

Directors' Report

To the Members

The Directors are pleased to present their forty-ninth annual report and the audited financial accounts for the year ended March 31, 2012.

The year under review witnessed a difficult market environment characterized by slowing down of overall economic growth, high inflation, particularly in commodity sectors impacting costs adversely, foreign exchange volatility and high interest rates resulting in delays in decision making and clients suspending project execution in several instances and almost total choking of the fresh order booking specially during the second half of the fiscal.

The beginning of 2012-13 has indicated some signs of improvement with somewhat higher level of enquiries. However, any significant change may be towards the year end only and therefore the focus of Team TRF will be for an aggressive Business Development drive targeting higher new order bookings coupled with timely, efficient and cost effective execution of the orders/projects on hand.

On July 7, 2009, the Company had acquired 51% stake in DLT, Sri Lanka through its wholly owned subsidiary, TRF Singapore Pte. Ltd. with a 'Put' and 'Call' option to buy out the balance 49% stake at a price to be determined based on the formulae set out in the Option Agreement. As per the agreement, the shareholders of the balance 49% ordinary shares exercised the put option on December 30, 2011. Your Company, through TRF Singapore Pte. Ltd., bought these shares at the pre determined agreed consideration. Consequently DLT has become a wholly owned subsidiary of TRF Singapore Pte. Ltd.

On October 5, 2007, the Company had acquired 51% stake in York, from Baker Technology Ltd. through its wholly owned subsidiary, TRF Singapore Pte. Ltd. with a 'Call' and 'Put' option agreement to buyout balance 49% stake at a price to be determined based on the formulae set out in the Option Agreement. Pursuant to exercising the Call Option Notice dated March 23, 2012, your Company has acquired 49% of the issued and paid up capital of York through its wholly owned subsidiary TRF Holdings Pte. Ltd., Singapore on March 27, 2012.

RESULTS

Figures in Rupees lakhs

	TRF Standalone		TRF Group	
	2011-12	2010-11	2011-12	2010-11
Net Sales / Income from Operations	80,231.05	72,358.02	132,740.63	111,355.70
Operating Profit	4,940.20	1,246.95	5,942.99	2,280.75
Profit before taxes	2,501.05	140.85	2,718.45	711.86
Profit after taxes	1,557.96	83.25	1,342.46	189.02
Profit after minority interest and share of profit of associates	1,557.96	83.25	1,319.38	26.93
Add: Balance brought forward from the previous year	1,378.45	1,557.49	528.24	763.60
Balance	2,936.41	1,640.74	1,847.62	790.53
Which the Directors have apportioned as under :				
(i) Proposed dividend on Equity Shares	440.18	220.09	440.18	220.09
(ii) Tax on dividend	71.41	35.70	71.41	35.70
(iii) General Reserve	155.80	6.50	155.80	6.50
Total	667.39	262.29	667.39	262.29
Balance to be carried forward	2,269.02	1,378.45	1,180.23	528.24

The financial results of your company on Standalone Basis for the year under review, despite the uncertain economic environment, registered significant improvement over the previous year by achieving growth in sales by 10.88% and in Profit before tax by 1675.68% reporting Sales for 2011-12 of Rs. 802.31 crores (previous year : Rs. 723.58 crores) and Profit before tax of Rs. 25.01 crores (previous year : Rs. 1.41 crores).

The consolidated TRF Group performance also improved recording Sales of Rs. 1,327.41 crores (previous year : Rs. 1,113.56 crores) and Profit before tax of Rs. 27.18 crores (previous year : Rs. 7.12 crores) achieving growth of 19.20% and 281.88% respectively.

DIVIDEND

The Directors are pleased to recommend payment of dividend of 40% for the year ended March 31, 2012, (previous year: 20%), subject to approval by the shareholders at the ensuing Annual General Meeting.

OPERATIONS

1. The bulk material handling business grew by about 10% despite the challenging market conditions. Many initiatives were taken which included:
 - a) Induction of new wagon tippler as per current RDSO G33 specifications.
 - b) Successfully designed a 4000 TPH Slewing Stacker for NTPC Vallur.
 - c) Launched 'Mobile Crushing and Screening' units based on HRIL technology.
 - d) Received DSIR approval for in-house R&D facility.
 - e) Created Business Development department to drive growth.
 - f) Signed a co-operation agreement with Schade Lagertechnik, GmbH to manufacture new designs of stackers and reclaimers for Indian market.
 - g) Efforts on safety enabled achieving zero lost time injury frequency rate.
2. During the financial year 2011-12 following major projects were in progress:

- a) Coal Handling Plant for 3 x 500 MW Power Plant at Indira Gandhi Super Thermal Power Plant, Aravali;
- b) Iron Ore Crushing & Conveying Plant at NMDC, Bailadilla;
- c) Coal Handling Equipment supply to Tata Projects Limited for MAHAGENCO, Bhusawal;
- d) Coal Handling Plant for 2 x 600 MW Power Plant for DVC, Raghunathpur;
- e) Coal Handling Plant for 2 x 500 MW Power Plant at Mauda Super Thermal Power Project;
- f) Coal Handling Plant for 2 x 660 MW Power Plant at Barh Super Thermal Power Project Stage-II;
- g) Coal Handling Plant for 2 x 500 MW Power Plant at Vindhyachal Super Thermal Power Project Stage-IV;
- h) Coal Handling Plant for JSPL, Angul;
- i) Tata Steel Raw Material Handling System for 3 million Tonnes expansion.

3. Despite the postponed and restricted and/or delayed order finalization by the customers and the consequent low fresh order in-take the order book at the year end is reasonable.

SUBSIDIARIES PERFORMANCE

1 YORK Group:

York grew its business by over 36% during the financial year 2011-12 achieving a Sales of Rs.335.07 crores (previous year: Rs.246.18 crores). Market share of York improved in all key markets- Australia, Indonesia, South Africa, Thailand, China and India.

Two new models of axle and suspension were launched at the Auto-expo 2012 in New Delhi. The products were well received by the customers and commercial production of these will commence shortly.

Manufacturing of Axles at the new plant in Pune commenced in May 2011. Pune facility includes suspension assembly, special axles and R&D centre. Axles for hydraulic trailers which were previously imported are now being manufactured at the Pune plant. With a view

to making suspension products more competitive, the focus is on indigenization and value engineering which would help the company in the next financial year. Efforts to work with and support the customers on application, maintenance and installation continued at the Pune Training Center as well as at various customer sites across the country.

2 DLT Group:

The slowdown in the Global Economy and the consequential decline in International trade and Container traffic, adversely impacted Dutch Lanka Trailers sales during 2011-12 as the company depends heavily on sale of "port terminal trailers". Road trailer sales also remained stagnant. Sales at Rs. 126.63 crores were 2.86% lower than Rs. 130.36 crores of last year. However, in the last quarter of 2011-12, there are signs of improvement in order book.

During the year DLT has entered into purchase agreements with AP Moller Terminal and DP World, two large port operators. The company also entered into dealership arrangements in Japan and India to market its trailers.

Dutch Lanka Engineering Ltd, a 100% subsidiary of DLT in Sri Lanka, engaged in maintenance/service and trailer manufacture for the local Sri Lankan market, has improved its performance significantly, recording its highest ever sales since inception of the company of Rs. 21.70 crores against previous year Rs. 14.29 crores, achieving growth of 48.78% and further increasing its market shares in Sri Lanka.

3 Adithya Automotive Applications:

The year under review is the first full year of operations for Adithya Automotive Applications Private Limited (AAA). During the year AAA supplied 3038 tipper bodies against 1245 tipper bodies in the previous year. Sales at Rs. 73.73 crores (previous year: Rs. 29.35 crores) increased by Rs. 44.38 crores. The company has been able to wipe out its accumulated losses.

During the year, AAA has completed the first phase of capacity expansion from 10 tippers per day to 15 tippers

per day. The next phase of expansion to 25 tippers per day is underway.

The Company has delivered the first prototype of SS fuel bowser specially developed and manufacture for the Indian Army. The same was displayed at the Defence Expo held at Pragati Maidan, New Delhi in March, 2012. More prototypes are planned in the current financial year.

During the year, the Company has successfully achieved commercial production of a new tipper variant "10 cubic meter standard box tipper on LPK 1618 chassis".

4 Hewitt Robins International Ltd (HRIL):

HRIL continued to perform well in difficult European markets improving its turnover and profitability. However European market continues to depend substantially on replacement orders only.

HRIL was successful in transferring technology to TRF India and introduced new products in Indian market.

Your Company undertakes that the annual accounts of its subsidiary companies and the related detailed information shall be made available to the shareholders of the holding and subsidiary companies seeking such information at any point of time. This is to further inform that Annual Accounts of the subsidiary companies are kept at the registered office of the Company and of the subsidiary companies concerned, for inspection by any shareholder. Shareholder desirous to inspect the subsidiary companies accounts may make a request to the Company at its registered office.

EXPORTS

During the year, your Company earned foreign exchange worth Rs. 439.32 crores through exports, including deemed exports of Rs. 436.44 crores, as against previous year's earnings of Rs. 461.72 crores through exports (including deemed exports of Rs. 452.76 crores).

AUDIT REPORT

The Statutory Auditors Report on Annual Accounts for the financial year 2011-12 does not contain any qualification which warrants comments from the Board of Directors.

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With the objective of enhancing opportunities of employability, training programmes were conducted by your Company to impart training in trades like fitter, welder, electrician, machinist, etc. The Company provided internship to a number of engineering and management students with the aim of providing them work experience which enhanced their employment prospects. Your Company provided vocational training to women through short term courses on skills like stitching, embroidery, tailoring etc, enabling them to supplement their family income. These women are residents of the 'bustee' in the neighborhood and are trained at 'Astitva' – a women's centre managed by TRF Ladies Association.

In the area of employment, your Company provided positive bias in the recruitment process to give more opportunities to underprivileged candidates. The Company also encouraged its contractors to employ underprivileged candidates trained in the Company and also from the local community.

ENVIRONMENT

Although, the operations of your Company at Jamshedpur, and at its project sites, are basically non-polluting in nature, adequate precautions are taken to comply with all regulatory requirements in this regard at all locations. In addition to ensuring compliance with the legal norms, your Company continues its efforts towards urban beautification and tree plantation. As required by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the relevant particulars are given in the annexure to this report.

CORPORATE GOVERNANCE

As you are aware, your Company has consistently endeavored to promote and adopt good corporate governance practices over the years. During the year the corporate governance practices were further aligned with the requirements of Corporate Governance as prescribed by Securities and Exchange Board of India (SEBI). Pursuant to Clause 49 of the Listing Agreement, a report on Corporate Governance and Auditors' Certificate in this regard has been annexed to this report.

DEMATERIALIZATION OF SECURITIES

As the members are aware, your Company has made arrangements to dematerialize its securities and has been

offering securities in dematerialized form pursuant to the Depositories Act, 1996 through National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL). All the applications received for Dematerialization have been acted upon and 89.70 % of Company's Share Capital stood in dematerialized form as on March 31, 2012.

INDUSTRIAL RELATIONS

The Directors would like to place on record their sincere appreciation of the Tata-Robins-Fraser Labour Union and the employees for their continued co-operation in maintaining harmonious industrial relations, production and productivity and in the implementation of various initiatives to reduce internal costs and improvements in operational efficiencies.

DIRECTORS

Dr. Jamshed J. Irani who through his strategic guidance and support steered the Company over the last 24 years, on attaining the age of 75 and in accordance with the Policy of Tata Group stepped down from the position of Company's Non-Executive Chairman. The Company, its Board, the Management and the employees gratefully acknowledge his invaluable contribution and the leadership enabling Company's growth and creating new footprint overseas and in 'Automotive' business.

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Mr. Sarosh J. Ghandy, Mr. B.D. Bodhanwala and Mr. Ranaveer Sinha, Directors retire by rotation at the ensuing annual general meeting and being eligible, offer themselves for reappointment.

PARTICULARS OF EMPLOYEES

A statement giving information about employees of your Company pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, would be made available to the shareholders on request.

ADDITIONAL INFORMATION

Additional information required to be disclosed in terms of Notification No. GSR 1029 dated December 31, 1988 issued by the Department of Company Affairs is given in the Annexure to this Report.

AUDITORS

The existing Auditors, M/s Deloitte Haskins & Sells (DHS), Kolkata, Chartered Accountants, retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Your Company has received a certificate from the Auditors to the effect that their appointment, if made, would be within the limits of Section 224(1B) of the Companies Act, 1956. Members are requested to appoint Auditors for the financial year 2012-13 at the Annual General Meeting and to authorize

the Board of Directors to fix their remuneration as mutually agreed upon between the Board and the Auditors.

ACKNOWLEDGEMENT

Directors place on record their deep appreciation for the continued support received during the year from the shareholders, customers, suppliers and associates, banks, financial institutions, collaborators, the Workers' Union, other authorities and all the employees of your Company.

On behalf of the Board of Directors

Subodh Bhargava
Chairman

Kolkata, May 8, 2012

Annexure to the Directors' Report 2011-12

(Additional Information given in terms of Notification No. GSR 1029 of 31.12.1988 issued by the Department of Company Affairs)

Disclosures

A. Conservation of Energy**a) Energy Conservation measures taken**

- Maximum demand controller installed in Main 6.6 K.V. Feeder to control maximum demand
- Power factor improvement
- Energy efficient lights in offices.

b) Additional Investments and Proposals, if any:

- To install soft starters for higher K.W. motors
- Shop floor illumination through solar light post as energy conservation measure.
- Energy efficient welding Machines.

c) Impact of the above measures on consumption of Energy :

- 10% reduction in power consumption
- No annual minimum guarantee charges

d) Total Energy Consumption and Energy Consumption per unit of production as prescribed in Form - A:

- Not given as your Company is not under the list of Specified industries.

B. Technology Absorption :

Refer "Form B" given in the page 11

C. Foreign Exchange Earnings and Outgo :

Earnings- Rs. 43,932.11 lakhs

Outgo- Rs. 527.57 lakhs

Information on foreign exchange outgo is contained in Note No. 25 (viii) of Additional Information to Financial Statements.

Form B

Research & Development

1. Specific areas in which R&D carried out by your Company:

Design development:

- Vibrating Grizzly Feeder 9'X18' TE-13 Single Deck with wider series bearing for Indure.
- Ring Granulator TRM-54 Modified (rotor dia 1600mm X3300mm Long) for Indure.
- Mobile Crushing & Screening Plant for 250/150 TPH.
- Paddle feeder of 4000mm. dia Plough for 2250 TPH.
- Idlers & pulleys for 2000 wide & 2400 wide belt.
- Modular foldable skid mounted conveyor for Mobile Crushing plant
- Development of Computerized program for Automatic generation of all schedules for procurement
- Modification in computerized program for conveyor power & tension calculation as per NTPC standards

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

- Enhancing product range
- Meeting need of customized product
- Addressing new markets.

3. Future Plan of Action

To Develop & introduce:

- Wagon Shifter
- Wagon Tippler weight & counter weight location optimization
- Wagon Tippler Power optimization
- Side Arm charger weight optimization
- Hanging Plough Feeder
- Plough Feeder of 3300 TPH
- Stacker cum Reclaimer of 3300/ 3300 TPH capacity.

4. Expenditure on R & D including Expenditure incurred on items developed and supplied to customers

- a) Capital : Rs. Nil
- b) Recurring/Revenue : Rs. 584.62 lakhs
- c) Total : Rs. 584.62 lakhs
- d) Total R&D expenditure : 0.72 %
as a percentage of total turnover

5. Technology absorption, adaptation and innovation:

- Development of high capacity Stacker/Reclaimer
- Coal & mineral beneficiation
- Use of Tekla software for structural design & solid works softwares for modelling
- Patent application for "A device attached to Side Dump Loader for mining Roof Drilling & Roof Bolting"