



TITAGARH WAGONS LIMITED

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

CERTIFIED TRUE COPY

For TITAGARH WAGONS LIMITED

D. ARYA
COMPANY SECRETARY

Dear Members,

A. Abstract pursuant to Section 302 of the Companies Act, 1956 for

(i) Appointment and remuneration of Executive Chairman

The Board of Directors of the Company at its meeting held on the 7th January, 2012 has re-appointed Shri J P Chowdhary as Chairman and Managing Director of the Company for a further term of five years and designated him as Executive Chairman, pursuant to the provisions of Sections 269, 316 and 317 of the Companies Act, 1956 (the Act) read with Schedule XIII thereto. Since he has completed 71 years of age, the approval of the members regarding his appointment will be obtained in the next General Meeting of the Company pursuant to the Part III of the Schedule XIII to the Act, by a Special Resolution.

The remuneration payable to Shri J P Chowdhary as Executive Chairman (EC) pursuant to the provisions of Sections 198, 309 and 310 of the Act, as detailed below has been approved by the Remuneration Committee at its meeting held on the 7th January, 2012 and endorsed/taken on record by the Board. Shri J P Chowdhary is also Executive Chairman of Cimmco Limited (Cimmco), however, he does not draw any remuneration from Cimmco.

The abstract of the terms of re-appointment and remuneration of Shri J P Chowdhary are furnished below:

Term : 8th January, 2012 to 7th January, 2017

a) Basic Salary: Rs. 8,00,000/- (Rupees Eight Lakhs only) per month, and;

b) Perquisites/Benefits:

- i) House rent allowance of upto 60% of the basic salary or a furnished accommodation.
- ii) Expenditure on gas, electricity, water and furnishing at the market value to be evaluated in terms of the Income Tax Rules, 1962;
- iii) Company's contribution to Provident Fund to the extent the same is not taxable under the Income Tax Act, 1961;
- iv) Gratuity payable at the rate not exceeding 15 (fifteen) days' salary for each completed year of service;
- v) Encashment of Leave at the end of tenure will be permitted in accordance with the rules of the Company;
- vi) Use of the Company owned car(s) with driver(s) for official duties;
- vii) Provision of mobile and telephone at residence for official use;
- viii) Medical Expenses and hospitalization expenses on self and spouse incurred in India or abroad.
- ix) Club Fees: Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.
- x) Leave Travel Concession: For him and his family (family includes spouse) once in a year incurred in accordance with the rules of the Company.
- xi) Personal Accident Insurance with an annual premium on the policy as per the Rules of the Company.
- xii) Any other perquisite(s) or benefit(s) in accordance with the Rules of the Company provided the same together with Salary, Perquisites and Performance Bonus are within the overall limit of 5% per annum of the net profits of the Company laid down herein.

- xiii) *The perquisites/benefits shall be valued as per the Income Tax Act, 1961, wherever applicable.*
- c) **Performance Bonus:** *Performance Bonus based on net profit of the Company such that the aggregate of salary, perquisites and performance bonus shall not exceed 5% per annum of the net profit of the Company computed in accordance with the applicable provisions of the Act.*
- d) *The Company shall reimburse actual entertainment and travelling expenses incurred by EC for the Company's business.*
- e) *EC will not receive sitting fees for attending meetings of the Board of Directors and/or Committees thereof, as the case may be, of the Company as well as of its subsidiaries.*

Minimum Remuneration

Where in any financial year during the currency of tenure of the EC, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites not exceeding the limits prescribed under Schedule XIII or other provisions of the Act as may be applicable for the time being.

Memorandum of Interest

No other Directors except Shri J P Chowdhary and Shri Umesh Chowdhary being related to him may be deemed to be concerned or interested in the aforesaid appointment and payment of remuneration.

(ii) Variation in the components of remuneration of Vice Chairman and Managing Director

Shri Umesh Chowdhary has been appointed as Vice Chairman and Managing Director (VCMD) of the Company w.e.f. 1st October, 2010 for a term of five years at a remuneration approved by the Remuneration Committee at its meeting held on 16th September, 2010. The shareholders have approved his appointment at the Annual General Meeting held on 27th July, 2011. With the recent change in the components of the salary/remuneration paid to employees as a policy of the Company applicable to the employees it has been decided by the Board to introduce components of remuneration in case of VCMD also within the overall limit of 3.5% of the net profits of the Company which is as follows:

*(a) **Basic Salary:** Rs. 7,50,000/- (Rupees Seven Lakhs Fifty Thousand only) per month, and;*

*(b) **Perquisites/Benefits:***

- i) *House rent allowance of upto 60% of the basic salary or a furnished accommodation.*
- ii) *Expenditure on gas, electricity, water and furnishing at the market value to be evaluated in terms of the Income Tax Rules, 1962;*
- iii) *Company's contribution to Provident Fund to the extent the same is not taxable under the Income Tax Act, 1961;*
- iv) *Gratuity payable at the rate not exceeding 15 (fifteen) days' salary for each completed year of service;*
- v) *Encashment of Leave at the end of tenure will be permitted in accordance with the rules of the Company;*
- vi) *Use of the Company owned two car(s) with driver(s) for official duties;*
- vii) *Provision of mobile and telephone at residence for official use;*
- viii) *Medical Expenses and hospitalization expenses on self and spouse incurred in India or abroad.*
- ix) *Club Fees: Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.*
- x) *Leave Travel Concession: For him and his family (family includes spouse and dependent children) once in a year incurred in accordance with the rules of the Company.*
- xi) *Personal Accident Insurance with an annual premium on the policy as per the Rules of the Company.*
- xii) *Any other perquisite(s) or benefit(s) in accordance with the Rules of the Company provided the same together with salary, perquisites and performance bonus are within the overall limit of 3.5% laid down herein.*
- xiii) *The perquisites/benefits shall be valued as per the Income Tax Act, 1961, wherever applicable.*

c) Performance Bonus: *Performance Bonus based on net profit of the Company such that the aggregate of salary,*

perquisites and performance bonus shall not exceed 3.5% per annum of the net profit of the Company calculated in accordance with the applicable provisions of the Act.

- d) *The Company shall reimburse actual entertainment and travelling expenses incurred by VCMD for the Company's business.*
- e) *VCMD will not receive sitting fees for attending meetings of the Board of Directors and/or Committees thereof, as the case may be, of the Company as well as of its subsidiaries.*

Minimum Remuneration

Where in any financial year during the currency of tenure of the VCMD, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites not exceeding the limits prescribed under Schedule XIII or other provisions of the Act as applicable for the time being.

Memorandum of Interest

No other Directors except Shri Umesh Chowdhary and Shri J P Chowdhary being related to him may be deemed to be concerned or interested in the aforesaid variation in the components of remuneration.

B. Application of the Green Initiative in the Corporate Governance as introduced by the Ministry of Corporate Affairs

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 had proposed and intimated alongwith the Notice of the Annual Report for the financial year 2010-2011 that it shall send to the members various documents including Notices and Annual Report and other documents from August 01, 2011 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.

This is to remind all those members who have not registered their e-mail addresses or are holding shares in physical form that they 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.

The Company shall also display full text of the communications/documents/reports sent in electronic form at its website www.titagarh.biz and physical copies of such documents 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, hard 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.

Please do remember that paperless communication helps protect the environment.

By Order of the Board
For Titagarh Wagons Limited
Dinesh Arya
Company Secretary

Kolkata, the 16th day of January, 2012

BOOK POST

If undelivered please returned to :

TITAGARH WAGONS LIMITED

Registered Office :

Premlata, 4th Floor,

39, Shakespeare Sarani,

Kolkata 700 017