18	Net Aggregate Profits/ Losses for the previous financial years since becoming subsidiary so far as it concerns the members of the holding company not dealt with or provided for in accounts of the holding company	-1323.60	-95.59	666.21	-12.83	-21.10	Nil

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

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

[Exchange Rate for conversion : 1USD=Rs.54.3893 as on March 31, 2013]

[Exchange Rate for conversion : 1Euro=Rs.69.5438 as on March 31, 2013]

For and on behalf of the Board of Directors

**J P Chowdhary**  
Executive Chairman**D N Davar**  
Director**Umesh Chowdhary**  
Vice Chairman & Managing Director**Dinesh Arya**  
Company Secretary**Anil Kumar Agarwal**  
Chief Financial Officer

# Management Discussion and Analysis

## Overall Review

The overall performance of the Company during the financial year 2012-13 was affected adversely mainly due to inordinate delay in release of order for procurement of Wagons and withholding by ICF and RCF of designs of Coaches by the single largest customer- Indian Railway and weak demand from the private sector, such factors being exceptional/beyond the control of the Company.

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

- Achieving substantial growth in the other verticals viz. Coaches, Castings, HEMM and special projects;
- Creating and maintaining niche markets and undertaking growth both through organic and inorganic routes;
- Improvement in utilization of assets to achieve productivity gains;
- Measures to consistently reduce costs and bringing improvement in productivity;
- Improvement of Working capital management;
- Expansion of capacity and upgradation of facilities to be better prepared for the potential growth in demand for the Company's portfolio of products.

## Business Segments

### Wagons and Rail Coaches (EMUs)

#### Wagons

- a) **Industry Outlook :** As per the Railway Budget announced in March, 2013, plan outlay of Rs. 63,363 crore during 2013-14 is the highest ever set by the Government of India and though not mentioned in the Budget speech, procurement of rolling stock during the current fiscal is expected to be 13000 Wagons. The Budget provides for freight loading capacity enhanced by 40 MT to 1047 MT, up by 3.9% over that in FY 2012-13. Apart from, expansion in logistics and environment protection through Green initiatives, proposed setting up of Railway Tariff Regulatory Authority is noteworthy. Depreciating Rupee and rising oil prices would necessitate cost effective movement of cargo by railway network and would lead to continuing firm demand for Wagons in future.
- b) **Opportunities :** With the cost effective movement of cargo by railway network expected to be increasingly preferred over that by road, Wagons would continue to play an important role as an effective and more economical mode of carrying goods across the country. The Government's plans to expand the railway network and the project of dedicated freight corridors if implemented in right earnest, Wagon industry offers huge opportunity which can be seized particularly by established units to fullest extent.
- c) **Challenges :** Uncertainty as to timely availability of raw materials & components are major challenges for Wagon industry in India. The dependence on one customer i.e. Indian Railways (**IR**) is a concern in as much as any change in the Government policy stands to directly impact the industry.
- d) **Segment Review and Analysis :**

	Unit	2012-13	2011-12	% Change
Production of Wagons	No.	2495	2761	-9.63
Sales	No.	2362	2855	-17.27
Average Realisation	Rs. in Lacs/No.	18.72	18.76	-0.21
Profit Before Interest & Tax	Rs. in Lacs	4394.54	9822.65	-55.26

**Review of Operations :** Operating Profit of the segment declined due to lower sales caused by change in the type of wagons procured by the customer; lower sales volume and production during the FY 2012-13 as compared with the figures for the previous financial year coupled with apparently ill founded aggressive competition by some of the other manufacturers and rising input costs.

- e) **Company Outlook :** Demand for Wagons from IR is expected to be firm due to macro and micro economic factors however, delay in decision at IR's end, fund flow status and policy adopted by it have a direct bearing on the financial performance of the Company. As such the Company is focused on derisking its business.

#### Rail Coaches (EMUs)

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

Execution of the orders for 12 rakes of MEMU and 11 rakes of EMU valued at about Rs. 250 crore secured by the Company from Indian Railway during the previous financial year could not be taken up as the designs for the products are yet to be released by ICF and RCF, agency nominated by the Company for the purpose resulting in avoidable burden of substantial cost of inventory having been marshalled by the Company to ensure uninterrupted production and timely delivery.

Heavy Engineering Division of the Company is equipped to turn out a fairly large number of AC/EMUs per month and upon release of designs by ICF and RCF execution as per the stipulated delivery schedule of the said orders is expected to be smooth. The Company is actively pursuing the release of designs and as inordinate delay has a direct bearing on the performance of the Company and therefore initiation of proceedings in the matter might have to be resorted to.

#### Steel Castings

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



## Management Discussion and Analysis

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

	Unit	2012-13	2011-12	% Change
Production of Steel Castings	M.T.	<b>9971.36</b>	14583.20	-31.62
Sales	M.T.	<b>9971.36*</b>	14583.20*	-31.62
Average Realisation	Rs. in Lacs/ MT	<b>2.07</b>	1.51	37.08
Profit Before Interest & Tax	Rs. in Lacs	<b>759.17</b>	1691.68	-55.12

\* includes 7586 MT consumed internally for manufacture of wagons by the Company.

**Review of operations :** In line with the lower production and sales volume due to delay in release of procurement order by IR, the Segment's performance has been affected adversely. However, the Division continues to be strategically vital for ensuring timely availability of critical components for manufacture of wagons segment which is the core competency of the Company.

- e) **Company Outlook :** Steel Castings segment presents healthy growth opportunity and plans for exploiting the same by the Company are under sharp focus.

### Heavy Earth Moving Machinery (HEMM)

- a) **Industry Outlook :** Infrastructure projects and construction activities offer great many opportunities for heavy earth moving and mining machinery as the Government of India has plans to continue pursuing development of infrastructure in the country by embarking upon massive projects.
- b) **Opportunities :** The need for infrastructure in the country including construction of bridges, highways, airports, ports and housing would continue to provide growth opportunities of varying degree to both the established and new players as well in the mining and heavy earth moving machinery space.
- c) **Challenges :** In addition to the volatility in prices and availability of principal raw material being steel and other inputs viz. power and fuel costs, financial capacity of the customers in this space poses the challenging task of devising the right marketing strategy in construction and mining.
- d) **Segment Review & Analysis :**

	Unit	2012-13	2011-12	% Change
Production of Equipments	No.	<b>7</b>	13	-46.15
Sales	No.	<b>16</b>	5	220.00
Average Realisation	Rs. in Lacs/No.	<b>133.79</b>	161.19	-16.92
Profit Before Interest & Tax	Rs. in Lacs	<b>133.41</b>	(34.96)	481.60

**Review of Operations :** The Segment's operating profit improved, however average realisation declined due to different type of equipments with varying realisation per unit and increased cost of production as compared to the previous financial year.

- e) **Company Outlook :** Development of new products and change in the business model are under active consideration of the Board as the Segment has substantial scope for growth.

### Risks and Concerns

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

#### Dependence on the Indian Railways

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

#### Increase in the cost of raw materials and other inputs

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

## Management Discussion and Analysis

### 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 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. The businesses acquired by the Company face the management, revival and integration risks. With effective strategising and monitoring of the steps taken, the Company has generally been successful in turning around the operations of the businesses acquired, particularly the Rolling Stock manufacturing unit in France which has recorded reasonably healthy performance during the financial year ended March 31, 2013.

The risk management framework and measures for mitigation of the risks are being reviewed periodically by the Audit Committee and management so as to enable the Board to evolve an appropriate risk management policy even as implementation of risk mitigation continues wherever necessary.

### Internal Control System and Adequacy

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

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

The Company has appointed external firm of Chartered Accountants to conduct internal audit whose periodic reports are reviewed by the Audit Committee and management for bringing about desired improvement wherever necessary.

### Discussion on Financial Performance with respect to Operational Performance

Notwithstanding the factors referred to hereinabove impacting the operations, better manufacturing processes, improved productivity and focus on optimization of resource deployment enabled the Company to achieve reasonable performance despite the turbulent conditions prevalent in the industries in which the Company operates particularly in the Wagons segment.

### 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, 2013 was 848.

### 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.

Kolkata  
May 20, 2013

For and on behalf of the Board

**J P Chowdhary**  
Executive Chairman



# Corporate Governance Report

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

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

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

## Board of Directors

TWL's Board as at March 31, 2013 comprised of ten directors including - Executive Chairman, 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.	Name of Director	No. of Board Meetings attended	Attendance at previous AGM on 15/09/2012	No. of other directorships held <sup>a</sup>	No of membership/ chairmanship in Committees <sup>b</sup>	Category
1.	Shri J P Chowdhary	7	Present	5	1	Promoter & Executive Chairman
2.	Shri Umesh Chowdhary	6	Present	4	1	Promoter & Executive
3.	Shri D N Davar	7	Present	13	9	Non-Promoter & Independent
4.	Shri Nandan Bhattacharya	7	Present	1	2	Non-Promoter & Independent
5.	Shri Abhas Sen	7	Present	1	1	Non-Promoter & Independent
6.	Shri Alope Mookherjea	7	Present	4	1	Non-Promoter & Independent
7.	Shri Manoj Mohanka	6	Present	6	6	Non-Promoter & Independent
8.	Shri Sanjay Kukreja	Nil	Absent	2	Nil	Nominee Director of Goya Ltd.
9.	Shri Nand Kishore Mittal	1	Absent	3	Nil	Non-Promoter & Non Executive
10.	Shri Arvind Pande	3	Absent	3	2	Non-Promoter & Independent
11.	Mr. Charles Magolske*	Nil	Absent	Nil	Nil	Non-Promoter and Independent

\* Mr. Charles Magolske resigned from the Board w.e.f the 24th December, 2012.

[(a)-Directorship of Companies registered under the Companies Act, 1956 but excluding Indian private companies, foreign companies, companies u/s 25 of the Companies Act, 1956 (the Act) and alternate directorship].

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

## Board Meetings held during the Financial Year Ended the 31st March, 2013

During the Financial Year ended the 31st March, 2013, Seven (7) Board Meetings were held on 28th April, 2012, 30th July, 2012, 15th September, 2012, 12th November, 2012, 23rd November, 2012, 30th January, 2013 and 18th February, 2013.

## Appointment/Re-appointment of Directors

Shri Manoj Mohanka and Shri Nandan Bhattacharya, Directors retire by rotation and are eligible for reappointment. Shri Sudev Chandra Das, appointed as an Additional Director on the 13th May, 2013 vacates office at the ensuing Annual General Meeting (AGM) and is eligible for appointment pursuant to the Section 257 of the Companies Act, 1956 (the Act). A brief resume each together with the other directorship/committee membership of the directors being appointed/reappointed is given below :

### Shri Manoj Mohanka

Shri Mohanka aged about 50 years is an independent Director of the Company. He holds Bachelor's degree in Commerce with Honours from St. Xavier's College, Kolkata and a Masters Degree with specialization in Strategic Marketing from National University of Ireland and has been a Chevening-Gurukul Scholar at London School of Economics. He has almost 25 years of experience in manufacturing and service sector.

## Corporate Governance Report

He is also on the Boards of Network 18 Media & Investment Ltd., Indian Terrain Fashion Ltd., 3D Technopack Ltd., India Carbon Ltd., Artevea Digital India Pvt. Ltd., TV 18 Broadcast Ltd., Info Media Press Ltd. and Television 18 Mauritius Ltd. and the details of his Chairmanship/membership of committees is as given below :

Sl. No.	Name of the Company	Names of Committees	Position
1	Titagarh Wagons Limited	Audit, Shareholders'/Investors' Grievance, Remuneration, Nomination and Merger & Acquisition Committee	Member
2	Network18 Media & Investment Limited	Audit*, Investors' Grievance*, Remuneration*, Postal Ballot and Rights Issue Committee	*Chairman/Member
3	TV18 Broadcast Limited	Audit*, Remuneration, Shareholders' Grievance and Capital Issues	*Chairman/ Member
4	Infomedia18 Limited	Compensation*, Remuneration and Shareholders' Grievance*	*Chairman
5	India Carbon Limited	Remuneration and Audit	Member

### Shri Nandan Bhattacharya

Shri Bhattacharya aged about 73 years is an Independent Director of the Company. He holds a Bachelor's Degree in Engineering with specialization in telecommunications and electronics from Jadavpur University, Kolkata. Prior to joining the Board he served Philips India Ltd. and Webel Telecommunications Ltd. He was the Managing Director of West Bengal Electronics Industries Development Corporation Ltd. and also India Head of Asia IT & C project of European Commission at Bangkok. He has over 45 years of experience in manufacturing, industrial promotion and service. He is also on the Boards of IFB Agro Industries Ltd., Cad World Info Systems Pvt Ltd., Titagarh Capital Pvt. Ltd. and Qulitas AE Services Pvt. Ltd. Shri Bhattacharya is member of the following committees :

Sl. No.	Name of the Company	Names of Committees	Position
1	Titagarh Wagons Limited	Audit, Shareholders'/Investors' Grievance*, Remuneration, Nomination and Merger & Acquisition Committee, Committee of Directors, Restructuring, Allotment and Finance	*Chairman/Member
2	IFB Agro Industries Limited	Audit and Shareholders'/Investors' Grievance	Member

### Shri Sudev Chandra Das

Shri Sudev Chandra Das aged about 66 years is an Independent Director. He is M.A. (Economics) and has about 40 years of experience in banking, finance (including corporate and export finance), finance/securities markets and for the past 6 years in education sector.

Shri Das joined State Bank of India in the year 1970 as a Probationary Officer and subsequently reached the position of Chief General Manager in the Bank. Thereafter, for three years he held the position of Executive Director in the Securities & Exchange Board of India where he also had the opportunity to serve in various important Committees. Since his retirement from SEBI, he pursued a career in academics, holding different academic positions in Goa Institute of Management, ICFAI School of Financial Studies (ISFS), Kolkata and at Calcutta Business School. He also had a short stint at the Calcutta Stock Exchange as its Chief Operating Officer. Currently, he is on the Board of Indian Steel & Wire Products Ltd and the Calcutta Stock Exchange Ltd. He is Chairman/Member of the following committees :

Sl. No.	Name of the Company	Names of Committees	Position
1	Indian Steel & Wire Product Ltd.	Audit, Remuneration and Management	Member
2	The Calcutta Stock Exchange Ltd. (CSE)	Audit*, Investor Grievances*, Sub-Committee for Monitoring Compliance*, Investor Service*, Public Interest Directors', Independent Oversight Committee of Governing Board for Trading Surveillance*, Independent Oversight Committee of the Governing Board for Listing and Compensation & HR and Defaulters'	*Chairman/Member

## Board Committees

### Audit Committee

The Audit Committee comprises Shri D N Davar, Shri Nandan Bhattacharya, Shri Manoj Mohanka and Shri Arvind Pande (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 Dinesh Arya, Company Secretary acts as the Secretary to the Committee. The role and duties of the Audit Committee have been defined by the Board of Directors under Section 292A of the Companies Act, 1956 and cover the areas mentioned under Clause 49 of the updated Listing Agreement. Attendance at and dates of Audit Committee meetings held are as follows :

Attendance at the Audit Committee Meeting held on

Sl. No.	Name of Director	28.04.12	30.07.12	15.09.12	12.11.12	23.11.12	30.01.13	18.02.13
1	Shri D N Davar	Present	Present	Present	Present	Present	Present	Present
2	Shri Nandan Bhattacharya	Present	Present	Present	Present	Present	Present	Present
3	Shri Manoj Mohanka	Present	Present	Present	Present	Present	Absent	Present
4	Shri Arvind Pande	Absent	Present	Absent	Absent	Absent	Absent	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 being the other two members. Shri Dinesh Arya, Company Secretary is the Compliance Officer. The attendance at and dates of Shareholders'/Investors' Grievance Committee meetings held and the Status of Investors' complaints are as follows :

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

Sl. No.	Name of Director	28.04.12	30.07.12	12.11.12	30.01.13
1	Shri Nandan Bhattacharya	Present	Present	Present	Present
2	Shri Manoj Mohanka	Present	Present	Present	Absent
3	Shri Umesh Chowdhary	Present	Present	Present	Present





## Corporate Governance Report

In aggregate 76 cases of investors' grievances (including routine queries) were received during the Financial year 2012-13 pertaining to non-receipts of Dividend Warrants, Annual Reports and non-receipt of Certificate(s) which were duly redressed in time and no investors' grievance was pending as at 31st March, 2013. There was also no investor complaint pending against the Company as at 31st March, 2013 on SCORES, the web based complaint redressal system of SEBI.

All valid requests for transfer of shares in physical mode received during the financial year ended the 31st March, 2013 have been acted upon by the Company and no such transfer is pending.

### Remuneration Committee

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

Sl. No.	Name of Directors	30.07.12	12.11.12	30.01.13
1	Shri D N Davar	Present	Present	Present
2	Shri Nandan Bhattacharya	Present	Present	Present
3	Shri Manoj Mohanka	Present	Present	Absent

Remuneration policy of the Company is based on the need to attract the best available talent and is in line with the prevailing trends in the industry. The remuneration policy therefore is market led and aimed at leveraging the performance appropriately.

### Allotment Committee

The Committee comprises of Shri Abhas Sen and Shri Nandan Bhattacharya, Independent Directors. No meeting of the Committee was required to be held during the year under review.

### Nomination Committee

Shri D N Davar, Shri Nandan Bhattacharya and Shri Manoj Mohanka, Independent Directors are the members of the said Committee. No meeting was required to be held during the year ended March 31, 2013.

### Restructuring Committee

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

Attendance at and dates of the Committee meetings held are as follows :

Sl. No.	Name of Director	30.07.12	17.11.12	23.11.12	24.12.12	18.02.13
1	Shri J P Chowdhary	Present	Present	Present	Present	Present
2	Shri Umesh Chowdhary	Present	Present	Present	Present	Absent
3	Shri D N Davar	Present	Present	Present	Absent	Present
4	Shri Nandan Bhattacharya	Present	Present	Present	Present	Present

### Committee of Directors

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

Sl. No.	Name of Director	07.07.12
1	Shri J P Chowdhary	Present
2	Shri Umesh Chowdhary	Present
3	Shri D N Davar	Present
4	Shri Nandan Bhattacharya	Absent

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

Remuneration of Directors for the financial year ended the 31st March, 2013 and their shareholding in the Company :

Rs./Lacs

Sl. No.	Name of Director	Sitting Fees	Salaries & Perquisites	Commission	Total	No. of Shares held
1	Shri J P Chowdhary	Nil	166.00	46.65	212.65	31,308
2	Shri Umesh Chowdhary	Nil	148.86	Nil	148.86	15,485
3	Shri D N Davar	4.20	Nil	6.25	10.45	Nil
4	Shri Nandan Bhattacharya	4.00	Nil	0.75	4.75	Nil
5	Shri Abhas Sen	1.40	Nil	0.75	2.15	Nil
6	Shri Alope Mookherjea	1.40	Nil	0.75	2.15	Nil
7	Shri Manoj Mohanka	2.90	Nil	0.75	3.65	Nil
8	Shri Charles Magolske	Nil	Nil	Nil	Nil	Nil
9	Shri Sanjay Kukreja	Nil	Nil	Nil	Nil	Nil
10	Shri Nand Kishore Mittal	0.20	Nil	Nil	0.20	90
11	Shri Arvind Pande	1.00	Nil	0.75	1.75	Nil
	<b>Total</b>	<b>15.10</b>	<b>314.86</b>	<b>56.65</b>	<b>386.61</b>	<b>46,883</b>

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

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

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

# Corporate Governance Report

## General Body Meetings

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

Year	Annual General Meeting #	Venue	Date	Time	No. of Special Resolutions passed
2009-2010	13th	Rotary Sadan 94/2, Chowringhee Road, Kolkata-700020	27.08.2010	10.00 A.M.	Two
2010-2011	14th	Kalakunj 48, Shakespeare Sarani, Kolkata-700017	27.07.2011	10.30 A.M.	Four
2011-2012	15th	Kalakunj 48, Shakespeare Sarani, Kolkata-700017	15.09.2012	10.30 A.M.	Three

*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

- The related party transactions have been disclosed in the Notes on Accounts forming part of the Statement of Accounts for the financial year ended the 31st March, 2013 and no transaction is considered to be pecuniary and/or in potential conflict with the interests of the Company at large.
- There has not been any non-compliance, penalties or strictures imposed on the Company by the Stock Exchange(s), Securities and Exchange Board of India or any other statutory authority, on any matter relating to the capital markets, during the last 3 years.
- The Company affirms that no personnel has been denied access to the Audit Committee.
- All the mandatory requirements have been appropriately complied with and the non-mandatory requirements relating to Remuneration Committee have also been complied with.

## Code of Conduct for Prohibition of Insider Trading

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

## Means of Communication

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

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

## General Shareholder Information

### Annual General Meeting

Date and Time	: Monday, the 26th August, 2013
Venue	: Kalakunj, 48, Shakespeare Sarani, Kolkata-700017
Dividend Payment Date	: Within 30 days from the date of Annual General Meeting
Dates of Book Closure	: Saturday, 17th August, 2013 to Monday, 26th August, 2013 (both days inclusive)

### Financial Calendar

First Quarter Results	: July-August, 2013
Second Quarter Results	: October-November, 2013
Third Quarter Results	: January-February, 2014
Fourth Quarter Results	: April/May, 2014

### 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 2013-14 have been paid to both BSE and NSE. ISIN for dematerialization is INE 615H01012.

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

In accordance with newly inserted Clause 5A of Listing Agreement, the Company has issued three reminder letters to shareholders concerned out of which shareholders comprising 663 folios holding 3,301 equity shares have not responded to the intimations sent. The Company is in the process of dematerializing the same as per the provisions of the clause.

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



## Corporate Governance Report

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

#### (A) Bombay Stock Exchange Limited

Month	High (Rs.)	Low (Rs.)	Quantity Traded (Shares)	Sensitive Index	
				High	Low
April 2012	390.00	325.00	10,63,248	17,664.10	17,010.16
May 2012	342.90	300.10	1,51,856	17,432.33	15,809.71
June 2012	319.85	295.20	2,70,494	17,448.48	15,748.98
July 2012	368.90	294.05	1,99,419	17,631.19	16,598.48
August 2012	322.25	298.05	42,847	17,972.54	17,026.97
September 2012	334.80	290.00	1,11,840	18,869.94	17,250.80
October 2012	352.00	322.00	1,64,204	19,137.29	18,393.42
November 2012	351.50	322.00	1,58,863	19,372.70	18,255.69
December 2012	392.95	346.50	1,78,665	19,612.18	19,149.03
January 2013	384.00	299.05	3,75,978	20,203.66	19,508.93
February 2013	334.90	190.20	16,60,081	19,966.69	18,793.97
March 2013	205.50	158.60	4,91,439	19,754.66	18,568.43

#### (B) National Stock Exchange Of India Limited

Month	High (Rs.)	Low (Rs.)	Quantity Traded (Shares)	CNX NIFTY	
				High	Low
April 2012	361.60	325.00	6,17,154	5,378.75	5,154.30
May 2012	345.00	300.35	2,93,832	5,279.60	4,788.95
June 2012	319.40	296.10	3,59,642	5,286.25	4,770.35
July 2012	362.00	294.00	5,84,889	5,348.55	5,032.40
August 2012	321.60	275.55	1,59,580	5,448.60	5,164.65
September 2012	333.90	289.30	3,63,215	5,735.15	5,215.70
October 2012	352.00	321.00	4,47,157	5,815.35	4,888.20
November 2012	352.00	324.25	3,77,156	5,885.25	5,548.35
December 2012	396.00	343.00	6,80,815	5,965.15	5,823.15
January 2013	386.10	298.10	9,19,943	6,111.80	5,935.20
February 2013	333.45	192.10	48,90,681	6,052.95	5,748.60
March 2013	205.40	159.15	14,44,226	5,971.20	5,604.85

#### Share Transfer System & Registrars and Transfer Agent ('RTA')

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

#### Categories of Shareholding as on the 31st March, 2013

Category	No. of Shares held	% of Total Shares
Promoter & Promoter Group	1,06,57,244	53.13
Mutual Funds & UTI	20,26,560	10.10
Financial Institutions & Banks	1,70,643	0.85
Private Corporate Bodies	9,59,867	4.79
Indian Public	22,33,842	11.13
N R I s / O C B s	34,49,097	17.19
Foreign Institutional Investors	5,34,682	2.67
Clearing Members	27,134	0.14
<b>Total</b>	<b>2,00,59,069</b>	<b>100.00</b>

**Dematerialisation of shares and liquidity :** 99.86% of total equity shares of the Company have been dematerialised as on 31st March, 2013.

## Corporate Governance Report

### Distribution of Shareholding as on 31st March, 2013

Range of Shares	Number of Shares	No. of Shareholders	% to Total Shares
1 to 5000	12,02,958	23,085	6.00
5001 to 10000	27,18,80	355	1.36
10001 to 20000	26,19,92	178	1.31
20001 to 30000	14,08,21	56	0.70
30001 to 40000	9,12,67	26	0.45
40001 to 50000	8,09,75	17	0.40
50001 to 100000	18,68,35	25	0.93
100001 & above	17,82,23,41	47	88.85
<b>Total</b>	<b>2,00,59,069</b>	<b>23,789</b>	<b>100.00</b>

### Subsidiary Companies

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

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

#### Wagons Division

P.O. Titagarh -743 188  
District : 24 Parganas (N) W. Bengal, India  
Telephone : 91 33 4019 0800; Fax : 91 33 2289 1655

#### Steel Castings Division

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

#### Heavy Engineering Division (HED)

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

### Address for Correspondence :

#### Titagarh Wagons Limited

Premlata, 4th Floor  
39 Shakespeare Sarani, Kolkata-700017  
Telephone : 91 33 4019 0800; Fax : 91 33 2289 1655  
Website : www.titagarh.biz

#### Registrar & Transfer Agent (RTA)

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

For and on behalf of the Board

**J P Chowdhary**  
Executive Chairman

Place : Kolkata  
Date : May 20, 2013



# Corporate Governance Report

## Declaration Affirming Compliance of Provisions of the Code of Conduct

To the best of my knowledge and belief and on the basis of declarations given to me, I hereby affirm that all the Board members and the senior management personnel have fully complied with the provisions of the Code of Conduct for Directors and Senior Management Personnel during the financial year ended 31st March, 2013.

Kolkata  
May 20, 2013

For Titagarh Wagons Limited  
**Umesh Chowdhary**  
*Vice Chairman and Managing Director*

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## 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, 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with relevant Stock Exchanges.

The compliance of the conditions of Corporate Governance is the responsibility of the management. My examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring compliance of the conditions of the 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.

Kolkata  
May 20, 2013

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



# Independent Auditor's Report

To

**The Members of Titagarh Wagons Limited**

## Report on the Financial Statements

We have audited the accompanying financial statements of Titagarh Wagons Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that :
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
  - e) On the basis of written representations received from the directors as on 31st March, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

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

per **R K AGRAWAL**  
*Partner*

Membership No.: 16667

Place : Kolkata

Date : May 13, 2013



## Annexure to the Auditor's Report

### Referred to in our report of even date to the members of Titagarh Wagons Limited as at and for the year ended March 31, 2013

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
 (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verifying the fixed assets over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.  
 (c) There was no disposal of a substantial part of fixed assets during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.  
 (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.  
 (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(a) to (d) of the Order are not applicable to the Company and hence not commented upon.  
 (b) According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(e) to (g) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, having regard to the explanation that some of the items purchased are of special nature and suitable alternative sources do not exist for obtaining comparable quotations thereof, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- (v) In our opinion, there are no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of Clause 4(v)(b) of the Order are not applicable to the Company and hence not commented upon.
- (vi) The Company has not accepted any deposit from the public within the purview of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956, related to the manufacture of wagons, coaches and engineering products and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities *though there has been slight delay in a few cases*.  
 (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	646.18	2002-2003 to 2008-2009	Deputy Commissioner/ Commissioner of Income Tax
The West Bengal Sales Tax Act, 1944	Short payment of sales tax	5.24	2004-2005	West Bengal Taxation Tribunal
The Central Sales Tax Act, 1956	Short payment of sales tax, non submission of forms and other documents	29.50	2005-2006 and 2007-2008	Joint Commissioner of Commercial Taxes
	Non submission of forms and others documents	123.39	2008-2009 and 2009-10	Senior Joint Commissioner of Commercial Taxes
The Value Added Tax Act, 2003	Additional demand of sales tax under various sections, disallowance of input tax credit, levy of purchase tax etc	42.00	2005-2006 and 2007-2008	Additional / Joint Commissioner
	Disallowance of Input Tax Credit and levy of purchase tax due to non submission of relevant documents	87.75	2007-08 and 2009-10	Senior Joint Commissioner of Commercial Taxes
The Central Excise Act, 1944	Incorrect availment of cenvat credits, short payment of duty including interest etc.	10,176.04	1991-1992, 1996-1997, 2003-2004 to 2009-2012	Various Appellate Authorities

## Annexure to the Auditor's Report

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a bank. There are no dues to financial institution and debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of Clause 4(xiii) of the Order are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Order are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has given guarantee for loans taken by a Subsidiary Company from banks, the terms and conditions whereof, in our opinion, are not prima-facie prejudicial to the interest of the Company. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from financial institutions.
- (xvi) The Company did not have any term loans outstanding during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares during the year to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money through public issue during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

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

per **R K AGRAWAL**  
*Partner*

Membership No.: 16667

Place : Kolkata

Date : May 13, 2013



**Balance Sheet** as at March 31, 2013

(Rs. in Lacs)

	Notes	As at March 31, 2013	As at March 31, 2012
<b>I. EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share capital	3	2,005.91	2,005.91
Reserves and surplus	4	61,943.38	60,592.81
		<b>63,949.29</b>	62,598.72
<b>Non-current Liabilities</b>			
Long term provisions	5	427.26	442.96
Deferred Tax Liabilities (net)	10	448.30	228.41
		<b>875.56</b>	671.37
<b>Current Liabilities</b>			
Short term borrowings	6	5,598.04	8,201.94
Trade payables	7.1	5,447.23	7,551.63
Other current liabilities	7.2	6,008.93	4,492.23
Short term provisions	5	1,486.15	2,559.23
		<b>18,540.35</b>	22,805.03
<b>TOTAL</b>		<b>83,365.20</b>	<b>86,075.12</b>
<b>II. ASSETS</b>			
<b>Non-current Assets</b>			
Fixed assets			
Tangible assets	8	9,919.62	10,167.91
Intangible assets	8	69.53	57.43
Capital work-in-progress		1,729.73	705.16
Intangible assets under development		120.00	69.14
Non-current investments	9	14,464.69	14,479.46
Loans and advances	11	1,772.50	678.18
Other non-current assets	12.2	1,715.74	56.00
		<b>29,791.81</b>	26,213.28
<b>Current Assets</b>			
Inventories	13	21,725.86	17,731.70
Trade receivables	12.1	10,713.86	8,187.71
Cash and bank balances	14	9,783.22	18,057.47
Loans and advances	11	10,407.49	14,897.15
Other current assets	12.2	942.96	987.81
		<b>53,573.39</b>	59,861.84
<b>TOTAL</b>		<b>83,365.20</b>	<b>86,075.12</b>
Summary of significant accounting policies	2		
The accompanying notes are an integral part of the financial statements			

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

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

Place : Kolkata  
Dated : May 13, 2013

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



## Statement of Profit and Loss for the year ended March 31, 2013

(Rs. in Lacs)

	Notes	For the year ended March 31, 2013	For the year ended March 31, 2012
<b>INCOME</b>			
Revenue from operations (gross)	15	52,005.71	66,773.39
Less : Excise duty		2,070.50	2,340.40
Revenue from operations (net)		49,935.21	64,432.99
Other income	16	2,929.99	2,836.08
<b>Total Revenue (I)</b>		<b>52,865.20</b>	<b>67,269.07</b>
<b>EXPENSES</b>			
Cost of raw materials & components consumed	17	31,148.08	34,464.56
(Increase)/decrease in inventories of finished goods,			
Work in progress and saleable scrap	18	(2,262.59)	828.53
Increase / (Decrease) of excise duty on inventories		42.47	(218.42)
Employee benefits expenses	19	2,395.28	3,075.35
Other expenses { including prior period expenses (net) of Rs. 113.72 lacs (Rs. 63.29 lacs)}	20	15,643.01	16,184.17
<b>Total Expenses (II)</b>		<b>46,966.25</b>	<b>54,334.19</b>
<b>Earning before interest, tax, depreciation and amortization (EBIDTA) (I-II)</b>		<b>5,898.95</b>	12,934.88
Depreciation and amortization expenses	8	782.76	665.07
Less : Recoupment from revaluation reserve		104.72	678.04
			106.34
Finance costs	21	1,486.63	893.91
<b>Profit before taxes</b>		<b>3,734.28</b>	11,482.24
<b>Tax expenses</b>			
Current tax		1,125.17	3,571.84
Deferred tax charge		219.89	247.95
Income tax for earlier years		1.41	-
<b>Total tax expenses</b>		<b>1,346.47</b>	3,819.79
<b>Profit for the year</b>		<b>2,387.81</b>	<b>7,662.45</b>
<b>Earnings per equity share</b>			
<b>[Nominal value of share Rs. 10/- (Rs. 10/-)]</b>	22		
(1) Basic		11.90	40.72
(2) Diluted		11.90	40.10
Summary of significant accounting policies	2		
The accompanying notes are an integral part of the financial statements			

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

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

Place : Kolkata  
Dated : May 13, 2013

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, 2013

(Rs. in Lacs)

	For the year ended March 31, 2013	For the year ended March 31, 2012
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before taxation	3,734.28	11,482.24
<b>Adjustments for :</b>		
Depreciation and amortization expenses	678.04	558.73
Interest Expenses	1,217.08	614.19
Exchange Differences (unrealised)	(115.88)	(23.34)
Irrecoverable debts/ advances written off	33.21	233.17
Loss/(gain) on sale of fixed assets (net)	18.78	(128.82)
Dividend Income on non-trade long term investments	-	(3.01)
Net gain on sale of investments (long term, non-trade)	-	(105.38)
Unspent liabilities / provisions no longer required written back	(380.22)	(426.81)
Interest on Deposits from banks/ loans, advances etc. (gross)	(1,955.29)	(1,932.94)
Provision for Diminution in value of Investments (net)	116.51	123.43
<b>Operating Profit before Working Capital Changes</b>	<b>3,346.51</b>	<b>10,391.46</b>
<b>Movements in working capital :</b>		
Increase/(decrease) in trade payables	(1,893.71)	3,329.75
Increase/(decrease) in provisions	(7.21)	(230.43)
Increase/(decrease) in other current liabilities	1,449.44	(1,862.83)
Decrease/ (increase) in trade receivables	(2,550.39)	3,645.56
Decrease/ (increase) in inventories	(3,994.16)	(1,022.53)
Decrease/ (increase) in loans and advances	4,913.98	(5,860.07)
Decrease/ (increase) in other assets	(256.38)	40.56
<b>Cash Generated from Operations</b>	<b>1,008.08</b>	<b>8,431.47</b>
Taxes Paid	(2,188.57)	(5,080.27)
<b>Net Cash (used in)/from Operating Activities</b>	<b>(1,180.49)</b>	<b>3,351.20</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets including Capital work in progress	(1,390.99)	(1,452.34)
Proceeds from sale of Fixed Assets	9.42	156.01
Loans to Subsidiary	(2,305.00)	(358.77)
Loan refunded by Subsidiary	52.79	6,363.56
Loans refunded by Joint Venture	-	4,900.50
Loans to other related party	-	(2,100.00)
Loans refunded by other related party	1,900.00	-
Purchase of Investments (Non-trade)	-	(19.88)
Proceeds from sale of Investments (Non-trade)	-	173.61
Investment in Subsidiary	(101.74)	(810.00)
Investment in Joint Venture	-	(6,400.00)
Investment in Bank Fixed Deposits	(16,715.43)	(16,171.90)
Fixed Deposits encashed/matured	21,135.74	11,005.33
Dividend Received	-	3.01
Interest Received	1,943.11	2,420.40
<b>Net Cash (used in)/from Investing Activities</b>	<b>4,527.90</b>	<b>(2,290.47)</b>



## Cash Flow Statement for the year ended March 31, 2013

(Rs. in Lacs)

	For the year ended March 31, 2013	For the year ended March 31, 2012
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of Share Warrants	-	3,628.12
Net movement in Other Borrowings (short term)	(5,122.16)	1,845.36
Repayment of Sales Tax Deferment Loan	-	(56.65)
Net Movement in Buyer's Credit	5,096.92	(3,264.60)
Proceeds/(Repayment) of Packing Credit loan	(683.40)	693.88
Proceeds/(Repayment) of Short Term Loan against Fixed Deposits	(1,800.00)	1,800.00
Interest Paid	(1,184.44)	(586.15)
Dividend Paid (including corporate dividend tax)	(1,862.06)	(1,748.83)
<b>Net Cash (used in)/from Financing Activities</b>	<b>(5,555.14)</b>	<b>2,311.13</b>
<b>Net Increase/(decrease) in Cash &amp; Cash Equivalent (A+B+C)</b>	<b>(2,207.73)</b>	<b>3,371.86</b>
<b>Cash and Cash Equivalents - Opening Balance</b>	<b>3,696.97</b>	<b>325.11</b>
<b>Cash and Cash Equivalents - Closing Balance</b>	<b>1,489.24</b>	<b>3,696.97</b>
<b>Components of Cash &amp; Cash Equivalents :</b>		
Cash on hand	33.63	2.18
Balances with banks :		
On current accounts	236.08	228.21
On unpaid dividend account*	8.41	5.41
On unpaid fractional share entitlement*	11.12	11.17
Deposits with original maturity of less than three months	1,200.00	3,450.00
<b>Total Cash and Cash Equivalents (Refer Note No. 14)</b>	<b>1,489.24</b>	<b>3,696.97</b>

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

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

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

Place : Kolkata  
Dated : May 13, 2013

For and on behalf of the Board of Directors

**J P Chowdhary**  
Executive Chairman

**Anil Kumar Agarwal**  
Chief Financial Officer

**Umesh Chowdhary**  
Vice Chairman & Managing Director

**Dinesh Arya**  
Company Secretary

**D N Davar**  
Director



# Notes to Financial Statements

as at and for the year ended March 31, 2013

## 1 CORPORATE INFORMATION

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

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### a) Basis of preparation

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

### b) Use of estimates

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

### c) Tangible Fixed Assets

Tangible Fixed Assets are stated at cost (or revalued amounts, as the case may be), less accumulated depreciation and impairment, if any. The cost of acquisition comprises of purchase price inclusive of duties (net of Cenvat/VAT), taxes, incidental expenses, erection/commissioning/trial run expenses and borrowing cost etc, up to the date the assets are ready for intended use.

In case of revaluation of tangible fixed assets, the original cost as written up by the approved valuers is considered in the accounts and the differential amount is credited to revaluation reserve.

Machinery spares which can be used only in connection with an item of fixed assets and whose use, as per technical assessment, is expected to be irregular, are capitalized and depreciated over the residual life of the respective assets.

Tangible fixed assets awaiting disposal are valued at the lower of written down value and net realizable value and disclosed separately.

Capital work-in-progress includes machinery to be installed and construction & erection materials lying in stock.

### d) Intangibles

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

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

Development expenditure recognized as an intangible asset is amortized on a straight line basis over the period of expected future sales from the related project, not exceeding ten years.

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

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

### e) Depreciation & Amortisation on tangible & intangible fixed assets

#### Tangible Assets

Depreciation is provided using the straight line method as per the useful lives of the fixed assets estimated by the management, or at the rates prescribed under Schedule XIV of the Companies Act, 1956 whichever is higher.

Depreciation on revalued assets is provided at the rates specified in Section 205(2) (b) of The Companies Act, 1956. However, in case of fixed assets whose life is determined by the valuer to be less than their useful life under Section 205, depreciation is provided at the higher rate, to ensure the amortisation of these assets over their life determined by the valuer.

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

Leasehold Land is amortized over the period of lease.

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

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

### **Intangible Assets**

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

### **f) Leases**

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

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

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

### **g) Borrowing costs**

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

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

### **h) Impairment of tangible and intangible fixed assets**

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

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

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

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

### **i) Investments**

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

### **j) Inventories**

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

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

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

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

### **k) Revenue Recognition**

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

#### **Sale of Goods**

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



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

are net of returns, claims, trade discounts etc.

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

### **Interest Income**

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

### **Dividends**

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

## **l) Foreign Currency Transactions**

### **Initial Recognition**

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

### **Conversion**

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

### **Exchange differences**

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

### **Forward Exchange Contracts not intended for trading or speculation purposes**

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

## **m) Retirement and other Employee Benefits**

Retirement benefits in the form of Provident and Superannuation funds are defined contribution schemes and the contributions are charged to the Statement of Profit and Loss of the year when an employee renders the related service. There are no obligations other than the contribution payable to the respective funds.

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

Long term compensated absences are provided for based on actuarial valuation, as per projected unit credit method, made at the end of each financial period. Accumulated leave, which is expected to be utilized within the next twelve months is treated as short term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

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

## **n) Taxes on Income**

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

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

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

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

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

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

### o) Segment Reporting

#### Identification of segments

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

#### Inter Segment transfers

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

#### Allocation of common costs

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

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

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

### p) Earning per share

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

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

### q) Provisions

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Contingent Assets are neither recognized nor disclosed in the financial statements.

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

### r) Contingent liabilities

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

### s) Cash and Cash equivalents

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

### t) Liquidated Damages

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

### u) Excise duty & custom duty

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

### v) Measurement of EBITDA

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





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

(Rs. in Lacs)

	As at March 31, 2013	As at March 31, 2012
<b>3 SHARE CAPITAL</b>		
<b>Authorised</b>		
9,60,00,000 (9,60,00,000) Equity shares of Rs. 10/- each	9,600.00	9,600.00
5,20,00,000 (5,20,00,000) Preference shares of Rs. 10/- each	5,200.00	5,200.00
	<b>14,800.00</b>	<b>14,800.00</b>
<b>Issued, Subscribed and Fully Paid-up</b>		
2,00,59,069 (2,00,59,069) Equity shares of Rs. 10/- each	2,005.91	2,005.91
	<b>2,005.91</b>	<b>2,005.91</b>

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

**Equity Shares**

At the beginning of the year

Allotment on conversion of equity warrants

**Outstanding at the end of the year**

2012-13		2011-12	
No. of shares	Amount	No. of shares	Amount
2,00,59,069	2,005.91	1,88,09,069	1,880.91
-	-	12,50,000	125.00
<b>2,00,59,069</b>	<b>2,005.91</b>	<b>2,00,59,069</b>	<b>2,005.91</b>

**b) Terms/rights attached to equity shares**

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

During the year ended March 31, 2013, the amount of dividend per share recognised as distributable to equity shareholders is Rs. 4/- (Rs. 8/-)

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

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

	As at March 31, 2013	As at March 31, 2012
	No. of shares	No. of shares
Equity shares allotted as fully paid bonus shares by capitalisation of securities premium	1,30,46,224	1,30,46,224
Equity shares allotted as fully paid up, for consideration other than cash	3,66,954	3,66,954

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

	As at March 31, 2013		As at March 31, 2012	
Name of the Shareholder	No. of shares	% holding	No. of shares	% holding
<b>Equity shares of Rs. 10/- each fully paid</b>				
Titagarh Capital Management Services Private Limited	43,34,033	22%	43,34,033	22%
Savitri Devi Chowdhary	36,23,207	18%	36,23,207	18%
Rashmi Chowdhary	25,63,221	13%	25,63,221	13%
G E Capital International (Mauritius)	25,43,830	13%	25,43,830	13%

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

	As at March 31, 2013	As at March 31, 2012
<b>4 RESERVES AND SURPLUS</b>		
<b>A. Capital Reserve</b> (as per the last financial statements)	<b>9.18</b>	<b>9.18</b>
<b>B. Securities Premium Account</b>		
Balance as per the last financial statements	26,194.45	21,481.95
Add : Additions during the year	-	4,712.50
	<b>26,194.45</b>	<b>26,194.45</b>

# Notes to Financial Statements

as at and for the year ended March 31, 2013

(Rs. in Lacs)

	As at March 31, 2013	As at March 31, 2012
<b>C. Revaluation Reserve</b>		
Balance as per the last financial statements	885.43	991.77
Less : Amount transferred to the Statement of Profit and Loss	104.72	106.34
	<b>780.71</b>	<b>885.43</b>
<b>D. General Reserve</b>		
Balance as per the last financial statements	5,204.61	4,404.61
Add : Amount transferred from surplus in the Statement of Profit and Loss	240.00	800.00
	<b>5,444.61</b>	<b>5,204.61</b>
<b>E. Surplus in the Statement of Profit and Loss</b>		
Balance as per the last financial statements	28,299.14	23,301.75
Profit for the year	2,387.81	7,662.45
<b>Less : Appropriations</b>		
Transfer to general reserve	240.00	800.00
Proposed equity dividend (amount per share Rs. 4/- (Rs.8 /-))	802.36	1,604.73
Tax on proposed equity dividend	130.16	260.33
<b>Total Appropriations</b>	<b>1,172.52</b>	<b>2,665.06</b>
<b>Net surplus in the Statement of Profit and Loss</b>	<b>29,514.43</b>	<b>28,299.14</b>
<b>Total Reserves and Surplus (A+B+C+D+E)</b>	<b>61,943.38</b>	<b>60,592.81</b>

	Long - Term		Short - Term	
	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
<b>5 PROVISIONS</b>				
<b>Provisions for employee benefits*</b>				
Gratuity (Refer Note No. 23)	330.66	342.71	98.51	107.22
Leave benefits	70.70	-	39.89	89.05
	<b>401.36</b>	<b>342.71</b>	<b>138.40</b>	<b>196.27</b>
<b>Other provisions</b>				
Warranties	25.90	100.25	42.21	31.48
Liquidated damages	-	-	189.83	212.43
Taxation (net of advance tax and tax deducted at source)	-	-	183.19	253.99
Proposed equity dividend	-	-	802.36	1,604.73
Provision for tax on proposed equity dividend	-	-	130.16	260.33
	<b>25.90</b>	<b>100.25</b>	<b>1,347.75</b>	<b>2,362.96</b>
<b>Total</b>	<b>427.26</b>	<b>442.96</b>	<b>1,486.15</b>	<b>2,559.23</b>

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

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

	Warranties		Liquidated damages	
	2012-13	2011-12	2012-13	2011-12
At the beginning of the year	131.73	204.10	212.43	491.32
Arisen during the year	37.32	24.00	146.71	58.35
Utilized during the year	(28.94)	(11.34)	(163.08)	(337.24)
Unused amounts reversed	(72.00)	(85.03)	(6.23)	-
<b>At the end of the year</b>	<b>68.11</b>	<b>131.73</b>	<b>189.83</b>	<b>212.43</b>
Current portion	42.21	31.48	189.83	212.43
Non-current portion	25.90	100.25	-	-



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

(Rs. in Lacs)

	As at March 31, 2013	As at March 31, 2012
<b>6 SHORT TERM BORROWINGS</b>		
<b>Secured</b>		
<b>From Banks</b>		
Cash credits	596.38	5,718.54
Buyers' credit (in foreign currency)	5,001.66	-
Packing credit loan (in foreign currency)	-	683.40
Short term loan	-	1,800.00
<b>Total</b>	<b>5,598.04</b>	<b>8,201.94</b>

**Notes :**

- Cash Credits and Buyers' Credit are secured by first charge on the Company's current assets, present and future and by way of collateral charge on fixed assets of the Company, both present and future. All the mortgages and charges created in favour of the above lenders rank pari passu with consortium member banks.
- Cash credits carry interest at base rate ranging from 10.20% to 13.75% including spread ranging between 2% to 3.25% p.a and are repayable on demand.
- Buyers' Credit carries interest at Libor plus spread ranging between 0.75% to 1.30% and is repayable by 30th August 2013.
- Packing credit loan carried interest @ Libor + 3.5% and was repayable within three months from the balance sheet date.
- Short term loan carried interest @ 11.75% and was secured by fixed deposits. The loan was repayable within one month from the balance sheet date.

	As at March 31, 2013	As at March 31, 2012
<b>7 OTHER CURRENT LIABILITIES</b>		
<b>7.1 Trade Payables</b>		
Acceptances	1,898.59	3,183.96
Payables for goods and services @	3,548.64	4,367.67
	<b>5,447.23</b>	<b>7,551.63</b>
<b>7.2 Other Current Liabilities</b>		
Interest accrued but not due on borrowings	76.91	44.27
Advance from customers	3,446.20	2,086.80
Payable towards purchase of fixed assets	138.22	53.24
<b>Others</b>		
Statutory Dues	469.66	564.51
Employee related liabilities	190.39	217.89
Forward Contract Payable	174.49	47.66
Other liabilities	1,493.53	1,461.28
Investor education and protection fund will be credited by following amounts (as and when due) :		
Unpaid dividends	8.41	5.41
Unpaid fractional share	11.12	11.17
<b>Total Other Current Liabilities</b>	<b>6,008.93</b>	<b>4,492.23</b>
<b>Total Current Liabilities</b>	<b>11,456.16</b>	<b>12,043.86</b>

**Note:**

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

a) Principal amount remaining unpaid to any supplier at the end of accounting year (I)	-	188.89
Interest Due on Above (II)	-	-
<b>Total of (I) and (II)</b>	<b>-</b>	<b>188.89</b>
b) Amount of interest paid/adjusted by the Company to the suppliers	17.84	62.46
c) Amounts paid to the suppliers beyond the respective due date	-	-
d) Amount of interest due and payable for the period of delay in payments but without adding the interest specified under the Act	2.43	2.72
e) Amount of interest accrued and remaining unpaid at the end of each accounting year	2.43	17.84
f) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the MSME Act	-	2.72

# Notes to Financial Statements

as at and for the year ended March 31, 2013

(Rs. in Lacs)

## 8 FIXED ASSETS

	Land - Freehold	Land - Leasehold	Buildings	Plant & Equipment	Railway Sidings	Furniture & Fixtures	Office equipments & Computers	Vehicles	Total Tangible Assets	Intangible Computer software	Grand Total
<b>Cost or valuation At April 1, 2011</b>	1,952.80	88.52	3,933.76	8,037.05	245.38	135.59	288.01	304.21	14,985.32 (b)	84.39	15,069.71
Additions	-	-	139.79	1,200.22	-	3.14	30.46	60.46	1,434.07	57.14	1,491.21
Disposals	-	-	-	133.77	-	-	-	39.02	172.79	-	172.79
<b>At March 31, 2012</b>	<b>1,952.80</b>	<b>88.52</b>	<b>4,073.55</b>	<b>9,103.50</b>	<b>245.38</b>	<b>138.73</b>	<b>318.47</b>	<b>325.65</b>	<b>16,246.60 (b)</b>	<b>141.53</b>	<b>16,388.13</b>
Additions	-	-	163.09	271.97	-	0.61	25.09	71.75	532.51	42.26	574.77
Disposals	-	-	-	32.48	-	-	-	61.67	94.15	-	94.15
<b>At March 31, 2013</b>	<b>1,952.80</b>	<b>88.52</b>	<b>4,236.64</b>	<b>9,342.99</b>	<b>245.38</b>	<b>139.34</b>	<b>343.56</b>	<b>335.73</b>	<b>16,684.96 (b)</b>	<b>183.79</b>	<b>16,868.75</b>
<b>Depreciation &amp; Amortization</b>											
<b>At April 01, 2011</b>	-	8.38	479.91	4,630.83	29.78	109.92	178.92	140.51	5,578.25	65.07	5,643.32
Charge for the year	-	1.04	159.50	421.45	11.66	2.88	21.83	27.68	646.04	19.03	665.07
Disposals	-	-	-	121.91	-	-	-	23.69	145.60	-	145.60
<b>At March 31, 2012</b>	-	9.42	639.41	4,930.37	41.44	112.80	200.75	144.50	6,078.69	84.10	6,162.79
Charge for the year	-	1.04	160.62	521.60	11.66	2.61	25.46	29.61	752.60	30.16	782.76
Disposals	-	-	-	27.46	-	-	-	38.49	65.95	-	65.95
<b>At March 31, 2013</b>	-	10.46	800.03	5,424.51	53.10	115.41	226.21	135.62	6,765.34	114.26	6,879.60
<b>Net Block</b>											
<b>At March 31, 2012</b>	<b>1,952.80</b>	<b>79.10</b>	<b>3,434.14</b>	<b>4,173.13</b>	<b>203.94</b>	<b>25.93</b>	<b>117.72</b>	<b>181.15</b>	<b>10,167.91</b>	<b>57.43</b>	<b>10,225.34</b>
<b>At March 31, 2013</b>	<b>1,952.80</b>	<b>78.06</b>	<b>3,436.61</b>	<b>3,918.48</b>	<b>192.28</b>	<b>23.93</b>	<b>117.35</b>	<b>200.11</b>	<b>9,919.62</b>	<b>69.53</b>	<b>9,989.15</b>

- a) Deed of conveyance in respect of freehold land amounting to Rs 1,164.08 lacs (Rs 1,164.08 lacs) is pending registration.
- b) Land, Buildings, Plant & Machineries of Titagarh Steels Unit aggregating to Rs. 3,246.54 lacs (Gross block) as on 31st March 2009 were revalued by approved valuers on Replacement Cost basis and the net increase of Rs. 1,345.49 lacs was transferred to Revaluation Reserve. In accordance with the option given in the Guidance Note on Accounting for Depreciation in Companies, the Company recoups such additional depreciation out of revaluation reserve.

	No. of Shares		Face Value Per Share (Rs.)	As at	
	As at 31.3.2013	As at 31.3.2012		March 31, 2013	March 31, 2012
<b>9 NON-CURRENT INVESTMENTS</b> (Valued at cost unless stated otherwise)					
<b>Non-trade investments</b>					
<b>In fully paid up equity shares</b>					
<b>Quoted</b>					
Continental Valves Limited	1,60,000	(1,60,000)	10	14.78	14.78
<b>Unquoted</b>					
Titagarh Papers Limited	49,33,000	(49,33,000)	10	493.30	493.30
Less : Provision for diminution				(415.49)	(416.96)
				77.81	76.34
Tecalemit Industries Limited	8,85,000	(8,85,000)	10	22.82	22.82
Bhatpara Papers Limited	50,000	(50,000)	10	5.00	5.00
<b>Trade investments</b>					
<b>In fully paid up unquoted equity shares</b>					
<b>Subsidiary Companies</b>					
Titagarh Singapore Pte Limited (a)	11,65,000	(10,65,000)	USD 1	531.05	476.37
Titagarh Capital Private Limited (f)	15,00,000	(14,59,000)	100	1,542.57	1,501.57
Greysam and Company Private Limited (b)	3,55,000	(3,55,000)	10	35.50	35.50
Less : Provision for diminution				(35.50)	(35.50)
				-	-
Titagarh Wagons AFR (a)	45,00,000	(45,00,000)	EURO 1	2,864.60	2,864.60
Titagarh Marine Limited	45,50,050	(45,00,000)	10	455.06	450.00
Titagarh Cranes Private Limited (w.e.f. 24th August, 2012)	10,000	(-)	10	1.00	-



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

(Rs. in Lacs)

	No of Shares			As at March 31, 2013	As at March 31, 2012
	As at 31.3.2013	As at 31.3.2012	Face Value Per Share (Rs.)		
<b>9 NON-CURRENT INVESTMENTS (Contd.)</b>					
<b>Joint Venture Companies</b>					
Cimco Equity Holdings Private Limited (g)	5,00,000	(5,00,000)	10	50.00	50.00
Titagarh FreightCar Private Limited (e)	-	(11,79,822)	10	-	117.98
				-	117.98
<b>Associate Companies</b>					
Titagarh FreightCar Private Limited (e)	11,79,822	(-)	10	117.98	-
Less : Provision for diminution				(117.98)	-
				-	-
<b>In fully paid up unquoted Preference Shares</b>					
<b>Subsidiary Company</b>					
Titagarh Capital Private Limited (c & f)	25,00,000	(25,00,000)	100	2,500.00	2,500.00
<b>In 0% optionally fully convertible debentures</b>					
<b>Joint Venture Company</b>					
Cimco Equity Holdings Private Limited (d & g)	6,40,00,000	(6,40,00,000)	10	6,400.00	6,400.00
				14,464.69	14,479.46
Aggregate amount of quoted investments				14.78	14.78
Aggregate amount of unquoted investments				14,449.91	14,464.68
Market value of quoted investments				#	#
Aggregate provision for diminution in value of Investments				568.97	452.46
# Quotations not available					

**Notes :**

- (a) Valued at exchange rate prevailing on the date of transaction.
- (b) Subsidiary by virtue of the Company's control over the composition of its board of directors.
- (c) The shares are convertible into equity shares on or before August 27, 2022 at par.
- (d) The debentures are optionally convertible into equity shares on or before April 15, 2014 at par.
- (e) During the year, the Joint Venture agreement between the Company and FreightCar America, Inc ('FreightCar') in relation to Joint Venture Company Titagarh FreightCar Private Limited (TFPL) has been terminated by both the parties pursuant to settlement agreement entered on February 18, 2013 and Rs 280.75 lacs (USD 518,000) has been compensated to the Company by FreightCar, which is included in 'Other Income'.
- (f) The Company has got investment of Rs. 4042.57 lacs in the equity and preference shares of its subsidiary "Titagarh Capital Private Limited (TCPL)". Although TCPL has accumulated losses as of March 31, 2013, yet it has got certain fixed assets (railway wagons) leased out to Indian Railways whose estimated realizable value, if considered, would reverse the accumulated losses. Accordingly, the Company feels that there is no permanent diminution in the value of the above investments and no provision thereagainst is thus, considered necessary.
- (g) The Company has got investment of Rs. 6,450 lacs in equity shares and optionally fully convertible debentures in its joint venture company "Cimco Equity Holdings Private Ltd. (CEHPL)". Although CEHPL has negative net worth as of March 31, 2013, yet it is holding strategic long term investments in its listed subsidiary CIMMCO Limited, whose business plans and profitability projections are quite good. The Management expects CIMMCO Ltd. to turn around in the near future which eventually would lead to improvement in the net worth of CEHPL. Accordingly, as per the management, the current diminution in the value of the above investments is temporary and no provision thereof is considered necessary.

	As at March 31, 2013	As at March 31, 2012
<b>10 DEFERRED TAX LIABILITIES (NET)</b>		
<b>Deferred tax liability</b>		
Timing differences in depreciable assets	701.41	603.01
	701.41	603.01
<b>Deferred tax assets</b>		
Impact of expenditure charged to the Statement of Profit and Loss in the current year but allowed for tax purposes on payment basis	165.44	157.67
Provision for doubtful debts and advances	-	105.27
Provision for Warranties and Liquidated Damages	87.67	111.66
	253.11	374.60
<b>Net deferred tax liabilities</b>	448.30	228.41

# Notes to Financial Statements

as at and for the year ended March 31, 2013

(Rs. in Lacs)

	Non-current		Current	
	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
<b>11 LOANS AND ADVANCES</b>				
(Unsecured, considered good unless stated otherwise)				
Capital Advances	304.07	478.30	-	-
Loans to related parties (Refer Note No. 27)	-	-	6,289.91	5,871.51
Security Deposits	201.06	199.88	608.86	1,077.00
Advance recoverable in cash or kind				
Considered good - To Others	-	-	1,456.02	6,378.80
Considered good - To Related Party (Refer Note No. 27)	-	-	5.94	-
Considered doubtful - To Related Party	-	344.45	-	-
	-	344.45	1,461.96	6,378.80
Provision for doubtful advances - To Related Party	-	(344.45)	-	-
	-	-	1,461.96	6,378.80
Balance with statutory / government authorities	-	-	1,588.80	1,135.58
Advance tax (net of provision for taxes)	1,213.00	-	-	221.81
Prepaid expenses	54.37	-	457.96	212.45
<b>Total</b>	<b>1,772.50</b>	<b>678.18</b>	<b>10,407.49</b>	<b>14,897.15</b>

Maximum Amount due at  
any time during the year

	Non-current		Current	
	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
<b>a) Advances recoverable in cash or kind</b>				
Due from officers of the Company	5.94	-	16.38	6.25
<b>b) Disclosure as per clause 32 of the Listing Agreement :</b>				
<b>Loans to Subsidiaries</b>				
Titagarh Capital Private Limited	-	-	-	5,875.00
Titagarh Wagons AFR	3,824.91	3,758.72	4,374.38	3,984.12
Titagarh Singapore Pte Limited	-	12.79	13.84	12.79
Titagarh Marine Limited	2,265.00	-	2,441.90	-
<b>Loans to Joint Venture</b>				
Cimco Equity Holdings Private Limited	-	-	-	4,900.50

Current

	As at March 31, 2013	As at March 31, 2012
<b>12 TRADE RECEIVABLES AND OTHER ASSETS</b>		
<b>12.1 TRADE RECEIVABLES</b> (Unsecured, considered good unless stated otherwise)		
Outstanding for a period exceeding six months from the date they are due for payment	4,010.93	2,091.19
Other receivables		
Unsecured, considered good	6,702.93	6,096.52
<b>Total</b>	<b>10,713.86</b>	<b>8,187.71</b>

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

	Non-current		Current	
	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
Non-Current Bank Balances (Refer Note No. 14)	1,702.21	56.00	-	-
Receivable from Related Party (Refer Note No. 27)	-	-	-	43.50
Interest accrued on fixed deposits and loans [Including receivable from related party Rs. 581.01 lacs (Rs. 109.32 lacs)]	13.53	-	942.96	944.31
<b>Total</b>	<b>1,715.74</b>	<b>56.00</b>	<b>942.96</b>	<b>987.81</b>



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

(Rs. in Lacs)

	As at March 31, 2013	As at March 31, 2012
<b>13 INVENTORIES</b>		
(Valued at lower of cost and net realizable value)		
Raw materials & components (Refer Note No. 17)	12,450.17	10,735.42
Work in progress (Refer Note No. 18)	6,201.01	4,848.74
Finished goods (Refer Note No. 18)	1,936.11	1,118.58
Saleable scrap (Refer Note No. 18)	98.62	5.83
Stores and spares	1,039.95	1,023.13
<b>Total</b>	<b>21,725.86</b>	<b>17,731.70</b>

	Non-current		Current	
	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
<b>14 CASH AND BANK BALANCES</b>				
<b>Cash and cash equivalents</b>				
Balances with banks:				
On current accounts			236.08	228.21
On unpaid dividend account			8.41	5.41
On unpaid fractional share entitlement			11.12	11.17
Deposits with original maturity of less than three months			1,200.00	3,450.00
Cash on hand			33.63	2.18
			<b>1,489.24</b>	<b>3,696.97</b>
<b>Other bank balances</b>				
Balances with banks :				
Deposits with original maturity of more than 12 months	1,702.21	-	83.07	-
Deposits with original maturity for more than 3 months but less than 12 months	-	-	6,579.30	8,403.00
Margin money deposit #	-	56.00	1,631.61	5,957.50
	<b>1,702.21</b>	56.00	<b>8,293.98</b>	14,360.50
Amount disclosed under non-current assets (Refer Note No. 12.2)	(1,702.21)	(56.00)	-	-
<b>Total</b>	-	-	<b>9,783.22</b>	<b>18,057.47</b>

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

	For the year ended March 31, 2013	For the year ended March 31, 2012
<b>15 REVENUE FROM OPERATIONS</b>		
<b>Revenue from operations</b>		
<b>Sale of products</b>		
Finished Goods	48,950.40	64,815.36
Sale of Raw Materials & Components	2,526.43	1,386.73
<b>Other operating revenues</b>		
Scrap sales	528.88	571.30
<b>Revenue from operations (gross)</b>	<b>52,005.71</b>	66,773.39
Less : Excise duty	2,070.50	2,340.40
<b>Revenue from operations (net)</b>	<b>49,935.21</b>	<b>64,432.99</b>
<b>Details of products sold</b>		
<b>Finished goods</b>		
Wagons	41,242.85	53,552.43
EMU Coaches	-	1,976.82
Steel Bridges	87.44	786.90
Casting	3,929.56	4,454.92
HEMM Machines	2,131.47	805.97
HEMM Spares	440.39	415.12
Shelters	1,118.69	2,823.20
	<b>48,950.40</b>	<b>64,815.36</b>

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

(Rs. in Lacs)

	For the year ended March 31, 2013	For the year ended March 31, 2012
<b>Raw Materials &amp; Components</b>		
Components	1,925.30	1,386.73
Steel	339.07	-
Others	262.06	-
	<b>2,526.43</b>	<b>1,386.73</b>
<b>16 OTHER INCOME</b>		
Interest Income on		
Bank deposits	1,088.67	1,203.05
Loans, advances etc	858.51	709.23
Others	8.11	20.66
Dividend Income on non-trade long term investments	-	3.01
Unspent liabilities / provisions no longer required written back	380.22	426.81
Net gain on sale of investments (long term, Non-trade)	-	105.38
Gain on sale of fixed assets (net)	-	128.82
Management Fee	168.17	164.79
Compensation from Joint Venturer [Refer Note No. 9 (e)]	280.75	-
Other non operating income	145.56	74.33
<b>Total</b>	<b>2,929.99</b>	<b>2,836.08</b>
<b>17 COST OF RAW MATERIALS &amp; COMPONENTS CONSUMED</b>		
Inventory at the beginning of the year	10,735.42	8,784.40
Add : Purchases	32,862.83	36,415.58
	<b>43,598.25</b>	45,199.98
Less : Inventory at the end of the year	12,450.17	10,735.42
<b>Cost of raw materials &amp; components consumed</b>	<b>31,148.08</b>	<b>34,464.56</b>
<b>Details of raw materials &amp; components consumed</b>		
Couplers with Draft Gear	5,822.06	4,647.79
Steel	2,902.39	2,271.90
Wheel sets	935.70	1,266.61
Other Components (Note b)	21,487.93	26,278.26
	<b>31,148.08</b>	<b>34,464.56</b>

**Notes :**

- The consumption figures shown above are after adjusting excess and shortages, if any, on physical count, unserviceable items, etc. and excluding materials received from customers on free supply basis.
- It is not practicable to furnish further details in view of the large number of items which differ in size and nature, each being less than 10% in value of the total consumption.

	For the year ended March 31, 2013	For the year ended March 31, 2012	(Increase)/ Decrease
<b>18 (INCREASE)/ DECREASE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND SALEABLE SCRAP</b>			<b>For the year ended March 31, 2013</b>
<b>Closing Stock</b>			
Finished Goods	1,936.11	1,118.58	(817.53)
Work in Progress	6,201.01	4,848.74	(1,352.27)
Saleable Scrap	98.62	5.83	(92.79)
	<b>8,235.74</b>	<b>5,973.15</b>	<b>(2,262.59)</b>
<b>Opening Stock</b>			<b>For the year ended March 31, 2012</b>
Finished Goods	1,118.58	2,842.22	1,723.64
Work in Progress	4,848.74	4,076.17	(772.57)
Saleable Scrap	5.83	181.30	175.47
	<b>5,973.15</b>	<b>7,099.69</b>	<b>1,126.54</b>
	<b>(2,262.59)</b>	1,126.54	
Less : Transferred to fixed assets	-	(298.02)	
	<b>(2,262.59)</b>	<b>828.52</b>	





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

(Rs. in Lacs)

	For the year ended March 31, 2013	For the year ended March 31, 2012	(Increase)/ Decrease
<b>DETAILS OF INVENTORY</b>			
<b>Finished Goods</b>			
Wagons	1,789.86	42.38	
Steel Bridges	27.00	-	
Casting	40.93	106.53	
HEMM Machines	78.32	969.67	
	<b>1,936.11</b>	<b>1,118.58</b>	
<b>Work in Progress</b>			
Wagons	401.01	68.42	
Steel Bridges	21.02	24.16	
Casting	4,804.11	3,813.39	
HEMM Machines	478.47	621.69	
Others	496.40	321.08	
	<b>6,201.01</b>	<b>4,848.74</b>	
<b>Saleable Scrap</b>			
Steel Scrap	98.62	5.83	
	<b>98.62</b>	<b>5.83</b>	

	For the year ended March 31, 2013	For the year ended March 31, 2012
<b>19 EMPLOYEE BENEFITS EXPENSES</b>		
Salaries, wages and bonus	1,695.63	1,620.68
Contribution to provident & other funds	152.59	160.89
Gratuity Expense (Refer Note No. 23)	28.50	70.97
Staff Welfare Expenses	157.05	131.88
Directors' Remuneration		
Remuneration to Managing and Whole Time Directors :		
- Salary & bonus	292.45	156.63
- Contribution to Provident Fund	22.41	13.02
- Commission on Profit	46.65	921.28
<b>Total</b>	<b>2,395.28</b>	<b>3,075.35</b>

	For the year ended March 31, 2013	For the year ended March 31, 2012
<b>20 OTHER EXPENSES</b>		
Consumption of stores & spares	3,941.48	4,778.90
Cost of raw materials and components sold	2,159.79	1,356.84
Job Processing and other machining charges (including contract labour charges)	2,952.24	3,195.88
Power & Fuel (Refer Note No. 20.1)	3,165.78	3,254.01
Design & development expenses	67.71	181.21
Repairs and maintenance		
Plant & machinery	29.79	85.82
Buildings	8.32	0.04
Others	48.98	70.54
Rent	428.85	238.07
Rates & Taxes	42.17	96.71
Insurance	35.91	20.39
Advertising and sales promotion	91.22	123.87
Brokerage and commission	72.25	114.89
Carried Forward	<b>13,044.49</b>	<b>13,517.17</b>

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

(Rs. in Lacs)

	For the year ended March 31, 2013		For the year ended March 31, 2012
Brought Forward	<b>13,044.49</b>		<b>13,517.17</b>
Travelling and conveyance	<b>330.22</b>		362.23
Legal and professional fees	<b>627.51</b>		465.71
Commission to non-whole time directors	<b>10.00</b>		10.00
Directors sitting fees	<b>15.10</b>		19.00
Payment to Auditors			
As Auditor			
Audit fee	<b>29.00</b>	29.00	
Limited review	<b>24.00</b>	20.50	
In other capacity			
Other services (certification fees)	<b>13.30</b>	10.85	
Reimbursement of expenses	<b>1.24</b>	0.76	61.11
Provision for diminution in value of investments (net)			
Trade	<b>117.98</b>	35.50	
Non-trade	-	<u>87.93</u>	123.43
Warranty Claims	<b>29.53</b>	25.49	
Less : Adjusted with provision	<b>28.94</b>	<u>11.34</u>	14.15
Provision for warranties	<b>37.32</b>		24.00
Liquidated Damages	<b>317.73</b>	577.88	
Less : Adjusted with provision	<b>163.08</b>	<u>337.24</u>	240.64
Provision for liquidated damages	<b>146.71</b>		58.35
Irrecoverable debts/ advances written off	<b>377.66</b>		
Less : Adjusted with provision	<b>344.45</b>		233.17
Loss on sale of fixed assets (net)	<b>18.78</b>		-
Loss on foreign exchange fluctuations/forward exchange contracts (net)	<b>125.21</b>		298.53
Prior Period Expenses (Net) (Refer note (a) below)	<b>113.72</b>		63.29
Miscellaneous expenses	<b>799.98</b>		693.39
<b>Total</b>	<b>15,643.01</b>		<b>16,184.17</b>

### a) Details of Prior Period Expenses (Net)

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
<b>Income</b>		
Other income	<b>8.77</b>	-
Cost of raw materials & components consumed	-	<u>11.52</u>
	<b>8.77</b>	<b>11.52</b>
<b>Expenses</b>		
Cost of raw materials & components consumed	<b>47.52</b>	-
Job Processing and other machining charges (including contract labour charges)	<b>33.60</b>	22.66
Other expenses	<b>41.37</b>	41.15
Finance Cost	-	11.00
	<u>122.49</u>	<u>74.81</u>
<b>Prior Period Expenses (Net)</b>	<b>113.72</b>	<b>63.29</b>

20.1 Power and Fuel cost includes Rs. 324.11 lacs being electricity charges for the year 2011-12 based on the tariff revision order of the West Bengal Electricity Regulatory Commission dated December 01, 2012.

### 21 FINANCE COSTS

Interest expenses	<b>1,217.08</b>	614.19
Bank charges	<b>269.55</b>	279.72
<b>Total</b>	<b>1,486.63</b>	<b>893.91</b>



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

(Rs. in Lacs)

	For the year ended March 31, 2013	For the year ended March 31, 2012
<b>22 EARNING PER SHARE (EPS)</b>		
Weighted average number of equity shares in calculating basic EPS	2,00,59,069	1,88,17,607
Number of weighted average equity shares to be allotted against share warrants	-	291,154
Weighted average number of equity shares in calculating diluted EPS	2,00,59,069	1,91,08,761
Profit after taxes (Rs. in Lacs)	2,387.81	7,662.45
Nominal value of each share (Rs.)	10.00	10.00
Earning per share : Basic (Rs.)	11.90	40.72
Diluted (Rs.)	11.90	40.10

## 23 RETIREMENT AND OTHER EMPLOYEE BENEFIT PLANS

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

The following tables summarises the components of employee benefit expenses recognised in the Statement of Profit and Loss and Balance Sheet for the Gratuity plans.

	Gratuity (funded)		Gratuity (unfunded)	
	For the year ended March 31, 2013	For the year ended March 31, 2012	For the year ended March 31, 2013	For the year ended March 31, 2012
<b>Statement of Profit and Loss</b>				
<b>Net employee benefit expense recognized in the employee cost</b>				
Current service cost	6.84	6.39	24.01	32.17
Interest cost on benefit obligation	13.90	11.60	29.07	25.63
Expected return on plan assets	(3.41)	(2.99)	-	-
Net actuarial (gain)/ loss recognised during the year	21.89	(10.53)	(63.80)	8.70
Net benefit expenses	39.22	4.47	(10.72)	66.50
<b>Balance Sheet</b>				
<b>Benefit liability</b>				
Present value of defined benefit obligation	164.16	144.75	303.47	342.57
Fair value of plan assets	38.46	37.39	-	-
Plan liability	125.70	107.36	303.47	342.57
<b>Changes in the present value of the defined benefit obligation are as follows :</b>				
Opening defined benefit obligation	144.75	145.13	342.57	298.28
Current service cost	6.84	6.39	24.01	32.17
Interest cost	13.90	11.60	29.07	25.63
Benefits paid	(22.41)	(7.46)	(28.38)	(22.21)
Actuarial (gains)/ losses on obligation	21.08	(10.91)	(63.80)	8.70
Closing defined benefit obligation	164.16	144.75	303.47	342.57
<b>Changes in the fair value of plan assets are as follows :</b>				
Opening fair value of plan assets	37.39	37.39		
Expected return	3.41	2.99		
Contributions by employer	20.88	4.85		
Benefits paid	(22.41)	(7.46)		
Actuarial (gains)/ losses	(0.81)	(0.38)		
Closing fair value of plan assets	38.46	37.39		
Actual Return on plan assets	3.41	2.99		
<b>The major categories of plan assets as a percentage of the fair value of total plan assets are as follows :</b>				
Investments with insurer	100%	100%		

# Notes to Financial Statements

as at and for the year ended March 31, 2013

*(Rs. in Lacs)*

	Gratuity (funded)		Gratuity (unfunded)	
	For the year ended March 31, 2013	For the year ended March 31, 2012	For the year ended March 31, 2013	For the year ended March 31, 2012
<b>The principal assumptions used in determining gratuity obligation are shown below :</b>				
Discount rate	8.25%	8.00%	8.25%	8.00%
Expected rate of return on assets	9.00%	8.00%	NA	NA
Rate of increase in salary	5.00%	5.00%	5.00%	5.00%
Expected average working life of the employees (HED Unit)	-	-	11	12
Expected average working life of the employees (TWL Unit)	-	-	18	18
Expected average working life of the employees (TSL Unit)	7	8	-	-
Mortality table			Standard table LIC	

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

	For the year ended March 31, 2013	For the year ended March 31, 2012	For the year ended March 31, 2011	For the year ended March 31, 2010	For the year ended March 31, 2009
Defined benefit obligation - unfunded	303.47	342.57	298.28	317.67	296.35
Defined benefit obligation - funded	164.16	144.75	145.13	154.23	
Plan assets	38.46	37.39	37.29	37.29	NA
Surplus /(Deficit)	(429.17)	(449.93)	(406.12)	(434.61)	
Experience adjustments on plan liabilities - Unfunded [(gains)/losses]	(63.80)	8.70	(15.98)	10.38	24.39
Experience adjustments on plan liabilities - Funded [gains)/losses]	21.08	(10.91)	(21.33)	(0.94)	
Experience adjustments on plan assets [gains)/(losses)]	(0.81)	(0.38)	(0.41)	(1.36)	

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

The Company expects to contribute Rs. 7 lacs (Rs. 5.00 lacs) to the gratuity fund during 2013-14.

**The amounts provided for defined contribution plans are as follows :**

	For the year ended March 31, 2013	For the year ended March 31, 2012
Provident fund	131.35	120.27
Employee state insurance	36.44	48.21
Superannuation fund	3.74	5.43
<b>Total</b>	<b>171.53</b>	<b>173.91</b>

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

**24 LEASES**

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

	For the year ended March 31, 2013	For the year ended March 31, 2012
The amount of rent expenses included in Statement of Profit and Loss towards operating leases aggregate to	428.85	238.07



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

(Rs. in Lacs)

## 25 INTEREST IN JOINT VENTURES

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

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

[ceased to be a joint venture w.e.f. February 18, 2013 Refer Note No. 9(e)]

The Company's share in assets, liabilities, income and expenses in the above Jointly Controlled Entities as at and for the year ended March 31, 2013 based on the audited financial statements / financial statements certified by the management of the respective companies are as follows :-

	Cimco Equity Holdings Private Limited (Consolidated) - Audited		Titagarh FreightCar Private Limited	
	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
Non-current assets	10,919.49	10,970.64	-	4.31
Current assets	5,481.66	6,239.32	-	11.49
Non-current liabilities	7,405.06	7,844.85	-	-
Current liabilities	4,141.78	3,977.86	-	3.28
<b>Net Assets</b>	<b>4,854.30</b>	<b>5,387.25</b>	<b>-</b>	<b>12.52</b>
Revenue	5,047.17	11,588.59	-	0.02
Cost of material consumed	3,674.14	6,990.06	-	-
Depreciation of plant and machinery	80.81	82.15	1.11	1.50
Employee benefit expense	187.39	160.04	1.00	0.70
Other expense	1,700.42	4,126.94	1.63	11.20
<b>Profit before tax</b>	<b>(595.58)</b>	<b>229.40</b>	<b>(3.75)</b>	<b>(13.39)</b>
Income-tax expense	21.09	192.24	-	-
<b>Profit after tax</b>	<b>(616.67)</b>	<b>37.17</b>	<b>(3.75)</b>	<b>(13.39)</b>
Capital Expenditure Commitments	12.79	10.70	Nil	Nil
Contingent Liabilities	10,185.37	11,493.73	Nil	Nil

## 26 SEGMENT INFORMATION

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

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

### Information about primary business segments

	Wagons & Coaches	HEMM	Steel Foundry	Others	Elimination	Total
<b>Revenues (net of excise duty and cess)</b>						
Income from operations (External sales)	43,080.87	2,285.65	3,496.70	1,071.99	-	49,935.21
	(55,842.25)	(1,112.50)	(4,045.76)	(3,432.48)	-	(64,432.99)
Inter segment sales	516.85	-	8,178.29	-	(8,695.14)	-
	(862.24)	-	(11,084.25)	-	11,946.49	-
<b>Total Revenue</b>	<b>43,597.72</b>	<b>2,285.65</b>	<b>11,674.99</b>	<b>1,071.99</b>	<b>(8,695.14)</b>	<b>49,935.21</b>
	(56,704.49)	(1,112.50)	(15,130.01)	(3,432.48)	11,946.49	(64,432.99)
<b>Results</b>						
Segment results	4,096.64	133.41	759.17	91.00	-	5,080.22
	(10,471.62)	(-34.96)	(1,691.68)	(953.18)	-	(13,081.52)
Less : Unallocated expenses net of unallocated income						(2,084.15)
						(2,918.03)
Operating Profit						2,996.07
						(10,163.49)
Add : Interest income (net of expenses)						(738.21)
						(1,318.75)



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

(Rs. in Lacs)

## 26 SEGMENT INFORMATION (Contd.)

### Information about primary business segments (Contd.)

	Wagons & Coaches	HEMM	Steel Foundry	Others	Elimination	Total
Profit before taxes						<b>3,734.28</b> (11,482.24)
Income taxes						<b>1,346.47</b> (3,819.79)
Net profit after taxes						<b>2,387.81</b> (7,662.45)
<b>Segment assets</b>	<b>32,256.09</b> (29,677.10)	<b>2,375.41</b> (3,775.46)	<b>9,929.90</b> (10,489.02)	<b>1,746.27</b> (1,217.52)		<b>46,307.67</b> (45,159.11)
Unallocated assets						<b>37,057.54</b> (40,916.01)
<b>Total assets</b>						<b>83,365.20</b> (86,075.12)
<b>Segment liabilities</b>	<b>9,081.76</b> (8,250.53)	<b>455.36</b> (848.08)	<b>1,834.06</b> (2,804.53)	<b>359.36</b> (189.27)		<b>11,730.54</b> (12,092.42)
Unallocated liabilities						<b>7,685.38</b> (11,383.98)
<b>Total liabilities</b>						<b>19,415.91</b> (23,476.40)
<b>Other segment information</b>						
<b>Capital expenditure</b>						
Tangible assets	<b>188.18</b> (135.41)	- (831.72)	<b>278.09</b> (286.06)	<b>66.24</b> (180.88)		<b>532.51</b> (1,434.07)
Intangible assets	<b>42.26</b> (3.50)	- (53.64)	-	-		<b>42.26</b> (57.14)
Depreciation	<b>419.02</b> (266.07)	- (63.32)	<b>221.97</b> (158.50)	<b>37.05</b> (70.85)		<b>678.04</b> (558.73)
<b>Other non cash expenses</b>						
Provision for diminution in value of investments (Net of write back)				<b>116.51</b> (123.43)		<b>116.51</b> (123.43)
Irrecoverable debts/ advances written off				<b>33.21</b> (233.17)		<b>33.21</b> (233.17)

### Geographical Segment :

	For the year ended March 31, 2013	For the year ended March 31, 2012
The following table shows the distribution of the Company's sales by geographical market :		
<b>Geographical segment revenue</b>		
Domestic (net of excise duty)	<b>49,736.67</b>	64,368.94
Overseas	<b>198.54</b>	64.05
<b>Total</b>	<b>49,935.21</b>	<b>64,432.99</b>

Export Segment assets consist of export debtors whose balance is less than 10% of total assets of the business segment and hence not disclosed as per Accounting Standard 17. Since the Company has all fixed assets in India only, separate figures for fixed assets/ additions to fixed assets for Domestic and Overseas segments are not furnished.



# Notes to Financial Statements

as at and for the year ended March 31, 2013

(Rs. in Lacs)

## 27 RELATED PARTY DISCLOSURES

### Names of related parties and related party relationship

#### Related parties where control exists :

Subsidiary Companies :	Titagarh Singapore Pte Limited Titagarh Capital Private Limited Titagarh Wagons AFR Greysam and Co. Private Limited (by virtue of control of composition of the Board of the Company) Titagarh Marine Limited Titagarh Cranes Private Limited (with effect from August 24, 2012)
Joint Venture Companies :	Cimco Equity Holdings Private Limited Titagarh FreightCar Private Limited (ceased to be a Joint Venture with effect from February 18, 2013) Cimmco Limited, subsidiary of Cimco Equity Holdings Private Limited Titagarh Freightcar Private Limited (with effect from February 19, 2013)
Associate Companies :	

#### Related parties with whom transactions have taken place during the period :

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

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

Nature of transactions	Subsidiary Companies	Joint Ventures	KMP	Relatives of KMP	Enterprise over which KMP/shareholders/ relatives have significant influence	Total
<b>In relation to the statement of profit and loss</b>						
<b>Revenue from operations</b>						
Cimmco Limited		3,966.98 (4,236.77)				3,966.98 (4,236.77)
Titagarh Wagons AFR	63.04 (62.82)					63.04 (62.82)
<b>Management Fees</b>						
Titagarh Wagons AFR	168.17 (164.79)					168.17 (164.79)
<b>Interest income on Advances/ Loans</b>						
Cimco Equity Holdings Private Limited		- (308.30)				- (308.30)
Titagarh Wagons AFR	366.13 (243.67)					366.13 (243.67)
Titagarh Papers Limited					177.74 (167.42)	177.74 (167.42)
Titagarh Marine Limited	176.90 (-)					176.90 (-)
<b>Reimbursement of expenses</b>						
Titagarh Wagons AFR	25.00 (4.83)					25.00 (4.83)
<b>Purchase of raw material &amp; components</b>						
Cimmco Limited		397.45 (1,522.06)				397.45 (1,522.06)
Titagarh Wagons AFR	36.04 (3.01)					36.04 (3.01)
Panihati Rubber Limited					11.84 (-)	11.84 (-)

# Notes to Financial Statements

as at and for the year ended March 31, 2013

(Rs. in Lacs)

**27 RELATED PARTY DISCLOSURES (Contd.)**

Nature of transactions	Subsidiary Companies	Joint Ventures	KMP	Relatives of KMP	Enterprise over which KMP/shareholders/ relatives have significant influence	Total
<b>Job Processing and other machining charges (including contract labour charges)</b>						
Cimmco Limited		120.00				120.00
		(-)				(-)
<b>Rent Paid</b>						
Titagarh Papers Limited					367.58	367.58
					(179.97)	(179.97)
<b>Provision for diminution in value of Investments</b>						
Titagarh FreightCar Private Limited	117.98					117.98
	(-)					(-)
Titagarh Papers Limited					-	-
					(87.93)	(87.93)
<b>Provision for diminution in value of Investments (written back)</b>						
Titagarh Papers Limited	1.47					1.47
	(-)					(-)
<b>Dividend paid</b>						
Ms. Savitri Devi Chowdhary				289.86		289.86
				(289.86)		(289.86)
Ms. Rashmi Chowdhary				205.06		205.06
				(134.66)		(134.66)
Mr. J P Chowdhary			2.50			2.50
			(2.50)			(2.50)
Mr. Umesh Chowdhary			1.24			1.24
			(1.24)			(1.24)
Ms. Vinita Bajoria				0.40		0.40
				(0.40)		(0.40)
Ms. Sumita Kandoi				0.10		0.10
				(0.09)		(0.09)
Traco International Investment Private Limited					2.43	2.43
					(2.43)	(2.43)
Titagarh Capital Management Services Private Limited					346.72	346.72
					(317.12)	(317.12)
Titagarh Logistics Infrastructure Private Limited					2.40	2.40
					(2.40)	(2.40)
<b>Remuneration (including contribution to Provident and other funds)</b>						
Mr. J P Chowdhary			212.65			212.65
			(641.72)			(641.72)
Mr. Umesh Chowdhary			148.86			148.86
			(449.21)			(449.21)
Ms. Vinita Bajoria				24.85		24.85
				(22.77)		(22.77)
<b>In relation to the balance sheet</b>						
<b>Money Received towards equity warrants / share capital including share premium</b>						
Ms. Rashmi Chowdhary				-		-
				(2,554.20)		(2,554.20)
Titagarh Capital Management Services Private Limited					-	-
					(1,073.93)	(1,073.93)
<b>Allotment of equity shares on conversion of warrants</b>						
Ms. Rashmi Chowdhary				-		-
				(4,837.50)		(4,837.50)





# Notes to Financial Statements

as at and for the year ended March 31, 2013

(Rs. in Lacs)

## 27 RELATED PARTY DISCLOSURES (Contd.)

Nature of transactions	Subsidiary Companies	Joint Ventures	KMP	Relatives of KMP	Enterprise over which KMP/shareholders/ relatives have significant influence	Total
<b>Loans given</b>						
Titagarh Marine Limited	2,305.00	-	-	-	-	2,305.00
Titagarh Wagons AFR	-	-	-	-	-	(-)
Titagarh Papers Limited	(347.65)	-	-	-	-	(347.65)
Titagarh Singapore Pte Limited	-	-	-	-	(2,100.00)	(2,100.00)
	(12.79)	-	-	-	-	(12.79)
<b>Security Deposits given</b>						
Titagarh Papers Limited	-	-	-	-	(194.00)	(194.00)
<b>Investments made</b>						
Titagarh Capital Private Limited	41.00	-	-	-	-	41.00
	(360.00)	-	-	-	-	(360.00)
Titagarh Marine Limited	5.06	-	-	-	-	5.06
	(450.00)	-	-	-	-	(450.00)
Titagarh Cranes Private Limited	1.00	-	-	-	-	1.00
	(-)	-	-	-	-	(-)
Titagarh Singapore Pte Limited	54.68	-	-	-	-	54.68
	(-)	-	-	-	-	(-)
Cimco Equity Holdings Private Limited	-	-	(6,400.00)	-	-	(6,400.00)
<b>Loans refunded</b>						
Titagarh Capital Private Limited	-	-	-	-	-	-
	(5,515.00)	-	-	-	-	(5,515.00)
Titagarh Wagons AFR	-	-	-	-	-	-
	(848.56)	-	-	-	-	(848.56)
Titagarh Papers Limited	-	-	-	-	1,900.00	1,900.00
	(-)	-	-	-	(-)	(-)
Titagarh Singapore Pte Limited	13.83	-	-	-	-	13.83
	(-)	-	-	-	-	(-)
Titagarh Marine Limited	40.00	-	-	-	-	40.00
	(-)	-	-	-	-	(-)
Cimco Equity Holdings Private Limited	-	-	(4,900.50)	-	-	(4,900.50)
<b>Guarantees Given and Outstanding</b>						
Titagarh Wagons AFR	6,954.38	-	-	-	-	6,954.38
	(-)	-	-	-	-	(-)
<b>Pledge of Fixed Deposits</b>						
Titagarh Wagons AFR	1,600.00	-	-	-	-	1,600.00
	(-)	-	-	-	-	(-)
<b>Balance outstanding as at the year end - Debit</b>						
Titagarh Singapore Pte Limited	-	-	-	-	-	-
	(16.88)	-	-	-	-	(16.88)
Mr. Umesh Chowdhary	-	-	5.94	-	-	5.94
	-	-	(-)	-	-	(-)
Titagarh Marine Limited	2,424.21	-	-	-	-	2,424.21
	(-)	-	-	-	-	(-)
Titagarh Wagons AFR	4,325.14	-	-	-	-	4,325.14
	(3,949.80)	-	-	-	-	(3,949.80)
Titagarh Papers Limited	-	-	-	-	224.18	224.18
	-	-	-	-	(2,282.71)	(2,282.71)
Panihati Rubber Limited	-	-	-	-	-	-
	-	-	-	-	(9.04)	(9.04)
<b>Balance outstanding as at the year end - Credit</b>						
Mr. J P Chowdhary	-	-	31.51	-	-	31.51
	-	-	(377.35)	-	-	(377.35)
Mr. Umesh Chowdhary	-	-	-	-	-	-
	-	-	(259.25)	-	-	(259.25)
Cimmco Limited	-	154.75	-	-	-	154.75
	-	(2.55)	-	-	-	(2.55)

# Notes to Financial Statements

as at and for the year ended March 31, 2013

(Rs. in Lacs)

	As at March 31, 2013	As at March 31, 2012
<b>28 CAPITAL AND OTHER COMMITMENTS</b>		
Estimated amount of capital commitments (net of advances) remaining to be executed	866.28	1,097.33
<b>29 CONTINGENT LIABILITIES</b>		
Disputed claims contested by the Company and pending at various courts/arbitration	1,155.70	411.09
Customer's Claims (Liquidated Damages)	442.29	-
Matters under appeal with:		
Sales tax authorities	348.84	594.47
Income tax authorities	722.97	871.18
Customs and excise authorities	9,335.26	8,654.70
Letter of Credit and Bank Guarantees outstanding	21,307.36	25,232.81
Corporate Guarantee given on behalf of a subsidiary Company for working capital limit sanctioned to the subsidiary company	6,954.38	-
Custom Duty on import of equipments and spare parts under EPCG-scheme	1,290.21	-
	<b>41,557.02</b>	<b>35,764.25</b>
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.		
<b>30 DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE</b>		
<b>a. Derivatives outstanding as at the balance sheet date</b>		
Particulars	Purpose	
Forward contract to sell US\$	Minimizing Risk of Currency Exposure on export of goods	-
		USD 1,155,000
		Rs. 590.86 lacs
Forward contract to buy US\$	Minimizing Risk of Currency Exposure on import of goods	<b>USD 9,196,035</b>
		Rs. 5,001.66 lacs
Forward contract to buy Euro	Minimizing Risk of Currency Exposure on import of goods	-
		USD 9,093,126
		Rs. 4,651.73 lacs
		EURO 237,360
		Rs. 162.21 lacs
<b>b. Particulars of unhedged foreign currency exposure as at the reporting date</b>		
Investment in Subsidiaries (Net of Provision for diminution in the value of investment)	3,395.65	3,340.97
Trade Receivables	-	41.42
Other Current Assets	397.62	109.32
Loans and Advances	3,953.35	3,775.60
Trade Payables	9.45	3.15
Packing credit loan	-	683.40
	<b>For the year ended March 31, 2013</b>	<b>For the year ended March 31, 2012</b>
<b>31 VALUE OF IMPORTS CALCULATED ON CIF BASIS</b>		
Raw Materials	10,160.21	6,479.77
<b>32 EXPENDITURE IN FOREIGN CURRENCY (ACCRUAL BASIS)</b>		
Travelling	35.64	41.99
Interest	97.39	63.44
Professional and consultancy fees	137.04	91.06
Brokerage & Commission of raw material	56.51	-
	<b>326.58</b>	<b>196.49</b>



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

(Rs. in Lacs)

	For the year ended March 31, 2013		For the year ended March 31, 2012	
	Amount	% of total consumption	Amount	% of total consumption
<b>33 IMPORTED AND INDIGENEOUS RAW MATERIALS, COMPONENTS AND SPARE PARTS CONSUMED</b>				
<b>Raw materials and components</b>				
Imported	8,635.59	28%	6,493.93	19%
Indigenously obtained	22,512.49	72%	27,970.63	81%
	<b>31,148.08</b>	<b>100%</b>	<b>34,464.56</b>	<b>100%</b>
<b>Spare parts</b>				
Imported	-	0%	-	0%
Indigenously obtained	3,941.48	100%	4,778.90	100%
	<b>3,941.48</b>	<b>100%</b>	<b>4,778.90</b>	<b>100%</b>

**34 NET DIVIDEND REMITTED IN FOREIGN EXCHANGE**

Year of remittance	For the year ended March 31, 2013	For the year ended March 31, 2012
Period to which it relates	1 April 2011 to 31 March 2012	1 April 2010 to 31 March 2011
Number of non-resident shareholders	2	2
Number of equity shares held on which dividend was due	25,61,442	25,61,442
Amount remitted (in USD)	3.95	4.50
Amount remitted (in INR)	204.92	204.92

**35 EARNING IN FOREIGN CURRENCY (ACCRUAL BASIS)**

Exports at F.O.B. value	198.54	57.84
Management fee	168.17	164.79
	<b>366.71</b>	<b>222.63</b>

36. The Board of Directors at its meeting held on December 24, 2012 had approved a Scheme of Arrangement to demerge the 'Rail Coach Division' and 'Heavy Earth Moving Machineries' division of the Company by transferring the same on a going concern basis to Titagarh Trains Private Limited and Titagarh Cranes Private Limited respectively with effect from April 1, 2012 subject to approval from respective shareholders and various regulatory authorities. The Board of Directors in its subsequent meeting held on February 18, 2013 has withdrawn the aforesaid Scheme of Arrangement.

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

**38. PREVIOUS YEAR FIGURES**

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

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

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

Place : Kolkata  
Dated : May 13, 2013

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

# Independent Auditor's Report

## To The Board of Directors of Titagarh Wagons Limited

We have audited the accompanying consolidated financial statements of Titagarh Wagons Limited ("the Company") and its subsidiaries collectively the "Group", which comprise the consolidated Balance Sheet as at March 31, 2013, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Financial Statements

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

## Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Basis for qualified opinion

We draw attention to the following Notes on the consolidated financial statements :

- i. Note No. 31 regarding proportionate share in demand of a joint venture company of Rs 662.50 lacs (Rs 900 lacs as at 31st March 2012) plus interest thereon (amount unascertainable) made by Asset Reconstruction Company (India) Limited (ARCIL), which is disputed by the Company and hence, no provision there against has been made in the accounts. Pending outcome of the matter, the impact, if any, of the above non provision is presently unascertainable. Our audit opinion on the consolidated financial statements for the previous year was also qualified in respect of the above matter.
- ii. Note No. 13.2 regarding proportionate share in certain claims of a joint venture company of Rs 2449.67 lacs (Rs 2449.67 lacs as at 31st March 2012), net of Rs 75 lacs received under a guarantee given by the Company, which have been considered good of recovery by the management. Pending decision of the Courts/ Arbitration proceedings, the recoverability of these claims is presently unascertainable, although the management is hopeful to recover these claims in full. This matter was covered as emphasis of matter in our audit opinion on the consolidated financial statements for the previous year.
- iii. Note No 11 regarding recognition of net deferred tax asset (DTA) of Rs. 236.53 lacs on unabsorbed depreciation and brought forward business losses upto 31st March 2013, based on the future profitability projections made by the management. We are unable to express an opinion on the virtual certainty of achieving these projections as required by Accounting Standard 22, Accounting for Taxes on Income, and the consequential impact, if any, of the recognition of such deferred tax asset.

Had the impact of item (iii) stated above been considered, the profit for the year would have been Rs. 2121.62 lacs as against the reported profit of Rs. 2358.15 lacs and net surplus in Reserves and Surplus would have been Rs. 27,931.68 lacs as against the reported net surplus of Rs. 28,168.21 lacs.

## Qualified opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the possible effects of the matters (i) and (ii) and the effect of matter (iii) described in the Basis for Qualified Opinion paragraph*, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India :

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2013;
- (b) in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

## Other Matter

We did not audit total assets of Rs. 26,520.08 lacs as at March 31, 2013 and, total revenues of Rs. 28,106.80 lacs and net cash outflows amounting to Rs. 2,063.09 lacs for the year then ended, included in the accompanying consolidated financial statements in respect of certain subsidiaries and joint ventures, whose financial statements and other financial information have been audited by other auditors and whose reports have been furnished to us. Our opinion, in so far as it relates to the affairs of such subsidiaries and joint ventures is based solely on the report of other auditors. Our opinion is not qualified in respect of this matter.

We did not audit the financial statements of a subsidiary, whose financial statements reflect total assets of Rs. 499.34 lacs as at March 31, 2013 and, total revenues of Rs. 0.03 lacs and net cash outflows amounting to Rs. 421.78 lacs for the year then ended. These financial statements and other financial information have been consolidated in these accounts on the basis of unaudited financial statements as certified by the management and our opinion, in so far as it relates to the amount included in respect of the subsidiary, is based on such unaudited financial statements. Our opinion is not qualified in respect of this matter.

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

per **R. K. Agrawal**  
Partner

Membership No. 16667

Place : Kolkata  
Dated : May 20, 2013



# Consolidated Balance Sheet

as at March 31, 2013

(Rs. in Lacs)

	Notes	As at March 31, 2013	As at March 31, 2012
<b>I. EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share capital	3	2,005.91	2,005.91
Reserves and surplus	4	65,619.91	64,406.68
		<b>67,625.82</b>	66,412.59
<b>Minority interest</b>		<b>2,549.19</b>	2,891.65
[Proportionate Share in Joint Venture Rs. 2,530.23 Lacs (Rs. 2,552.74 Lacs)]			
<b>Non-current liabilities</b>			
Long term borrowings	5	3,613.15	4,609.22
Long term provisions	6	539.47	468.30
Deferred Tax Liabilities (net)	11	448.30	228.41
		<b>4,600.92</b>	5,305.93
<b>Current liabilities</b>			
Short term borrowings	7	7,829.15	9,835.94
Trade payables	8.1	11,051.97	9,224.18
Other current liabilities	8.2	13,407.47	8,647.83
Short term provisions	6	1,518.13	2,573.60
		<b>33,806.72</b>	30,281.55
<b>TOTAL</b>		<b>108,582.65</b>	<b>104,891.72</b>
<b>II. ASSETS</b>			
<b>Non current assets</b>			
Fixed assets			
Goodwill on Consolidation		2,374.59	2,239.23
Tangible assets	9.1	24,168.82	22,450.97
Intangible assets	9.2	668.68	687.12
Capital work-in-progress		2,432.28	1,581.36
[Proportionate share in Joint Venture Rs 127.06 Lacs (Rs 132.46 Lacs)]			
Intangible under development		120.00	69.14
Non-current investments	10	3,324.90	3,318.97
Deferred tax assets (Net)	11	390.70	240.16
Long term loans and advances	12	2,024.16	738.45
Other non current assets	13.2	1,718.36	58.39
		<b>37,222.49</b>	31,383.79
<b>Current assets</b>			
Inventories	14	31,637.80	24,066.39
Trade receivables	13.1	18,421.05	9,806.82
Cash and bank balances	15	10,194.29	22,287.45
Short term loans and advances	12	8,193.65	14,049.99
Other current assets	13.2	2,913.37	3,297.28
		<b>71,360.16</b>	73,507.93
<b>TOTAL</b>		<b>108,582.65</b>	<b>104,891.72</b>
Summary of significant accounting policies	2		
The accompanying notes are an integral part of the financial statements.			

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

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

Place : Kolkata  
Dated : May 20, 2013

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 Statement of Profit and Loss for the year ended March 31, 2013

(Rs. in Lacs)

	Notes	For the year ended March 31, 2013	For the year ended March 31, 2012
<b>Income</b>			
Revenue from operations (gross)	16	80,206.66	91,558.73
Less : Excise duty		1,972.03	2,464.22
Revenue from operations (net)		78,234.63	89,094.51
Other Income	17	2,731.66	2,445.67
<b>Total Revenue (I)</b>		<b>80,966.29</b>	<b>91,540.18</b>
<b>Expenses</b>			
Cost of raw materials & components consumed	18	51,686.19	48,545.38
(Increase)/decrease in inventories of finished goods, Work in progress and saleable scrap	19	(5,299.10)	333.25
Increase / (Decrease) of excise duty on inventories (Note 33) [Proportionate share in Joint Venture Rs 3.69 Lacs (Rs 8.80 Lacs)]		38.78	(209.63)
Employee benefits expenses	20	7,691.27	5,929.40
Other expenses	21	19,548.55	20,593.26
<b>Total Expenses (II)</b>		<b>73,665.69</b>	<b>75,191.66</b>
<b>Earning before interest, taxes, depreciation &amp; amortization and exceptional items (EBIDTA) (I-II)</b>			
		7,300.60	16,348.52
Depreciation & amortization expenses			
Tangible assets	9.1	1,499.54	1,092.44
Intangible assets	9.2	123.86	147.66
Less: Recoupment from revaluation reserve [Proportionate share in Joint Venture Rs 56.78 Lacs (Rs 56.78 Lacs)]		161.50	163.12
		1,461.90	1,076.98
Finance costs	22	2,212.44	1,603.52
<b>Profit before taxes and exceptional items</b>		<b>3,626.26</b>	<b>13,668.02</b>
Exceptional items [representing proportionate share in Joint Venture Rs Nil (Rs 1,238.00 Lacs)]		-	1,238.00
<b>Profit before taxes</b>		<b>3,626.26</b>	<b>12,430.02</b>
<b>Tax expenses</b>			
Current tax		1,305.48	3,571.84
Deferred tax charges / (credit) [Proportionate share in Joint Venture Rs 20.49 Lacs (Rs 192.24 Lacs)]		69.35	440.19
Income tax for earlier years		7.18	-
<b>Total tax expenses</b>		<b>1,382.01</b>	<b>4,012.03</b>
<b>Profit before minority interest</b>		<b>2,244.25</b>	<b>8,417.99</b>
Minority interest [Proportionate share in Joint Venture Rs 140.49 Lacs (Rs 40.10 Lacs)]		(113.90)	101.27
<b>Profit attributable to the shareholders</b>		<b>2,358.15</b>	<b>8,316.72</b>
<b>Earnings per equity share</b>			
Basic (Rs.)	23	11.76	44.20
Diluted (Rs.)	23	11.76	43.52
[Nominal value of share Rs. 10/- (Rs 10/-)]			
Summary of significant accounting policies	2		
The accompanying notes are an integral part of the financial statements			

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

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

Place : Kolkata  
Dated : May 20, 2013

For and on behalf of the Board of Directors

**J P Chowdhary**  
Executive Chairman

**Anil Kumar Agarwal**  
Chief Financial Officer

**Umesh Chowdhary**  
Vice Chairman & Managing Director

**Dinesh Arya**  
Company Secretary

**D N Davar**  
Director



# Consolidated Cash Flow Statement

for the year ended March 31, 2013

(Rs. in Lacs)

	For the year ended March 31, 2013	For the year ended March 31, 2012
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before taxation	3,626.26	12,430.02
<b>Adjustments for :</b>		
Depreciation & amortization expenses *	1,461.90	1,076.98
Interest Expenses *	1,930.15	1,249.72
Exchange differences (unrealised)	(115.88)	(23.34)
Irrecoverable debts/ advances written off *	40.20	232.10
Loss/(gain) on sale of fixed assets (net) *	18.78	(128.82)
Dividend Income on non-trade long term investments *	-	(3.01)
Net gain on sale of investments (long term, Non-trade) *	-	(105.38)
Unspent liabilities / provisions no longer required written back	(391.89)	(426.81)
Interest on Deposits from banks/ Loans, advances etc. *	(1,416.82)	(1,636.03)
Provision for sub-standard Assets	-	16.57
Exceptional items *	-	1,238.00
Provision for diminution in value of Investments (net)	(1.47)	87.93
<b>Operating profit before working capital changes</b>	<b>5,151.23</b>	<b>14,007.93</b>
Increase/(decrease) in trade payables *	1,122.75	1,138.81
Increase/(decrease) in provisions *	95.24	(217.50)
Increase/(decrease) in other current liabilities *	4,927.67	(2,569.85)
Decrease/ (increase) in trade receivables *	(8,621.03)	5,532.78
Decrease/ (increase) in inventories *	(7,571.41)	240.04
Decrease/ (increase) in loans and advances *	3,735.46	(2,250.34)
Decrease/ (increase) in other assets *	(347.46)	142.93
<b>Cash generated from operations</b>	<b>(1,507.55)</b>	<b>16,024.80</b>
Taxes paid	(2,447.71)	(5,093.82)
<b>Net cash from operating activities</b>	<b>(3,955.26)</b>	<b>10,930.98</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets including capital work in progress *	(3,914.18)	(2,874.16)
Proceeds from sale of fixed assets	9.42	156.01
Proportionate share of loans refunded by joint venture	-	2,450.25
Loan to a related party	162.90	(2,100.00)
Purchase of investments (non-trade)*	-	(19.88)
Loans refunded by other related party	1,900.00	-
Payment to Minorities	(481.87)	-
Proceeds from sale of investments (non-trade)*	-	173.61
Proportionate share of investment in debenture of joint venture	-	(3,200.00)
Investment in bank fixed deposits *	(16,818.56)	(18,813.40)
Bank fixed deposits encashed/matured *	21,974.72	14,977.34
Dividend received	-	3.01
Interest received *	1,411.39	2,134.09
<b>Net cash used in investing activities</b>	<b>4,243.82</b>	<b>(7,113.13)</b>



# Consolidated Cash Flow Statement

for the year ended March 31, 2013

(Rs. in Lacs)

	For the year ended March 31, 2013	For the year ended March 31, 2012
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of share warrants	-	3,628.12
Net movement in other borrowings (short term) *	(4,299.71)	2,668.32
Repayment of sales tax deferment Loan	-	(56.65)
Net movement in buyer's credit	5,096.92	(3,264.60)
Proceeds/(Repayment) from Packing Credit loan	(683.40)	693.88
Proceeds from short term loan against fixed deposits	(1,800.00)	1,800.00
Proceeds from term loans	262.95	-
Repayment of finance lease liabilities	(176.56)	(154.86)
Other loans received	-	789.24
Proceeds from long-term borrowings *	-	2,000.00
Repayment of long-term borrowings *	(162.20)	(3,250.00)
Interest paid *	(1,848.11)	(1,345.88)
Dividend Paid (including corporate dividend tax)	(1,862.06)	(1,748.83)
<b>Net cash (used)/from financing activities</b>	<b>(5,472.17)</b>	<b>1,758.74</b>
<b>D. EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN SUBSIDIARIES</b>	<b>(107.17)</b>	<b>136.89</b>
<b>Net decrease in cash &amp; cash equivalent (A+B+C+D)</b>	<b>(5,290.78)</b>	<b>5,713.48</b>
<b>Cash and cash equivalents - opening balance</b>	<b>7,139.17</b>	<b>1,425.69</b>
<b>Cash and cash equivalents - closing balance</b>	<b>1,848.39</b>	<b>7,139.17</b>
<b>Cash &amp; cash equivalents :</b>		
Cash on hand	36.90	4.53
Balance with banks :		
On Current accounts	279.19	3,269.27
Deposits with original maturity of less than three months	1,431.65	3,460.26
On unpaid dividend account #	8.41	5.41
On unpaid fractional share entitlement #	11.12	11.17
Proportionate share of joint ventures	81.12	388.53
	<b>1,848.39</b>	<b>7,139.17</b>

\* includes proportionate share in Joint Ventures

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

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

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

Place : Kolkata  
Dated : May 20, 2013

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





# Notes to Consolidated Financial Statements

as at and for the year ended March 31, 2013

## 1 GROUP INFORMATION

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

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### a) Principles of Consolidation

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

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

Name of the Subsidiary	Country of Incorporation	Proportion of Ownership / Interest	
		March 31, 2013	March 31, 2012
Titagarh Capital Private Limited (TCPL) (previously Flourish Securities and Finance Private Limited)	India	100%	100%
Titagarh Singapore Pte. Limited (TSPL)	Singapore	100%	100%
Titagarh Wagons AFR* (AFR)	France	100%	90%
Greysam and Co. Private Limited (GCPL) (a subsidiary by virtue of control over composition of its board of directors)	India	50%	50%
Titagarh Cranes Private Limited (w.e.f. August 24, 2012)	India	100%	-
Titagarh Marine Limited	India	100%	98.90%

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

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

Name of the Joint Venture	Country of Incorporation	Proportion of Ownership / Interest	
		March 31, 2013	March 31, 2012
Cimco Equity Holdings Private Limited (CEHPL)	India	50%	50%
Titagarh FreightCar Private Limited (TFPL)	India	-	49%

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

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

Name of the Subsidiary of Joint Venture	Country of Incorporation	Proportion of Ownership / Interest	
		March 31, 2013	March 31, 2012
Cimmco Limited (Cimmco)	India	71.91%	71.91%

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

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

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

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

(xii) The Group accounts for change in the minority interest arising out of acquisition / sale of investment in subsidiaries using "Hybrid Entity Concept". Under this concept, goodwill on acquisition of additional stake in the existing subsidiary is recognized by treating the difference between the consideration paid and the net carrying value of additional stake acquired on the date of such acquisition. In case of disposal of partial stake in a controlling subsidiary, the parent treats the transaction as an equity transaction and the resulting gain or loss (including goodwill or capital reserve adjustments) if any, is not taken to the Statement of Profit and Loss but is routed through reserve & surplus.

### b) Basis of preparation

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

### c) Use of estimates

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

### d) Tangible Fixed Assets

Tangible Fixed Assets are stated at cost (or revalued amounts, as the case may be), less accumulated depreciation and impairment, if any. The cost of acquisition comprises of purchase price inclusive of duties (net of Cenvat/VAT), taxes, incidental expenses, erection/commissioning/trial run expenses and borrowing cost etc, up to the date the assets are ready for intended use.

In case of revaluation of tangible fixed assets, the original cost as written up by the approved valuers is considered in the accounts and the differential amount is credited to revaluation reserve.

Machinery spares which can be used only in connection with an item of fixed assets and whose use, as per technical assessment, is expected to be irregular, are capitalized and depreciated over the residual life of the respective assets.

Tangible fixed assets awaiting disposal are valued at the lower of written down value and net realizable value and disclosed separately.

Capital work-in-progress includes machinery to be installed and construction & erection materials lying in stock.

### e) Intangibles

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

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

- Its intention to complete the asset
- Its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of adequate resources to complete the development and to use or sell the asset
- The ability to measure reliably the expenditure attributable to the intangible asset during development.

Development expenditure recognized as an intangible asset is amortized on a straight line basis over the period of expected future sales from the related project, not exceeding ten years.



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

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

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

### f) Depreciation & Amortisation on tangible & intangible fixed assets

#### Tangible Assets

Depreciation is provided using the straight line method as per the useful lives of the fixed assets estimated by the management, or at the rates prescribed under Schedule XIV of the Companies Act, 1956 whichever is higher.

Depreciation on revalued assets is provided at the rates specified in Section 205(2) (b) of The Companies Act, 1956. However in case of fixed assets whose life is determined by the valuer to be less than their useful life under Section 205, depreciation is provided at the higher rate, to ensure the amortisation of these assets over their life determined by the valuer.

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

Leasehold Land is amortized over the period of lease.

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

#### Intangible Assets

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

Patents are amortised over the period of ten years.

### g) Leases

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

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

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

### h) Borrowing costs

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

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

### i) Impairment of tangible and intangible fixed assets

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

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

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

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

### j) Investments

Investments that are readily realizable and intended to be held for not more than a year from the date on which such investments are made are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of

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

cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

### k) Inventories

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

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

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

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

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

### l) Revenue Recognition

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

#### Sale of Goods

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

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

#### Income from Services

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

#### Construction contracts

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

#### Interest Income

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

#### Dividends

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

### m) Foreign Currency Transactions

#### Initial Recognition

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

#### Conversion

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

#### Exchange differences

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



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

### **Forward Exchange Contracts not intended for trading or speculation purposes**

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

### **n) Retirement and other Employee Benefits**

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

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

Long term compensated absences are provided for based on actuarial valuation, as per projected unit credit method, made at the end of each financial period. Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

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

### **o) Taxes on Income**

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

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

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

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

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

### **p) Segment Reporting**

#### **Identification of segments**

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

#### **Inter Segment transfers**

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

#### **Allocation of common costs**

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

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

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

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

### q) **Earning per share**

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

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

### r) **Provisions**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Contingent Assets are neither recognized nor disclosed in the financial statements. Contingent liabilities are not provided for and are disclosed by way of notes.

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

### s) **Contingent liabilities**

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

### t) **Cash and Cash equivalents**

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

### u) **Liquidated Damages**

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

### v) **Excise duty & custom duty**

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

### w) **Government grants and subsidies**

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

When the grant or subsidy relates to an expense item, it is netted off from the related expense over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate.

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

### x) **Measurement of EBITDA**

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



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

(Rs. in Lacs)

	As at March 31, 2013	As at March 31, 2012
<b>3 SHARE CAPITAL</b>		
<b>Authorised</b>		
9,60,00,000 (9,60,00,000) Equity shares of Rs. 10/- each	9,600.00	9,600.00
5,20,00,000 (5,20,00,000) Preference shares of Rs. 10/- each	5,200.00	5,200.00
	<b>14,800.00</b>	<b>14,800.00</b>
<b>Issued, Subscribed and Fully Paid-up</b>		
2,00,59,069 (2,00,59,069) Equity shares of Rs. 10/- each	2,005.91	2,005.91
	<b>2,005.91</b>	<b>2,005.91</b>

a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period	2012-13		2011-12	
	No. of shares	Amount	No. of shares	Amount
<b>Equity Shares</b>				
At the beginning of the year	2,00,59,069	2,005.91	1,88,09,069	1,880.91
Allotment on conversion of equity warrants	-	-	12,50,000	125.00
<b>Outstanding at the end of the year</b>	<b>2,00,59,069</b>	<b>2,005.91</b>	<b>2,00,59,069</b>	<b>2,005.91</b>

**b) Terms/rights attached to equity shares**

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

During the year ended March 31, 2013, the amount of dividend per share recognised as distributable to equity shareholders is Rs. 4/- (Rs. 8/-).

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

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

	As at March 31, 2013	As at March 31, 2012
	No. of shares	No. of shares
Equity shares allotted as fully paid bonus shares by capitalisation of securities premium	1,30,46,224	1,30,46,224
Equity shares allotted as fully paid up, for consideration other than cash	3,66,954	3,66,954

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

	As at March 31, 2013		As at March 31, 2012	
	No. of shares	% holding	No. of shares	% holding
<b>Equity shares of Rs. 10/- each fully paid</b>				
Titagarh Capital Management Services Private Limited	43,34,033	22%	43,34,033	22%
Savitri Devi Chowdhary	36,23,207	18%	36,23,207	18%
Rashmi Chowdhary	25,63,221	13%	25,63,221	13%
G E Capital International (Mauritius)	25,43,830	13%	25,43,830	13%

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

	As at March 31, 2013	As at March 31, 2012
<b>4 RESERVES AND SURPLUS</b>		
<b>A. Capital Reserve</b>		
Balance as per the last financial statements	9.18	9.18
Add : Arising on consolidation of a subsidiary company	40.29	-
	<b>49.47</b>	<b>9.18</b>
<b>B. Securities Premium Account</b>		
Balance as per the last financial statements	26,194.45	21,481.95
Add : Additions during the year	-	4,712.50
	<b>26,194.45</b>	<b>26,194.45</b>

# Notes to Consolidated Financial Statements

as at and for the year ended March 31, 2013

*(Rs. in Lacs)*

	As at March 31, 2013	As at March 31, 2012
<b>C. Revaluation Reserve</b>		
Balance as per the last financial statements	6,110.66	6,911.79
Less : Amount transferred to the Statement of Profit and Loss*	161.50	163.12
Less : Minority Interests	-	638.01
	<b>5,949.16</b>	<b>6,110.66</b>
* Includes proportionate share in Joint Venture Rs 56.78 Lacs (Rs 56.78 Lacs)		
<b>D. Foreign Currency Translation Reserve</b>		
Balance as per the last financial statements	(97.05)	(53.92)
Add : Arisen during the year	(91.19)	(43.13)
	<b>(188.24)</b>	<b>(97.05)</b>
<b>E. General Reserve</b>		
Balance as per the last financial statements	5,204.61	4,404.61
Add : Amount transferred from surplus in the Statement of Profit and Loss	240.00	800.00
	<b>5,444.61</b>	<b>5,204.61</b>
<b>F. Special Reserve under Section 45IC of RBI Act</b>		
Balance as per the last financial statements	2.25	2.25
<b>G. Surplus in the Consolidated Statement of Profit and Loss</b>		
Balance as per the last financial statements	26,982.58	21,793.71
Profit for the year	2,358.15	8,316.72
Less : Transferred to Minority Interests	-	(211.30)
Less : Goodwill adjustments	-	(251.49)
Less : Appropriations		
Transfer to general reserve	240.00	800.00
Proposed equity dividend [amount per share Rs. 4 /- (Rs. 8 /-)]	802.36	1,604.73
Tax on proposed equity dividend	130.16	260.33
<b>Total appropriations</b>	<b>1,172.52</b>	<b>2,665.06</b>
	<b>28,168.21</b>	<b>26,982.58</b>
<b>Total Reserves and Surplus</b>	<b>65,619.91</b>	<b>64,406.68</b>
<b>TOTAL (A to G)</b>	<b>65,619.91</b>	<b>64,406.68</b>

	Non-Current		Current	
	As at	As at	As at	As at
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
<b>5 LONG TERM BORROWINGS</b>				
<b>Secured</b>				
Term loan from banks	176.02	-	102.04	-
Finance lease obligations	1,270.56	1,447.11	207.44	181.22
<b>Unsecured</b>				
Other loans	499.90	662.11	173.86	156.61
	<b>1,946.48</b>	<b>2,109.22</b>	<b>483.34</b>	<b>337.83</b>
Add : Proportionate share in Joint Venture (Secured)	1,666.67	2,500.00	833.34	-
	<b>3,613.15</b>	<b>4,609.22</b>	<b>1,316.68</b>	<b>337.83</b>
Amount disclosed under other current liabilities (Note 8.2)			(1,316.68)	(337.83)
<b>Total</b>	<b>3,613.15</b>	<b>4,609.22</b>	<b>-</b>	<b>-</b>
The above amount includes :				
Secured borrowings	2,937.23	3,947.11	1,040.78	181.22
Unsecured borrowings	675.92	662.11	275.90	156.61

- a) Finance lease obligation is secured by hypothecation of the respective land and buildings taken on lease. The interest rate implicit in the lease is 5.28% and for repayment schedule refer Note No. 25(b).
- b) Term Loan from banks includes following :
- i) In case of Titagarh Wagons AFR, Rs. 262.95 lacs (Euro 378,109) are secured against fixed deposit of Rs. 400 lacs given as margin money by the holding company. The term loan carries interest rate of 3 months EURIBOR + 2% margin p.a. i.e. 2.23% p.a. and is repayable in 9 equal quarterly installments of Rs. 29.22 lacs (Euro 42,012.11) by September 2015.





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

(Rs. in Lacs)

- ii) In case of Titagarh Marine Limited, Rs. 15.11 lacs are secured by first charge on plant & machinery and other fixed assets excluding land and also by way of extension of charge on all current assets including stock, work in progress, consumables, receivables except stocks procured with advance from Indian Navy. The loan carries interest rate at 15% p.a. and was due for repayment by March 2013.
- c) Other loans include following :
  - i) Interest free loan of Rs. 536.06 lacs (Euro 770,833) received from Government Authorities are repayable in remaining 37 monthly installments of Rs. 14.49 lacs (Euro 20,833) by April 2016..
  - ii) Interest free loan of Rs. 137.70 lacs (Euro 198,000) received from Government Authorities are repayable at a future date to be decided by the Government.
- d) Proportionate Share in Joint Venture includes term loan from bank which carries interest @ 13% p.a. and is repayable in 6 half yearly installments of Rs. 833.33 lacs each starting from June 2013. The loan is secured by an exclusive first charge on land situated at Gwalior and also by first pari passu charge over the other fixed assets and second pari passu charge over the current assets of the Company, both present and future.

	Non-current		Current	
	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
<b>6 PROVISIONS</b>				
<b>Provisions for employee benefits* :</b>				
Gratuity (Refer Note No. 24)	330.66	342.71	98.51	107.22
Leave benefits	70.70	-	39.89	89.05
	<b>401.36</b>	<b>342.71</b>	<b>138.40</b>	<b>196.27</b>
<b>Other provisions</b>				
Warranties	113.37	100.25	42.21	31.48
Liquidated damages	-	-	189.83	212.43
Taxation (net of advance tax and tax deducted at source)	-	-	184.37	253.74
Provision for non-performing assets	10.40	10.40	-	-
Provision for standard assets	6.17	6.17	-	-
Proposed equity dividend	-	-	802.36	1,604.73
Provision for tax on proposed equity dividend	-	-	130.16	260.33
	<b>129.94</b>	<b>116.82</b>	<b>1,348.93</b>	<b>2,362.71</b>
<b>Total Provisions</b>	<b>531.30</b>	<b>459.53</b>	<b>1,487.33</b>	<b>2,558.98</b>
Add : Proportionate Share in Joint Venture	8.17	8.77	30.80	14.62
	<b>539.47</b>	<b>468.30</b>	<b>1,518.13</b>	<b>2,573.60</b>

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

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

	Warranties		Liquidated damages	
	2012-13	2011-12	2012-13	2011-12
At the beginning of the year	131.73	204.10	212.43	491.32
Arisen during the year	159.71	24.00	146.71	58.35
Utilized during the year	(63.86)	(11.34)	(163.08)	(337.24)
Unused amounts reversed	(72.00)	(85.03)	(6.23)	-
<b>At the end of the year</b>	<b>155.58</b>	<b>131.73</b>	<b>189.83</b>	<b>212.43</b>
Add : Proportionate Share in Joint Venture	8.42	8.42	11.25	-
<b>At the end of the year</b>	<b>164.00</b>	<b>140.15</b>	<b>201.08</b>	<b>212.43</b>
Current portion	50.63*	35.69*	201.08	212.43
Non-current portion	113.37**	104.46**	-	-

\* Includes proportionate share of Joint Venture Rs 8.42 lacs (Rs. 4.21 lacs)

\*\* Includes proportionate share of Joint Venture Rs. Nil (Rs. 4.21 lacs)

# Notes to Consolidated Financial Statements

as at and for the year ended March 31, 2013

*(Rs. in Lacs)*

	As at March 31, 2013	As at March 31, 2012
<b>7 SHORT TERM BORROWINGS</b>		
<b>Secured</b>		
<b>From Banks</b>		
Cash credits	1,850.22	5,718.54
Buyers' credit (in foreign currency)	5,001.66	-
Loan from Bodies Corporate	109.75	-
Packing credit loan (in foreign currency)	-	683.40
Short term loan	-	1,800.00
Loan from Directors / Ex-directors	28.50	-
	<b>6,990.13</b>	<b>8,201.94</b>
Add : Proportionate share in Joint Venture		
Secured	785.85	1,580.83
Unsecured	53.17	53.17
	<b>7,829.15</b>	<b>9,835.94</b>

**Notes :**

a) Cash credits include following :

- i) In case of Titagarh Wagons Limited, cash credits of Rs. 596.38 lacs (Rs. 5,718.54 lacs) are secured by first charge on the Company's current assets, present and future and by way of collateral charge on fixed assets of the Company, both present and future. All the mortgages and charges created in favour of the above lenders rank pari passu with consortium member banks. Cash credits carry interest at base rate ranging from 10.20% to 13.75% including spread ranging between 2% to 3.25% p.a and are repayable on demand.
  - ii) In case of Titagarh Wagons AFR :
    - a) Cash credit of Rs. 695.44 lacs (Euro 1,000,000) is secured by first charge on the Company's current assets, present and future and by way of collateral charge on fixed assets of the Company, both present and future. In addition, the holding company has also extended corporate guarantee as margin money. The above facility carries interest at 6 months LIBOR + 3.75% p.a. i.e. 4.11% p.a. and is repayable on demand.
    - b) Cash credit of Rs. 59.06 lacs (Euro 84,925) is secured against pledge of fixed deposit of Rs. 1,200 lacs by the holding company. The above facility carries interest at 3 months EURIBOR + 2% p.a. i.e. 2.23% p.a. and is repayable on demand.
  - iii) In case of Titagarh Marine Limited, cash credits of Rs. 499.34 lacs are secured by hypothecation of present and future stock of raw materials, stock-in-progress and finished goods, stores & spares, book debts of the Company. The facility carries interest at 14.75% p.a. and is repayable on demand.
- b) Buyers' Credit is secured by first charge on the Company's current assets, present and future and by way of collateral charge on fixed assets of the Company, both present and future. All the mortgages and charges created in favour of the lenders rank pari passu with consortium member banks. Buyers' credit carries interest at Libor plus spread ranging between 0.75% to 1.30% and is repayable by August 30, 2013.
  - c) Packing credit loan carried interest @ Libor + 3.5% and was repayable within three months from the balance sheet date.
  - d) Short term loan carried interest @ 11.75% and was secured by fixed deposits. The loan was repayable within one month from the balance sheet date.
  - e) Loan from Bodies Corporate includes loan from a Company under the same management. The loan is an interest free loan and is repayable on demand.
  - f) Loan from Directors / Ex-directors is interest free and is repayable on demand.
  - g) Proportionate share in secured loans of Joint Venture are secured by first pari passu charge over all current assets, both present and future and also by a second pari passu charge over the entire fixed assets of the Company (excluding land at Gwalior). The cash credit is repayable on demand and carries interest @13% to 14% p.a.
  - h) Proportionate share in unsecured loans of Joint Venture includes loan from Exim Bank. The Board For Industrial and Financial Reconstruction (BIFR) has at the request of Exim Bank, granted permission for recovery of their outstanding loan amount from the Joint Venture based on the decision of the Court of Appeal without any interest and penalty. Pending finalisation of the aforesaid appeal, the amount has not been considered as due for payment.



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

(Rs. in Lacs)

	As at March 31, 2013	As at March 31, 2012
<b>8 OTHER CURRENT LIABILITIES</b>		
<b>8.1 Trade Payables</b>		
Acceptances	1,898.59	3,183.96
Payables for goods and services @	8,174.33	5,565.90
	<b>10,072.92</b>	<b>8,749.86</b>
Add : Proportionate share in Joint Venture	979.05	474.32
	<b>11,051.97</b>	<b>9,224.18</b>
<b>8.2 Other Liabilities</b>		
Current maturities of long term borrowings (Note 5)	1,316.68	337.83
Interest accrued but not due on borrowings	76.91	44.27
Advance from customers	6,446.52	3,260.75
Payable towards purchase of fixed assets	138.22	-
Others		
Statutory Dues	523.66	538.18
Employee related liabilities	237.44	-
Forward Contract Payable	174.49	-
Other liabilities	4,276.99	4,135.56
Investor education and protection fund will be credited by following amounts (as and when due) :		
Unpaid dividends	8.41	5.41
Unpaid fractional share	11.12	11.17
	<b>13,210.44</b>	<b>8,333.17</b>
Add : Proportionate share in Joint Venture	197.03	314.66
	<b>13,407.47</b>	<b>8,647.83</b>
<b>Total Current Liabilities</b>	<b>24,459.44</b>	<b>17,872.01</b>
	As at March 31, 2013	As at March 31, 2012
<b>Note :</b>		
@ Includes dues to Micro & Small Enterprises in term of Micro, Small and Medium Enterprises Act, 2006 (MSME Act) as follows :		
a) Principal amount remaining unpaid to any supplier at the end of accounting year (I)	-	188.89
Interest Due on Above (II)	-	-
<b>Total of (I) and (II)</b>	-	<b>188.89</b>
b) Amount of interest paid/adjusted by the Company to the suppliers	17.84	62.46
c) Amounts paid to the suppliers beyond the respective due date	-	-
d) Amount of interest due and payable for the period of delay in payments but without adding the interest specified under the Act	2.43	2.72
e) Amount of interest accrued and remaining unpaid at the end of each accounting year	2.43	17.84
f) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the MSME Act.	-	2.72

# Notes to Consolidated Financial Statements

as at and for the year ended March 31, 2013

*(Rs. in Lacs)*
**9 FIXED ASSETS**
**9.1 TANGIBLE FIXED ASSETS**

	Land - Freehold	Land - Leasehold	Buildings	Plant & Machineries	Railway Sidings	Furniture & Fixtures	Office equipments & Computers	Vehicles	Proportionate Share in Joint Ventures	Total Tangible Assets
<b>Cost or valuation At April 1, 2011</b>	1,952.80	263.88	5,512.00	9,340.50	245.38	134.38	289.22	304.21	10,981.16 (c)	<b>29,023.53</b>
Additions	86.63	-	139.79	2,003.27	-	3.14	31.65	60.46	64.30	<b>2,389.24</b>
Disposals	-	-	-	133.77	-	-	-	39.02	-	<b>172.79</b>
Exchange differences	-	14.14	127.28	157.53	-	-	-	-	-	<b>298.95</b>
<b>At March 31, 2012 (b)</b>	<b>2,039.43</b>	<b>278.02 (d)</b>	<b>5,779.07 (d)</b>	<b>11,367.53</b>	<b>245.38</b>	<b>137.52</b>	<b>320.87</b>	<b>325.65</b>	<b>11,045.46 (c)</b>	<b>31,538.93</b>
Additions on acquisition of subsidiary	-	-	45.24	493.10	-	4.15	25.40	84.11	-	<b>652.00</b>
Additions	-	-	163.09	2,043.93	-	0.61	31.02	451.74	106.48	<b>2,796.86</b>
Disposals	-	-	-	32.48	-	-	-	61.67	-	<b>94.15</b>
Exchange differences	-	3.34	30.03	53.85	-	-	-	-	-	<b>87.22</b>
Adjustment on termination of joint venture	-	-	-	-	-	-	-	-	9.94	<b>9.94</b>
<b>At March 31, 2013 (b)</b>	<b>2,039.43</b>	<b>281.36 (d)</b>	<b>6,017.43 (d)</b>	<b>13,925.92</b>	<b>245.38</b>	<b>142.28</b>	<b>377.29</b>	<b>799.83</b>	<b>11,142.00 (c)</b>	<b>34,970.92</b>
<b>Depreciation &amp; amortization At April 1, 2011</b>	-	8.38	539.10	4,750.36	29.78	109.33	179.51	140.51	2,361.42	<b>8,118.39</b>
Charge for the year	-	1.04	241.71	646.45	11.66	2.88	21.89	27.68	139.13	<b>1,092.44</b>
Disposals	-	-	-	121.91	-	-	-	23.69	-	<b>145.60</b>
Exchange differences	-	-	7.84	14.89	-	-	-	-	-	<b>22.73</b>
<b>At March 31, 2012</b>	<b>-</b>	<b>9.42</b>	<b>788.65</b>	<b>5,289.79</b>	<b>41.44</b>	<b>112.21</b>	<b>201.40</b>	<b>144.50</b>	<b>2,500.55</b>	<b>9,087.96</b>
Charge on acquisition of subsidiary	-	-	19.93	200.26	-	2.23	23.28	28.46	-	<b>274.16</b>
Charge for the year	-	1.04	247.91	996.57	11.66	2.80	26.71	76.09	136.76	<b>1,499.54</b>
Disposals	-	-	-	27.46	-	-	-	38.49	-	<b>65.95</b>
Exchange differences	-	-	3.38	9.74	-	-	-	-	-	<b>13.12</b>
Adjustment on termination of joint venture	-	-	-	-	-	-	-	-	6.73	<b>6.73</b>
<b>At March 31, 2013</b>	<b>-</b>	<b>10.46</b>	<b>1,059.87</b>	<b>6,468.90</b>	<b>53.10</b>	<b>117.24</b>	<b>251.39</b>	<b>210.56</b>	<b>2,630.58</b>	<b>10,802.10</b>
<b>Net Block</b>										
<b>At March 31, 2012</b>	<b>2,039.43</b>	<b>268.60 (d)</b>	<b>4,990.42 (d)</b>	<b>6,077.74</b>	<b>203.94</b>	<b>25.31</b>	<b>119.47</b>	<b>181.15</b>	<b>8,544.91</b>	<b>22,450.97</b>
<b>At March 31, 2013</b>	<b>2,039.43</b>	<b>270.90 (d)</b>	<b>4,957.56 (d)</b>	<b>7,457.02</b>	<b>192.28</b>	<b>25.04</b>	<b>125.90</b>	<b>589.27</b>	<b>8,511.42</b>	<b>24,168.82</b>

- a) Deed of Conveyance in respect of freehold land amounting to Rs 1,164.08 Lacs (Rs. 1,164.08 Lacs) is pending registration.
- b) In case of Titagarh Wagons Limited, Land, Buildings, Plant & Machineries of Titagarh Steels Unit aggregating to Rs. 3,246.54 lacs (Gross block) as on 31st March, 2009 were revalued by approved valuers on Replacement Cost basis and the net increase of Rs. 1,345.49 lacs was transferred to Revaluation Reserve. In accordance with the option given in the Guidance Note on Accounting for Depreciation in Companies, the Company recoups such additional depreciation out of revaluation reserve.
- c) Proportionate share in Joint Venture includes Land freehold and leasehold aggregating to Rs. 1,136.01 lacs (Gross block) as on 31st March 2011 which were revalued by approved valuers on Replacement Cost basis and the net increase of Rs. 14,646.57 lacs was transferred to Revaluation Reserve. In accordance with the option given in the Guidance Note on Accounting for Depreciation in Companies, the Company recoups such additional depreciation out of revaluation reserve.
- d) Includes assets taken on finance lease as disclosed in Note 25. Gross Block Rs. 1,928.40 Lacs (Rs. 1,895.02 Lacs), Net block Rs. 1,689.76 Lacs (Rs. 1,745.78 Lacs).



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

*(Rs. in Lacs)*

## 9.2 INTANGIBLE FIXED ASSETS

	Computer Softwares	Patents	Proportionate Share in Joint Ventures	Total Intangible Assets
<b>Cost or valuation</b>				
<b>At April 1, 2011</b>	84.39	221.34	5.24	<b>310.97</b>
Additions	57.14	497.00	4.49	<b>558.63</b>
Revaluation (a)	-	-	-	-
Disposals	-	-	-	-
Exchange differences	-	36.41	-	<b>36.41</b>
<b>At March 31, 2012</b>	<b>141.53</b>	<b>754.75</b>	<b>9.73</b>	<b>906.01</b>
Additions	42.26	52.54	-	<b>94.80</b>
Disposals	-	-	-	-
Exchange differences	-	13.75	-	<b>13.75</b>
<b>At March 31, 2013</b>	<b>183.79</b>	<b>821.04</b>	<b>9.73</b>	<b>1,014.56</b>
<b>Depreciation &amp; Amortization</b>				
At April 1, 2011	65.07	-	1.41	<b>66.48</b>
Charge for the year	19.03	127.33	1.30	<b>147.66</b>
Disposals	-	-	-	-
Exchange differences	-	4.75	-	<b>4.75</b>
<b>At March 31, 2012</b>	<b>84.10</b>	<b>132.08</b>	<b>2.71</b>	<b>218.89</b>
Charge for the year	30.15	91.78	1.93	<b>123.86</b>
Disposals	-	-	-	-
Exchange differences	-	3.13	-	<b>3.13</b>
<b>At March 31, 2013</b>	<b>114.25</b>	<b>226.99</b>	<b>4.64</b>	<b>345.88</b>
<b>Net block</b>				
<b>At March 31, 2012</b>	<b>57.43</b>	<b>622.67</b>	<b>7.02</b>	<b>687.12</b>
<b>At March 31, 2013</b>	<b>69.54</b>	<b>594.05</b>	<b>5.09</b>	<b>668.68</b>

	No. of Shares		Face Value Per Share (Rs.)	As at	
	As at 31.3.2013	As at 31.3.2012		March 31, 2013	March 31, 2012
<b>10 NON-CURRENT INVESTMENTS</b>					
(Valued at cost unless stated otherwise)					
<b>Non-trade investments</b>					
<b>In fully paid up equity shares</b>					
<b>Quoted</b>					
Continental Valves Limited	1,60,000	1,60,000	10	14.78	14.78
<b>Unquoted</b>					
Titagarh Papers Limited	49,33,000	49,33,000	10	493.30	493.30
Less : Provision for diminution				(415.49)	(416.96)
				77.81	76.34
Tecalemit Industries Limited	8,85,000	(8,85,000)	10	22.82	22.82
Bhatpara Papers Limited	50,000	(50,000)	10	5.00	5.00
<b>Associate Companies</b>					
Titagarh FreightCar Private Limited (a)	11,79,822	(-)	10	4.46	-
<b>Trade Investments</b>					
<b>In 0% optionally fully convertible debentures</b>					
<b>Joint Venture Company</b>					
Cimco Equity Holdings Private Limited (b)	3,20,00,000	3,20,00,000	10	3,200.00	3,200.00
				3,324.87	3,318.94
Add : Proportionate share in Joint Venture (quoted)				0.03	0.03
				3,324.90	3,318.97
Aggregate amount of quoted investments				14.81	14.81
Aggregate amount of unquoted investments				3,310.09	3,304.16
Market value of quoted investments				#	#
Aggregate provision for diminution				415.49	416.96

# Quotations not available

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

*(Rs. in Lacs)*

**Notes :**

- (a) During the year, the Joint Venture agreement between the Company and FreightCar America, Inc ('FreightCar') in relation to Joint Venture Company Titagarh FreightCar Private Limited (TFPL) has been terminated by both the parties pursuant to settlement agreement entered on February 18, 2013 and Rs 280.75 lacs (USD 518,000) has been compensated to the Company by FreightCar, which is included in 'Other Income'. The Company is in the process of liquidating the above joint venture in accordance with the terms and condition of the settlement agreement. Pending liquidation, the investment in FreightCar has been considered as investment in associate with effect from February 19, 2013 and the equity method of accounting principles of Accounting Standard 23 i.e. "Accounting for Investments in Associates in Consolidated Financial Statements" has not been applied as the investment is now held exclusively for disposal in the near future.
- (b) The Group has got investment of Rs. 3,200 lacs (Rs. 3,200 lacs) in optionally fully convertible debentures in its joint venture company "Cimco Equity Holdings Private Ltd. (CEHPL)". Although CEHPL has negative net worth as of March 31, 2013, yet it is holding strategic long term investments in its listed subsidiary Cimmco Limited, whose business plans and profitability projections are quite good. The Management expects Cimmco Limited to turn around in the near future which eventually would lead to improvement in the net worth of CEHPL. Accordingly, as per the management, the current diminution in the value of the above investments is temporary and no provision thereof is considered necessary.

	As at March 31, 2013	As at March 31, 2012
<b>11 DEFERRED TAX ASSETS / (LIABILITIES) (NET)</b>		
<b>Deferred tax liability</b>		
Timing differences in depreciable assets	701.41	603.01
<b>Deferred tax assets</b>		
Impact of expenditure charged to the Statement of Profit and Loss in the current year but allowed for tax purposes on payment basis	165.44	157.67
Brought forward losses	130.88	-
Unabsorbed depreciation	40.15	-
Provision for doubtful debts and advances	-	105.27
Provision for warranties and Liquidated Damages	87.67	111.66
<b>Net deferred tax assets / (liabilities)</b>	<b>(277.27)</b>	<b>(228.41)</b>
Proportionate share in net deferred tax assets of Joint Venture	219.67	240.16
	<b>(57.60)</b>	<b>11.75</b>

- (a) In case of subsidiary company, Titagarh Marine Limited, DTA of Rs 171.03 lacs has been recognized on brought forward losses and unabsorbed depreciation based on the future profitability projections made by the management. The management of the subsidiary is virtually certain that there would be sufficient taxable income to claim the DTA of Rs 171.03 lacs in future.
- (b) Proportionate share in deferred tax assets of Joint Venture of Rs 219.67 lacs recognized up to March 31, 2013, includes DTA of Rs 154.17 lacs recognised based on confirmed sales orders from Indian Railways and other private parties, expected to generate sufficient taxable profits in the future to set-off the said DTA. The remaining DTA of Rs 65.50 lacs has been recognised on brought forward losses and unabsorbed depreciation based on the future profitability projections made by the management. The Joint Venture Company is virtually certain that there would be sufficient taxable income to claim the entire DTA of Rs 219.67 lacs in future.

*(Rs. in Lacs)*

	Non-current		Current	
	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
<b>12 LOANS AND ADVANCES</b>				
(Unsecured, considered good unless stated otherwise)				
Capital Advances	304.07	478.30	48.71	-
Loans to related parties (note 27)	-	-	1,434.50	3,290.56
Loans to others	35.00	35.00	-	-
Security Deposits	201.06	199.88	628.21	1,314.57
Advance recoverable in cash or kind				
Considered good - To Others	178.67	-	3,231.85	7,324.93
Considered good - To Related Party	-	-	5.94	-
Considered doubtful - To Related Party	-	405.85	-	-
	<b>178.67</b>	<b>405.85</b>	<b>3,237.79</b>	<b>7,324.93</b>
Provision for doubtful advances	-	(405.85)	-	-
	<b>178.67</b>	<b>-</b>	<b>3,237.79</b>	<b>7,324.93</b>
Balance with statutory / government authorities	-	-	1,939.76	1,322.64
Advance tax (net of provision for taxes)	1,219.89	-	66.40	221.81
Prepaid expenses	54.37	-	604.27	274.87
	<b>1,993.06</b>	<b>713.18</b>	<b>7,959.64</b>	<b>13,749.38</b>
Add : Proportionate share in Joint Venture	31.10	25.27	234.01	300.61
<b>Total</b>	<b>2,024.16</b>	<b>738.45</b>	<b>8,193.65</b>	<b>14,049.99</b>



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

*(Rs. in Lacs)*

	Current	
	As at March 31, 2013	As at March 31, 2012
<b>13 TRADE RECEIVABLES AND OTHER ASSETS</b>		
<b>13.1 TRADE RECEIVABLES</b> (Unsecured, considered good unless stated otherwise)		
Outstanding for a period exceeding six months from the date they are due for payment	4,730.12	2,091.19
Add : Proportionate share in Joint Venture	22.58	22.58
	<b>4,752.70</b>	<b>2,113.77</b>
Other receivables	12,846.41	7,171.67
Add : Proportionate share in Joint Venture	821.94	521.38
	<b>13,668.35</b>	<b>7,693.05</b>
	<b>18,421.05</b>	<b>9,806.82</b>

	Non-current		Current	
	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
Non Current Bank Balances (Note 15)	1,704.11	57.90	-	-
Interest accrued on fixed deposits and loans	14.25	0.49	459.87	835.33
	<b>1,718.36</b>	<b>58.39</b>	<b>459.87</b>	<b>835.33</b>
Add : Proportionate share in Joint Venture	-	-	2,453.50	2,461.95
	<b>1,718.36</b>	<b>58.39</b>	<b>2,913.37</b>	<b>3,297.28</b>

**A) Proportionate Share in Joint Venture includes the following :**

- i) Rs. 1,976.17 Lacs (Rs. 1,976.17 Lacs) recoverable from Indian Railway (Railways) on account of differential sub lease rental for the leased wagons for the period 1997-98 to 2008-09, net of Rs 1,316.84 Lacs, being the cost of wheel sets to be returned to the Railways . The matter is under arbitration and the Company is pursuing the Railways for recovery of these dues in terms of directions issued by Board for Industrial and Financial Reconstruction (BIFR). The management is hopeful to recover the amount in full.
- ii) Rs 101.99 Lacs (Rs 101.99 Lacs) due from SBI Capital Markets Limited (SBI Caps) on account of Company's share of lease rental. The amount is retained by SBI caps due to certain tax disallowances, which are contested by SBI Caps separately. Further, SBI Caps has claimed Rs 564.48 Lacs (proportionate amount of Joint Venture), being the amount of such disallowance from 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 29. The Company is pursuing the matter and is hopeful to recover the dues.
- iii) Rs. 371.51 lacs (Rs. 371.51 lacs) net of Rs. 75.00 lacs (Rs. 75.00 lacs) received under guarantee given by Cimmco, recoverable from National Insurance Company Limited towards insurance claims in terms of an order passed by the Hon'ble High Court of Delhi in favour of Cimmco. NICL has referred the matter to the Hon'ble Supreme Court. The management is taking necessary steps to recover the above claim amount and is certain about the realization of the total outstanding amount.

	As at March 31, 2013	As at March 31, 2012
	<b>14 INVENTORIES</b> (Valued at lower of cost and net realizable value)	
Raw materials & components	13,222.11	11,115.41
Work in progress	13,525.48	8,923.76
Finished goods	1,936.11	1,118.58
Saleable scrap	98.62	5.83
Stores and spares	1,039.95	1,031.52
	<b>29,822.27</b>	<b>22,195.10</b>
Add : Proportionate share in Joint Venture	1,815.53	1,871.29
	<b>31,637.80</b>	<b>24,066.39</b>

	As at March 31, 2013	As at March 31, 2012
	<b>15 CASH AND BANK BALANCES</b>	
<b>I. Cash and cash equivalents</b>		
Balances with banks :		
On current accounts	279.19	3,269.27
On unpaid Dividend Account	8.41	5.41
On unpaid fractional Share Entitlement	11.12	11.17
Deposits with original maturity of less than three months	1,431.65	3,460.26
Cash on hand	36.90	4.53
	<b>1,767.27</b>	<b>6,750.64</b>
Add : Proportionate share in Joint Venture	81.12	388.53
<b>Total Cash and cash equivalents</b>	<b>1,848.39</b>	<b>7,139.17</b>

# Notes to Consolidated Financial Statements

as at and for the year ended March 31, 2013

*(Rs. in Lacs)*

	Non-current		Current	
	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
<b>II. Other bank balances</b>				
Balances with banks :				
Deposits with original maturity of more than 12 months	1,704.11	1.90	83.07	-
Deposits with original maturity for more than 3 months but less than 12 months	-	-	6,579.30	8,403.00
Margin money deposit #	-	56.00	1,631.61	5,957.50
	1,704.11	57.90	8,293.98	14,360.50
Add : Proportionate share in Joint Venture	-	-	51.92	787.78
<b>Total Other bank balances</b>	1,704.11	57.90	8,345.90	15,148.28
<b>Total Cash &amp; bank balances [(I)+(II)]</b>	1,704.11	57.90	10,194.29	22,287.45
Amount disclosed under non-current assets (Note 13.2)	(1,704.11)	(57.90)		
<b>Net Cash &amp; bank balances</b>	-	-	10,194.29	22,287.45

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

	For the year ended March 31, 2013	For the year ended March 31, 2012
<b>16 REVENUE FROM OPERATIONS</b>		
<b>Revenue from operations</b>		
<b>Sale of products</b>		
Finished goods	72,853.75	78,394.09
Sale of Services	543.12	-
Sale of raw materials & components	1,281.42	1,386.73
<b>Other operating revenues</b>		
Scrap sales	654.30	701.58
Others	16.96	-
	75,349.55	80,482.40
Add : Proportionate share in Joint Venture	4,857.11	11,076.33
<b>Revenue from operations (gross)</b>	80,206.66	91,558.73
Less : Excise duty	1,972.03	2,464.22
[Including proportionate share in Joint Venture Rs 125.86 Lacs (Rs 260.41 lacs)]		
<b>Revenue from operations (net)</b>	78,234.63	89,094.51

<b>17 OTHER INCOME</b>		
Interest Income on		
Bank deposits	1,108.38	1,208.63
Loans, advances etc	284.33	351.64
Others	17.69	20.66
Unspent liabilities / provisions no longer required written back	380.22	426.81
Net gain on sale of investments (long term, Non-trade)	-	105.38
Gain on sale of fixed assets (net)	-	128.82
Dividend Income on non-trade long term investments	-	3.01
Compensation from Joint Venturer [Refer Note No 10(a)]	280.75	-
Subsidy received	330.92	-
Other non operating income	272.67	129.73
	2,674.96	2,374.68
Add : Proportionate share in Joint Venture	56.70	70.99
<b>Total other income</b>	2,731.66	2,445.67





## Notes to Consolidated Financial Statements as at and for the year ended March 31, 2013 *(Rs. in Lacs)*

	For the year ended March 31, 2013	For the year ended March 31, 2012
<b>18 COST OF RAW MATERIALS &amp; COMPONENTS CONSUMED</b>		
Inventory at the beginning of the year	11,115.41	9,222.79
Add : Stock acquired on acquisition of a subsidiary company	184.78	-
Add : Purchases	50,436.31	45,900.61
	<b>61,736.50</b>	55,123.40
Less : Inventory at the end of the year	13,222.11	11,115.41
	<b>48,514.39</b>	44,007.99
Add : Proportionate share in Joint Venture	3,171.80	4,537.39
<b>Total Cost of raw materials &amp; components consumed</b>	<b>51,686.19</b>	<b>48,545.38</b>

	For the year ended March 31, 2013	For the year ended March 31, 2012	(Increase)/ Decrease
<b>19 (INCREASE)/ DECREASE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND SALEABLE SCRAPS</b>			<b>For the year ended March 31, 2013</b>
<b>Closing Stock</b>			
Finished Goods	1,936.11	1,118.58	<b>(817.53)</b>
Work in Progress	13,525.48	8,923.76	<b>(4,601.72)</b>
Saleable Scraps	98.62	5.83	<b>(92.79)</b>
	<b>15,560.21</b>	<b>10,048.17</b>	<b>(5,512.04)</b>
<b>Opening Stock</b>			<b>For the year ended March 31, 2012</b>
Finished Goods	1,118.58	2,842.22	1,723.64
Work in Progress	8,923.76	7,193.82	(1,729.94)
Saleable Scraps	5.83	181.31	175.48
	<b>10,048.17</b>	<b>10,217.35</b>	169.18
	<b>(5,512.04)</b>	169.18	
Add : Stock acquired on acquisition of a subsidiary company	349.67	-	
	<b>10,397.84</b>	<b>10,217.35</b>	
Less : Transferred to fixed assets	-	298.02	
	<b>(5,162.37)</b>	<b>(128.84)</b>	
Add : Proportionate share in Joint Venture	(136.73)	462.09	
	<b>(5,299.10)</b>	<b>333.25</b>	

	For the year ended March 31, 2013	For the year ended March 31, 2012
<b>20 EMPLOYEE BENEFITS EXPENSES</b>		
Salaries, wages and bonus	6,764.63	4,313.99
Contribution to provident & other funds	164.72	160.89
Gratuity expense	28.50	70.97
Staff welfare expenses	158.77	131.88
Directors' remuneration		
- Remuneration to Managing and Whole Time Directors :		
- Salary, bonus, etc	317.20	156.63
- Contribution to provident fund	22.41	13.02
- Commission on profit	46.65	921.28
	<b>386.26</b>	1,090.93
	<b>7,502.88</b>	<b>5,768.66</b>
Add : Proportionate share in Joint Venture	188.39	160.74
<b>Total</b>	<b>7,691.27</b>	<b>5,929.40</b>



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

(Rs. in Lacs)

	For the year ended March 31, 2013		For the year ended March 31, 2012
<b>21 OTHER EXPENSES</b>			
Consumption of stores & spares	4,244.25		5,018.98
Cost of raw materials & components sold	1,044.13		1,356.84
Job processing and other machining charges (including contract labour charges)	3,510.73		3,258.24
Power & fuel (Note 21.1)	3,858.33		3,764.96
Design & development expenses	78.11		209.38
Expenses on interunit transfer of materials	-		89.94
Repairs and maintenance			
Plant & machinery	382.32		151.42
Buildings	8.32		0.04
Others	110.34		70.54
Rent	506.08		236.96
Rates & taxes	138.99		297.26
Insurance	272.24		235.15
Advertising and sales promotion	136.81		190.53
Brokerage and commission	87.41		114.89
Travelling and conveyance	390.66		508.78
Legal and professional fees	967.89		797.96
Commission to non-whole time directors	10.00		10.00
Directors sitting fees	15.80		19.94
Auditors' remuneration	76.00		64.50
Provision for diminution in value of investments (Non-trade)	-		87.93
Warranty claims	64.45	41.67	-
Less: Adjusted with provision	63.86	0.59	11.34
Provision for warranties	158.68		24.00
Liquidated damages	317.73	577.88	
Less: Adjusted with provision	163.08	337.24	240.64
Provision for liquidated damages	146.71		58.35
Irrecoverable debts/ advances written off	33.21		232.10
Provision for doubtful debts and advances	405.85	-	-
Less: Adjusted with provision	405.85	-	-
Loss on sale of fixed assets (net)	18.78		-
Loss on foreign exchange fluctuations/forward exchange contracts (net)	125.21		373.98
Prior period expenses (Net)	113.72		63.29
Provision for sub-standard Assets	-		16.57
Miscellaneous expenses	1,677.81		819.42
	<b>18,267.77</b>		<b>18,342.92</b>
Add : Proportionate Share in Joint Venture	1,280.78		2,250.34
<b>Total</b>	<b>19,548.55</b>		<b>20,593.26</b>
<b>a) Details of Prior Period Expenses (Net)</b>			
<b>Income</b>			
Other income	8.77		-
Cost of raw materials & components consumed	-		11.52
	<b>8.77</b>		<b>11.52</b>
<b>Expenses</b>			
Cost of raw materials & components consumed	47.52		-
Job Processing and other machining charges (including contract labour charges)	33.60		22.66
Other expenses	41.37		41.15
Finance Cost	-		11.00
	<b>122.49</b>		<b>74.81</b>
	<b>113.72</b>		<b>63.29</b>
Add : Proportionate Share in Joint Venture	(6.35)*		5.14
<b>Prior Period Expenses (Net)</b>	<b>107.37</b>		<b>68.43</b>

\*Prior period income considered in proportionate share in joint venture in Note No. 17

**21.1** In case of Titagarh Wagons Limited, power and fuel cost includes Rs. 324.11 lacs being electricity charges for the year 2011-12 based on the tariff revision order of the West Bengal Electricity Regulatory Commission dated December 01, 2012



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

*(Rs. in Lacs)*

	For the year ended March 31, 2013	For the year ended March 31, 2012
<b>22 FINANCE COSTS</b>		
Interest expenses	1,473.70	653.11
Bank charges	348.62	300.59
	<b>1,822.32</b>	<b>953.70</b>
Add : Proportionate share in Joint Venture	390.12	649.82
<b>Total</b>	<b>2,212.44</b>	<b>1,603.52</b>

<b>23 EARNING PER SHARE (EPS)</b>		
Present number of weighted average equity shares	2,00,59,069	1,88,17,607
Number of weighted average equity shares to be allotted against share warrant	-	2,91,154
Potential number of weighted average equity shares	2,00,59,069	1,91,08,761
Profit after taxes (Rs in Lacs)	2,358.15	8,316.72
Nominal value of each share (Rs)	10.00	10.00
Earning per share before extraordinary items: Basic (Rs.)	11.76	44.20
Diluted (Rs.)	11.76	43.52

## 24 RETIREMENT AND OTHER EMPLOYEE BENEFIT PLANS

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

The following tables summarises the components of net employee benefit expenses recognised in the Statement of Profit and Loss and Balance Sheet for the Gratuity plans.

	Gratuity (funded)		Gratuity (unfunded)	
	For the year ended March 31, 2013	For the year ended March 31, 2012	For the year ended March 31, 2013	For the year ended March 31, 2012
<b>Statement of Profit and Loss</b>				
<b>Net employee benefit expense recognized in the employee cost</b>				
Current service cost	6.84	6.39	24.01	32.17
Interest cost on benefit obligation	13.90	11.60	29.07	25.63
Expected return on plan assets	(3.41)	(2.99)	-	-
Net actuarial (gain)/ loss recognised during the year	21.89	(10.53)	(63.80)	8.70
<b>Net benefit expenses</b>	<b>39.22</b>	<b>4.47</b>	<b>(10.72)</b>	<b>66.50</b>
<b>Balance Sheet</b>				
<b>Benefit liability</b>				
Present value of defined benefit obligation	164.16	144.75	303.47	342.57
Fair value of plan assets	38.46	37.39	-	-
<b>Plan liability</b>	<b>125.70</b>	<b>107.36</b>	<b>303.47</b>	<b>342.57</b>
<b>Changes in the present value of the defined benefit obligation are as follows :</b>				
Opening defined benefit obligations	144.75	145.13	342.57	298.28
Current service cost	6.84	6.39	24.01	32.17
Interest cost	13.90	11.60	29.07	25.63
Benefits paid	(22.41)	(7.46)	(28.38)	(22.21)
Actuarial (gains)/ losses on obligations	21.08	(10.91)	(63.80)	8.70
<b>Closing defined benefit obligations</b>	<b>164.16</b>	<b>144.75</b>	<b>303.47</b>	<b>342.57</b>
<b>Changes in the fair value of plan assets are as follows :</b>				
Opening fair value of plan assets	37.39	37.39		
Expected return	3.41	2.99		
Contributions by employer	20.88	4.85		
Benefits paid	(22.41)	(7.46)		
Actuarial (gains)/ losses	(0.81)	(0.38)		
<b>Closing fair value of plan assets</b>	<b>38.46</b>	<b>37.39</b>		
<b>Actual Return on plan assets</b>	<b>3.41</b>	<b>2.99</b>		
<b>The major categories of plan assets as a percentage of the fair value of total plan assets are as follows :</b>				
Investments with Insurer	100%	100%		

# Notes to Consolidated Financial Statements

as at and for the year ended March 31, 2013

*(Rs. in Lacs)*

	Gratuity (funded)		Gratuity (unfunded)	
	For the year ended March 31, 2013	For the year ended March 31, 2012	For the year ended March 31, 2013	For the year ended March 31, 2012
<b>The principal assumptions used in determining gratuity obligation are shown below :</b>				
Discount rate	8.25%	8.00%	8.25%	8.00%
Expected rate of return on assets	9.00%	8.00%	NA	NA
Rate of increase in salary	5.00%	5.00%	5.00%	5.00%
Expected average working life of the employees	7	8	11-18	12-18
Mortality table			Standard table LIC (1994-1996)	

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

	For the year ended March 31, 2013	For the year ended March 31, 2012	For the year ended March 31, 2011	For the year ended March 31, 2010	For the year ended March 31, 2009
Defined benefit obligation - unfunded	303.47	342.57	298.28	317.67	296.35
Defined benefit obligation - funded	164.16	144.75	145.13	154.23	
Plan assets	38.46	37.39	37.39	37.29	
<b>Deficit</b>	<b>429.17</b>	<b>449.93</b>	<b>406.02</b>	<b>434.61</b>	
Experience adjustments on plan liabilities - Unfunded [(gains)/Losses]	(63.80)	8.70	(19.60)	10.38	24.39
Experience adjustments on plan liabilities - Funded [(gains)/losses]	21.08	(10.91)	(21.33)	(0.94)	
Experience adjustments on plan assets [gains/(losses)]	(0.81)	(0.38)	(0.41)	(1.36)	

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

The Company expects to contribute Rs. 7 lacs (Rs 5.00 lacs) to the gratuity fund during 2013-14.

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

	For the year ended March 31, 2013	For the year ended March 31, 2012
Net Defined benefit expenses recognised in the Statement of Profit and Loss	3.00	4.36
Defined benefit obligation at the end of the year	12.02	9.02

**The amounts provided for defined contribution plans are as follows :**

Provident fund	143.53	120.27
Employee state insurance	39.86	48.21
Superannuation fund	3.74	5.43
<b>Total</b>	<b>187.13</b>	<b>173.91</b>
Proportionate Share in Joint Venture	11.83	10.53
<b>Total</b>	<b>198.96</b>	<b>184.44</b>

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

**25 LEASES**

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

The amount of rent expenses included in Statement of Profit and Loss	506.08	236.96
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## Notes to Consolidated Financial Statements as at and for the year ended March 31, 2013 *(Rs. in Lacs)*

- b) Assets include land & buildings acquired under finance lease - Gross block Rs 1,928.40 Lacs (Rs 1,895.02 Lacs), Net block Rs 1,689.76 Lacs (Rs 1,745.78 Lacs) and the year wise breakup of future obligations towards lease rentals, inclusive of finance charges of Rs 152.04 Lacs (Rs 230.83 Lacs) under the agreement as on March 31, 2013 amounting to Rs 1,624.64 Lacs (Rs 1,859.16 Lacs) is given below :

	Total		Not later than 1 year		Later than 1 year but not later than 5 years	
	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
Minimum Lease Payments	1,624.64	1,859.16	281.07	262.64	1,343.57	1,596.52
Present Value of minimum lease payments	1,472.60	1,628.33	207.44	181.22	1,265.16	1,447.11

### 26 SEGMENT INFORMATION

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

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

#### Information about primary business segments

*(Rs. in Lacs)*

	Wagons & Coaches	HEMM	Steel foundry	Others	Elimination	Total
<b>Revenues (net of excise duty and cess)</b>						
Income from operations (External sales)	71,033.87 (81,790.00)	2,285.65 (1,112.50)	2,788.31 (2,759.53)	2,126.80 (3,432.48)		78,234.63 (89,094.51)
Inter segment sales	516.85 (862.24)	- -	8,178.28 (11,084.25)	- -	(8,695.13) 11,946.49	- -
<b>Total revenue</b>	<b>71,550.72</b> (82,652.24)	<b>2,285.65</b> (1,112.50)	<b>10,966.59</b> (13,843.78)	<b>2,126.80</b> (3,432.48)	<b>(8,695.13)</b> 11,946.49	<b>78,234.63</b> (89,094.51)
<b>Results</b>						
Segment results	4,341.86 (12,844.36)	133.41 34.96	759.17 (1,522.14)	(380.22) (953.18)		4,854.22 (15,284.72)
Less: Unallocated expenses net of unallocated income						(1,966.17) (1,847.94)
Operating profit						2,888.05 (13,436.78)
Add: Interest income (net)						(738.21) (231.24)
Less : Exceptional Items						- (1,238.00)
Profit before taxes						3,626.26 (12,430.02)
Income taxes						1,382.01 (4,012.03)
Net profit after taxes						2,244.25 (8,417.99)
<b>Segment assets</b>	<b>69,572.14</b> (60,921.19)	<b>2,375.41</b> (3,775.46)	<b>9,929.90</b> (10,489.02)	<b>8,678.24</b> (1,217.52)		<b>90,555.69</b> (76,403.19)
Unallocated assets						18,026.96 (28,488.53)
<b>Total assets</b>						<b>108,582.65</b> (104,891.72)
<b>Segment liabilities</b>	<b>37,630.24</b> (31,111.18)	<b>455.36</b> (848.08)	<b>1,834.06</b> (2,804.53)	<b>4,028.30</b> (189.27)		<b>43,947.96</b> (34,953.06)
Unallocated liabilities						(2,991.13) (3,526.07)
<b>Total liabilities</b>						<b>40,956.83</b> (38,479.13)

# Notes to Consolidated Financial Statements

as at and for the year ended March 31, 2013

*(Rs. in Lacs)*

	Wagons & Coaches	HEMM	Steel foundry	Others	Elimination	Total
<b>Other segment information</b>						
<b>Capital Expenditure</b>						
Tangible assets	<b>2,066.54</b>	-	<b>278.09</b>	<b>452.23</b>		<b>2,796.86</b>
	(1,002.70)	(831.72)	(286.06)	(268.76)		(2,389.24)
Intangible assets	<b>94.80</b>	-	-	-		<b>94.80</b>
	(504.99)	(53.64)	(-)	(-)		(558.63)
<b>Depreciation</b>						
Depreciation	<b>1,099.10</b>	-	<b>221.97</b>	<b>140.83</b>		<b>1,461.90</b>
	(771.66)	(63.32)	(158.50)	(83.50)		(1,076.98)
<b>Other non cash expenses</b>						
Provision for diminution in value of investments				-		-
				(87.93)		(87.93)
Provision for doubtful advances				-		-
				-		-
Debts and irrevocable balances written off				<b>33.21</b>		<b>33.21</b>
				(232.10)		(232.10)
Exceptional items				-		-
				(1,238.00)		(1,238.00)
Provision for sub-standard Assets				-		-
				(16.57)		(16.57)

**Geographical Segment :**

	For the year ended March 31, 2013	For the year ended March 31, 2012
The following table shows the distribution of the Company's sales by geographical market :		
<b>Geographical segment revenue</b>		
Domestic (net of excise duty)*	<b>53,724.48</b>	73,137.24
Overseas	<b>24,510.15</b>	15,957.27
<b>Total</b>	<b>78,234.63</b>	<b>89,094.51</b>

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

	As at March 31, 2013	As at March 31, 2012
<b>Geographical segment assets</b>		
Domestic	<b>87,070.08</b>	90,371.88
Overseas	<b>21,512.57</b>	14,519.84
<b>Total</b>	<b>108,582.65</b>	<b>104,891.72</b>

**27 RELATED PARTY DISCLOSURES**
**(a) Names of related parties and related party relationship**

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



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

*(Rs. in Lacs)*

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

Nature of transactions	Joint ventures	KMP	Relatives of KMP	Enterprise over which KMP/shareholders/ relatives have significant influence	Total
<b>Revenue from operations</b>					
Cimmco Limited	<b>1,983.49</b> (2,118.39)				<b>1,983.49</b> (2,118.39)
<b>Interest income on Advances/ Loans</b>					
Cimco Equity Holdings Private Limited	- (154.15)				- (154.15)
Titagarh Papers Limited				<b>177.74</b> (167.42)	<b>177.74</b> (167.42)
<b>Purchase of raw materials &amp; components</b>					
Cimmco Limited	<b>198.73</b> (761.03)				<b>198.73</b> (761.03)
Panihati Rubber Limited				<b>11.84</b> (-)	<b>11.84</b> (-)
<b>Job Processing and other machining charges (including contract labour charges)</b>					
Cimmco Limited	<b>60.00</b> (-)				<b>60.00</b> (-)
<b>Rent Paid</b>					
Titagarh Papers Limited				<b>367.58</b> (179.97)	<b>367.58</b> (179.97)
<b>Provision for diminution in value of Investments</b>					
Titagarh Papers Limited				- (87.93)	- (87.93)
<b>Provision for diminution in value of Investments (written back)</b>					
Titagarh Papers Limited				<b>1.47</b> (-)	<b>1.47</b> (-)
<b>Dividend paid</b>					
Ms. Savitri Devi Chowdhary			<b>289.86</b> (289.86)		<b>289.86</b> (289.86)
Ms. Rashmi Chowdhary			<b>205.06</b> (134.66)		<b>205.06</b> (134.66)
Mr. J P Chowdhary		<b>2.50</b> (2.50)			<b>2.50</b> (2.50)
Mr. Umesh Chowdhary		<b>1.24</b> (1.24)			<b>1.24</b> (1.24)
Ms. Vinita Bajoria			<b>0.40</b> (0.40)		<b>0.40</b> (0.40)
Ms. Sumita Kandoi			<b>0.10</b> (0.09)		<b>0.10</b> (0.09)
Traco International Investment Private Limited				<b>2.43</b> (2.43)	<b>2.43</b> (2.43)
Titagarh Capital Management Services Private Limited				<b>346.72</b> (317.12)	<b>346.72</b> (317.12)
Titagarh Logistics Infrastructure Private Limited				<b>2.40</b> (2.40)	<b>2.40</b> (2.40)
<b>Remuneration (including contribution to Provident and other funds)</b>					
Mr. J P Chowdhary	<b>212.65</b> (641.72)				<b>212.65</b> (641.72)
Mr. Umesh Chowdhary	<b>148.86</b> (449.21)				<b>148.86</b> (449.21)
Ms. Vinita Bajoria			<b>24.85</b> (22.77)		<b>24.85</b> (22.77)
<b>Money Received towards equity warrants / share capital including share premium</b>					
Ms. Rashmi Chowdhary			- (2,554.20)		- (2,554.20)
Titagarh Capital Management Services Private Limited				- (1,073.93)	- (1,073.93)

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

(Rs. in Lacs)

Nature of transactions	Joint ventures	KMP	Relatives of KMP	Enterprise over which KMP/shareholders/ relatives have significant influence	Total
<b>ASSETS :</b>					
<b>Loans given</b>					
Titagarh Papers Limited				-	-
				(2,100.00)	(2,100.00)
<b>Security Deposits given</b>					
Titagarh Papers Limited				-	-
				(194.00)	(194.00)
<b>Investments made</b>					
Cimco Equity Holdings Private Limited	-				-
	(3,200.00)				(3,200.00)
<b>Loans refunded</b>					
Cimco Equity Holdings Private Limited	-				-
	(2,450.25)				(2,450.25)
<b>Balance outstanding as at the year end - Debit</b>					
Mr. Umesh Chowdhary		5.94			5.94
		(-)			(-)
Panihati Rubber Limited				-	-
				(9.04)	(9.04)
Titagarh Papers Limited				224.18	224.18
				(2,282.71)	(2,282.71)
Cimmco Limited	1262.54				1262.54
	1234.50				1234.50
<b>Balance outstanding as at the year end - Credit</b>					
Mr. J P Chowdhary		31.51			31.51
		(377.35)			(377.35)
Mr. Umesh Chowdhary		-			-
		(259.25)			(259.25)
Cimmco Limited	77.38				77.38
	(1.28)				(1.28)

(c) Titagarh Wagons Limited has pledged fixed deposits of Rs. 1,600 lacs and provided corporate guarantee of Rs. 6,954.38 lacs to banks for term loan and working capital facilities taken by a subsidiary company, Titagarh Wagons AFR.

	As at March 31, 2013	As at March 31, 2012
<b>28 CAPITAL AND OTHER COMMITMENTS</b>		
Estimated amount of capital commitments (net of advances) remaining to be executed (Proportionate share in Joint Venture Rs. 12.79 lacs (Rs. 1.29 lacs))	879.07	1,098.62
<b>29 CONTINGENT LIABILITIES</b>		
Disputed claims contested by the Company and pending at various courts and arbitrations [Proportionate share in Joint Venture Rs 4,629.48 Lacs (Rs 4,607.73 Lacs) * Customer's Claim (Liquidated Damages)	5,822.40	5,018.82
Matters under appeal with:	442.29	-
Sales tax authorities [Proportionate share in Joint Venture Rs 330.50 Lacs (Rs 957.04 Lacs)]	679.34	924.97
Income tax authorities [Proportionate share in Joint Venture Nil (Rs 1,330.50 Lacs)]	722.97	2,201.68
Customs and excise authorities [Proportionate share in Joint Venture Rs 87.48 Lacs (Rs 197.58 Lacs)]	9,422.74	8,852.28
DGFT [Proportionate share in Joint Venture Rs 3,211.50 Lacs (Rs 3,211.50 Lacs)]	3,211.50	3,211.50
Letters of Credit, Bills discounted and Bank Guarantees outstanding [Proportionate share in Joint Venture Rs 1,606.27 Lacs (Rs 1,495.79 Lacs)]	1,606.27	26,728.60
Corporate Guarantee given by Titagarh Wagons Limited on behalf of a subsidiary company for working capital limit sanctioned to the subsidiary company	6,954.38	-
Custom Duty on import of equipments and spare parts under EPCG-scheme [Proportionate share in Joint Venture Rs 320.14 Lacs (Rs 320.14 Lacs)]	1,610.35	320.14

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

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





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

(Rs. in Lacs)

	As at March 31, 2013	As at March 31, 2012
<b>30 DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE</b>		
<b>a. Derivatives outstanding as at the balance sheet date</b>		
Particulars	Purpose	
Forward contract to sell US\$	Minimising Risk of Currency Exposure on export of goods	- USD 1,155,000
		- Rs. 590.86 lacs
Forward contract to buy US\$	Minimising Risk of Currency Exposure on import of goods	<b>USD 9,196,035</b>
		USD 9,093,126
		<b>Rs. 5,001.66 lacs</b>
		Rs. 4,651.73 lacs
Forward contract to buy Euro	Minimising Risk of Currency Exposure on import of goods	- EURO 237,360
		- Rs. 162.21 lacs
<b>b. Particulars of unhedged foreign currency exposure as at the reporting date</b>		
Trade Payables	<b>9.45</b>	3.15
Borrowing	-	683.40
Trade receivables	-	41.42
Other Current Assets	<b>397.62</b>	109.32
Loans and advances	<b>3,953.35</b>	3,775.60

- 31.** In case of Cimmco Limited, the Group had repaid in full the secured loan to Asset Reconstruction Company (India) Limited (ARCIL) in earlier period. However, ARCIL has raised certain demands to the extent of Rs 662.50 lacs plus interest thereon (amount unascertainable) in relation to the above secured loan. ARCIL had released all charges on the assets of the Company and had also invoked its exclusive security given by way of pledge of shares by the holding Company towards such demand. The management has disputed the said demand and does not expect any further liability in this regard. Pending final outcome in the matter, no provision against the above demand has been considered necessary.
- 32.** Pending execution of renewal of sublease agreement with respect to wagons relating to secondary leasing period, (sub-leased to Indian Railways) acquired by TCPL, the Group has prudently decided not to recognize the income with respect to the said wagons.
- 33.** Excise Duty & Cess on stocks represents differential excise duty and cess on opening and closing stock of finished goods, work in progress and saleable scrap.

	As at March 31, 2013	As at March 31, 2012
<b>34 CONSTRUCTION CONTRACT DISCLOSURE</b>		
As per Accounting Standard 7 (Revised) in case of Corporated Shipyard Private Limited, a wholly owned subsidiary of Titagarh Marine Limited are given below :		
Contract Income recognised as revenue during the year	<b>492.89</b>	-
Aggregate amount of cost incurred and recognised profits/(less recognised losses) till date	<b>883.80</b>	-
Advances received (unadjusted)	-	-
Retention amount	-	-
Gross amount due from customers	<b>271.09</b>	-
Gross amount due to Customers for contract work	-	-

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

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

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

Place : Kolkata  
Dated : May 20, 2013

For and on behalf of the Board of Directors

**J P Chowdhary**  
Executive Chairman

**Anil Kumar Agarwal**  
Chief Financial Officer

**Umesh Chowdhary**  
Vice Chairman & Managing Director

**Dinesh Arya**  
Company Secretary

**D N Davar**  
Director







**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 Sixteenth Annual General Meeting of the Company to be held on Monday, 26th day of August, 2013 at 12.30 P.M. at Kalakunj, 48 Shakespeare Sarani, Kolkata - 700 017.

Affix  
Revenue  
Stamp

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2013

Signature of the Shareholder

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



**TITAGARH WAGONS LIMITED**

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

**ATTENDANCE SLIP**

I hereby record my presence at the Sixteenth Annual General Meeting of the Company being held on Monday, 26th day of August, 2013 at 12.30 P.M. at Kalakunj, 48 Shakespeare Sarani, Kolkata - 700 017

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

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

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

Signature of the Shareholder/Proxy

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

Registered Office :  
 Premlata (4th Floor)  
 39, Shakespeare Sarani  
 Kolkata - 700 017 (INDIA)  
 Phone : +91-33-2283-4467  
 Fax : +91-33-2289-1655  
 E.Mail : corp@titagarh.biz  
 Web-site : www.titagarh.biz



# TITAGARH WAGONS LIMITED


## FORM A

### Filing of Annual Report with the Stock Exchange

1	Name of the Company	Titagarh Wagons Limited (Standalone Financial Statements)
2	Annual financial statements for the year ended	31 <sup>st</sup> March , 2013
3	Types of audit observation	Unqualified
4	Frequency of observation	Not Applicable
5	To be signed by- <ul style="list-style-type: none"> <li>• Vice Chairman and Managing Director and CEO</li> <li>• Chief Financial Officer</li> <li>• Auditor of the Company</li> <li>• Chairman of Audit Committee</li> </ul>	<ul style="list-style-type: none"> <li>• Shri Umesh Chowdhary</li> <li>• Shri Anil Kumar Agarwal</li> <li>• Shri Bhaswar Sarkar, Partner of S.R.Batliboi &amp; Co. LLP, Chartered Accountants</li> <li>• Shri D N Davar</li> </ul>

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

**For Titagarh Wagons Limited**

  
 per Bhaswar Sarkar

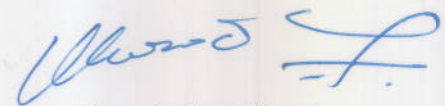
Partner

Membership No.055596



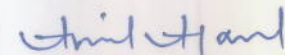
Date : 05.08.13

Place: Kolkata



(Umesh Chowdhary)

Vice Chairman & Managing Director and CEO



(Anil Kumar Agarwal)

Chief Financial Officer



(D.N. Davar)

Chairman of the Audit Committee







# TITAGARH WAGONS LIMITED

## FORM B

### Filing of Annual Report with the Stock Exchange

- |   |  |  |
|---|--|--|
| 1 | Name of the Company  | <b>Titagarh Wagons Limited (Consolidated Financial Statements)</b>   |
| 2 | Annual Financial Statements for the year ended   | 31 <sup>st</sup> March, 2013   |
| 3 | Type of Audit Qualification  | Qualified Audit Report   |
| 4 | Frequency of qualification   | Note no. 1 (mentioned below): Repetitive since Financial Year Ended (FYE) March 31, 2011.<br>Note no. 2 (mentioned below): Was Emphasis of Matter for FYE 2010-11 and 2011-12, and qualification for FYE 2012-13.<br>Note no. 3 (mentioned below): Qualification for FYE 2012-13.  |
| 5 | Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors' report. | <p>i. <i>Note No. 31 regarding proportionate share in demand of a joint venture company of Rs 662.50 lacs (Rs 900 lacs as at 31st March 2012) plus interest thereon (amount unascertainable) made by Asset Reconstruction Company (India) Limited (ARCIL), which is disputed by the Company and hence, no provision there against has been made in the accounts. Pending outcome of the matter, the impact, if any, of the above non provision is presently unascertainable. Our audit opinion on the consolidated financial statements for the previous year was also qualified in respect of the above matter.</i></p> <p>ii. <i>Note No. 13.2 regarding proportionate share in certain claims of a joint venture company of Rs 2449.67 lacs (Rs 2449.67 lacs as at 31st March 2012), net of Rs 75 lacs received under a guarantee given by the Company, which have been considered good of recovery by the management. Pending decision of the Courts/ Arbitration proceedings, the recoverability of these claims is presently unascertainable, although the management is hopeful to recover these claims in full. This matter was covered as emphasis of matter in our audit opinion on the consolidated financial statements for the previous year.</i></p> <p>iii. <i>Note No 11 regarding recognition of net deferred tax asset (DTA) of Rs. 236.53 lacs on unabsorbed depreciation and brought forward business losses upto 31st March 2013, based on the future profitability projections made by the management. We are unable to express an opinion on the virtual certainty of achieving these projections as required by Accounting Standard 22, Accounting for Taxes on Income, and the consequential impact, if any, of the recognition of such deferred tax asset.</i></p> |



✓  
8

*Had the impact of item (iii) stated above been considered, the profit for the year would have been Rs. 2121.62 lacs as against the reported profit of Rs. 2358.15 lacs and net surplus in Reserves and Surplus would have been Rs. 27,931.68 lacs as against the reported net surplus of Rs. 28,168.21 lacs.*

**Management Response.**

The qualifications pertain to Cimmco Limited, a subsidiary of a jointly controlled enterprise namely, Cimco Equity Holdings Private Limited (CEHPL) where TWL holds 50 % of equity shares and whose financials have been consolidated into the Company's financial statement of accounts and the management response is given below:

1. ARCIL had sanctioned restructuring of secured debts of Cimmco, a subsidiary of CEHPL and by an addendum thereto raised a demand of Rs 900 lacs referring to terms of settlement agreed with the Cimmco vide its letter dated 24.12.2010. However, the subject sanction of the terms and conditions for settlement was based on the understanding that the said liability of Rs 900 lacs was to be secured exclusively by pledge of 7,92,575 equity shares of CEHPL and upon invocation of the pledge by ARCIL the said liability will be fully extinguished and it will be discharged of its obligations. However, in spite of invoking the pledge, ARCIL demanded Rs.662.50 lacs (Rs 900 lakhs less Rs 237.50 lakhs being value of 7,92,575 shares on the date of invocation of pledge).

As the demand of ARCIL was not in consonance with the understanding, Cimmco naturally denied and disputed the same and accordingly no provision in respect of the same has been considered necessary. Subsequently, ARCIL initiated proceedings by filing an application before the Board for Financial & Industrial Reconstruction (BIFR) which has since been dismissed.

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

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

Ultimately after BIFR's sanction of the rehabilitation scheme in 2010 the matter was pursued aggressively and arbitration resumed. Cimmco is persistently monitoring the progress of arbitration and is convinced of merit of the case. The management is hopeful of recovering the amount



*L*

and hence this amount has been considered good of recovery.

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

In the year 1997-98, 206 wagons were taken on lease by Cimmco (the Lessee) from SBI Capital Markets Limited (the Lessor) and in turn sub-leased to Indian Railways (the sub-lessee). The said amount has been withheld by SBI on the alleged ground of disallowance of depreciation benefit to them by the ITO. An appeal preferred by SBI Caps against the said disallowance is pending before ITAT, Mumbai. For the reasons affecting Cimmco's operations as already explained, the matter of recovery of its dues from SBI Caps could not be pursued to the fullest extent therefore recovery of the amount has been pending. Recently a judgement has been given by the Hon'ble Supreme Court of India which upholds the validity of depreciation claimed by the lessor. In view of the above Cimmco is hopeful of recovering the amount and no provision has been considered necessary.

- c) Insurance claim of Rs. 371.51 lacs is recoverable from National Insurance Company in terms of the order passed by the Hon'ble National Consumer Disputes Redressal Commission (NCDRC) in favour of Cimmco. Although an appeal has been filed by National Insurance Company before the Hon'ble Supreme Court of India, the matter is pending for hearing by the apex court. In view of the fact that judgment in the forum/fora below the Hon'ble Supreme Court has been in favour of Cimmco, the management is hopeful of recovering the amount.

3. During the year 2012-13, the Indian Railway (IR) did not comply with the provisions of the BIFR's Sanctioned Scheme in the allocation of Wagons against the Tender floated by IR. As such, only a meagre quantity of 353 wagons was allocated in favour of Cimmco against its entitlement for a much higher quantity of Wagons. This led to an application being filed by Cimmco in BIFR for appropriate directions on the IR and the matter was ultimately decided by the Hon'ble Supreme Court in favour of Cimmco. Subsequent to the said decision IR has placed order for Wagons with Cimmco and in compliance of the now settled proposition that the BIFR's Sanctioned Scheme is sacrosanct and binding on the IR, it is expected that IR will also do so in future. The management is virtually certain that it would earn reasonable taxable profit on execution of the order from IR to claim the entire Deferred Tax Assets (DTA) of Rs.236.53 lacs.

6 Additional comments from the Board/Audit Committee chair.

During the review of the subject Financial Statements, Audit Committee interacted with the Statutory Auditors and management and after perusal of the information furnished, followed by deliberations on each item involved in the qualified opinion, commended the Consolidated Financial Statements to the Board for final consideration.

Keeping in view the nature of transactions/issues behind such qualified opinion and time taken for their resolution being beyond the Company and Cimmco's control as well, the Audit Committee while commending the said Financial Statements nevertheless specifically advised the management to take the best possible care to attend to the said items appearing in the Auditors' Report with a view to moving towards a Report without any qualification or adverse remark at the earliest.



*(Handwritten signature)*

*(Handwritten mark)*



7	To be signed by- <ul style="list-style-type: none"> <li>• Vice Chairman and Managing Director and CEO</li> <li>• Chief Financial Officer</li> <li>• Auditor of the Company</li> <li>• Chairman of Audit Committee</li> </ul>	<ul style="list-style-type: none"> <li>• Shri Umesh Chowdhary</li> <li>• Shri Anil Kumar Agarwal</li> <li>• Shri Bhaswar Sarkar, Partner of S.R.Batliboi &amp; Co. LLP, Chartered Accountants</li> <li>• Shri D N Davar</li> </ul>
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**For S. R. BATLIBOI & CO. LLP**  
**Firm Registration Number: 301003E**  
**CHARTERED ACCOUNTANTS**

  
 per Bhaswar Sarkar

Partner

Membership No.055596



Date : 05.06.13

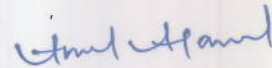
Place : Kolkata

**For Titagarh Wagons Limited**



(Umesh Chowdhary)

Vice Chairman & Managing Director and CEO



(Anil Kumar Agarwal)

Chief Financial Officer



(D.N. Davar)

Chairman of the Audit Committee

