



Annual Report 2011 - 2012



Cimmco Limited

CORPORATE INFORMATION

Board of Directors*

Shri J P Chowdhary	Executive Chairman
Shri Umesh Chowdhary	Vice Chairman and Managing Director
Shri D N Davar	Independent Director
Shri Anil Kumar Agarwal	Nominee Director (Cimco Equity Holdings Pvt. Ltd.)
Shri Rakesh Mohan Agarwal	Non-Executive Director
Shri Jagdish Kumar Shukla	Independent Director
Dr. G B Rao	Independent Director
Shri M J Z Mowla	Independent Director
Shri K S B Sanyal	Independent Director

* As on 31.07.2012

Company Secretary

Shri Dipankar Ganguly

Remuneration Committee

Shri D N Davar	Chairman
Shri J K Shukla	Member
Shri M J Z Mowla	Member

Audit Committee

Shri J K Shukla	Chairman
Shri D N Davar	Member
Shri Anil Kumar Agarwal	Member
Shri K S B Sanyal	Member
Shri J P Chowdhary	Special Invitee
Shri Umesh Chowdhary	Special Invitee

Shareholders'/Investors' Grievance Committee

Shri J K Shukla	Chairman
Shri Umesh Chowdhary	Member
Shri M J Z Mowla	Member
Shri D N Davar	Special Invitee

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

Works

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

Registrar and Transfer Agent

Karvy Computershare Private Limited
Plot No. 17 - 24, Vittal Rao Nagar
Madhapur, Hyderabad 500 081
Phone : +91- 40-44655000
Fax : +91-40-23420814
E-mail : einward.ris@karvy.com

NOTICE

NOTICE is hereby given that the Sixty-seventh Annual General Meeting of the members of **CIMMCO LIMITED** will be held on Saturday, the 15th day of September, 2012 at 'Kalakunj', 48 Shakespeare Sarani, Kolkata-700017 at 1:00 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, 2012, Statement of Profit & Loss and Cash Flow Statement for the financial year ended that date, together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri J K Shukla who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Dr. G B Rao who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Auditors and fix their remuneration by passing with or without modification(s), the following Resolution as an Ordinary Resolution:

"RESOLVED THAT M/s. S R Batliboi & Co; 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 to conduct the audit of the books of accounts of the Company for the financial year 2012-13, 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:

5. To consider and if thought fit to pass, with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT Shri M J Z Mowla, who was appointed as an Additional Director w.e.f. the 8th November, 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 Mowla'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."
6. To consider and if thought fit to pass, with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT Shri K S B Sanyal, who was appointed as an Additional Director w.e.f. the 24th March, 2012 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 Sanyal's candidature for the office of the Director, be and is hereby appointed as a 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 a Special Resolution:
"RESOLVED THAT approval of the shareholders be and is hereby accorded pursuant to the Part III of the Schedule XIII, Sections 198, 269, 309 and other applicable provisions of the Companies Act, 1956 (the Act) and Article 160 of the Articles of Association of the Company to the appointment of Shri Manoj Jha as Managing Director for the period 24th March, 2012 to 30th July, 2012 by the Board of Directors on the terms and conditions contained in the Agreement entered into with Shri Manoj Jha who has subsequently resigned and his resignation accepted by the Board effective from the close of business hours on the 30th July, 2012, at a remuneration by way of salary, perquisites and other allowances approved by the Remuneration Committee at its meeting held on the 24th March, 2012 and such remuneration

paid/payable pro rata for the term served by Shri Manoj Jha as Managing Director and an application for which has been made by the Company to the Central Government.

RESOLVED FURTHER THAT the Board of Directors (which term shall include a Committee thereof) be and is hereby authorised to accept the remuneration paid/payable to Shri Manoj Jha with such modifications as may be directed by the Central Government and do all such acts, deeds, matters and things as in its absolute discretion, it may consider necessary, expedient or desirable, and to settle any question or doubt that may arise in relation thereto."

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

"RESOLVED THAT the approval of the shareholders of the Company under Section 31 and such other provisions of the Companies Act, 1956 as may be applicable, be and is hereby accorded to alter the Articles of Association as follows, pursuant to Green Initiative in Corporate Governance launched by Ministry of Corporate Affairs vide its circulars No. 17/2011 and No. 18/2011 dated April 21, 2011 and April 29, 2011 respectively authorising, the despatch of documents i.e. Notice of General Meeting, Postal Ballot, Annual Report, or any communication to be sent to the shareholders in electronic mode and participation by Shareholders or Directors in meetings under Companies Act, 1956 through electronic mode vide circular Nos. 27/2011 and 28/2011 dated May 20, 2011, 35/2011 dated June 6, 2011 and 72/2011 dated December 27, 2011:

The following new paragraph be inserted under the Article 88 of Articles of Association:

'Notices of general meetings, postal ballot, soft copies of Annual Reports, any communication under the provisions of the Act or other statute(s) sent by electronic mail to the shareholders shall be a valid despatch under Section 53 of the Act.'

The following new paragraph be inserted under the Article 92 of Articles of Association:

'Participation of shareholders in e-voting at any general meeting or postal ballot exercise and any business transacted and result whereof is announced in accordance with the applicable statute(s) shall constitute a valid and binding decision of such meeting or postal ballot on all the shareholders of the Company.'

The following new paragraph be inserted under the Article 99 of Articles of Association:

'Subject to any rights or restrictions for the time being attached to any class or classes of shares, on e-voting in video conferencing, on a show of hands, every member participating in e-meeting shall have one vote; and on a poll, the e-voting rights of the members shall be as laid down in the applicable provisions of law/statutes.'

The following new paragraph be inserted under the Article 148 of Articles of Association:

'Every Director participating in e-meeting shall count for valid quorum as laid down in the applicable provisions of law/statutes.'

"RESOLVED FURTHER that notwithstanding anything to contrary contained in the Articles of Association, such of the clauses or sub-clauses of Articles of Association as are not specifically set out hereinabove shall stand altered to facilitate implementation of the circulars/communication issued by the Ministry of Corporate Affairs in regard to e-service, e-voting, video conferencing of the meetings of the Board and shareholders as may be introduced from time to time and be in force for the time being."

Place : Kolkata

Date : July 30, 2012

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

By Order of the Board of Directors

Dipankar Ganguly
Company Secretary

NOTICE

NOTES:

1. As stipulated under Clause 49 of the Listing Agreement, information in respect of the Directors of the Company seeking appointment/re-appointment/re-election at this Annual General Meeting is appearing in Corporate Governance Report, annexed to the Directors' Report.
2. 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.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from the 8th of September, 2012 to the 15th of September, 2012 (both days inclusive), for the purpose of holding the Annual General Meeting.
4. 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.
5. 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.
6. 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 67th 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.
7. Members are requested to 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 DP ID for receiving the Report and Accounts, Notices etc in electronic mode, as a measure of support to the "Green Initiative in the Corporate Governance" of the Ministry of Corporate Affairs, Government of India.

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.

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 DP ID.

EXPLANATORY STATEMENT

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

Item No. 5 & 6

In order to strengthen the Board, Shri M J Z Mowla and Shri K S B Sanyal were appointed as Additional Directors of the Company w.e.f. 08.11.2011 and 24.03.2012 respectively.

Shri M J Z Mowla holds a Bachelor's degree and is a Law Graduate. He is expert in legal and corporate management. Shri K S B Sanyal holds Masters Degree, in English Literature from the Punjab University and is also CBIM, FIP (London). He has over 40 years of experience as a Professional Manager in various sectors. He was also Sheriff of Kolkata (1986-87).

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. 5 & 6.

Item No. 7

In view to tap the potential growth of Heavy Engineering Division, the Board appointed Shri Manoj Jha as Managing Director w.e.f. the 24th March, 2012, who however, subsequently resigned w.e.f. 30th July, 2012.

However, the Company is required by the provisions of the Sections mentioned in the Resolution No. 7 to obtain the approval of Central Government and the members.

The Board recommends passing of the Resolution at Item No. 7. None of the Directors is interested or concerned in this Resolution.

Item No. 8

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. Further, Board and General Meetings by video conferencing have been allowed by the Circular Nos. 27/2011 & 28/2011 dated May 20, 2011, 35/2011 dated June 6, 2011 and 72/2011 dated December 27, 2011.

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 alter the Articles of Association, and to send the members various documents including Notices, Annual Report etc. 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 they are advised to update by registering changes, if any, in their e-mail address from time to time with the concerned Depository.

None of the Directors are concerned or interested in the aforesaid Resolution.

The Directors recommend passing of the Resolution as a Special Resolution.

Place: Kolkata

Date: July 30, 2012

Registered Office:

Premalata, 4th Floor,
39, Shakespeare Sarani,
Kolkata 700017

By Order of the Board of Directors

Dipankar Ganguly
Company Secretary

DIRECTORS' REPORT

Dear Shareholders,

Your Directors present the 67th Annual Report, together with the audited accounts of the Company for the financial year ended March 31, 2012.

Financial Results

The performance of the Company has been satisfactory during the financial year ended the 31st March, 2012.

(Rs. in lacs)

Particulars	Year ended 31.03.2012 (12 Months)	Year ended 31.03.2011 (9 Months)
Turnover	23,651.30	11,782.02
Profit/(Loss) before Extra-ordinary Items & Tax	3,279.09	1,002.96
Less : Exceptional Items	2,475.99	635.95
Profit before Taxation	803.10	367.01
Add/(Less) : Deferred Tax Credits/(Charge)	(384.47)	726.70
Less : Wealth Tax & Fringe Benefit Tax	-	1.22
Profit after Taxation	418.63	1,093.71
Loss brought forward from previous period	2,011.08	3,104.79
Loss carried to Balance Sheet	1,592.45	2,011.08
Reserves & Surplus	16,160.58	15,855.50
Earnings per Share (Rs.)	2.08	5.43

As the previous financial year comprised of nine months, performance for the financial year ended the 31st March, 2012 is not comparable with that of the preceding financial year. Adjustment of exceptional items against the Profit before Tax has resulted in lower Profit after Taxation, despite improvement in revenue and topline for the financial year under review.

Dividend

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

Review of Operations and Future Outlook

During the year ended the 31st March, 2012 your Company successfully executed the order for Wagons secured from the Indian Railways and produced 1299 and sold 1302 wagons from its plant at Bharatpur.

Facilities of your Company have been streamlined for operational efficiency and are capable of manufacturing large volume of rolling stock. However, order for the number of Wagons entitled to be allocated to the Company is yet to be released by the Indian Railways (IR). The execution of first tranche of the quantity ordered by IR as per its decision based on a change in complete reversal of its stand in non-compliance with the Order passed by the Hon'ble Board for Industrial & Financial Reconstruction (BIFR), has been progressing as per schedule.

Your Company's facilities at Bharatpur are also equipped to manufacture various products viz. Cement/Mineral Plant Equipment, Hydro Mechanical Equipment, Pressure Vessel Equipment and orders for the said verticals are being aggressively pursued. Overall the outlook for current year is cautiously optimistic.

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

Shri J K Shukla and Dr. G B Rao, Directors retire by rotation and being eligible, offer themselves for re-appointment at the ensuing AGM. Shri Manoj Jha inducted as an Additional Director was appointed as Managing Director w.e.f. the 24th March, 2012. Shri M J Z Mowla and Shri K S B Sanyal appointed as Additional Directors by the Board w.e.f. 8th November, 2011 and 24th March, 2012 respectively, hold office upto the date of ensuing Annual General Meeting and in accordance with Section 260 of the Act are eligible for appointment. Notice(s) pursuant to Section 257 proposing the candidature of the Directors named hereinabove have been received from the members of the Company proposing their appointment.

During the year under review, the term of Shri J P Gupta as Executive Director ended on the 31st July, 2011 and he continued as a Non Executive Director till the 5th December, 2011 before retiring at the last Annual General Meeting held on the said date. Shri Jamil Ashraf, Shri Ravi Kumar, Directors and Dr. Vinay Mohan, Director (Corporate Affairs) & Officiating CFO resigned from the Board w.e.f. the 17th October, 2011, 5th December, 2011 and the 31st March, 2012 respectively. Shri Manoj Jha's resignation from the office of Director & Managing Director has been accepted w.e.f. 30.07.2012.

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 ended March 31, 2012 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

DIRECTORS' REPORT

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;

- (c) 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;
- (d) the annual accounts have been prepared on a going concern basis.

Auditors:

Statutory Auditors

The Statutory Auditors of the Company, M/s. S. R. Batliboi & Co., Chartered Accountants, retire at the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment. The Audit Committee and Board recommend the reappointment of M/s. S. R. Batliboi & Co., Chartered Accountants as Statutory Auditors of your Company. They have intimated their willingness to continue and submitted the certificate pursuant to Section 224(1B) of the Companies Act, 1956 about their eligibility for reappointment.

Cost Auditors

Pursuant to the provisions of Sections 224, 226 & 233B of the Companies Act, 1956 and read with the Order No F. No 52/26/CAB/2010 dated 24.01.2012 issued by Cost Audit Branch, Ministry of Company Affairs, Government of India for Cost Audit of the products manufactured by the Company classified under industry head Engineering Machinery, M/s Sinha Chaudhuri & Associates, Cost Accountants, were appointed as Cost Auditors of the Company for the Financial Year ended 31st March, 2013.

Auditors' Report

Notes 13.2A and 32 when read together with the relevant notes on accounts and accounting policies are self explanatory. The observation of Statutory Auditors regarding no internal audit having been carried out has been addressed by the management and the outgoing Internal Auditors have completed their report. M/s. L B Jha & Co., Chartered Accountants have been appointed as Internal Auditors of the Company to strengthen and streamline the internal audit system.

Public Deposits

During the year under review, no public deposits were accepted by the 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. None of the Promoters have pledged any Shares 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.

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, 2013 have also been duly paid.

Disclosures

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

Particulars of employee(s) drawing remuneration to the extent applicable as per the aforesaid Section are disclosed in the Annexure A to this Report.

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 and marked as Annexure B to this Directors' Report and forms part of this Report.

Corporate Social Responsibility

Your Company's endeavors to contribute suitably to the society by being involved in a series of community welfare programmes, directly or through philanthropic organizations would 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 viz. ICICI Bank, Syndicate Bank and 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

J. P. Chowdhary
Executive Chairman

Place : Kolkata
Date : July 30, 2012

ANNEXURE TO THE DIRECTORS' REPORT

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

Promoter and Promoter Group shareholding as at 31st March, 2012

Name of shareholders	Number of shares held	% of total paid up equity
Promoter		
Cimco Equity Holdings Pvt. Ltd.	1,52,81,496	75.84
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	1,53,12,920	76.00*

*The Promoter Holding reduced by 7,92,575 equity shares due to invocation of pledge thereon on 04.04.2012 and stood at 72.07% of the total paid up capital of the Company.

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) Greysam and Co. Private Limited
- (2) Titagarh Capital Private Limited
(Formerly Flourish Securities and Finance Private Limited)
- (3) Titagarh Freight Car 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
- (19) Corporated Shipyard Private Limited
- (20) Times Marine Enterprises 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) JP Chowdhary and Others (HUF)
- (2) Prithish Family Trust
- (3) Sree Kashi Nath Bhagwati Devi Chowdhary Charitable Trust
- (4) Umesh Chowdhary (HUF)

ANNEXURE A

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

Particulars	
Name of the Employee	Shri Manoj Jha
Designation	Managing Director
Remuneration Received (Rs.)#	Rs. 1,09,678
Nature of employment	Contractual
Nature of duties of employee	Managing the day to day affairs of the Company
Qualifications	B. Tech. (Production Engineering)
Experience (Years)	28
Date of commencement of employment	24-03-2012
Age (Years)	52
Last employment held	Hindustan Motors Ltd.
Number and % of equity shares held in the Company	NIL

Employed for the part of the year. In addition to the above remuneration, Shri Manoj Jha, being Corporate Group Adviser w.e.f. 23.3.2012, was paid Rs. 34,839 as Retainership fees by a Group Company.

ANNEXURE TO THE DIRECTORS' REPORT

ANNEXURE B

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

A. CONSERVATION OF ENERGY:

a) Energy conservation measures taken:

1. Use of transparent sheets in sheds to utilize sunlight for illumination and thus reducing electrical energy input for illumination.
2. Installation of power saver compressor units replacing old and inefficient compressors.
3. 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 CFL/Energy Efficient lighting system for shop floor illumination.
2. Energy saving units being installed in lighting circuit to reduce consumption.
3. Replacement of rewound and inefficient drives.

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

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

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

a)		2011-12	2010-11	
i)	Electricity Purchased			
	Units (Kwh)	2013207	1382508	
	Total Amount (Rs. in lacs)	113.59	73.12	
	Rate/Unit (Rs. in lacs)	5.64	5.29	
ii	Furnace Oil/LDO/LVFO			
	Quantity (K Litres)	75516.00	31522.00	
	Total cost (Rs. in lacs)	31.82	12.32	
	Average rate (Rs.)	42.13	39.42	
b	Consumption per unit of production			
	Products	Standards (if any)	2011-12	2010-11
	No. of Wagons produced		1299	575
	Electricity (Kwh) per Wagon manufactured		1549.81	2404.36
	HSD Oil (Ltrs)		58.13	54.35

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:

The Company is in the process of completing in house design for special type of wagons as a part of its R & D activities.

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

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

3. Future plan of action:

The Company is focused on value addition in the manufacture and marketing of wagons. The research and development in other fields will be carried out in due course.

4. Expenditure on R & D: (Rs./lacs)

	2011-12
Capital	Nil
Recurring	Nil
Total	Nil
Total R & D expenditure as a percentage of total turnover	N.A.

Technology absorption, adaptation and innovation

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

The Company is in the process of innovative solutions for optimum processes used for manufacture of wagons.

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

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

3. Information on imported technology:

- i) Technology imported: Nil
- ii) Year of import: N.A.
- iii) Has technology been fully absorbed?: N.A.
- iv) If not fully absorbed, areas where this has not taken place, reasons therefore and future plan of action: N.A.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

The Company at present has no order for exports. However the Company is fully equipped to seize the export opportunities, if any coming its way.

b) Total foreign exchange used and earned: Foreign exchange used - Rs. 86.45 lacs and earned is NIL.

Place : Kolkata
Date : July 30, 2012

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

ANNEXURE TO THE DIRECTORS' REPORT

MANAGEMENT DISCUSSION AND ANALYSIS

OVERALL REVIEW

The overall performance of the Company during the financial year ended the 31st March, 2012 has been satisfactory. Order for Wagons secured from Indian Railway during the year under the review was executed successfully. However, adjustment of exceptional items resulted in lower Profit After Tax despite significant gross revenues generated.

BUSINESS SEGMENTS

Wagons

- a) Industry Outlook : The Railway Budget announced in February 2012 declared the intention to align the annual plan investment in five focus areas of track, bridges, signaling, rolling stock and station/terminal development. With this focus on capacity augmentation and modernization, the overall industry outlook in the medium term appears to be encouraging.
- b) Opportunities : The Railway Budget envisages private investment schemes for Wagon Leasing, Private Freight terminals, Container train operations etc. being made more attractive to PPP partners. This initiative augurs well for the private demand for Wagons, besides expected increase in demand from the Indian Railways.
- 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 serious 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, 2012	March 31, 2011
Production of Wagons	No.	1299	575
Sales	No.	1302	572
Average Realisation	Rs.Lacs/No.	16.14	18.46

Comparative data are not given since the previous financial year was of nine months ended 31st March, 2011 whereas the financial year under review comprises twelve months ended 31st March, 2012.

Review of operations : Performance of the Wagons segment has been satisfactory and the Company's facilities have been streamlined at Bharatpur plant to cater to the requirement of customers.

- e) Company Outlook : The Company has received orders for 353 BCNHL and 347 BOXNHL Wagons from the Railway Board, which are currently under execution as per schedule. The Company is aggressively pursuing orders from private customers besides the Railway Board. This augurs well for the current financial year.

The Company is also pursuing orders for the following verticals :

Heavy Earthmoving and Mining Machinery :

Due to uncertainty in the economy there has been some reduction in the demand in this sector. However compared to the other industries, the demand for construction equipments still remains good.

As the Company is in the expansion / growth stage, there is an opportunity for these products viz. Mechanical Cranes, Hydraulic Excavators, RT Cranes etc.

Industrial Fabrication :

Cement/mineral plant equipment, Hydro- mechanical equipment and Pressure vessel equipment offer great potential which the Company plans to tap, having had past experience in this vertical. The Company has received orders under these verticals which are being executed.

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, 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.

However, the risk is mitigated to some extent as the most of the contracts have price variation clause.

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. Delay in scheduled delivery may attract liquidated damages.

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.

ANNEXURE TO THE DIRECTORS' REPORT

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 appointed a firm of Chartered Accountants to conduct internal audit for strengthening 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, 2012, the Company had 158 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.

For and on behalf of the Board

Place : Kolkata
Date : July 30, 2012

J. P. Chowdhary
Executive Chairman