DIRECTORS' REPORT

To the Members

The Directors are pleased to present their fiftieth annual report and the audited financial accounts for the year ended March 31, 2013.

The unfavorable economic environment witnessed during the preceding years showed no signs of improvement. The GDP growth rate which had declined to 6.2% in FY 2011-12, dropped to 5% for the year under review. The deceleration has been severe in the manufacturing sector resulting in growth declining to 1.9% for the year under review as compared to 2.7% in the previous year. Factors such as high inflation, rise in input costs, foreign exchange volatility and high interest rates, continue to affect the business negatively. Several major projects being put on hold and lack of new project orders have put severe strain on infrastructure industry. Liquidity crunch slowed down many projects.

Your Company's performance suffered in such trying circumstances. However Q4 witnessed some inflow of orders which should help stabilize Company's performance in 2013-14.

1.0 Results

Figures in Rupees lakhs

	TRF Standalone		TRF Group	
	2012-13	2011-12	2012-13	2011-12
Net Sales / Income from Operations	64,660.64	80,231.05	111,482.43	132,740.63
Operating Profit/(Loss)	(4,790.85)	4,940.20	(4,774.48)	5,942.99
Profit/(Loss) before taxes	(7,808.15)	2,501.05	(8,778.03)	2,718.45
Profit/(Loss) after taxes	(7,951.49)	1,557.96	(9,133.14)	1,342.46
Profit/(Loss) after minority interest and share of profit of associates	(7,951.49)	1,557.96	(9,169.04)	1,319.38
Add: Balance brought forward from the previous year	2,269.02	1,378.45	1,180.23	528.24
Balance	(5,682.47)	2,936.41	(7,988.81)	1,847.62
Which the Directors have apportioned as under :				
(i) Proposed dividend on Equity Shares	-	440.18	-	440.18
(ii) Tax on dividend	-	71.41	-	71.41
(iii) General Reserve	-	155.80	-	155.80
Total	-	667.39	-	667.39
Balance to be carried forward	(5,682.47)	2,269.02	(7,988.81)	1,180.23

2.0 Dividend:

In view of the losses incurred during the year, no dividend has been recommended by the Directors for the year under review.

3.0 Operations:

3.1 The Works production increased by around 9% during the year. Major highlights of the product business are :

a) Development of new equipments - Wagon Shifter & Pusher.

b) 3D analysis implemented across engineering departments for improved design and optimisation of the products.

c) Significant cost reduction.

d) Emphasis on spares business - greater and focused sales and marketing efforts for order booking and timely execution.

3.2 Orders booked for Projects during the financial year 2012-13 have not been significant. 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 500MW Power Plant at Mauda Super Thermal Power Project;

f) Coal Handling Plant for 2 x 660MW Power Plant at Barh Super Thermal Power Project Stage-II;

g) Coal Handling Plant for 2 x 500MW 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.

Atleast 3 of these projects are expected to be completed in the FY 2013-14.

Current estimates show increased costs to closure of a few of the above listed projects for which provision has been made in the Accounts for FY 2012-13.

3.3 During the financial year 2012-13 the Port and Yard Equipment Division (P&YE) witnessed a turnaround with improvement in turnover and contribution. Major highlights of P&YE division during the year have been :

a) Creating improved in-house capacity and capability for manufacturing of P&YE products

b) Maximizing design output.

c) Enhancement of spares business.

4.0 Performance of Subsidiary Companies

4.1 York Group:

Market uncertainty due to Euro Crisis and the general overall low sentiment in the global economy resulted in a lower level of activity in York during much of the year under review. GDP growth was significantly lower compared to 2011-12 in some of the major markets such as India, China, South Africa, Saudi Arabia, UAE, etc. which impacted adversely the production volumes of commercial vehicles and trailer in these countries resulting in reduced market demand for 'York' products. . India witnessed one of the worst years with the sale of prime movers declining by about 34% from the previous year sales of 28,495 units to just about 19,000 units during 2012-13. York's sales also dropped by 32% compared to previous year.

York acquired new customers and gained market share achieving increased sales in Australia by 14%, in Thailand by 45% and in China by 53%. York also witnessed a turnaround of the Australian operation with the entity ending the year with profit.

York acquired the manufacturing assets of Shanghai Ultra (SU), Shanghai which was previously a dedicated contract manufacturer of axles for York. With this acquisition, York now has its own axle manufacturing facility in China. This facility would cater to the demands of South East Asia and other countries.

4.2 DLT Group:

The sales of DLT group for the year under review have been stagnant due to slowdown in the world economy. While the number of units sold have stagnated, the cost management efforts have enabled improvement of margins to reasonable levels .

With signs of improvements in container throughput and international trade, DLT expects a positive effect on its sales of port terminal trailers in FY 2013-14. During the last quarter of the financial year under review, the order book has improved slightly.

DLT was able to enter new markets such as Australia, Myanmar and Peru. This was largely due to introduction of freight friendly trailer assembly.

DLT has made efforts to increase the spare part sales by creating a new profit center to cater to the ever increasing demand for spares.

Dutch Lanka Engineering Ltd a 100% subsidiary of DLT in Sri Lanka engaged in trailer manufacturing and maintenance/service in the Sri Lankan market witnessed significant decline in its operations over the previous year due to the Government policy to temporarily ban issuance of port entry permits for heavy vehicles which impacted sales.

4.3 Adithya Automotive Applications:

Adithya Automotive Applications (AAA) operations suffered as Tata Motors tipper business dropped by 38% compared to previous year. However, AAA managed to increase its share of business from Tata Motors from 19% to 25%. AAA sold more than 2,600 tipper bodies during the year.

The expansion project to increase capacity from 15/day to 25/day has successfully been completed during the year. However capacity utilization was low due to the economic downturn.

4.4 Hewitt Robins International Ltd (HRIL):

The year under review proved to be a successful year for HRIL despite the continuing economic downturn in European markets. The decision in 2011 to make capital investment in manufacturing has provided the foundation on which HRIL has been able to capture 75% of market of machines supplied in the UK market. The main advantage being the ability to design, manufacture and deliver a machine faster than the competitors.

4.5 Subsidiaries Annual Report

The consolidated financial statements presented by the Company include financial information of its subsidiaries prepared in compliance with applicable accounting standards. The Ministry of Corporate Affairs, Government of India vide its circular no 51/12/2007-CL-III dated 8th February, 2011 has granted general exemption under section 212(8) of the Companies Act, 1956, from attaching the balance sheet, profit & loss account and other documents of the subsidiary companies to the balance sheet of the Company, provided certain conditions are fulfilled. Accordingly, annual accounts of the subsidiary companies and the related detailed information will be made available to the holding and subsidiary companies' investors seeking such information at any point of time. The annual accounts of the subsidiary companies will also be kept for inspection by any investor at the Registered Office(Head Office) of the Company and that of the subsidiary companies concerned.

5.0 Exports:

During the year, the Company earned foreign exchange worth Rs. 393.14 crores through exports, including deemed exports of Rs. 393.11 crores, as against previous year's earnings of Rs. 439.32 crores through exports (including deemed exports of Rs. 436.44 crores).

6.0 Audit Report:

The Statutory Auditors Report on Annual Accounts for the financial year 2012-13 does not contain any qualification which warrants comments from the Board of Directors.

7.0 Management Discussions and Analysis:

Management Discussion and Analysis Report is set out as a separate Annexure to this Report.

8.0 Fixed Deposits:

As in the previous year, the Company has not accepted/ renewed any fixed deposits during the year. All deposits have matured and have been repaid when claimed by the depositors together with interest accrued upto the date of maturity. All unclaimed deposits along with interest accrued upto the date of maturity have been deposited as and when they became due, with the Investors Education and Protection Fund (IEPF).

9.0 Business Excellence:

The company is a signatory to the Tata Brand Equity and Business Promotion (BEBP) Agreement with Tata Sons Ltd. The agreement entails complying with the Tata Group Policies, Tata Code of Conduct (TCOC), and conducting business according to the Tata Business Excellence Model (TBEM). During the year, the Company scored 534 points (out of maximum 1000 points) in the TBEM assessment and is committed to further improvements.

10.0 Directors' Responsibility Statement:

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors based on the representations received from the Operating Management, confirm that they have:

10.1 followed the applicable accounting standards and that there are no material departures in the preparation of the annual accounts;

10.2 consulted the Statutory Auditors in selecting accounting policy and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year and of the profit / loss of your Company for the relevant period;

10.3 taken proper and sufficient care, to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;

10.4 prepared the annual accounts on a going concern basis.

11.0 Affirmative Action & Corporate Sustainability Initiatives

The company's AA & CSR process is guided by the Tata ethos of "Improving the quality of life of the community it serves" and by the Tata Group's and the Company's "Code for Affirmative Action". The Company's corporate sustainability process consists mainly of the following programmes:

➤ Education and literacy

➤ Employability training

➤ Health

➤ Employment and livelihood opportunities

➤ Support to activities related to sports, cultural and social services and

➤ Environment protection and climate change.

In the execution of the corporate sustainability programme, the Company targets those communities that reside in the immediate vicinity of its factory in Jamshedpur and its residential township in TRF Nagar. The Company also carries out several programmes which are addressed to uplift the quality of life of other underprivileged sections of the society and extends its reach much beyond the aforementioned communities.

Following major initiatives have been continuing :

- Akshar – For primary education to socially under privileged children.
- Agrasar – Scholarship programme in Company supported Valley View School.
- Rojgar – Vocational training programme.
- Astitva – Training centre for women.

Under the guidance of the company, the TRF Ladies Association has constituted a self help group named "Akansha", which has been successful in obtaining orders for supply of materials to the Company and is moving gradually towards becoming self sustainable.

12.0 Environment:

Although, the operations of the 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. The Company has carried out carbon footprint mapping of its operations at Jamshedpur. It has deployed mitigation plans to reduce/restrict carbon footprint. In addition to ensuring compliance with the legal norms, the 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.

13.0 Corporate Governance:

Pursuant to Clause 49 of the Listing Agreement executed with the Stock Exchanges, a Management Discussion and Analysis, Corporate Governance Report, Managing Director's declaration regarding compliance to code of conduct and Auditors' Certificate regarding compliance to conditions of Corporate Governance are made a part of the Annual Report.

14.0 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 89.93 % of Company's Share Capital stood in dematerialized form as on March 31, 2013.

15.0 Industrial Relations:

The Directors would like to place on record their sincere appreciation of the Workers' 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.

16.0 Directors:

16.1 Mr Sarosh J Ghandy stepped down as a non-executive Director of the Company on 21st December, 2012 on reaching the age of 75 years. The Directors would like to place on record their sincere appreciation of the contributions made by Mr Sarosh J Ghandy during his tenure on the Board since 1993.

16.2 In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Mr R. V. Raghavan and Mr Dipankar Chatterji, Directors retire by rotation at the ensuing annual general meeting and being eligible, offer themselves for reappointment.

16.3 Mr Sudhir L. Deoras has been reappointed as Managing Director of the Company for a further period of three years with effect from April 1, 2013. Consent of the members for his reappointment is sought for at the ensuing Annual General Meeting.

17.0 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.

18.0 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.

19.0 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 2013-14 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.

20.0 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

Kolkata, Subodh Bhargava
May 14, 2013 Chairman

Annexure to the Directors' Report 2012-13

(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**

- Capacitor Bank installed for Bay-7 Fabrication yard to improve power factor
- Energy efficient over head light installed in Bay-7
- Energy efficient light installed in Works Planning office

b) **Additional Investments and Proposals, if any:**

- To install soft starter for higher K.W. motors
- Shop floor illumination through solar light post
- To install wind driven turbine ventilator

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

- 1.15% less KWH consumption in FY 12-13 compared to FY 11-12

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 next column.

C. **Foreign Exchange Earnings and Outgo :**

Earnings - Rs. 39,314.37 lakhs

Outgo - Rs. 598.56 lakhs

Information on foreign exchange outgo is contained in Note 25 (viii) of Additional Information to Financial Statements. Other information related to exports are stated in the Directors' Report and Management Discussion & Analysis Report.

Form B

Research & Development

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

- Wagon Shifter
- Wagon Tippler weight & counter weight location optimization
- Wagon Tippler Power optimization
- Side Arm charger weight optimization
- Hanging Plough Feeder
- Plough Feeder of 2500 TPH
- Swiveling chute and weigh hopper with hanging type calibration
- Bridge Type Scraper Reclaimer
- 55 T Ship Unloader with 2000 tph Free digging Capacity with 12 m track guage for NTPC
- 45 m Boom Stacker Reclaimer with 8.5 m track guage and Belt feeder.
- Extending the use of TEKLA software for Structural Design and Detailing by integrating with Structural Analysis Software – STAAD PRO

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 and introduce:-

- Sizer of 2000 TPH
- Feeder Breaker of 1500 TPH
- Optimization of Pulley
- Wagon Tippler Hydraulic Optimization
- "C" Type Wagon Tippler
- Parameterisation for Head Frame, Tail Frame & Bend frames
- Stacker cum Reclaimer of 3300/ 3300 TPH capacity
- Reduction in structural steel consumption by using Hollow Sections
- Extending the use of TEKLA software in case of Civil Design and Drawings

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

a) Capital : Rs. 7.75 lakhs

b) Recurring/Revenue : Rs. 990.98 lakhs

c) Total : Rs. 998.73 lakhs

d) Total R&D expenditure : 1.54 %
as a percentage of total turnover

5. Technology absorption, adaptation and innovation :

- Development of high capacity Stacker/Reclaimer
- Coal & mineral beneficiation
- Use of soft-wares like Tekla, solid edge & solid works for modeling & Hyper works for analysis purpose.