



Cimmco Limited | Annual Report 2010-11

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CORPORATE INFORMATION

Board of Directors

Shri J P Chowdhary	<i>Executive Chairman (w.e.f. May 10, 2011)</i>
Shri Umesh Chowdhary	<i>Vice Chairman and Managing Director (Designated as Vice Chairman and Managing Director w.e.f. May 10, 2011)</i>
Shri D N Davar	<i>Independent Director</i>
Dr. Vinay Mohan	<i>Director (Corporate Affairs) and Officiating Chief Financial Officer</i>
Shri Anil Kumar Agarwal	<i>Nominee Director (Cimco Equity Holdings Pvt. Ltd.)</i>
Shri Jagdish Kumar Shukla	<i>Independent Director</i>
Shri Ravi Kumar	<i>Independent Director</i>
Shri Rakesh Mohan Agarwal	<i>Independent Director</i>
Dr. G B Rao	<i>Independent Director</i>
Shri J P Gupta	<i>Director</i>

Company Secretary

Shri Dipankar Ganguly

Audit Committee

Shri Ravi Kumar	<i>Chairman</i>
Shri D N Davar	<i>Member</i>
Shri J K Shukla	<i>Member</i>
Shri Anil Kumar Agarwal	<i>Member</i>
Shri J P Chowdhary	<i>Special Invitee</i>
Shri Umesh Chowdhary	<i>Special Invitee</i>

Statutory Auditors

M/s. S R Batliboi and Co.
Chartered Accountants

Bankers

ICICI Bank Limited
Syndicate Bank

Registered Office

Premalata, 4th Floor,
39, Shakespeare Sarani, Kolkata-700017
Telephone : 91 33 4019 0800 Fax : 91 33 2289 1655
Email : corp@cimmco.in

Remuneration Committee

Shri D N Davar	<i>Chairman</i>
Shri J K Shukla	<i>Member</i>
Shri Ravi Kumar	<i>Member</i>

Shareholders'/Investors' Grievance Committee

Shri J K Shukla	<i>Chairman</i>
Shri Ravi Kumar	<i>Member</i>
Shri Umesh Chowdhary	<i>Member</i>
Shri D N Davar	<i>Special Invitee</i>

Works

Mal Godown Road,
Bharatpur-321001, Rajasthan
Phone: (05644)238756
Fax: (05644) 238757

Registrar and Transfer Agent

MCS Limited
F-65 Okhla Industrial Area, Phase-I
New Delhi 110020
Telephone : 91 11 4140 6149
Fax : 91 11 4170 9881
Email : admin@mcsdel.com

NOTICE

NOTICE is hereby given that the Sixty-sixth Annual General Meeting of the members of CIMMCO LIMITED will be held on Monday, the 5th day of December, 2011 at 'Kalakunj', 48 Shakespeare Sarani, Kolkata-700017 at 3.00 P.M. to transact the following business :

Ordinary Business :

1. To consider and adopt the audited Balance Sheet of the Company as at March 31, 2011, Profit & Loss Account and Cash Flow Statement for the financial year comprising nine months ended on that date, together with the Reports of the Directors and Auditors thereon.
2. To appoint Directors in place of those, who retire by rotation.
3. To appoint Auditors and fix their remuneration by passing with or without modification(s), the following Resolution as an Ordinary Resolution:

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

Special Business :

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

"RESOLVED THAT Shri J P Chowdhary, who was appointed as an Additional Director by the Board of Directors on 10th May, 2011 and holds office upto the date of this Annual General Meeting and in respect of whom a notice under Section 257 has been received from a member signifying his intention to propose Shri J P Chowdhary's candidature for the office of the Director, be and is hereby appointed as a Director of the Company.

RESOLVED FURTHER THAT approval of the shareholders be and is hereby accorded pursuant to Part III of the Schedule XIII, Sections 198, 269, 309 and other enabling provisions of the Companies Act, 1956 (the Act) to the appointment of Shri J P Chowdhary as Chairman cum Managing Director designated as Executive Chairman for a term of five years w.e.f. May 10, 2011 as approved pursuant to the Section 316 of the Act, by the Board of Directors at its meeting held on May 10, 2011, on the terms and conditions contained in the Agreement entered into between Shri J P Chowdhary and the Company which inter alia include that he shall draw remuneration from Titagarh Wagons Limited only of which also he is Executive Chairman.

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

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

"RESOLVED THAT approval of the shareholders be and is hereby accorded pursuant to Part III of the Schedule XIII, Sections 198, 269, 309 and other enabling provisions of the Companies Act, 1956 (the Act) to the appointment of Shri Umesh Chowdhary as Vice Chairman and Managing Director for a term of five years w.e.f. May 10, 2011 as approved pursuant to the Section 316 of the Act, by the Board of Directors at its meeting held on May 10, 2011, on the terms and conditions contained in the Agreement entered into between Shri Umesh Chowdhary and the Company which inter alia include that he shall draw remuneration from Titagarh Wagons Limited only of which also he is Vice Chairman & Managing Director.

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

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

"RESOLVED THAT Shri D N Davar, who was appointed as an Additional Director by the Board of Directors on 31st March, 2011 and holds office upto the date of this Annual General Meeting and in respect of whom a notice under Section 257 has been received from a member signifying his intention to propose Shri D N Davar's candidature for the office of the Director, be and is hereby appointed as an Independent Director of the Company liable to retire by rotation."

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

"RESOLVED THAT Shri R M Agarwal, who was appointed as an Additional Director by the Board of Directors on 10th May, 2011 and holds office upto the date of this Annual General Meeting and in respect of whom a notice under Section 257 has been received from a member signifying his intention to propose Shri R M Agarwal's candidature for the office of the Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."

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

"RESOLVED THAT Dr. Vinay Mohan, who was appointed as an Additional Director by the Board of Directors on 10th May, 2011 and holds office upto the date of this Annual General Meeting and in respect of whom a notice under Section 257 has been received from a member signifying his intention to propose Dr. Vinay Mohan's candidature for the office of the Director, be and is hereby appointed as Director (Corporate Affairs) and Officiating Chief Financial Officer of the Company.

RESOLVED FURTHER THAT approval of the shareholders be and is hereby accorded pursuant to Part III of the Schedule XIII, Sections 198, 269, 309 and other enabling provisions of the Companies Act, 1956 (the Act) to the appointment of Dr. Vinay Mohan as Director (Corporate Affairs) and Officiating Chief Financial Officer of the Company for a term of two years w.e.f. May 10, 2011 as approved by the Remuneration Committee and endorsed by the Board of Directors



NOTICE

at their respective meetings held on May 10, 2011, on the terms and conditions contained in the Agreement entered into between Dr. Vinay Mohan and the Company.

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

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

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

"RESOLVED THAT Dr. G B Rao, who was appointed as an Additional Director by the Board of Directors on 31st March, 2011 and holds office upto the date of this Annual General Meeting and in respect of whom a notice under Section 257 has been received from a member signifying his intention to propose Dr. G B Rao's candidature for the office of the Director, be and is hereby appointed as an Independent Director of the Company liable to retire by rotation."

Place: Kolkata
Date: October 17, 2011

By Order of the Board of Directors
For **Cimmco Limited**

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

Dipankar Ganguly
Company Secretary

NOTES:

- As stipulated under Clause 49 of the Listing Agreement, information in respect of the Directors of the Company seeking appointment/re-appointment at this Annual General Meeting is annexed hereto and also provided in the Corporate Governance Report, which forms part of the Annual Report.
- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND THE MEETING AND TO VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM AS PER THE FORMAT INCLUDED IN THE ANNUAL REPORT, DULY COMPLETED, SHOULD BE RETURNED TO THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE SCHEDULED TIME OF THE MEETING.
- The Register of Members and the Share Transfer Books of the Company will remain closed from 28th November, 2011 to 5th December, 2011 (both days inclusive), for the purpose of holding the Annual General Meeting. The Company has been granted extension of time by Registrar of Companies for holding this Annual General Meeting.
- Members holding shares in dematerialized mode are requested to intimate all changes pertaining to their bank accounts, mailing addresses, etc. to their Depository Participants only and not to the Company/RTA. Changes intimated to the Depository Participants

will then be automatically reflected in the Company's records, which would help the Company and RTA to provide efficient and better service to the Members.

- Members seeking any information regarding the Accounts of the Company are requested to write to the Company at least ten days before the date of the Meeting, so as to enable the Management to keep the information ready at the Meeting.
- All the documents referred to in the Notice and Explanatory Statement are open for inspection at the Registered Office of the Company between 10.30 A.M. and 1.30 P.M. till the date of the 66th Annual General Meeting on all days except Saturdays, Sundays and holidays and shall also be available for inspection at the Annual General Meeting or any adjournment thereof.
- With Registered Office of the Company having been shifted to "Premlata", 4th Floor, 39 Shakespeare Sarani, Kolkata-700017, Telephone No. 91 33 4019 0800, Fax: 91 33 22891655 email: corp@cimmco.in w.e.f. October 17, 2011, it has been proposed to assign the share transfer and registration to Karvy ComputerShare Private Limited, Karvy House, 21 Avenue 4, Street No.1, Banjara Hills, Hyderabad- 500 086, Telephone: 91 40 2342 0815; Fax: 91 40 2342 0814 w.e.f. January 1, 2012.
- The Ministry of Corporate Affairs has vide Circular No.17/2011 dated 21.04.2011 followed by Circular No. 18/2011 dated 29.04.2011, taken "Green Initiative in the Corporate Governance" by allowing paperless compliances by the Companies through electronic mode and introduced e-mail addresses as one of the modes of sending communication to the shareholders under Section 53 of the Companies Act, 1956.

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

To implement the said Circulars, the Company proposes to send to the members various documents including Notices and Annual Report, etc. from January 01, 2012 onwards in the electronic form to the e-mail addresses of members provided by them and made available to us by the Depositories (NSDL/CDSL), which you are advised to update by registering changes, if any, in your e-mail address from time to time with the concerned Depository.

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

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

In case you desire to receive the documents mentioned above in physical form, please write to us at the Registered Office of the Company at Premlata, 4th Floor, 39, Shakespeare Sarani, Kolkata 700017 quoting your Folio No./Client ID and DPID.

All those members who have not registered their e-mail addresses or are holding shares in physical form are requested to immediately register their e-mail addresses with NSDL/CDSL and/or with the Company at the Registered Office of the Company at Premlata, 4th Floor, 39, Shakespeare Sarani, Kolkata 700017 along with Folio No./Client ID and DPID.



NOTICE

EXPLANATORY STATEMENT

Pursuant to Section 173(2) of the Companies Act, 1956

Item No. 4

The Board of Directors of the Company appointed Shri J P Chowdhary, as an Additional Director on May 10, 2011 and appointed him as Chairman cum Managing Director of the Company, designated as Executive Chairman w.e.f. that date for a period of 5 years. Shri J P Chowdhary has vast experience and expertise in the wagon manufacturing/heavy engineering industry. Having him on the Board would be in the interest of the Company.

Shri J P Chowdhary, being the Executive Chairman also of Titagarh Wagons Limited (TWL) shall continue to draw remuneration from TWL only and not from the Company. He does not hold any shares in the Company.

The brief profile and details as per Clause 49 in respect of Shri J P Chowdhary are provided in the Corporate Governance Report annexed to the Annual Report.

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

The Directors recommend passing of the aforesaid Special Resolution.

Item No. 5

Shri Umesh Chowdhary was appointed on the Board on 14th March, 2010 as a Nominee Director of Cimco Equity Holdings Private Limited (holding company). In view of the role and responsibilities undertaken by him in revival and rehabilitation of the Company and also being instrumental in ensuring its subsequent deregistration from the Board for Industrial and Financial Reconstruction (BIFR) in a short span of time, the Board decided to appoint Shri Umesh Chowdhary as Managing Director of the Company designated as Vice Chairman and Managing Director w.e.f. May 10, 2011. Shri Umesh Chowdhary being the Vice Chairman & Managing Director also of Titagarh Wagons Limited (TWL) shall continue to draw remuneration from TWL only and not from the Company.

The brief profile and details as per Clause 49 in respect of Shri Umesh Chowdhary are provided in the Corporate Governance Report annexed to the Annual Report. He does not hold any shares in the Company.

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

The Directors recommend passing of the aforesaid Special Resolution.

Item No. 6, 7 and 9

In order to strengthen the Board, Shri D N Davar and Dr. G B Rao were appointed as Additional Directors of the Company on March 31, 2011. Shri Davar has vast experience and expertise in industrial banking & finance and various functions of management. Dr. G B Rao, Past President of ICSI and ICWA has extensive experience in finance, corporate law and corporate affairs.

The Board also appointed Shri R M Agarwal as an Additional Director on May 10, 2011. Shri Agarwal has 40 long years of experience in the railway sector.

None of the above Directors hold any shares in the Company. The respective profiles and details of these directors are provided as per Clause 49 in the Corporate Governance Report annexed to the Annual Report.

Continuation of the aforesaid Directors on the Board would be in the interest of the Company.

Except the above Directors who are concerned or interested in their respective appointments no other director is concerned or interested in the respective Resolutions under the Items No. 6, 7 and 9.

Item No. 8

The Board appointed Dr. Vinay Mohan as Additional Director of the Company on May 10, 2011 and designated him as Director (Corporate Affairs) and Officiating Chief Financial Officer for a term of two years w.e.f. 10th May, 2011. Dr. Vinay Mohan has rich experience in banking, finance and general management and his continuance on the Board would be beneficial to the Company.

Dr. Mohan does not hold any shares in the Company and his brief profile and details are provided as per Clause 49 in the Corporate Governance Report annexed to the Annual Report.

None of the Directors except Dr. Vinay Mohan is concerned or interested in the aforesaid Resolution.

The Directors recommend passing of the aforesaid Special Resolution.

Place: Kolkata
Date: October 17, 2011

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

By Order of the Board of Directors
For Cimmco Limited

Dipankar Ganguly
Company Secretary

Note : Refer Page No. 36 for Supplementary Notice.

DIRECTORS' REPORT

Dear Shareholders,

Your Directors present the 66th Annual Report, together with the audited accounts of the Company for the financial year comprising nine months ended March 31, 2011.

Financial Results

The rehabilitation Scheme of the Company was sanctioned by the Board for Industrial & Financial Reconstruction (BIFR) on 11.03.2010, the implementation of which was started in right earnest culminating in the net worth of the Company turning substantially positive from June 2010. In response to an application in this respect, the BIFR declared the Company as having ceased to be a sick industrial company and issued an order on the 7th December, 2010 discharging the Company from the purview of SICA/BIFR.

Performance of the Company has been satisfactory during the financial year (nine months) ended the 31st March, 2011. As the previous financial year was of fifteen months ended the 30th June, 2010, the figures given below for the nine months ended the 31st March, 2011 are not comparable with those of the previous financial year: (Rs. in lacs)

Particulars	Year ended 31.03.2011 (9 Months)	Year ended 30.06.2010 (15 Months)
Turnover	11,782.02	2,966.84
Profit before Extra-ordinary Items & Tax	1,004.18	338.66
Less : Exceptional Items	635.95	—
Add : Extra-ordinary Items (arising out of the sanctioned Scheme of BIFR)	—	55,208.23
Profit before Taxation	368.23	55,546.89
Add : Deferred Tax Credits	726.70	138.08
Less : Wealth Tax & Fringe Benefit Tax	1.22	2.32
Profit after Taxation	1,093.71	55,682.65
Loss brought forward from previous period	3,104.79	59,010.13
Loss carried to Balance Sheet	2,011.08	3,104.79
Reserves & Surplus	17,866.58	3,220.32
Earnings per Share (before Extra-ordinary Items) (Rs.)	5.43	3.05

Dividend

In the absence of adequate profit available for appropriation and some accumulated loss being carried forward, your Directors as a matter of prudence do not recommend any dividend for the year under review.

Review of Operations and Future Outlook

Following the receipt of order from the Indian Railways for wagons valued at over Rs.250 crores in the last week of September, 2010, the plant at Bharatpur had been satisfactorily in operation and during the nine months ended the 31st March, 2011 the Company produced 575 and sold 572 wagons.

The Company has been sanctioned sufficient working capital facilities to be fully equipped for execution of order for wagons expected to be secured by the Company. With the continuing improvement targeted in the operational efficiency commensurate with the orders for wagons under execution and those expected during the current year and all possible efforts being made to streamline activities based on cost effectiveness the overall performance for the current year appears encouraging.

Management Discussion and Analysis

The Management Discussion and Analysis Report as stipulated under Clause 49 of the Listing Agreement with Stock Exchanges, forming part of Directors' Report for the year under review, is given in a separate Section of this Annual Report.

Directors

Nominations of Shri Sanjoy Gupta and Shri R M Agarwal were withdrawn by Asset Reconstruction Company (India) Limited (ARCIL) w.e.f. the 21st April, 2011 and the 4th May, 2011 respectively. The Directors place on record their appreciation of the valuable services rendered by Shri Sanjoy Gupta and Shri R M Agarwal during their tenure as nominees of ARCIL. Shri D N Davar, Shri Jamil Ashraf and Dr. G B Rao had been appointed as

Additional Directors (all Independent) of the Company with effect from March 31, 2011 pursuant to Section 260 of the Companies Act, 1956 (the Act). Shri Jamil Ashraf resigned on 17th October, 2011 whereas Shri D N Davar and Shri G B Rao hold office upto the date of the ensuing Annual General Meeting of the Company (AGM) and are eligible for appointment in accordance with the provisions of Section 257 of the Act.

Shri J P Chowdhary co-opted on the Board at the meeting of Directors held on the 10th May, 2011 as an additional Director has been appointed Chairman cum Managing Director and designated as Executive Chairman of the Company with effect from the said date. Shri J P Chowdhary shall in terms of Section 260 vacate the office on the date of the ensuing Annual General Meeting of the Company and is eligible for appointment in accordance with the provisions of Section 257 of the Act.

Shri Umesh Chowdhary appointed as non executive Director on the 14th March, 2010 as nominee of the holding company (Cimco Equity Holdings Private Limited) has since been appointed Vice Chairman & Managing Director and CEO of the Company w.e.f. the 10th May, 2011.

Both Shri J P Chowdhary and Shri Umesh Chowdhary shall not draw any remuneration from the Company.

Shri R M Agarwal appointed as an Additional Director by the Board at its meeting held on the 10th May, 2011 holds office upto the date of ensuing Annual General Meeting and in accordance with Section 257 of the Act is eligible for appointment.

Dr. Vinay Mohan, Officiating Chief Financial Officer inducted as Additional Director of the Company pursuant to provisions of Section 260 of the Act, has been appointed as Director (Corporate Affairs) and Officiating Chief Financial Officer of the Company with effect from the 10th May, 2011 and vacates office on the date of the ensuing Annual General Meeting of the Company. Dr. Mohan is eligible for appointment in accordance with the provisions of Section 257 of the Act.

DIRECTORS' REPORT

Notice(s) pursuant to Section 257 proposing the respective candidature of the Directors named hereinabove have been received from the members of the Company proposing their appointment.

Shri Anil Kumar Agarwal, Director of the Company retires by rotation at the ensuing AGM and being eligible, offers himself for re-appointment.

Shri J P Gupta, whose term as an Executive Director ended on 31st July, 2011, retires by rotation at the ensuing AGM.

Directors' Responsibility Statement

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- in preparation of the annual accounts for the financial year (nine months) ended March 31, 2011 the applicable accounting standards have been followed and proper explanations relating to material departures, if any, have been provided;
- the accounting policies selected and applied are consistent and the judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year, and of the Profit of the Company for that period;
- proper and sufficient care has been taken for the maintenance of 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 frauds and other irregularities;
- the annual accounts have been prepared on a going concern basis.

Auditors

M/s. S. R. Batliboi & Co., Chartered Accountants, Statutory Auditors of the Company shall retire at the conclusion of the ensuing Annual General Meeting. They have intimated their willingness to be re-appointed as the Statutory Auditors of the Company to hold office until the conclusion of the next Annual General Meeting, for which, the Company has received the statutory confirmation that the proposed appointment, if made, will be within the limit prescribed under Section 224(1B) of the Companies Act, 1956.

Auditors' Report

Observations of the Auditors in their Report vide Notes No. 15, 16, 17, 18 and 19 in Schedule 22 when read together with the relevant notes on accounts and accounting policies are self explanatory. The observation of the Auditors for enlargement of Internal Audit System is being catered to by the management and M/s. Lodha and Co., Chartered Accountants have been appointed as Internal Auditors of the Company. The Return of Deposit for the current financial year has been duly filed by the Company. The Directors have emphasized the need to expeditiously address the deficient areas appropriately and necessary steps are being taken in that regard by the management.

Subsidiary Companies

The Company does not have any subsidiary company.

Promoter Group

In accordance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, details of Promoters, Promoter Group and its constituents are disclosed in a statement annexed to this Report along with the details of the shares pledged by them and held by them in the Company.

Corporate Governance

A separate section on Corporate Governance as prescribed under Clause 49 of the Listing Agreement along with the Certificate obtained from a Practising Company Secretary regarding compliance with conditions of Corporate Governance is included in the Annual Report.

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Listing with Stock Exchanges

The equity shares of the Company are listed at The National Stock Exchange of India Limited (NSE), The Bombay Stock Exchange Limited (BSE), The Delhi Stock Exchange Limited (DSE), The Calcutta Stock Exchange Limited (CSE) and The Madhya Pradesh Stock Exchange Limited (MPSE) and Listing fees for the financial year ending the 31st March, 2012 have also been duly paid.

The trading in equity shares of the Company which had been under suspension at the NSE has resumed w.e.f. September 8, 2011.

Unpaid/Unclaimed Fixed Deposits & Dividend

As stated in the last year's report, the balance in the Unpaid/Unclaimed Dividend Accounts, Debenture Redemption Reserve and interest on debenture accounts of the Company pertaining to financial years 1996-97, 1997-98, 1998-99 and 1999-2000 have since been transferred to the credit of the Investor Education and Protection Fund (IEPF), as required under Section 205C of the Companies Act, 1956. The unpaid fixed deposits have been repaid in accordance with the sanctioned Scheme of the Hon'ble BIFR.

Disclosures

1. Under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Amendment Rules, 2011, as amended :

During the year under review, none of the employees of the Company was in receipt of the remuneration requiring the disclosure under the said Rules.

2. Under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, as amended :

The disclosure required under the aforesaid provision has been attached separately marked as Annexure A to this Directors' Report and forms part of this Report.

Shifting of Registered Office

Your Company's application to the Company Law Board (CLB) for shifting of Registered Office of the Company from the State of Delhi to the State of West Bengal has been approved and its Registered Office has been shifted to Premlata Building, 4th Floor, 39, Shakespeare Sarani, Kolkata 700017 w.e.f. October 17, 2011.

Corporate Social Responsibility

Your Company's continuous endeavors to contribute suitably to the society by being involved in a series of community welfare programmes, directly or through philanthropic organizations continue. Bharatpur plant is located close to the Bharatpur Bird Sanctuary amidst vast green area and all care is taken to preserve the environment to allow the nature's expanse to remain healthy and grow healthily.

Acknowledgements

Your Directors wish to place on record their appreciation for the cooperation and support of the secured lenders including ICICI Bank, Syndicate Bank, Governments of Rajasthan, Madhya Pradesh and Delhi, local administration/ other Government Departments; for contribution of the employees/ ex-employees of the Company and all other stakeholders.

On behalf of the Board

Place: Kolkata
Date: October 17, 2011

J. P. Chowdhary
Executive Chairman

ANNEXURE TO DIRECTORS' REPORT

As required under clause 3(a) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, the following entities constitute "Group" for the purpose of the aforesaid SEBI Regulations :

Promoter and Promoter Group Shareholding as at 31st March, 2011

Name of Shareholders	Number of shares held	% of total paid up equity
Promoter		
Cimco Equity Holdings Pvt. Ltd.	1,62,88,923	80.84
Promoter Group		
Mr. Gaurav Kajaria	14,000	0.07
Mrs. Vinita Bajoria	13,424	0.07
Mrs. Sumita Kandoi	4,000	0.02
Total Promoter/Promoter Group Holding	1,63,20,347	81.00

The following entities although not holding any equity shares in the Company are Promoter group entities as disclosed in the disclosures/distribution pattern submitted to the Stock Exchanges:

Listed:

- (1) Titagarh Wagons Limited
- (2) Continental Valves Limited
- (3) Apex Traders & Exporters Limited

Unlisted:

- (1) Greysham and Co. Private Limited
- (2) Flourish Securities and Finance Private Limited
- (3) Titagarh FreightCar Private Limited
- (4) Titagarh Singapore Pte. Limited
- (5) Titagarh Wagons AFR
- (6) Titagarh Capital Management Services Private Limited

- (7) Tecalemit Industries Limited
- (8) Navyug Business Private Limited
- (9) Simplex Developments Private Limited
- (10) Traco International Investment Private Limited
- (11) Singhal Contractors and Builders Private Limited
- (12) Shivalik Mercantile Private Limited
- (13) Titagarh Logistics Infrastructures Private Limited
- (14) Titagarh Marine Limited
- (15) Bhatpara Papers Limited
- (16) Titagarh Papers Limited
- (17) West Bengal Pulpwood Development Corporation Limited
- (18) Sourennee Leaves Private Limited

Individuals:

- (1) Shri Jagdish Prasad Chowdhary
- (2) Shri Umesh Chowdhary
- (3) Smt. Savitri Devi Chowdhary
- (4) Smt. Rashmi Chowdhary
- (5) Smt. Bimla Kajaria
- (6) Smt. Panna Devi Kajaria
- (7) Shri Pawan Kumar Kajaria
- (8) Shri Sanjay Kumar Bajoria
- (9) Shri Saket Kandoi
- (10) Shri Subhash Kandoi
- (11) Shri Aditya Kumar Saraogi
- (12) Shri Sushil Kumar Saraogi

Non-Incorporated Promoter Group entities :

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

MANAGEMENT DISCUSSION AND ANALYSIS

OVERALL REVIEW

The overall performance of the Company during the financial year comprising nine months ended the 31st March, 2011 has been satisfactory. Following the sanction of the Scheme of Rehabilitation sanctioned by the Board for Financial and Industrial Reconstruction (BIFR) in March, 2010, the Company's net worth turned positive and the Company came out of the purview of BIFR by an order issued on the 7th December, 2010.

The Company received order for Wagons valued at over Rs.250 crores from Indian Railways in the last week of September 2010 and commenced production at its Bharatpur facilities in right earnest to ensure that the stipulated delivery schedule is adhered to.

The facilities at Bharatpur are also capable of executing Engineering & Project Business and Others (consisting of miscellaneous business comprising less than 10% revenue and include transactions relating to Lease/Sub-Lease of wagons), however, at present focus though on Wagons only, efforts are being made to secure orders also for other segments.

BUSINESS SEGMENT

Wagons

a) Industry Outlook : The Railway Budget announced in February, 2011 envisages many new railway lines to be laid in the different regions of the country, more particularly in Eastern Region in order to extend the cargo carrying network. Passenger coaches are another segment where

substantial rise in demand is expected. Overall industry outlook in the medium term appears to be encouraging.

b) Opportunities : The number of wagon manufacturers in private sector being restricted to a few, the increased demand for the railway wagons would generate a tangible opportunity for the Company to pursue expansion of business. The Government's focus on building infrastructure is expected to present opportunity for the other product capabilities of the Company.

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

d) Segment Review and Analysis:

	Unit	March 31, 2011	June 30, 2010
Production of Wagons	No.	575	123
Sales	No.	572	123
Average Realisation	Rs.Lacs/No.	18.46	21.98

Comparative data are not given since the last financial year was of fifteen months whereas the financial year under review comprises nine months ended 31st March, 2011.

Review of Operations: Performance of the Wagons segment has been satisfactory and has enabled the Company to gain confidence of full-fledged operations again at Bharatpur plant which had been closed for

ANNEXURE TO DIRECTORS' REPORT

almost 8 years prior to lifting of the management lockout in September, 2008.

e) Company Outlook: The Company has started participating in tenders and after having secured its first order post resumption of operations will continue to pursue orders from Ministry of Railways as well as other private customers. This augurs well for the current financial year.

RISKS AND CONCERNS

The major risk factors applicable to the Company are:

Dependence on the Indian Railways

The Company is engaged in the business of manufacturing wagons which is entirely dependent upon the policies of Indian Railways and any change in the policies whether positive or negative directly impact the business of the Company.

Increase in the cost of raw materials and other inputs

- (i) The major raw materials required by the Company include steel, scrap, specialized components including bogies, coupler sets, air brakes etc. which are exposed to volatility in prices and availability in required specifications.
- (ii) Steel based raw materials being the principal inputs in manufacturing wagons and heavy engineering equipment, cost of finished goods totally depends on the prices of steel prevalent in both National and International markets which are highly volatile and cyclical in nature.

Risk of performance guarantee, product warranty and liquidated damages

The contracts involve performance guarantee based on contract value and warranty periods within which if any defect is detected in the products, the Company may have to incur expenditure for correcting the defects or even replacing the products.

Risks associated with Organic growth of business

Growth and expansion of the business of the Company involves financial, managerial & other risks. The Company has engaged the services of professional firm to identify and submit a report on risk mitigation.

INTERNAL CONTROL SYSTEM AND ADEQUACY

The Company has an adequate system of internal controls for imposing necessary checks to ensure that (i) its assets are safeguarded, (ii) the transactions are authorised, recorded and reported properly; and (iii) the accounting records are properly maintained and its financial statements are reliable.

For ensuring the correctness of the internal checks and control, the Company has also appointed a firm of Chartered Accountants to conduct internal audit, periodic reports of which are reviewed by the Audit Committee and management and their suggestions are considered for improving the checks and balances.

Discussion on Financial Performance with respect to Operational Performance

Notwithstanding the factors referred to hereinabove impacting the operations, securing of order for wagons, streamlined operations which were restarted after suspension for eight years, better manufacturing processes, focus on improved productivity, optimization of resource deployment resulted in satisfactory performance.

Human Resources & Industrial Relations

The Company recognizes that employees represent its greatest assets and potential. It is only through motivated, creative and business-minded employees the Company can regain and sustain its position in the Industry. After revival of the Company, focus is laid on building up the team at different verticals for realizing the optimum potential of the Company. As on March 31, 2011, the Company had 154 employees in its roll.

Industrial relations at the factory site of the Company and otherwise remained cordial.

Cautionary Statement

Statements made in the Management Discussion & Analysis Report which seeks to describe the Company's objective, projections, estimates, expectations or predictions may be considered to be "forward-looking statements" within the meaning of applicable securities laws and/or regulations, based on beliefs of the management of your Company. Such statements reflect the Company's current views with respect to the future events and are subject to risks and uncertainties.

Many factors could cause the actual result to be materially different from those projected in this report, including amongst others, changes in the general economic and business conditions affecting demand/supply and price conditions in the segment in which the Company operates, change in business strategy, interest rates, inflation, deflation, foreign exchange rates, competition in the industry, changes in governmental regulations, tax laws and other Statutes and other incidental factors.

The Company does not undertake any obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Place: Kolkata
Date: October 17, 2011

For and on behalf of the Board
J. P. Chowdhary
Executive Chairman