



## Notice to the Shareholders

Notice is hereby given that the 15th Annual General Meeting of TEXMACO RAIL & ENGINEERING LIMITED will be held on Saturday, 7th September, 2013 at 2:30 P.M. at K. K. Birla Kala Kendra, Texmaco Estate, Belgharia, Kolkata - 700 056 to transact the following businesses:

### AS ORDINARY BUSINESS

1. To receive and consider the Report of the Directors and to adopt the Audited Accounts of the Company for the year ended 31st March, 2013.
2. To declare Dividend on Equity Shares for the year ended 31st March, 2013.
3. To appoint Directors in place of Shri Sampath Dhasarathy and Shri Akshay Poddar, who retire by rotation and are eligible for re-election.
4. To appoint Auditors and to fix their remuneration. In this regard to consider and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution.

"Resolved that Messrs. K. N. Gutgutia & Co., Chartered Accountants (Registration No. 304153E), be and are hereby appointed as the Auditors of the Company to hold such office until the conclusion of the next Annual General Meeting to conduct the audit at a remuneration as may be decided by the Board of Directors of the Company."

### AS SPECIAL BUSINESS

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

#### Item No. 5

"RESOLVED that Shri Sunil Mitra, who has been appointed as an Additional Director of the Company w.e.f. 5th November, 2012 by the Board of Directors and who holds office as per Section 260 of the Companies Act, 1956

up to the date of this Annual General Meeting and in respect of whom, the Company has, pursuant to Section 257 of the Companies Act, 1956, received a notice in writing proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

To consider and if thought fit, to pass with or without modification(s) the following Resolutions as Special Resolutions:-

#### Item No. 6

"RESOLVED that pursuant to the provisions of Sections 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves the re-appointment of Shri Ramesh Maheshwari as the Executive Director and Executive Vice Chairman of the Company for a period of three years with effect from 25th September, 2013, not liable to retire by rotation and on such terms and conditions as approved by the Board of Directors and stated in the Explanatory Statement."

#### Item No. 7

"RESOLVED that pursuant to the provisions of Sections 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves the re-appointment of Shri D. H. Kela as an Executive Director of the Company for a period of three years with effect from 25th September, 2013, not liable to retire by rotation and on such terms and conditions as approved by the Board of Directors and stated in the Explanatory Statement."

Belgharia  
Kolkata – 700 056  
Dated : 30th May, 2013

By Order of the Board  
**A.K. Vijay**  
Secretary

## NOTES:

- (i) *A Member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote instead of himself / herself, and the Proxy need not be a member.*

*The instrument appointing Proxy should however, be deposited at the Registered Office of the Company not less than forty-eight hours before the commencement of the Meeting.*

- (ii) The Register of Members of the Company will remain close from 2nd September, 2013 to 7th September, 2013 both days inclusive.
- (iii) The Equity Shares of the Company are listed at National Stock Exchange of India Limited, Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051, Bombay Stock Exchange Limited, P. J. Towers, Dalal Street, Mumbai – 400 001 and The Calcutta Stock Exchange Limited, 7 Lyons Range, Kolkata – 700 001. The Annual Listing fee has been paid to each of the above Stock Exchanges.
- (iv) In terms of Section 256 of the Companies Act, 1956, Shri Sampath Dhasarathy and Shri Akshay Poddar retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, offer themselves for

re-appointment. The Board recommends their re-appointment. Shri Dhasarathy does not hold any Equity Share of the Company and Shri Poddar holds 14,820 Equity Shares of the Company. Additional information in respect of their re-appointment, pursuant to Clause 49 of the Listing Agreement with Stock Exchanges is appearing in the Report on the Corporate Governance.

- (v) The Profit and Loss Account for the financial year ended 31st March, 2013, the Balance Sheet as at that date, the Auditors' Report, the Directors' Report and all other documents annexed or attached to the Balance Sheet, are available for inspection by the Members at the Registered Office of the Company between 11.00 A.M. and 1.00 P.M. on working days up to this Annual General Meeting.
- (vi) Members who have not registered their e-mail address so far are requested to register their e-mail address so that they can receive the Annual Report and other communication from the Company electronically.
- (vii) In line with the SEBI Circular dated 21st March, 2013 emphasizing on electronic funds transfer, Members are requested to provide their Bank details to the Company / RTA in order to avail the electronic payment facility.

## Explanatory Statements as required u/s 173 Of the Companies Act, 1956

### AS SPECIAL BUSINESS

#### Item No. 5

Shri Sunil Mitra was appointed as an Additional Director on the Board of Directors of the Company w.e.f. 5th November, 2012. As per provisions of Section 260 of the Companies Act, 1956, ('Act'), Shri Mitra shall hold office up to the date of the Annual General Meeting of the Company. The Company has received valid notice and requisite deposit from a Member of the Company under Section 257 of the Act, proposing the candidature of Shri Mitra for the office of the Director. In view of the background and valuable experience of Shri Mitra, it will be in the interest of the Company that he continues as a Director of the Company.

Shri Mitra held the office of Revenue & Finance Secretary, Government of India, prior to his retirement in June 2011. In his public service career spanning over three and a half decades, he successfully spearheaded important policy initiatives in public finance at the national level, including a new disinvestment policy and far-reaching taxation reforms. During his earlier appointments under the West Bengal Government, he is credited with the design and implementation of significant policy reform initiatives in the State-owned Public Sector Enterprises and the State's power sector.

After completing his term of public service, Shri Mitra chaired a Committee in the Planning Commission between October 2011 and August 2012, which was tasked with a comprehensive review of the eco-system to foster entrepreneurship in the country. He presently resides in Kolkata and serves as a Non-executive & Independent Director on the Boards of a number of other Public and Private Companies.

Presently, Shri Mitra is also engaged in leading a team for a Consortium led by M/s. IPE Global Private Limited, New Delhi that is designing and will implement a Knowledge Partnership Programme for the Department of International Development of the Government of the United Kingdom.

Shri Mitra is presently associated with the following other Companies as a Director :-

<b>Name of the Company</b>
West Bengal State Electricity Distribution Company Limited
IPE Global Private Limited
Calcutta Promotions
Patton International Limited
Peerless Trust Management Company Limited
Nicco Parks & Resorts Limited
Magma HDI General Insurance Company Limited
Edelweiss Financial Services Limited

Shri Mitra is also a member of the various committees of the following Companies :-

<b>Name of the Company</b>	<b>Committee</b>	<b>Position</b>
Magma HDI General Insurance Company Limited	Audit Committee	Chairman
Peerless Trust Management Company Limited	Audit Committee	Chairman
West Bengal State Electricity Distribution Company Limited	Audit Committee	Member
Nicco Parks & Resorts Limited	Shareholder Investor Grievance Committee	Member

Except Shri Mitra, no other Director is interested in the proposed Resolution.

#### **Item No. 6**

Shri Ramesh Maheshwari joined Texmaco 52 years back, and served the Company as the President and CEO till December 2009. Post Demerger of the Heavy Engineering and Steel Foundry Divisions from Texmaco Limited to the Company, he was appointed as the Executive Director and Executive Vice Chairman of the Company w.e.f. 25th September, 2010 for a period of three years.

Shri Ramesh Maheshwari has successfully steered the Company during his long tenure, including some turbulent phases, and earned recognition in the Corporate World for his strong leadership and dynamism. During the last decade especially, there has been remarkable improvement in the performance of the Company with high visibility for its impressive financial results, supported by excellent infrastructure including world class design capabilities and manufacturing facilities.

Shri Maheshwari is presently associated with the following other Companies as a Director :-

<b>Name of the Company</b>
Texmaco UGL Rail Private Limited
Touax Texmaco Railcar Leasing Private Limited
Adventz Investments and Holdings Limited
SMIFS Capital Markets Limited
Lionel Edwards Limited

Shri Maheshwari is also a member of the various Committees of the following Companies :-

Name of the Company	Committee	Position
Texmaco Rail & Engineering Limited	Audit Committee	Member
	Investors' / Shareholders'	Member
	Grievances Committee	
Adventz Investments and Holdings Limited	Audit Committee	Member

The Board of Directors of your Company at its Meeting held on 30th May, 2013 approved, on the recommendations of the Nomination and Remuneration Committee, the re-appointment of Shri Ramesh Maheshwari as the Executive Director and Executive Vice Chairman of the Company for a further period of three years with effect from 25th September, 2013. The terms and conditions of his employment have been approved by the Board as per the statement appearing herein:

1	Salary	: Rs.6,75,000/- per month with increments as may be decided by the Board of Directors from time to time within the ceiling as prescribed under the Companies Act, 1956 ('Act').
2	Perquisites	
	<b>CATEGORY – A</b>	
	a) Housing	: i) Free furnished accommodation. ii) The expenditure incurred on gas, electricity, water and furnishing shall be valued as per Income-tax Rules, 1962.
	b) Medical Reimbursement	: Reimbursement of actual expenses incurred for self and his family subject to the ceiling of one month's Salary in a year or three months' Salary over a period of three years.
	c) Leave Travel Concession	: For self and his family once in a year in accordance with the Rules of the Company.
	d) Bonus / Exgratia	: As per the Rules of the Company.
	e) Leave	: As per the Rules of the Company.
	f) Club Fees	: Subject to maximum of two Clubs. No admission or life membership fee will be paid by the Company.
	<b>CATEGORY – B</b>	
	a) Contribution to Provident Fund and Superannuation Fund	: As per the Rules of the Company.
	b) Gratuity	: As per the Rules of the Company.
	<b>CATEGORY – C</b>	: Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. However, long distance calls on telephone and use of Car for private purpose shall be billed by the Company.
3	In the event of the loss or inadequacy of profit in any financial year during his tenure as an Executive Director and Executive Vice Chairman, the aforesaid remuneration shall be treated as minimum remuneration.	
4	The variation and increase in the remuneration of Executive Director and Executive Vice Chairman shall not exceed 5% of the profits of the Company as calculated under Sections 349 and 350 of the Act and the limits specified in Schedule XIII of the Act.	

The Company has received valid notice and requisite deposit from a Member of the Company under Section 257 of the Act, proposing the candidature of Shri Maheshwari for the office of the Executive Director.

In view of the above and subject to passing of the Resolution as set out in the Notice, it will be in the interest of the Company that Shri Maheshwari continues as the Executive Director and Executive Vice Chairman of the Company.

This shall also form part of abstract under Section 302 of the Act.

Except Shri Ramesh Maheshwari, no other Director is interested in the proposed Resolution.

#### Item No. 7

Shri D. H. Kela was appointed as an Executive Director of the Company w.e.f. 25th September, 2010 for a period of 3 years.

Shri D. H. Kela aged about 72 years, is a graduate in Metallurgical Engineering of 1964, having vast experience of more than 45 years in the industry, having held senior positions in engineering and metallurgical companies.

Shri Kela is presently associated with the following other Companies as a Director :-

**Name of the Company**

High Quality Steels Limited

Texmaco UGL Rail Private Limited

Touax Texmaco Railcar Leasing Private Limited

Shri Kela is also a Member of the Investors' / Shareholders' Grievances Committee of the Company.

The Board of Directors of your Company at its Meeting held on 30th May, 2013 approved, on the recommendations of the

Nomination and Remuneration Committee, the re-appointment of Shri D. H. Kela as an Executive Director of the Company for a period of three years with effect from 25th September, 2013. The terms and conditions of his employment have been approved by the Board as per the statement appearing herein:

1	Salary	: Rs.4,50,000/- per month with increments as may be decided by the Board of Directors from time to time within the ceiling as prescribed under the Companies Act, 1956 ('Act').
2	Perquisites	
	<b>CATEGORY – A</b>	
	a) Housing	: i) Free furnished accommodation or HRA up to 40% of salary. ii) The expenditure incurred on gas, electricity, water and furnishing shall be valued as per Income-tax Rules, 1962.
	b) Medical Reimbursement	: Reimbursement of actual expenses incurred for self and his family subject to the ceiling of one month's Salary in a year or three months' Salary over a period of three years.
	c) Leave Travel Concession	: For self and his family once in a year in accordance with the Rules of the Company.
	d) Bonus / Exgratia	: As per the Rules of the Company.
	e) Leave	: As per the Rules of the Company.
	f) Club Fees	: Subject to maximum of one Club. No admission or life membership fee will be paid by the Company.
	<b>CATEGORY – B</b>	
	a) Contribution to Provident Fund and Superannuation Fund	: As per the Rules of the Company.
	b) Gratuity	: As per the Rules of the Company.
	<b>CATEGORY – C</b>	: Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. However, long distance calls on telephone and use of Car for private purpose shall be billed by the Company.
3	In the event of the loss or inadequacy of profit in any financial year during his tenure as an Executive Director, the aforesaid remuneration shall be treated as minimum remuneration.	
4	The variation and increase in the remuneration of Executive Director shall not exceed 5% of the profits of the Company as calculated under Sections 349 and 350 of the Act and the limits specified in Schedule XIII of the Act.	

The Company has received valid notice and requisite deposit from a Member of the Company under Section 257 of the Act, proposing the candidature of Shri Kela for the office of the Executive Director.

In view of the above and subject to passing of the Resolution as set out in the Notice, it will be in the interest of the Company that Shri Kela continues as an Executive Director of the Company.

This shall also form part of abstract under Section 302 of the Act.

Except Shri D. H. Kela, no other Director is interested in the proposed Resolution.

Belgharia  
Kolkata – 700 056  
Dated : 30th May, 2013

By Order of the Board  
**A.K. Vijay**  
Secretary





## TEXMACO RAIL & ENGINEERING LTD.

Registered Office: Belgharia, Kolkata – 700 056

### ATTENDANCE SLIP

Please complete this Attendance Slip and hand it over at the entrance of the Hall.

Full name of Shareholder (in block letters):	Folio / Client ID*/DP ID* No.:
	No. of Shares held:

I hereby record my presence at the 15th Annual General Meeting of TEXMACO RAIL & ENGINEERING LIMITED held on Saturday, 7th September, 2013, at 2:30 P.M. at K. K. Birla Kala Kendra, Texmaco Estate, Belgharia, Kolkata - 700 056.

#### Signature of the Shareholder / Proxy:

- Notes:
1. Only Shareholder of the Company or their proxy will be allowed to attend the Meeting.
  2. Shareholder / Proxy holder desiring to attend the Meeting should bring their copy of the Annual Report for reference at the Meeting.

TEAR HERE

TEAR HERE



## TEXMACO RAIL & ENGINEERING LTD.

Registered Office: Belgharia, Kolkata – 700 056

### PROXY FORM

Folio / Client ID*/DP ID* No.:	No. of Shares held:
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I/We \_\_\_\_\_ of \_\_\_\_\_ in the District of \_\_\_\_\_ being a Member/Members of the above named Company, hereby appoint Mr./ Ms. \_\_\_\_\_ of \_\_\_\_\_ in the District of \_\_\_\_\_ or failing him / her Mr./ Ms. \_\_\_\_\_ of \_\_\_\_\_ in the District of \_\_\_\_\_ or failing him / her Mr./ Ms. \_\_\_\_\_ of \_\_\_\_\_ in the District of \_\_\_\_\_ as my / our proxy to attend and vote for me / us on my / our behalf at the 15th Annual General Meeting of TEXMACO RAIL & ENGINEERING LIMITED to be held on Saturday, 7th September, 2013, at 2:30 P.M. at K. K. Birla Kala Kendra, Texmaco Estate, Belgharia, Kolkata - 700 056 and/or at any adjournment thereof.

As witness my/our hand(s) this \_\_\_\_\_ day of \_\_\_\_\_ 2013.

Signature \_\_\_\_\_

Affix  
Revenue  
Stamp



**Note:** This proxy duly completed must be deposited at the Registered Office of the Company, not less than 48 hours before the time of holding the aforesaid Meeting. The proxy need not be a member of the Company.





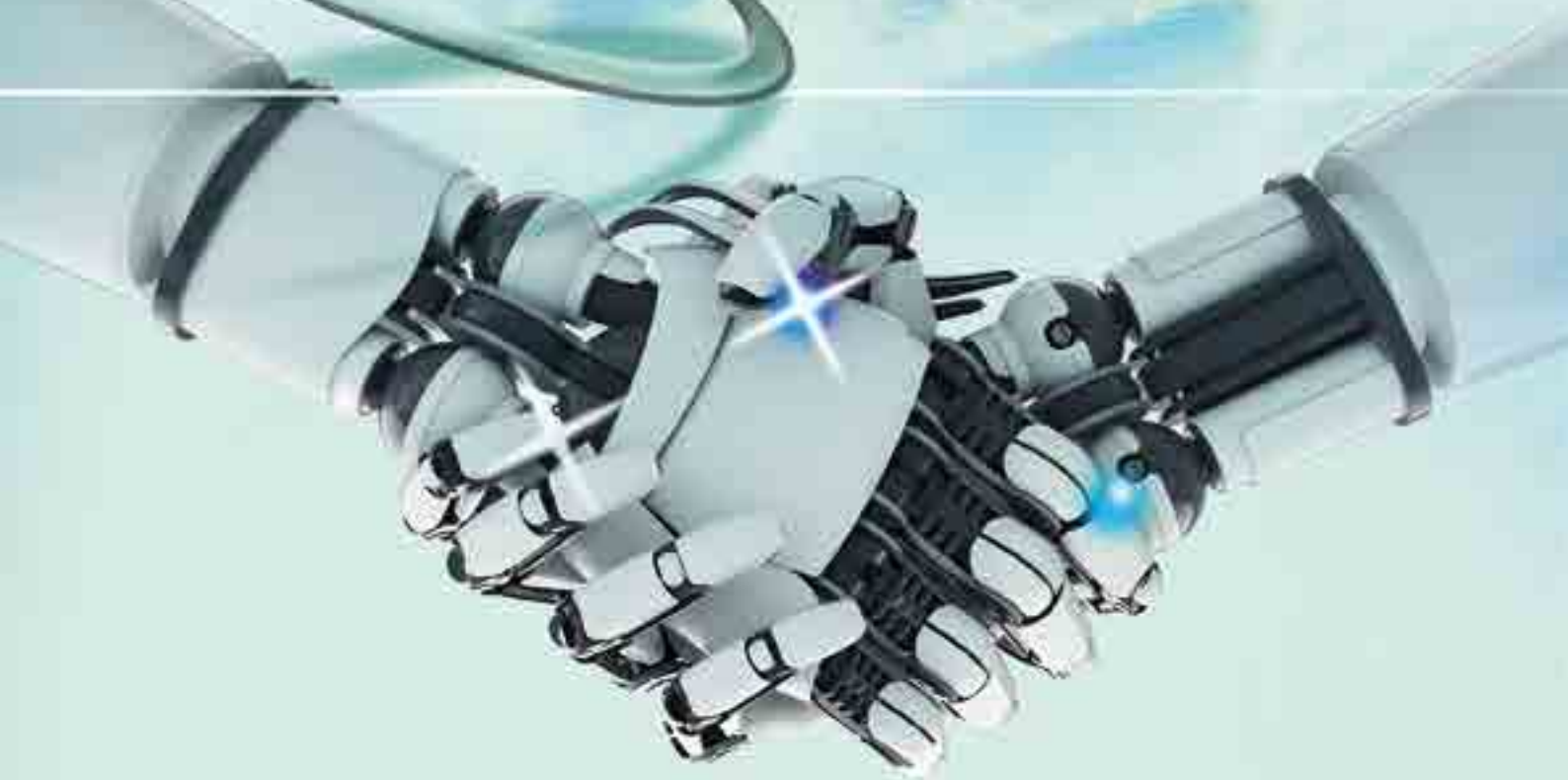
**TEXMACO RAIL & ENGINEERING LTD.**


Annual Report 2012-13

**Ready for  
the next orbit**



# Cutting Edge Technology





The companies engaged in production of capital goods for the infrastructure sector are always the first to feel the impact of an economic downturn and the last to pull through following the revival of the economy. Intense competition marks the operations for staying on an even keel. While the incomes are under pressure, the enlightened Management aims to enhance the competitive strength to withstand market pressures.

In today's world of innovative technology, there is increasing reliance on it to carve out a bigger market share and emerge as the winner. Advanced technology secures higher productivity, cost reduction, consistent quality, ecological balance, de-risking industrial action in the current politicised environment, and above all, improved delivery to shield the project from time and cost overruns.

Texmaco, in its bid to stay ahead, has taken the route to progressively install newer hi-tech production processes, smart applications and modern management tools.





# Business Modules

## Rolling Stock

- High Payload Stainless / High Tensile Steel Freight Wagons
- Commodity Specific Wagons for Bulk Transport
- Special Purpose New Design Freight Wagons
- Bottom Discharge Coal Hopper Wagons
- Container Flat Rakes
- Tank Wagons
- Chemical Carrying Wagons
- Auto Car Wagons
- Loco Shells
- Coach Bogies

1

## Steel Foundry

### Domestic

- High Speed Bogies
- H.T. Couplers
- Draft Gears
- Draw Bars
- Tight Lock Coach Couplers
- CMS Crossings
- Industrial Castings for
  - i. Earth Moving Equipment
  - ii. Hydro Power Projects

2

### Export

- High Axle Load Bogie Castings
- Shroud Castings
- CMS Frogs
- Rotary Yokes

### Hydro-mechanical Eqpt. & Steel Structures

- Gates in wide range  
(*Radial, Vertical, Mitre, Flap type*)
- Penstocks / Pressure Shaft Liners
- Bifurcation, Trifurcation, Transition, Expansion Joints, Manifolds, Fixed & Rocker Supports and Specials
- Stoplogs / Bulkhead Gates
- Hydraulic, Rope Drum Hoists, Screw Hoists, Travelling Hoists etc.
- Knife Edge Gate Valve (*Screw/hydraulic/ Electric Acuator operated*)/Filling-in-valves.
- Trashracks / Screens
- Trash Rack Cleaning Machines
- Goliath & EOT Cranes
- Industrial, Power House & Flyover Steel Structures
- Steel Bridges
- Ship Hull Blocks
- Life & Health study for HM equipments of old hydro projects/barrages and their refurbishment/replacement & overhauling.

3

### Process Equipment & Others

- Horton Sphere
- Cryogenic Vessels
- Clay Filter
- Gas Cooler
- Cold Box
- Heat Exchanger
- Agro Machinery

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# Corporate information

## Directors

S. K. Poddar, *Chairman*

Ramesh Maheshwari, *Exec. Vice Chairman*

A. C. Chakrabortti

Sampath Dhasarathy

D. R. Kaarathikeyan

Hemant Kanoria

Sunil Mitra

Akshay Poddar

D. H. Kela, *President and CEO*

## Secretary

A. K. Vijay

## Auditors

M/s. K. N. Gutgutia & Co., Kolkata

## Bankers

State Bank of India

## Registered Office

Belgharia, Kolkata 700 056

## Corporate Office

Birla Building

9/1 R.N. Mukherjee Road

Kolkata 700 001

## Regional Offices

- New Delhi
- Mumbai

## Works (Kolkata)

### Heavy Engineering

- Agarpara
- Sodepur
- Panihati

### Steel Foundry

- Belgharia



# Chairman's Message

I take pleasure in presenting the Annual Report of Texmaco Rail & Engineering Ltd. for the year ended March 2013.

It is a matter of concern that the GDP growth rate in our country has seen continuous decline, with the last quarter's growth slipping to a low of 4.8% and industrial growth falling to a low of 2.3%. This has impacted all the engineering companies especially in the Capital Goods sector, including your Company. The silver lining in this depressed market scenario is the formation of a Cabinet Committee on Investment by the Government of India under the leadership of our Prime Minister. This Group has cleared 46 proposals involving an investment of Rs.60,632 crore. The Government of India is also seized of the urgent need to ramp up investment in the key infrastructure viz. coal, power, railways, roads, shipping and civil aviation.

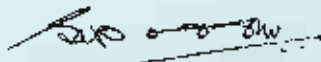
In the rail sector, the recent visit of our Prime Minister to Japan and signing of the various agreements will hasten the implementation of the Dedicated Freight Corridor, which is critical and vital for the future of Indian Railways and for all companies serving the Indian rail sector.

Texmaco continues to make progress in upgrading and modernizing all its facilities. We operate today a highly modern wagon manufacturing facility in India with the recently installed fully automated robotic welding system. We are in an

advanced stage of manufacturing the first set of EMU coaches from our newly set up factory at Sodepur near Kolkata. The demand for EMUs, passenger and metro coaches are expected to be strong, and your Company would benefit by this significant diversification initiative. To come up fast in this field, the Company has entered into a technical tie-up for manufacture of EMU coaches with Kawasaki of Japan, which is expected to be extended to metro coaches in the future.

I am happy to share with you that some major products of your Company's Steel Foundry, after stringent testing and laboratory simulation trials, have been approved by the Certification Authority for CIS market. This has opened up a huge export avenue for the Company.

The Company continues to explore all opportunities to further diversify and bring in the latest railway products for Indian Railways in co-operation with the leading global players.



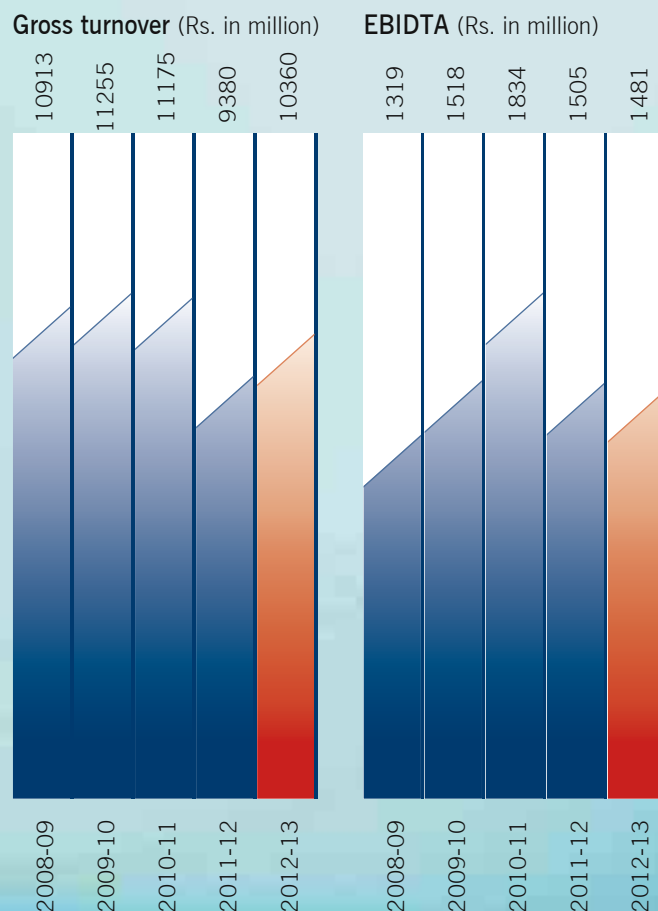
**S K Poddar**  
Chairman





## Uphill Drive

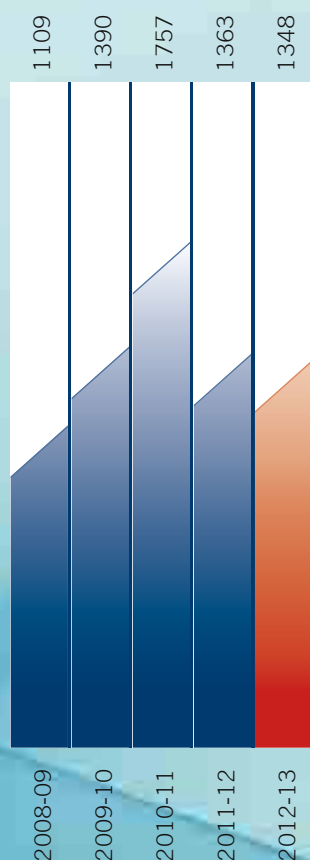
The figures upto 2009-10 relate to the working of Texmaco Ltd., which, under a Scheme of Arrangement, demerged its Heavy Engineering and Steel Foundry businesses to Texmaco Rail & Engineering Ltd., Appointed Date being April 01, 2010. These are given only for a comparison purpose.



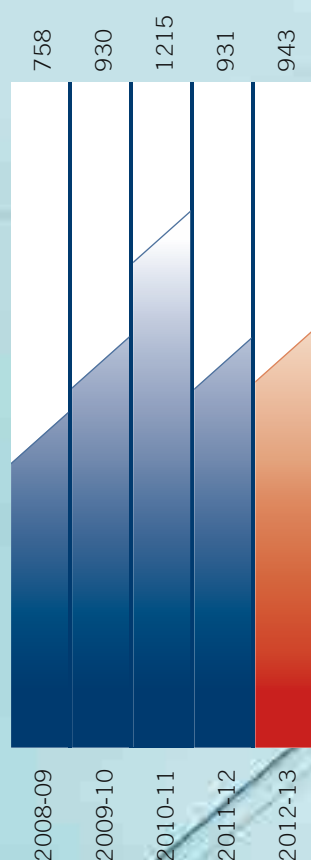
## Financial highlights for ten years

	03-04	04-05	05-06	06-07	07-08	08-09
Gross sales *	16,936.39	30,371.98	39,216.52	47,612.75	94,352.84	109,125.45
Other income	285.47	226.06	259.30	455.92	596.37	796.95
Gross profit (PBDT)	1,168.05	2,302.00	3,300.74	4,836.63	10,958.15	12,273.12
Profit before tax	843.87	1,904.62	2,873.16	4,313.54	10,072.12	11,137.72
Tax for the year	208.78	151.90	906.15	1,391.20	3,099.10	3,508.36
Profit after tax	635.09	1,752.72	1,967.01	2,922.34	6,973.02	7,629.36
Extraordinary/Exceptional items **	+1,243.92	186.29	65.62	74.73	63.95	45.38
Profit after tax (PAT) and extraordinary items	1,879.01	1,566.43	1,901.39	2,847.61	6,909.07	7,583.98
Equity #	516.34	1,032.57	1,032.57	1,032.57	1,107.83	1,107.83
Free reserves	7,534.00	9,897.43	11,445.60	13,809.99	21,567.28	28,409.95
Equity share book value (Rs.) ##	152.88	103.88	118.78	142.03	206.08	26.64 *##*
Rate of dividend	7.5% *#	20%	30%	40%	75%	75%

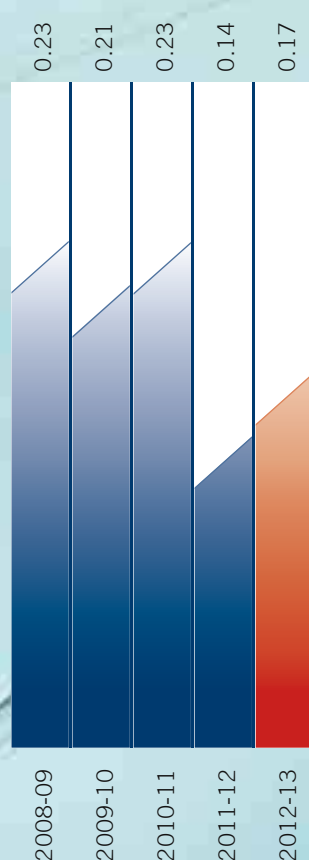
PBT (Rs. in million)



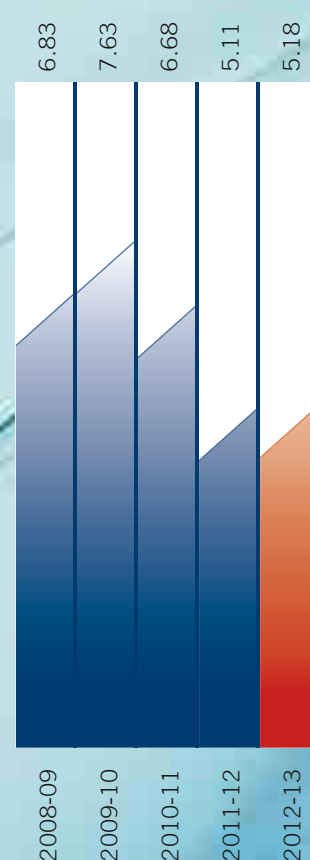
PAT (Rs. in million)



Debt-equity ratio



EPS (Basic) (Rs.)



(Rs. in lakhs)

09-10	10-11	11-12	12-13
112549.43	111750.32	93796.84	103596.50
1452.96	1866.49	2560.74	3096.69
15086.20	18424.71	14543.52	14415.85
13937.64	17566.21	13625.72	13476.67
4592.03	5418.61	4320.00	4049.76
9263.35	12147.60	9305.72	9426.91
41.13	-	-	-
9304.48	12147.60	9305.72	9426.91
1271.83	1817.83	1820.27	1820.27
52978.05	40571.05	47837.94	55135.23
42.65	23.00	27.28	31.29
90%	100%	100%	100%

\*Invoiced value varies depending on free-issue materials used by the Company for the production of Wagons and Hydro-Mechanical Equipment.

\*\* Includes income from Development Agreement relating to Worli Land, Mumbai, 2003-04, of Rs. 1,275.54 lakhs.

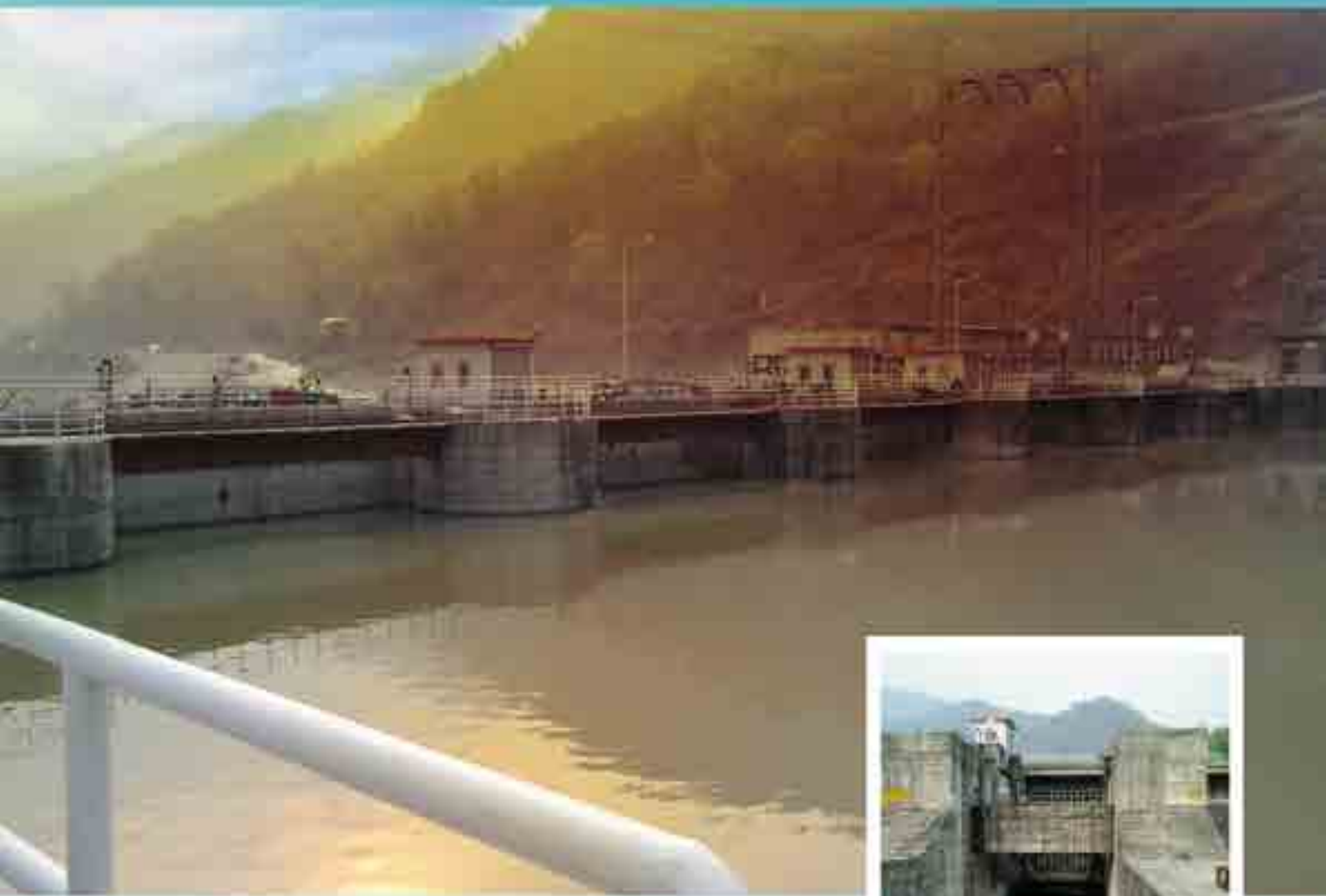
# 1:1 Rights shares issued at a premium of Rs. 20 per share in 2004-05. 1,64,00,000 equity shares (QIP) issued at a premium of Rs. 103 per share in 09-10  
 ## Computed on the post-rights equity base of Rs. 1,032.57 lakhs in 2004-05 and equity base of Rs. 1,107.83 lakhs as per scheme of arrangement in 2007-08.

\*#On post-rights enhanced equity capital.

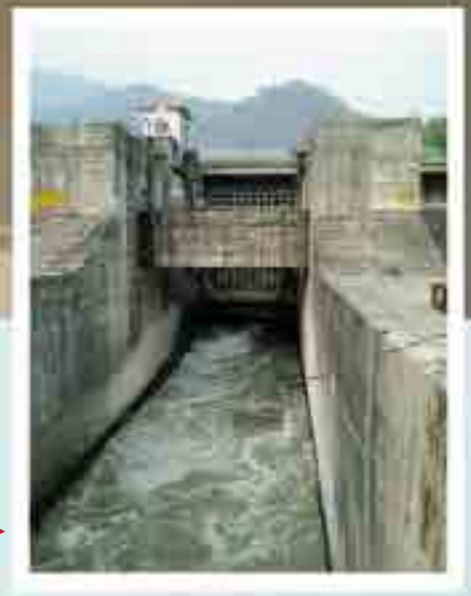
\*\*\*Equity Shares of the Company were split to Re.1 Per share (previous year Rs.10 per share) with effect from 9th January 2009.

# Prestigious Projects ...

## Harnessing Liquid Wealth



▲ A view of the Dam & Reservoir filled up by operating 7nos. Submerged Radial Gates at TLDP-III HE Project of NHPC



► One of the seven Spillway Radial Gates  
(27.0M Head Top Sealing 14.0M x14.0M)





## Promoting Economic Co-operation



▲ Insulated Bogie Brake Van, fitted with modern conveniences & accessories.



▲ Bogie Oil Tank Wagon Rake for Bangladesh Railways

# Texmaco-UGL Joint Venture ...



## Texmaco UGL Rail Pvt. Ltd.

A premier Indo-Australian Joint Venture located at Belgharia, Kolkata, India. This State-of-the-Art facility is a world-class manufacturing centre, a leading source of high quality, high precision, sophisticated steel components and sub-assemblies for high-end equipments and applications. Texmaco-UGL JV combines the strength and experience of two renowned engineering companies and offers to the clients the flexibility of a wide variety of innovative solutions across multiple sectors. The facility is equipped, inter alia, with the most modern and the latest CNC Laser Cutting & Bending, Robotic Welding & Beveling and CNC Bridge Milling sourced from top-end makers across the world. A guaranteed product quality par excellence.



## ... Takes Off



❶ Texmaco-UGL JV Board of Directors' Meet at Belgharia

❷ Welding Robot in Operation

❸ Locomotive Bogies for Kazakhstan Railways under production

❹ Loco Bogie ready for shipment



A photograph of a sailboat race on a blue sea under a clear sky. Several sailboats with white sails are visible, with the largest one in the foreground on the right. A technical overlay of white lines and circular patterns is on the left side of the image.

# Sailing Together



## From the desk of: **Executive Vice Chairman**



### **The Resolve**

I have been at the helm of the Management for over 5 decades, a position that will be coveted by many. My tenure was full of vicissitudes and my path beset with hurdles in the '70s and '80s, which at times seemed insurmountable. The personal risks were daunting and went beyond the call of duty. It was the Divine Blessing and the unwavering support of the Group Chairman late Dr. K.K. Birla, which instilled the grit and resolve in me to hold out against all odds and challenges.

Looking back, I find those were the most formidable and equally rewarding years, as the times I went through indeed brought the best out of me and helped to discover myself.

### **I recall the famous Shakespearean quote: *"Sweet are the uses of adversity"*.**

As I trudged along, it was an uphill task, exasperating and intimidating at times, but never weakening my will to steer in any situation. The greatest ground support in battling the fall out of the very tough circumstances came from my colleagues, staff and workmen. I am beholden to them for their loyalty and devotion to the Company.

### **Sharing a common goal**

Texmaco today can be legitimately proud of the rich human asset which is not fully reflected in the Annual Report. The Company will outclass its peers in its appeal of a fraternal organization with a human face. The bond has grown over the years through strong leadership and high integrity of the Management. Texmaco is an enlarged family, and it cannot be gainsaid that it is an outstanding Company in terms of its committed workforce, which has set its own track record difficult to match. The credit for nurturing this human stock goes no less to the entrepreneurial vision and sincere belief in the tenet of human values of our present Chairman Mr. Saroj Poddar.

Finally, a word to all my team members:

**We will continue to serve the  
Company with an owner's mindset.  
Texmaco is my enduring passion.**

A handwritten signature in black ink, appearing to read 'R Maheshwari'.

**Ramesh Maheshwari**  
Executive Vice Chairman

# Adding Value to Life ...



1

## Corporate Social Responsibility

- ❶ To promote e-learning amongst the employees' family members, Texmaco Chairman Mr. Saroj Poddar distributing computers.
- ❷ Texmaco Neighbourhood Welfare Society extending financial help to the local people for the cause of health and education
- ❸ Swimming pool adjoining the Texmaco Staff Club
- ❹ Children attending martial arts training at Texmaco Club.
- ❺ Texmaco Children's Park





# Report of the Directors

Your Directors have pleasure in presenting the 3rd Operational Annual Report of the Company along with the Audited Accounts of the Company for the year ended 31st March, 2013.

## Financial Results

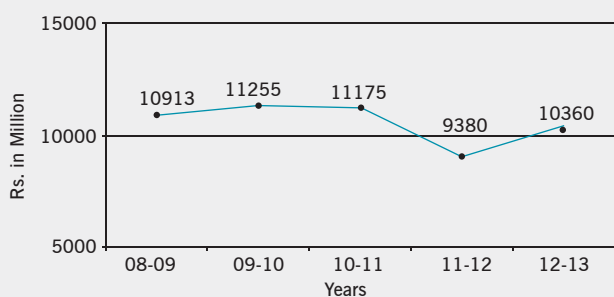
	Rupees in Lakhs	
	2012-13	2011-12
<b>Operating Profit (PBIDT)</b>	<b>14,813.99</b>	<b>15,050.50</b>
Less: Interest (Net)	398.14	506.98
<b>Gross Profit (PBDT)</b>	<b>14,415.85</b>	<b>14,543.52</b>
Less: Depreciation	939.18	917.80
<b>Profit before Taxation</b>	<b>13,476.67</b>	<b>13,625.72</b>
Less: Provision for Taxation:		
Current Tax	4,012.00	3,940.00
Deferred Tax Liability/(Asset)	37.76	380.00
<b>Profit after Taxation</b>	<b>9,426.91</b>	<b>9,305.72</b>
Add: Balance brought forward from previous year	9,214.23	7,024.07
	<b>18,641.14</b>	<b>16,329.79</b>
<b>Appropriations</b>		
Proposed Dividend on Equity Shares (Incl.Tax)	2,129.62	2,115.56
General Reserve	5,800.00	5,000.00
Balance Carried Forward	10,711.52	9,214.23
	<b>18,641.14</b>	<b>16,329.79</b>



During the year under review, the Company managed to achieve steady performance despite difficult business environment and decelerating economic growth. The Management is anxious about the delay in release of regular annual wagon orders by Indian Railways, which is essential to maintain production momentum.

The Gross Turnover for the year stood at Rs. 1036 crore, net of the value of free-supply inputs including steel and components of over Rs. 338 crore, provided to the Company by Indian Railways and other clients for some large value contracts.

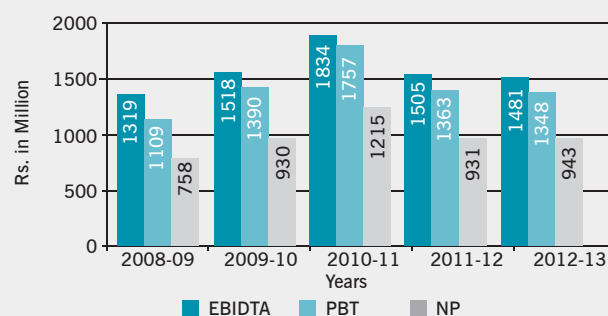
#### Gross Turnover (Without FIM)



The figures up to 2009-10 represent figures of Texmaco Ltd. and are given for comparison purpose.

The Gross Profit for the year (PBDT) and Profit Before Tax (PBT) were at Rs.144.16 crore and Rs.134.77 crore respectively. The Net Profit was Rs.94.27 crore, after providing for a tax liability of Rs.40.12 crore. The Deferred Tax Liability of Rs.0.38 crore for the year has been created in the Profit and Loss Account in accordance with the Accounting Standard 22 "Accounting for taxes on Income", issued by the Institute of Chartered Accountants of India.

#### EBIDTA/PBT/NP



The figures up to 2009-10 represent figures of Texmaco Ltd. and are given for comparison purpose.

#### Dividend

The Directors are pleased to recommend payment of a dividend of 100% for the year ended March 31, 2013 having regard to the performance of the Company.

#### The Management Discussion and Analysis

The year opened on a buoyant note with a healthy order book. The Management expects further orders to be awarded in continuation for RSP 2012-13, which held out the prospect of an accelerated production rate to demonstrate the yearly production capacity of the Company up to a level of 10000 wagons or an average of 800 wagons/month given adequate workload. The Company accordingly planned and achieved a record production but unfortunately it lasted for just about 4/5 months during the year owing to the orders running out without follow-up tender for 2012-13. Currently, the production capacity is largely languishing for want of orders.



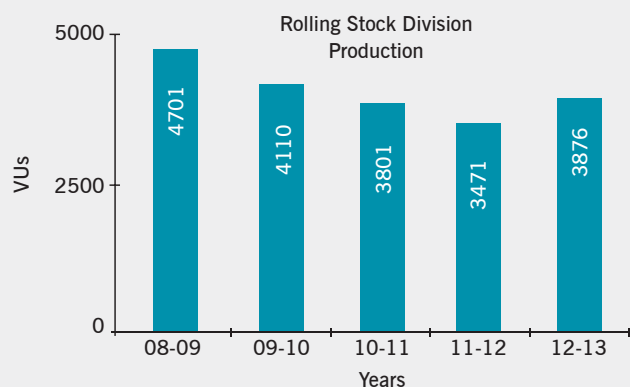


Going by the projections of the Railway Board, the Company has built the best infrastructure in the industry, aspiring to be a world class facility. However, the erratic procurement programme of the Railways has despaired the Management in having to live with an under-utilised capacity set up with huge investment. The Management has been pleading with the Ministry of Railways that it will be mutually rewarding to have a vibrant industry to build a most modern rail transport system which is concomitant with economic planning worldwide. The revenue stream of the Railways is essentially supported by the freight earnings. Hence, it is high time that the Indian Railways espouse the growth of the wagon industry in a spirit of partnership.

In the above backdrop, the Company has taken decisive steps to diversify in new growth areas in the Rail sector. Further, the organisation is being revamped for sharper focus on exports, and intensified efforts in engineering and marketing of high value-added products in the Steel Foundry, Heavy Steel Structural and Mechanical Engineering Divisions.

### Heavy Engineering Division Rolling Stock

During the year, your Company rolled out 3876 wagons valued Rs.756.77 crore, which comprised approx. 31% to non-Indian Railway customers. The said performance was achieved on the back of Indian Railways' order for 3915 wagons placed on the Company against RSP 2011-12, partly released in Q4, FY 2011-12 and partly in Q2, FY 2012-13. This was the largest ever quantity ordered by the Indian Railways on any wagon builder.



The aforesaid wagon order helped your Company achieve record performance close to 500 wagons per month during August – November 2012. Unfortunately, just about that time, while due to critical supply position of free supply wheelsets from RWF, Bangalore, the production had to be tapered off from December 2012 onwards, the order released for 2011-12 was also exhausted with production for the Indian Railways going down to the lowest ever, mere 4 wagons in March 2013.

In the normal course, such a situation would not have arisen if only the Railways would have invited tenders in time for wagon procurement for the year 2012-13, which still continues to be outstanding. Meanwhile, the year 2013-14 has also commenced. The Railways have a budgetary approval to procure around 15000 wagons each in the years FY 2012-13 and 2013-14. It is anomalous that in spite of this fairly large procurement programme approved by the Parliament, the Company is starved of Indian Railway wagon orders in the current year. Numerous representations have been made at the highest level in the Ministry of Railways, and the Management hopes for early invitation for wagon tenders and release of orders.

In the non-Indian Railway segment, your Company, which has maintained its lead in the industry, is managing its operations by turning out Special Purpose Commodity Specific wagons, and wagons for exports.

With the announcement of Automobile Freight Train Operator Scheme (AFTO), the Company expects a substantial demand for Auto Car wagons considering the rapid growth of Automobile Industry in the country. The conceptual design of Double Deck Auto Rake, developed in collaboration with an European Company, has already been approved by RDSO, and the detailed Drawings along with other relevant documents are awaiting final approval of RDSO. Besides, the Company is also moving fast to manufacture prototype wagon on the basis of RDSO design to offer multiple options to the customers.

Further, your Directors have to report that in collaboration with its joint venture partners UGL Rail Services Ltd., Australia, the Company has submitted final design & drawings to RDSO for Double Stack Container Rakes, for which there would be substantial demand with the operation of Dedicated Freight Corridors.



### Dedicated Freight Corridor (DFC)

In the backdrop of the progress made so far by the Dedicated Freight Corridor Corporation of India Ltd. in certain sectors, particularly in the Western Corridor, your Company is gearing up for developing and supplying 25t Axle load wagons with special bogies for which the Company is well equipped.

### EMU Coaches

After receiving a trial order for a rake of 9 EMU coaches from Indian Railways, the Company instead of taking it up along with wagon manufacture at Agarpara Works, decided to set up an independent modern facility at its Sodepur Works on the main BT Road, Kolkata. This decision was influenced by long term consideration of the huge growth potential of the high speed precision coach segment.

Accordingly, your Directors are pleased to report that the work on a State-of-the-Art factory is proceeding apace and expected to be completed in the 3rd quarter of FY 2013-14. The manufacture of the components and sub-assemblies using high precision jigs, fixtures and equipment, along with procurement of bought outs from approved sources are underway to keep up with the schedule.

Your Directors are pleased to report in particular that the project has the benefit of technical support from Kawasaki Heavy Industries (KHI), Japan, under a Technical Assistance Agreement with them, which, inter alia, also provides for exchange and training of personnel. KHI are also actively pursuing to secure a contract for Electric Locomotives for the Dedicated Freight Corridor, and it is proposed to make use of the manufacturing facilities of the Company for localization (Indigenization).

### Joint Venture with UGL Rail Services Ltd., Australia

The joint venture Company, Texmaco UGL Rail Pvt. Ltd., has commenced commercial operation of its State-of-the-Art facility in Q1, FY 2013-14, after successful installation and commissioning of the major plant and equipment, viz. Plasma, Oxy & Laser Cutting machines, Welding and Beveling Robots, Synchronised Press Brakes, CNC Machining Centre, Sophisticated Heat Treatment and Painting Solutions, etc., sourced from the world's leading producers. The facility is unique in terms of hi-tech manufacture, safety and quality.

The ramp up with progressive commissioning of the entire facility is proceeding smoothly along with the appointment of key senior personnel. The technology transfer from Australia is ongoing. The JV has achieved its first two prestigious export orders for supply of Loco Bogie Frames for operation in Kazakhstan & Queensland Rail. Further orders are expected to flow in.

### Joint Venture with Touax Rail, France

The Joint Venture Leasing Company Touax Texmaco Railcar Leasing Pvt. Ltd., is exploring all business opportunities and has identified certain specific business schemes / segments under (i) Container Train Operators (CTOs), (ii) Liberalized Wagon Investment Scheme (LWIS), (iii) Automobile Freight Train Operators (AFTO) for movement of automobiles, and (iv) Special Freight Train Operators (SFTO).

The JV is going through an evangelization period of interacting with the industry on the benefits of leasing as against owning the Asset on the Balance Sheet with bank financing. However, the slow growth of the economy is weighing on the decision making process, but the outlook remains positive.

### Hydro Mechanical Eqpt, Steel Structures & Process Equipment

Your Directors are pleased to report the improved prospects in the Hydro-mech and Steel Structural Division of the Company. The Division booked orders valued Rs.60 crore in the year under review, and the turnover of the Division was higher at Rs.44.24 crore, as compared to Rs.33.91 crore in the last year. With improved opportunities and local political problems easing out, the Division is expected to fare better in the current year.

A good number of Hydro Project enquiries from public and private sectors in India and abroad are being received. The Company is also participating in the Hydro Project tenders in Nepal, Bhutan and some of the Latin American countries. During the year, your Company has developed business relations with leading multi-nationals in Hydro Power from Russia and Iran.

Besides, the Division is exploring opportunities in refurbishment / replacement of old Hydro Projects & Barrage Equipments. It has recently completed the first rehabilitation job at Farakka Barrage and upgradation work for Tailrace equipments at Rampur HE Project.



The Company has been engaged on important projects of National Hydroelectric Power Corporation, Govt. of India (NHPC). Your Directors are pleased to report the successful commissioning of 132 MW (4 x 33MW) TLDP-III HE Project (NHPC) on river Teesta in West Bengal during FY 2012-13, and the plant is in commercial generation since February 2013.

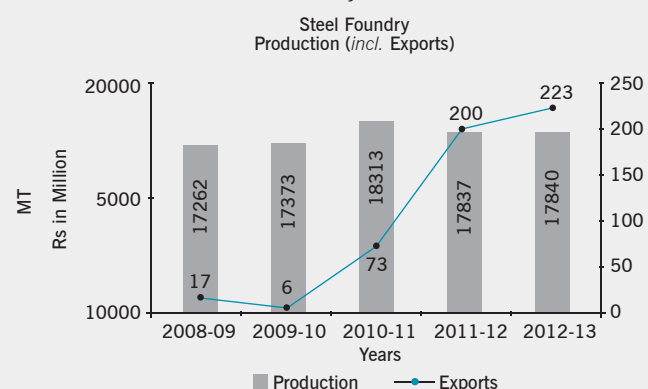
The execution of various other projects in hand has picked up momentum in Nepal, and the States of Arunachal Pradesh, Assam, Himachal Pradesh, Sikkim, J&K. The total Hydro Power generation from these projects will be approx. 3500 MW.

Further, the Company has intensified participation in steel bridge, flyover structure tenders, and is presently responding to Railway Bridge enquiries, both domestic and from the neighbouring countries. The Division has obtained RDSO registration for participating in Railway Bridge tenders of Indian Railways and its subsidiary companies.

## Steel Foundry Division

The Foundry maintained a production of 17840 tons, about the same level as in the previous year in spite of the depressed demand. The despatch dropped to 15733 tons against 16951 tons in the previous year. However, in terms of revenue, the Foundry turnover recorded a marginal growth of 4% at Rs. 2182 million.

The exports from the Foundry at Rs.223 million were higher by 11.6% over the last year in spite of global slowdown. There was commendable success in starting the export of Cast Manganese Crossings, an important Railway Track component, to North America. The Division had a robust order-book of over Rs. 350 million at the end of the year.



The Railway Castings developed by the Foundry for CIS market have successfully passed the tests in overseas laboratory. A high level Inspection Team from the Certification Authority conducted the audit of the Foundry and has recommended for Certification. The entry in this market will serve to enhance the Division's exports.

Your Directors are happy to inform that the upgraded High Tensile Centre Buffer Coupler, which was approved by RDSO in substitution of AAR approved imported coupler, is now being regularly supplied to the Indian Railways, resulting in substantial saving of foreign exchange.

Further, your Directors are pleased to report that the Tight Lock Coupler Casting developed by the Foundry to the design of an internationally renowned Company had won the prestigious **"Casting of the Year"** Award, and **Mr. Tapan Roy**, Asst. General Manager (Methods) of the Foundry, the award of **"Young Foundryman of the Year"** from **The Institute of Indian Foundrymen**.

## Agro Machinery Division

The performance of the Division was at a low ebb owing to suspension of activity for nearly 10 months up to mid October 2012 due to non availability of imported Diesel Engines from Siam Kubota Corporation owing to devastating flood in Thailand.

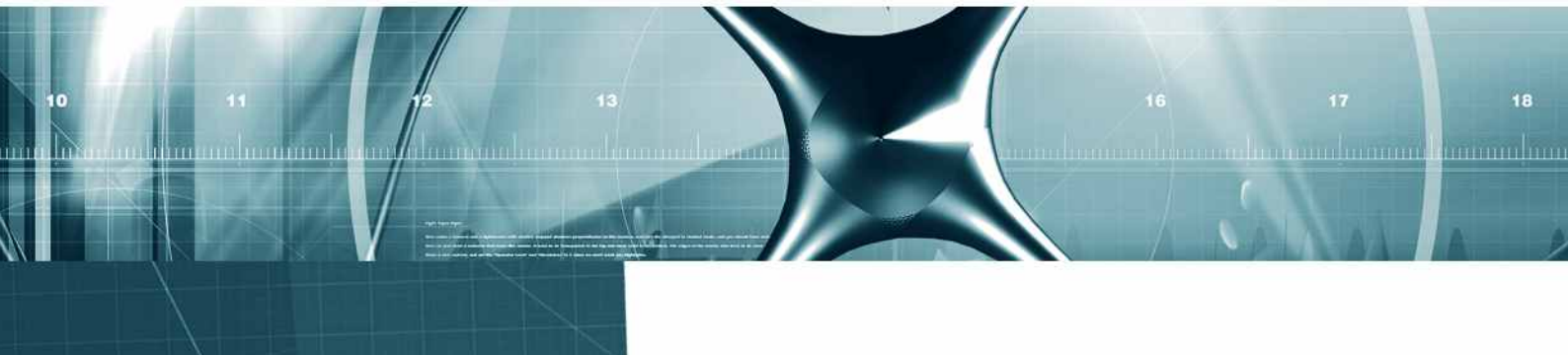
Furthermore, the non-release of Government Subsidy Schemes coupled with inordinate delay in disbursing outstanding subsidy payment impacted the performance of the Division. The despatch, therefore, was only 177 nos Power Tillers this year.

The Company has offered a newly introduced Power Reaper Harvesting machine to SRFMTTI, Anantpur, A.P., for testing and approval to launch in the market under government assisted programmes. The Division is expected to fare better in the current financial year.

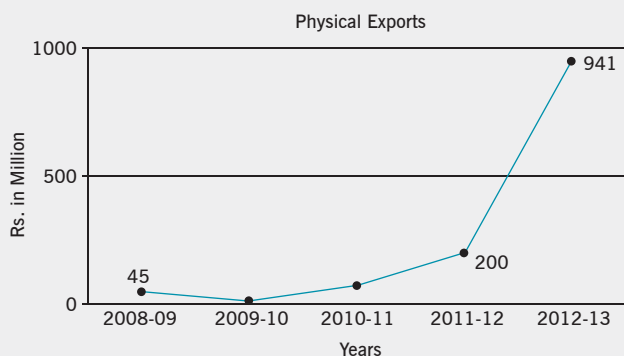
## Exports

During the year, your Company executed export orders worth Rs.941 million comprising High Capacity Mineral Wagons, Meter Gauge Container Flat Wagons, BG Bogie Tank wagons to Africa and Bangladesh, and steel castings to North America and Australia.





The Company had a robust export order-book of approx. Rs 2261 million at the close of the year.



The figures up to 2009-10 represent figures of Texmaco Ltd. and are given for comparison purpose.

## R & D Activities

The R&D activities of your Company are focused on development of new hi-tech products for domestic and export markets as well as establishing upgraded manufacturing process to address better quality and delivery management.

In Steel Foundry Division, the Company has invested substantial time and effort in development of critical products by adopting complex processes and going through series of tests to come up with prototypes as per the specified quality parameters. The Company has gone into commercial production, after stringent inspection and approval of Coupler for Indian Railway passenger coaches, Side Frame & Bolster Casting of bogies for export to USA & CIS countries, high integrity CMS Crossing for USA, and the couplers against import substitution for Indian wagons.

The Company has also taken lead in developing castings for Mining industry, which have hardness to withstand high impact and are used in wear-resistant application. The Division is also engaged in development of :-

1. A fine grain metallographic structure with the use of inoculation with nano particles to obtain superior physical properties in Hadfield steel.
2. A new design knuckle casting for Indian Railways where the life will increase by 20 to 25%.

The Rolling Stock Division is in advanced stage of design development of :-

1. Double Stack Bogie Container Flat Wagon (with technical support from UGL, Australia)
2. Double Deck Car Carrying Wagons (with technical support from Tatravagonka, Slovakia)

The Hydromechanical & Structural Division has successfully developed the design of a Solid Cast Steel Sill Beam, which has been adopted in the prestigious Subansiri H.E. Project (Arunachal Pradesh). It would prevent damage to the Bottom Sill Beam and the Bottom Rubber Seals of the gates due to the impact of boulders.

## IT Services

The IT Services Department has been engaged in progressive development of a responsive and efficient IT networking and application to meet the business requirement of different Departments. The factories and the administrative offices at Works and Corporate office at Birla Building, Kolkata are all integrated through VPN on-line connectivity with high bandwidth. After initial start with ERP system Oracle '11i' with the assistance of the Implementation Agency PwC, there has been a migration to more advanced system Oracle R12, which has got stabilised in the procurement, stores and finance functions. Various critical reports required by the respective functional Heads of Departments for MIS and operational control have been designed and deployed in the R12 system.

The phase 2 implementation for extension of R12 ERP system to the Manufacturing operations has been initiated, and it is expected to be in effective use for optimised production planning and control by the end of FY 2013-14.

## Human Relations

Your Company continues to invest in the employees through structured training programmes and educational support in diverse related disciplines. The Management believes that the talent, knowledge, experience and passion of the employees build the competitive advantage of the Company.



Hiring and retaining talent have become a business imperative for the success of the operations, and it impacts how the Company steers and how it wins business.

Your Company continues to maintain cordial & harmonious industrial relations over the decades which has been cited in the industry as a model of constructive co-operation between the Workmen and the Management. Your Directors commend the dedication and deep commitment of the workmen, staff and officers in building the corporate image through sustained pursuit of excellence.

### Opportunity & Threats

In the current political environment with all parties trading charges against each other and the electronic and print media running stories of corruption endlessly, the industrial climate in the country happens to be clouded as reflected by the major economic indices touching new lows. Some Cassandras have even put a question mark on India's growth story. This is not wholly unexpected with increasingly fractured polity in our democratic framework. The political rumblings have been accentuated with an eye on the general election in 2014. One could also view them as a sign of vibrant democracy.

The more serious concern, however, appears to be the impact of the continuing global economic slowdown, capped by the threat of sovereign bankruptcies in Euro zone. The huge stimulus packages have been used to avert the looming crises, but the whole system continues to be fragile. The indication of slow down in China has added to the disquiet and uncertainty.

Taking a long-term view of the growth prospects of the sectors in which your Company is engaged, your Directors continue to support investment in technology and human capital. It would enable the Company to reap the opportunities in the infrastructure sector which has the highest growth potential and forms the core of the national and state economic planning.

At the corporate level, the Management is wholly focused on building up its strength for Delivery Management and Quality Assurance. A series of programmes are run regularly on Human Resource Development with substantial outlay on education and training. It would help the Company emerge intrinsically strong to cope with all challenges ahead.

### Corporate Social Responsibility

Your Company earnestly believes in the pro-active role and responsibility of the business to improve the quality of lives of the people. That is what really matters in a Welfare State. The corporate world has to work with the Government to promote 'Inclusive Growth' to strengthen the democratic framework afflicted with wide economic disparities in the social strata. The economic growth has to be shared with all sections of society to maintain a proper balance.

The Company undertakes welfare programmes from time to time, and makes sure that the help reaches directly to the needy, especially in the area of health and education. It has promoted computer literacy through distribution of computers for the benefit of the family members of the employees. Beside grants and scholarships for prosecuting the studies, special rewards have been announced for academic excellence. This has earned your Company tremendous goodwill in the neighbouring localities.

Further, for easy mobility of the employees to go about their vocation and daily living, the Company also went about distribution of two-wheelers under a liberal scheme. Several initiatives have been taken to support deprived women and make them independent through proper training and self employment in alliance with different NGOs.

In keeping with the commitment of the Company in the area of environment, ISO 14001:2004 Certification was received during the year after complying with a number of legal and regulatory requirements.

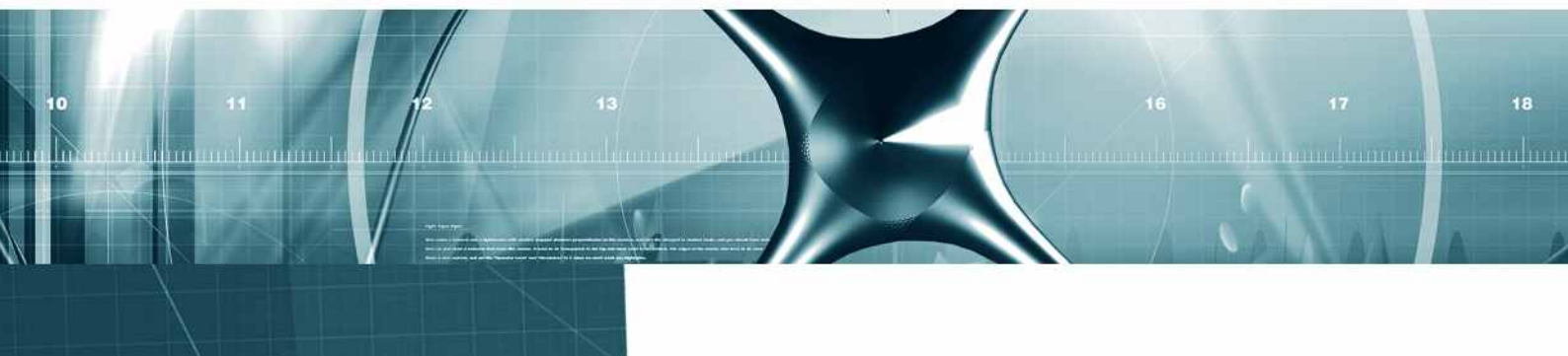
### Corporate Governance

A separate report on Corporate Governance pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges is attached as a separate Annexure and forms a part of this Report.

### Directors' Responsibility Statement U/S 217(2AA) of the Companies Act, 1956

Your Directors state:

- (i) That in the preparation of the annual accounts, applicable accounting standards were followed, along with proper explanations relating to material departures, and the Notes in the Auditors' Report in this regard are self-explanatory;



- (ii) That such accounting policies were selected and applied consistently and judgements and estimates made that 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;
- (iii) That proper and sufficient care was taken to maintain 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 fraud and other irregularities;
- (iv) That the annual accounts were prepared on a 'going concern' basis.

The SEBI's guidelines regarding Corporate Governance have been implemented by the Company. An Audit Committee of the Board and Investors' / Shareholders' Grievances Committee have been constituted and are functioning in keeping with the given guidelines.

### Green Initiatives

Your Company has started a sustainability initiative with the aim of going green and minimizing the impact on environment. The Company has issued a notice dated 20th December, 2011 in respect of the same to the Shareholders to opt for paperless compliances i.e. receipt of Annual Reports and Notices etc. through e-mails. Your Company has started sending Annual Report, Notices etc. through e-mails to the Shareholders, whose e-mail IDs are registered with their Depository Participants. In case a Shareholder wishes to receive a printed copy, he / she may please send a request to the Company, which will send a printed copy of the annual report to the Shareholder. Members are requested to support this initiative by registering / updating their email addresses for receiving Annual Report, Notices etc. through e-mail.

### Particulars of Employees

The number of employees as at 31st March, 2013 was 1665. A statement containing the required particulars of employees as stipulated under Section 217(2A) of the Companies (Particulars of Employees) Rules, 1975, is enclosed - Annexure A.

### Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

As required under Section 217(1)(e) of the Companies Act, 1956, read with Rule 2 of the Companies (Disclosures of Particulars in the Report of the Board of Directors) Rules, 1988, information relating to conservation of energy, technology absorption and foreign exchange earnings and outgo is enclosed – Annexure B.

### Directors

Shri Sunil Mitra was appointed as an Additional Director w.e.f 5th November, 2012. Notice has been received from a Member of your Company under Section 257 of the Companies Act, 1956 for the appointment of Shri Mitra as Non-Executive and Independent Director, who has filed his consent to act as Director of your Company, if appointed.

Your Directors, Shri Sampath Dhasarathy and Shri Akshay Poddar, retire by rotation and being eligible, offer themselves for re-appointment at the ensuing Annual General Meeting.

The Board has recommended their re-appointment.

### Auditors

The Auditors, M/s. K.N. Gutgutia & Co., Chartered Accountants, retire and are eligible for re-appointment.

For and on behalf of the Board

Place: Kolkata  
Dated: 30th May, 2013

**S. K. Poddar**  
Chairman

## Annexure - A

For The Financial Year ended 31st March, 2013

Particulars of Employees under Section 217(2A) of the Companies Act, 1956 and forming part of the Directors' Report

Name	Designation	Age (Years)	Remuneration (Rs.)	Qualifications	Experience (Years)	Date of Commencement of employment	Previous Employment
1	2	3	4	5	6	7	8

Employed throughout the year and in receipt of remuneration aggregating Rs. 60,00,000/- or more

1. Poddar Saroj Kumar	Executive Chairman	68	3,69,81,858	B. Com. (Hons.)	44	01-01-2006	M/s. Poddar Heritage Investments Limited
2. Maheshwari Ramesh	Executive Vice Chairman	80	1,22,54,831	M. Com., L.L.B.	57	01-02-1962	M/s. F & C Osler (India) Limited & Sister Concerns
3. Kela Damodar Hazarimal	Whole-time Director	72	71,33,002	B.E. (Metallurgy)	48	14-11-2000	M/s. Hindusthan Engineering & Industries Limited

- Notes:**
1. Remuneration as shown above includes Salary, House Rent, LTA, Medical Benefits, Bonus, Contribution to Provident Fund, Superannuation Fund, etc. as per Company's rules.
  2. Shri Saroj Kumar Poddar is related to Shri Akshay Poddar, Director of the Company.
  3. Employees named above are whole-time / contractual employees of the Company.
  4. Other terms and conditions are as per Company's rules.

## Annexure - B

Information as per Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 as part of the Directors' Report for the year ended 31st March, 2013

### I. Conservation of Energy

#### a) Energy conservation measures taken:

Engineering Works

- i) Installation & commissioning of Power Factor Improvement System continued during the year.
- ii) Load management for reducing Max. demand continued during the year.
- iii) Installation of a 10 MVA 33KV/11KV Power transformer to share the load of existing and thereby reducing the Load losses on the existing transformers.

#### b) Additional Investments and proposals, if any, being implemented for reduction of consumption of energy:

Modification of Equipments & their drives is being done regularly to reduce energy consumption.

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

##### i) Impact of measures under (a)

By proper staggering the production activities and constant monitoring the electrical load, maximum demand has been kept under control.

##### ii) Impact of measures under (b)

This is an ongoing exercise benefit of which is available in long term.

#### d) Total energy consumption and energy consumption per unit production as per Form A of the Annexure to the Rules in respect of Industries specified in the Schedule thereto: (Steel Foundry)

	2012-13	2011-12
<b>i) Power &amp; Fuel Consumption :</b>		
Electricity Purchased		
Units (in thousands) (KWH)	38010	37832
Total Amount (Rs. in Lacs)	3342*	2400
Rate / Unit (Rs.)	7.42	6.34
Fuel Purchased		
Quantity (in Ltrs.)	2665290	2540263
Total Amount (Rs. in Lacs)	1108	897
Rate / Unit (Rs.)	41.56	35
<b>ii) Consumption per M/T of Steel Casting Production :</b>		
Electricity (in Units)	1576	1594
Furnace Oil (in Ltrs.)	149	142

\* Includes arrears of Electricity charges of Rs. 5.21 Cr.



## II. Technology Absorption

	2012-13	2011-12
Benefits :		
Expenditure on R & D (Rs. in Lacs)		
i) Capital	—	-
ii) Recurring	180.39	270.07
iii) Total	180.39	270.07
iv) Total R & D Expenditure as percentage of total turnover	0.17%	0.29%

## III. Technology Absorption, Adaptation and Innovation

The in-house R&D Centre of the Company has been recognised by Department of Scientific & Industrial Research, Ministry of Science & Technology, Government of India. A number of projects on development of new products and improvement on the existing products have been successfully carried out during the year.

## IV. Foreign Exchange Earnings and Outgo

- a) Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services:

Continued drive is being made to increase exports and to develop new export markets.

- b) Total foreign exchange used and earned:

Used: Rs. 10508.62 Lacs

Earned: Rs. 9406.25 Lacs

# Report On Corporate Governance

(Pursuant to Clause 49 of the Listing Agreement)

## 1. Company's philosophy on Code of Governance

The core values of the Company's Corporate Governance are transparency, professionalism, accountability, customer focus, teamwork, quality, fairness and social responsibility. Your Company is committed to fulfill these objectives and enhance the wealth generating capacity, keeping in mind long-term interest of the shareholders, employees and the society. The Company believes in adopting and adhering to the best Corporate Governance practices and continuously benchmarking itself against the best practice in the industry.

## 2. Board of Directors

The Company's Board comprises Nine Directors, represents the optimum mix of professionalism, knowledge, and experience. Five Directors of the current strength of the Board are Independent Directors. The category of Directorship, number of meetings attended, attendance at the last Annual General Meeting ('AGM'), Directorships in other Companies, number of Committees in which such Director is a member, are mentioned below :-

Name of the Director	Category of Directorship	No. of Board Meetings attended	Attendance at the last AGM	No. of Directorships in other Companies #	No. of Chairmanship/ Membership of Board/ Committees in Companies ^	Chairman	Member
S. K. Poddar	Executive Chairman	5	Yes	12	2		1
Ramesh Maheshwari	Executive Vice Chairman	5	Yes	3	0		3
D. H. Kela	Whole-time	3	No	1	0		1
Akshay Poddar <sup>+</sup>	Non-executive & Non-independent	3	Yes	10	2		5
D. R. Kaarthikeyan	Independent	5	No	9	0		4
A. C. Chakrabortti	Independent	5	Yes	6	3		2
Sampath Dhasarathy	Independent	5	No	0	0		1
Hemant Kanoria	Independent	2	No	5	2		1
Sunil Mitra <sup>*</sup>	Independent	2	N.A.	6	2		2

+ Shri Akshay Poddar is the son of Shri S. K. Poddar.

\* Appointed w.e.f. 5th November, 2012

# Excluding Private companies, Companies under Section 25 of the Companies Act, 1956, Foreign Companies and Alternate Directorships.

^ Membership / Chairmanship in Audit Committee and Shareholders' / Investors' Grievances Committee, including those in the Company.



The Chairman does not have a separate office in Kolkata and the Corporate Office of the Company supports the Chairman for discharging his responsibilities. The Company however, maintains a separate office for the Chairman at New Delhi. No Director of the Company was a member of more than ten Committees or Chairman of more than five Committees across all the Companies in which he was a Director.

Five Board meetings were held during the year 2012-13 on the following dates:

5th May, 2012	25th May, 2012
28th July, 2012	5th November, 2012
11th February, 2013	

### 3. Audit Committee / Sub-committee

#### (a) Audit Committee

##### Terms of Reference and Composition

The terms of reference of the Committee cover the matters specified for Audit Committee under Clause 49 of the Listing Agreement as well as in Section 292A of the Companies Act, 1956.

The Audit Committee comprises the following three Directors, and their attendance in the Committee Meeting is given alongside.

Name of the Director	No. of Meetings attended
A. C. Chakrabortti, Chairman	4
Ramesh Maheshwari, Member	4
Sampath Dhasarathy, Member	4

Four Audit Committee Meetings were held during the year 2012-13 on the following dates:-

25th May, 2012	28th July, 2012
5th November, 2012	11th February, 2013

#### (b) Sub-committee

The Sub-committee comprises three Directors namely Shri S. K. Poddar, Shri A. C. Chakrabortti and Shri Ramesh Maheshwari.

No Sub-committee Meeting was held during the year 2012-13.

### 4. Remuneration of Directors

At present, the Remuneration of Executive Directors is fixed by the Board of Directors / Sub-committee of Directors. Non-executive Directors are eligible for sitting fee and a commission not exceeding 1% of the net profit of the Company for each year, with a ceiling of Rs.2,00,000/- each per annum. Directors are paid a sitting fee of Rs.20,000/- each for attending Board Meeting and Rs.10,000/- each for attending Committee / Sub-committee Meeting.

The Board of Directors at its Meeting held on 11th February, 2013 has constituted a Nomination and Remuneration Committee w.e.f 1st April, 2013, to formulate the criteria for determining qualifications, attributes and independence of a Director and to recommend / review remuneration for the Directors.





## 5. Investors' / Shareholders' Grievances Committee

The Investors' / Shareholders' Grievances Committee comprises the following three Directors and their attendance in the Committee Meeting is given alongside.

Name of the Director	No. of Meetings attended
Akshay Poddar, Chairman	1
Ramesh Maheshwari, Member	1
D. H. Kela, Member	1

The grievances received are dealt with by the Investors' / Shareholders' Grievances Committee/ Registrar & Share Transfer Agent of the Company / Compliance Officer.

In order to provide quick service to Investors, the Board has delegated certain powers to few Senior Executives to deal with various matters including transfer of shares,

transmission of securities etc. The Company has no transfers pending at the close of the financial year.

Committee met one time during the year on 11th February, 2013.

Shri A. K. Vijay, Secretary is the Compliance Officer of the Company. During the year, 13 complaints were received from the Shareholders, which were resolved within the reasonable time period.

## 6. Internal Control System

The Internal Control System of the Company is aimed at proper utilization and safeguarding of the Company's resources and to promote operational efficiency. The findings of the internal audit and consequent corrective actions initiated and implemented from time to time are placed before the Audit Committee. The Audit Committee reviews such audit findings and the adequacy of the Internal Control System.

## 7. General Body Meetings

Details of date and time of the Annual General Meetings (AGMs) and Extra Ordinary General Meetings (EOGMs) held in last three years are given below:-

Financial Year	Date and time of the AGMs	Date and time of the EOGMs	Venue	No. of Special Resolutions approved at the AGMs
2011-2012	29th August, 2012 at 2.30 P.M.	-	G. D. Birla Sabhagar, 29 Ashutosh Chowdhury Avenue, Kolkata- 700 019	-
2010-2011	1st September, 2011 at 2.30 P.M.	7th July, 2010 at 3.15 P.M.	Birla Building, 9/1 R. N. Mukherjee Road, Kolkata- 700 001	7
2009-2010	12th August, 2010 at 11.00 A.M.	8th February, 2010 at 11.00 A.M.	Belgharia, Kolkata- 700 056	-

### Whether Special Resolutions-

A	Were put through Postal Ballot last year	No
B	Are proposed to be conducted through postal ballot	No

## 8. Disclosure

There are no materially significant related-party transactions made by the Company with its Promoters, Directors or Management, Subsidiaries, Associates etc. that may have potential conflict with the interests of the Company at large. Transactions carried out with the related parties are disclosed in Note No. 2.30 of Audited Financial Statements.

During the last three years, there were no strictures or penalties imposed either by SEBI or the Stock Exchanges or any statutory authorities for non-compliance of any matter related to Capital Market.

The Company has complied with applicable mandatory requirements under Clause 49 of the Listing Agreement with the Stock Exchange(s). The Company has already initiated the process for implementation of the non-mandatory recommendations as a good Corporate Governance practice and formed a Corporate Social Responsibility Committee of the Directors w.e.f. 1st April, 2013. The role of Corporate Social Responsibility Committee is to formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company for the social upliftment and monitor its working.

## 9. Reconciliation of Share Capital Audit Report

A Qualified practicing Chartered Accountant carried out Quarterly Secretarial Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued / paid up capital is in agreement with the total number of shares in physical form and total number of shares in dematerialised form held with NSDL and CDSL.

## 10. Means of Communication

The Quarterly Unaudited Financial Results and the Annual Audited Financial Results as taken on record and approved respectively by the Board of Directors of the Company are published generally in local English and Vernacular newspapers namely The Financial Express and Ajkal / Ekdin. It is also sent immediately to all the Stock Exchanges with which the Shares of the Company are listed. These results are also posted on

Company's website [www.texmaco.in](http://www.texmaco.in). The official news release and other related information, if any, are displayed on the aforesaid website of the Company. These are not sent individually to the shareholders. Management Discussion & Analysis Report forms part of the Annual Report.

## 11. General Shareholder Information

### AGM : Date, Time & Venue

On 7th September, 2013 at 2:30 P.M. at K. K. Birla Kala Kendra, Texmaco Estate, Belgharia, Kolkata - 700 056

### Financial Calendar

1st April, 2013 to 31st March, 2014

First Quarter Results – Last week of July.

Second Quarter Results – Second week of November.

Third Quarter Results – Last week of January.

Results for the year ending 31st March, 2014 - By Last week of May 2014.

### Date of Book Closure

From 2nd September, 2013, to 7th September, 2013  
(both days inclusive).

### Listing on Stock Exchanges

1. National Stock Exchange of India Limited, Mumbai.
2. Bombay Stock Exchange Limited, Mumbai.
3. The Calcutta Stock Exchange Limited, Kolkata.

The Company has paid listing fees for the period 1st April, 2013 to 31st March, 2014.

### Dividend Payment Date

Mid September 2013

### Stock Code – Physical

National Stock Exchange	TEXRAIL
Bombay Stock Exchange	533326
Calcutta Stock Exchange	30285
Demat ISIN No. for CDSL/NSDL	INE 621L01012

High / Low market prices of the Company's Equity Shares of Re.1/- each traded on National Stock Exchange of India Limited and Bombay Stock Exchange Limited during the period April 2012 to March 2013 are furnished here after:

Period	National Stock Exchange of India Limited		Bombay Stock Exchange Limited	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April 2012	64.90	57.40	63.05	57.00
May 2012	59.40	50.55	61.50	50.05
June 2012	58.75	51.00	59.00	50.45
July 2012	60.80	45.35	59.80	50.00
August 2012	54.70	49.00	54.75	48.00
September 2012	66.00	48.10	68.90	47.05
October 2012	67.95	59.70	68.45	59.30
November 2012	67.00	59.30	66.80	58.55
December 2012	69.85	61.75	70.00	60.30
January 2013	74.10	59.15	74.00	60.50
February 2013	65.95	52.80	71.30	53.00
March 2013	57.30	45.65	57.40	46.00

**Note:** There was no trading during the year on The Calcutta Stock Exchange Limited, Kolkata.

#### Registrar & Transfer Agent (RTA)

M/s. Karvy Computershare Private Limited  
Plot No: 17- 24, Vittal Rao Nagar, Madhapur,  
Hyderabad - 500 081  
Phone: 040-23420818  
Fax No: 040-23420814  
E Mail: [einward.ris@karvy.com](mailto:einward.ris@karvy.com)  
Website: [www.karvycomputershare.com](http://www.karvycomputershare.com)

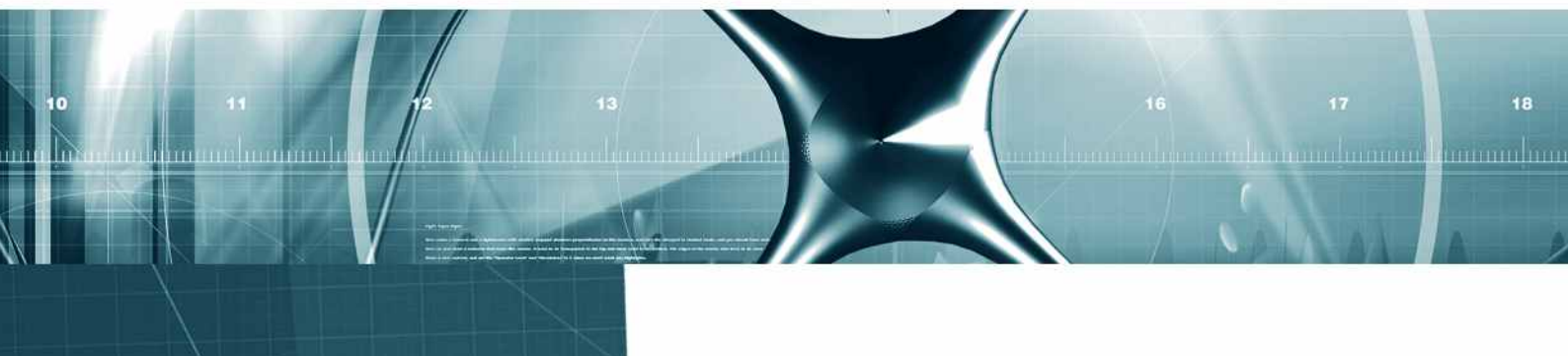
#### Share Transfer System

Request for transfer of shares held in physical form may be lodged with Karvy Computershare Private Limited at Hyderabad or may also be sent to Company Secretary at the Registered office of the Company at Kolkata. Share transfers are registered and returned within 15 days from the date of lodgment, provided documents are complete in all respects.

#### Distribution of Shareholding and Shareholding Pattern as on 31st March, 2013:-

No. of Equity Shares held	No of Folios	%	No. of Shares	%
Upto 5000	20,334	97.90	62,74,365	3.45
5001 to 10000	181	0.87	13,78,167	0.76
10001 to 20000	87	0.42	12,66,591	0.69
20001 to 30000	36	0.17	8,67,802	0.47
30001 to 40000	16	0.08	5,67,750	0.31
40001 to 50000	8	0.04	3,59,925	0.20
50001 to 100000	29	0.14	21,76,444	1.20
100001 and above	78	0.38	16,91,35,546	92.92
<b>Grand Total</b>	<b>20,769</b>	<b>100.00</b>	<b>18,20,26,590</b>	<b>100.00</b>





#### Shareholding Pattern as on 31st March, 2013:-

Category	No. of Shares	%
Promoters	11,51,27,010	63.25
Banks, Insurance Cos., and FIs	31,57,460	1.73
Mutual Funds and U.T.I.	3,87,08,999	21.27
Corporate Bodies	46,95,107	2.58
NRI / OCB / FIIs	74,93,155	4.12
Indian Public	1,17,98,352	6.48
Others	10,46,507	0.57
<b>Total</b>	<b>18,20,26,590</b>	<b>100.00</b>

#### Dematerialisation of Shares as on 31st March, 2013 and Liquidity

The Company's shares are compulsorily traded in dematerialised form and are available for trading on both the Depositories in India- National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). 18,06,34,709 Equity Shares of the Company representing 99.24% of the Company's Equity Share Capital are dematerialised as on 31st March, 2013.

#### Code of Conduct and Ethics and Insider Trading

The Company has adopted a Code of Conduct and Ethics (Code) for the member of Board of Directors and Senior Management Personnel of the Company. The essence of the code is to conduct the business of the Company in an honest, fair and ethical manner, in compliance with applicable laws and in a way that excludes considerations of personal advantage. All Directors and Senior Management personnel have affirmed compliance with the code, and a declaration to this effect, signed by the Whole-time Director, is attached to this report.

The Company has voluntarily adopted the Model Code of Conduct framed under the SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended, to, inter-alia, prevent insider trading in the shares of the Company.

#### Location of the Plants

##### Plant Locations

The Company's Plants are located at Belgharia, Agarpara, Panihati and Sodepur in Dist. 24-Parganas (North), West Bengal

#### Address for Correspondence

Shareholders may contact Shri A. K. Vijay, CFO and Secretary at the Registered Office of the Company for any assistance.

Telephone No : (033) 2569-1500

E-mail : ak.vijay@texmaco.in

Shareholders holding Shares in Electronic mode should address all their correspondence to their respective Depository Participants.

### Investor Education and Protection Fund (IEPF)

Information U/s 205A (5) of the Companies, Act 1956, in respect of Unclaimed Dividend, when due for transfer to the said Fund, is given below:

Financial year ended	Date of declaration of Dividend	Last date for claiming Un-paid Dividend	Due date for transfer to IEPF
31.03.2012	29.08.2012	03.09.2019	03.10.2019
31.03.2011	01.09.2011	06.10.2018	06.11.2018

### 12. CEO and CFO Certification

The CEO and the CFO of the Company has given a certificate on financial reporting and internal controls to the Board in terms of Clause 49 of the Listing Agreement, which is attached with this Report.

### 13. Retirement of Directors by rotation and re-appointment

Shri Sampath Dhasarathy and Shri Akshay Poddar are due for retirement by rotation and are eligible for re-appointment in the next Annual General Meeting. Brief particulars regarding the Directors are given here below:-

#### Shri Sampath Dhasarathy:

Shri Sampath Dhasarathy, aged 69 years, retired in August 2003 as Member Mechanical, Ministry of Railways, Govt. of India, an ex-officio Secretary, Govt. of India, is a Qualified Engineer, holding the degree of B.E (Hons) & M.I.E and also holds Masters Degree in Defence Studies, having vast experience spanning four decades in the Indian Army and the Railways.

Shri Dhasarathy is also a member of the Audit Committee of the Company.

In view of the background, qualifications and valuable experience of Shri Dhasarathy, it will be in the interest of the Company that he continues as a Director of the Company.

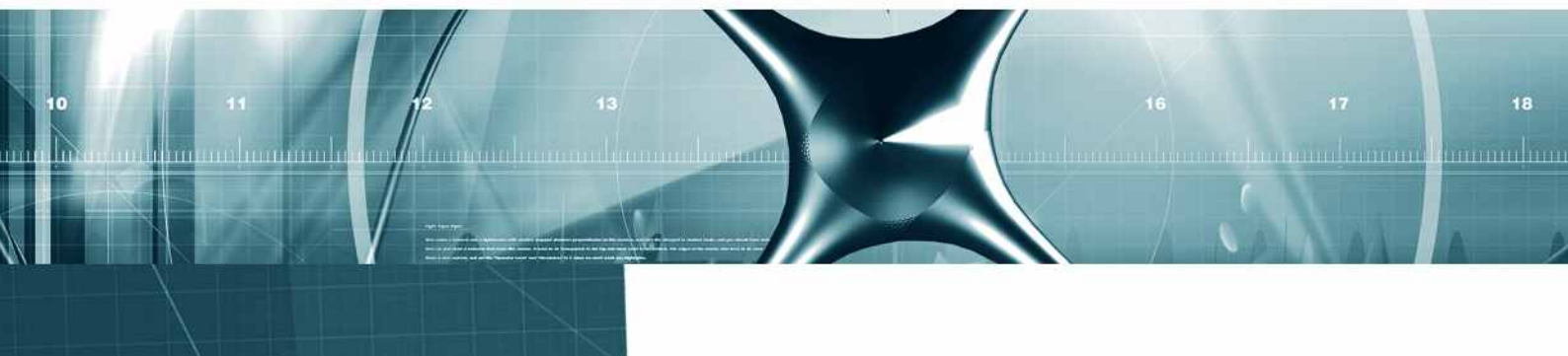
#### Shri Akshay Poddar:

Shri Akshay Poddar, aged 36, son of Shri S. K. Poddar, a Hons. graduate in Accounting & Finance from London School of Economics & Political Science, University of London. He hails from the renowned Poddar Family of

Kolkata and part of the Promoters of "Adventz Group". The group has diverse interests in Fertilisers, Agri inputs, Heavy Engineering, Process Engineering, Furniture, Sugar Mill, Consumer Products, Real Estate, Investments, etc. The Group includes Zuari Global Limited, Zuari Agro Chemicals Limited, Texmaco Rail & Engineering Limited, Texmaco Infrastructure & Holdings Limited, Paradeep Phosphates Limited, Simon India Limited, Style Spa Furniture Limited, Indian Furniture Products Limited, Adventz Investments and Holdings Limited, Adventz Securities Enterprises Limited and Lionel India Limited. The Joint Venture companies promoted by the Group are Gillette India Limited (with Gillette Co., U.S.A), Hettich India Private Limited (with Hettich, Germany), Texmaco UGL Rail Private Limited (with UGL, Australia) and Touax Texmaco Railcar Leasing Private Limited (with Touax Rail, France). Shri Poddar is a Board Member of Gillette India Limited, and also of the other major Group companies. Internationally, Shri Akshay Poddar is on the Board of CFCL Technologies Limited, Planon Group Limited, Coltrane Corporation Limited and Globalware Holdings Limited.

Shri Akshay Poddar is currently serving as an Executive Committee Member of Indian Chamber of Commerce and is also on the Board of Young Presidents Organisation (YPO), Calcutta Chapter, member of Young Leaders Forum (YLF) and The Indus Entrepreneurs (TIE). He is also the Past President of Entrepreneurs' Organization, Kolkata Chapter, and presently their Committee Member.

Shri Akshay Poddar is actively involved in social work and is Trustee of various Charitable Trusts which run schools for the underprivileged children and provide help to the needy people.



Shri Poddar is presently associated with the following other Companies as a Director:-

Name of the Company
Style Spa Furniture Limited
Adventz Investments and Holdings Limited
Adventz Securities Enterprises Limited
Gillette India Limited
Lionel Edwards Limited
Paradeep Phosphates Limited
Syndak Teatech Limited
Texmaco Infrastructure & Holdings Limited
Zuari Global Limited
Zuari Agro Chemicals Limited
Abhishek Holdings Private Limited
Adventz Finance Private Limited
Adventz Investment Company Private Limited
Adventz Securities Trading Private Limited
Greenland Trading Private Limited
Indrakshi Trading Company Private Limited
Touax Texmaco Railcar Leasing Private Limited

Shri Poddar is also a member of the various Committees of the following Companies:

Name of the Company	Committee	Position
Texmaco Rail & Engineering Limited	Investors' / Shareholders' Grievances Committee	Member
Paradeep Phosphates Limited	Audit Committee	Chairman
Adventz Securities Enterprises Limited	Shareholders' / Investors Grievance Committee	Chairman
Texmaco Infrastructure & Holdings Limited	Audit Committee	Member
	Investors' / Shareholders' Grievances Committee	Member
Adventz Investments and Holdings Limited	Shareholders' / Investors Grievance Committee	Member
Gillette India Limited	Shareholders' / Investors Grievance Committee	Member

In view of the background, qualifications and valuable experience of Shri Poddar, it will be in the interest of the Company that he continues as a Director of the Company.



## Certificate

To the Members of  
**Texmaco Rail & Engineering Limited**

We have examined the compliance of the conditions of Corporate Governance by Texmaco Rail & Engineering Limited for the year ended 31st March, 2013 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of the opinion on the financial statements of the Company.

In our opinion and to best of our information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We state that in respect of investor grievances received during the year 31st March, 2013, no investor grievances are pending against the Company as on date, as per the records maintained by the Company and presented to the Investors' / Shareholders' Grievances Committee.

We further state that such compliance is neither assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **K. N. Gutgutia & Co.**  
*Chartered Accountants*  
Firm Registration No. 304153E

**P. K. Gutgutia**  
*Partner*

Membership No.6994

Place: Kolkata  
Dated: 30th May, 2013

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## Declaration by the Whole-time Director

To the Members of  
**Texmaco Rail & Engineering Limited**

In compliance with the requirements of Clause 49 of the Listing Agreement with Stock Exchanges relating to Corporate Governance, I confirm that, on the basis of confirmations / declarations received, all the Directors and Senior Management Personnel of the Company have complied with the Code of Conduct and Ethics as adopted by the Board of Directors of the Company.

For **Texmaco Rail & Engineering Limited**

**D. H. Kela**  
*Whole-time Director*

Place: Kolkata  
Dated: 30th May, 2013





## CEO and CFO Certification

We, D. H. Kela, Whole-time Director & Chief Executive Officer and A. K. Vijay, Chief Financial Officer certify that:

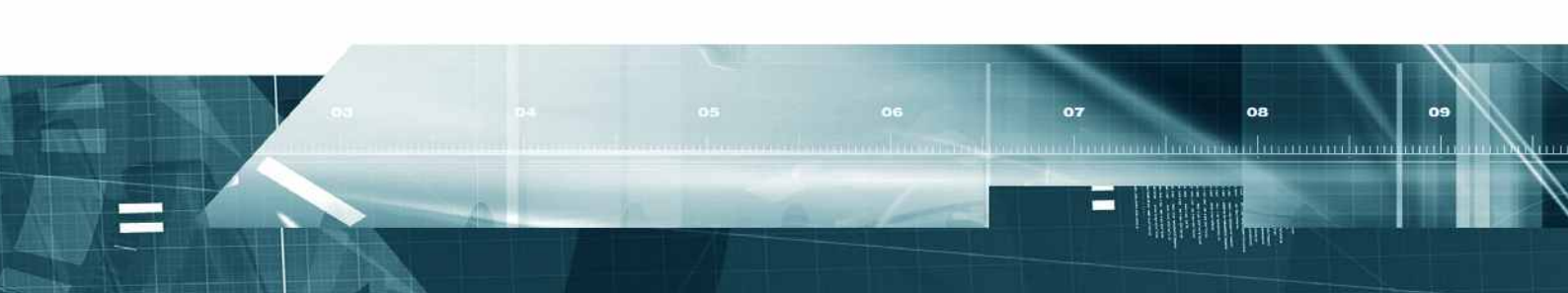
- a) We have reviewed the financial statements and cash flow statement for the year ended 31st March, 2013 and to the best of our knowledge and belief:
  - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- b) To the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2013 are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware, have been disclosed to the auditors and the Audit Committee and steps have been taken to rectify these deficiencies.
- d)
  - i) There has not been any significant change in internal control over financial reporting during the year under reference;
  - ii) There has not been any significant change in accounting policies during the year requiring disclosure in the notes to the financial statements; and
  - iii) We are not aware of any instance during the year of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

For **Texmaco Rail & Engineering Limited**

Place: Kolkata  
Dated: 30th May, 2013

**D. H. Kela**  
*Whole-time Director &  
Chief Executive Officer*

**A. K. Vijay**  
*Chief Financial Officer*



## Financial Section

## Independent Auditors' Report

To  
The Members Of  
**Texmaco Rail & Engineering Limited**

### Report on the Financial Statements

We have audited the accompanying financial statement of **TEXMACO RAIL & ENGINEERING LIMITED** ("the Company"), which comprises the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Act, 1956 in the manner

so required and give a true and fair view in conformity with the accounting principles generally accepted in India:-

- (a) in the case of the Balance Sheet of the State of Affairs of the Company as at 31st March, 2013;
- (b) in the case of Statement of Profit and Loss, of the Profit for the year ended on that date ; and
- (c) in the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books;
  - c) The Balance Sheet, Statement of Profit & Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d) In our opinion, the Balance Sheet, Statement of Profit & Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
  - e) On the basis of the written representations received from the Directors as on 31st March, 2013, and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2013 from being appointed as a Director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

**For K.N. Gutgutia & Co.**  
*Chartered Accountants*  
Firm Registration No.304153E

6C, Middleton Street,  
Kolkata-700071  
30th May, 2013

**P K Gutgutia**  
Partner  
Membership No.6994



## Annexure to the Auditors' Report

(Referred to in Paragraph (1) of our Report on other legal & regulatory requirements of even date)

- i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
- (b) As explained to us, the Company has a system of verifying all its major fixed assets over a period of three years. The fixed assets so scheduled for verification during this year have been physically verified. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.
- (c) During the year the Company has not disposed off any substantial / major part of fixed assets which may affect the going concern.
- ii) (a) As per the information furnished, the inventories have been physically verified during the year by the management. In our opinion, having regard to the nature and location of stock, the frequency of the physical verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. In our opinion, discrepancies noticed on physical verification of stocks were not material in relation to the operations of the Company and the same have been properly dealt with in the books of account.
- iii) (a) The Company has neither granted nor taken any loan secured/ unsecured from Companies covered in the register maintained under section 301 of the Companies' Act, 1956 (1 of 1956).
- (b) As stated above sub-clause (b) to (g) of Clause (iii) of the Companies (Auditor's Report) order 2003 are not applicable.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls system.
- v) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that, sub clause (a) & (b) of Clause (v) of the Companies (Auditor's Report) Order, 2003, is not applicable since no contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered into by the Company during the year.
- vi) In the case of Fixed Deposits received from its employees/ ex-employees by the Company, the directives issued by the Reserve Bank of India and the provisions of section 58A & 58AA of the Companies Act, and the Companies (acceptance of deposit) rules 1975 have been complied with. No order has been passed by the Company Law Board.
- vii) In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- viii) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company, pursuant to the rules made by the Central Government for maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.
- ix) (a) According to the information and explanations given to us and records examined by us, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investors education and protection fund, employees state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues wherever applicable. According to the information and explanations given to us, no undisputed arrears of statutory dues were outstanding as at 31st March 2013 for a period of more than six months from the date they became payable.



- (b) According to the records of the Company, the dues of Sales Tax, Income Tax, Customs, Wealth Tax, Service Tax, Excise Duty, Cess, which have not been deposited on account of disputes and the forum where the dispute are pending, are as under:

	Name of the statute	Nature of the dues	Amount (Rs. in Lakhs)	Period to which the amount relates	Forum where dispute is pending.
1	The Central Excise Act 1944 & Service Tax under the Finance Act 1994	Various issues of Central Excise and Service Tax	Central Excise Rs. 2182.81 Service Tax Rs. 16.69	1986-2010 2004-2010	1. Jurisdictional Commissioner of Central Excise 2. CESTAT 3. Commissioner (Appeal) 4. Jurisdictional Commissioner of Service Tax

- x) There are no accumulated losses of the Company as on 31st March 2013. The Company has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.
- xi) Based on our audit procedures and the information given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to any financial institution, bank or debenture holders.
- xii) Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and / or advances on the basis of security by way of pledge of shares, debentures, and other securities.
- xiii) Clause (xiii) of the Order is not applicable to the Company as the Company is not a Chit Fund company or nidhi / mutual benefit fund / society.
- xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures, and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from a bank or financial institutions.
- xvi) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
- xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- xviii) The Company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under section 301 of the Act.
- xix) During the year covered by our audit report, the Company has not issued secured debentures.
- xx) The Company has not raised any money by public issues during the year covered by our report.
- xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanation given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

**For K.N. Gutgutia & Co.**  
Chartered Accountants  
Firm Registration No.304153E

6C, Middleton Street,  
Kolkata-700071  
30th May, 2013

**P K Gutgutia**  
Partner  
Membership No.6994

## Balance Sheet As at 31st March, 2013

Particulars	Note No.	2012-13 (Rs in Lakhs)	2011-12 (Rs in Lakhs)
<b>I. EQUITY AND LIABILITIES</b>			
(1) Shareholders' funds			
(a) Share capital	2.1	1,820.27	1,820.27
(b) Reserves and surplus	2.2	56,270.79	49,042.46
		58,091.06	50,862.73
(2) Non-current liabilities			
(a) Long-term borrowings	2.3	928.71	1,523.12
(b) Deferred tax liabilities (Net)	2.4	246.37	208.61
(c) Other Long term liabilities	2.5	574.54	633.65
(d) Long-term provisions	2.6	410.99	418.12
		2,160.61	2,783.50
(3) Current liabilities			
(a) Short-term borrowings	2.7	8,975.70	5,390.51
(b) Trade payables	2.8	23,947.39	34,371.14
(c) Other current liabilities	2.9	11,370.07	11,237.26
(d) Short-term provisions	2.10	2,193.81	2,168.30
		46,486.97	53,167.21
<b>Total</b>		<b>106,738.64</b>	<b>106,813.44</b>
<b>II. ASSETS</b>			
(1) Non-current assets			
(a) Fixed assets	2.11		
(i) Tangible assets		11,285.43	10,331.38
(ii) Capital work-in-progress		5,540.48	3,718.68
		16,825.91	14,050.06
(b) Non-current investments	2.12(a)	6,631.26	4,336.23
(c) Long-term loans and advances	2.13	1,295.09	2,072.07
		24,752.26	20,458.36
(2) Current assets			
(a) Current investments	2.12(b)	25,242.17	26,928.45
(b) Inventories	2.14	24,665.07	27,997.56
(c) Trade receivables	2.15	22,431.16	21,739.64
(d) Cash and bank balances	2.16	2,871.70	233.23
(e) Short-term loans and advances	2.17	6,642.23	9,364.26
(f) Other current assets	2.18	134.05	91.94
		81,986.38	86,355.08
<b>Total</b>		<b>106,738.64</b>	<b>106,813.44</b>
Accounting Policies & Notes on Accounts	1 & 2		

Notes referred to above form an integral part of the Balance Sheet

In terms of our Report of even date attached herewith.

For **K. N. Gutgutia & Co.**

Chartered Accountants

Firm Registration No: 304153E

**P.K.Gutgutia**

Partner

Membership No.6994

6C, Middleton Street,

Kolkata- 700 071.

Dated: 30th May, 2013

**A. K. Vijay**  
Secretary

S. K. Poddar  
Ramesh Maheshwari  
A. C. Chakrabortti  
Sampath Dhasarathy  
D. H. Kela  
D. R. Kaarthikeyan  
Sunil Mitra

Directors

**Statement of Profit and Loss** for the Year Ended 31st March, 2013

Particulars	Note No.	2012-13 (Rs in Lakhs)	2011-12 (Rs in Lakhs)
<b>I. Revenue from operations</b>	2.19		
Sale of products		103,596.50	93,796.84
Less: Inter Segment Revenue		(15,857.58)	(13,592.62)
Less: Excise Duty		(5,261.44)	(4,178.56)
		82,477.48	76,025.66
Other operating revenues		463.75	717.70
<b>Total</b>		<b>82,941.23</b>	<b>76,743.36</b>
<b>II. Other income</b>	2.20	3,096.69	2,560.74
<b>III. Total Revenue (I + II)</b>		<b>86,037.92</b>	<b>79,304.10</b>
<b>IV. Expenses:</b>			
Cost of materials consumed	2.21	53,075.81	48,321.56
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	2.22	(2,010.49)	(1,518.00)
Employee benefits expense	2.23	4,404.94	4,466.38
Finance costs	2.24	1,192.99	1,121.91
Depreciation and amortization expenses	2.11	939.18	917.80
Other expenses	2.25	14,958.82	12,368.73
<b>Total expenses</b>		<b>72,561.25</b>	<b>65,678.38</b>
<b>V. Profit before tax (III-IV)</b>		<b>13,476.67</b>	<b>13,625.72</b>
<b>VI. Tax expense:</b>			
(1) Current tax		4,012.00	3,940.00
(2) Deferred tax		37.76	380.00
<b>VII. Profit for the period from continuing operations (V-VI)</b>		<b>9,426.91</b>	<b>9,305.72</b>
<b>VIII. Earnings per equity share: (face value of Re.1/- each)</b>			
(1) Basic		5.18	5.11
(2) Diluted		5.18	5.11
Accounting Policies & Notes on Accounts	1 & 2		

Notes referred to above form an integral part of the Statement of Profit & Loss  
In terms of our Report of even date attached herewith.

For **K. N. Gutgutia & Co.**

Chartered Accountants

Firm Registration No: 304153E

**P.K. Gutgutia**

Partner

Membership No. 6994

6C, Middleton Street,

Kolkata- 700 071.

Dated: 30th May, 2013

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A. C. Chakrabortti  
Sampath Dhasarathy  
D. H. Kela  
D. R. Kaarthikeyan  
Sunil Mitra

Directors

## Cash Flow Statement for the year ended 31st March, 2013

Particulars	2012-13 (Rs in Lakhs)	2011-12 (Rs in Lakhs)
<b>(A) CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Profit before Taxation & Exceptional Items	13,476.67	13,625.72
Adjustments for:		
Depreciation	939.18	917.80
Interest Paid	1,192.99	1,121.91
Provision for Doubtful debt	600.00	-
Bad Debt Written off	106.14	147.69
Employee Compensation Expenses under ESOP	-	(35.61)
Provision for Diminution in value of Investments	4.15	(0.90)
Interest Received	(327.81)	(319.35)
Income From Investments	(424.47)	(848.22)
Profit on Sale Of Investments-Current(Net)	(765.89)	(1,187.13)
Profit on Sale Of Fixed Assets(Net)	(15.63)	(56.28)
	1,308.66	(260.09)
<b>Operating Profit before Working Capital Changes &amp; Exceptional Items</b>	14,785.33	13,365.63
(Increase)/Decrease in Inventories	3,332.49	(6,423.33)
(Increase)/Decrease in Trade & Other Receivables	1,756.77	(3,745.16)
Increase/(Decrease) in Trade Payables	(10,474.73)	14,309.08
Cash Generated from Operations	9,399.86	17,506.22
Direct Taxes Paid	(3,709.53)	(4,692.60)
<b>Cash Flow before Exceptional Items</b>	5,690.33	12,813.62
Exceptional Items	-	-
<b>Net Cash from Operating Activities</b>	5,690.33	12,813.62
<b>(B) CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(3,788.91)	(4,359.94)
Sale of Fixed Assets	20.55	69.36
Purchase/Sale of Investments	152.99	(3,891.27)
Interest Received	327.81	270.61
Income From Investments	424.47	848.22
<b>Net Cash used in Investing Activities</b>	(2,863.09)	(7,063.02)
<b>(C) CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipt/(Payment) of Long Term Borrowings	(471.26)	1,655.20
Receipt/(Payment) of Short Term Borrowings	3,585.19	(4,297.82)
Proceeds from issue of ESOP	-	79.17
Dividend Paid	(2,109.71)	(2,107.12)
Interest Paid	(1,192.99)	(1,121.91)
<b>Net Cash used in Financing Activities</b>	(188.77)	(5,792.48)
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	2,638.47	(41.88)
Cash And Cash Equivalents at the beginning of the period	233.23	275.11
Cash and Cash Equivalents at the end of the period	2,871.70	233.23

Note: (1) The Above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard-3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.

(2) Previous year's figures are regrouped/rearranged wherever necessary.

Notes referred to above form an integral part of the Cash Flow Statement  
In terms of our Report of even date attached herewith.

For **K. N. Gutgutia & Co.**

Chartered Accountants

Firm Registration No: 304153E

**P.K.Gutgutia**

Partner

Membership No.6994

6C, Middleton Street,

Kolkata- 700 071.

Dated: 30th May, 2013

**A. K. Vijay**  
Secretary

**S. K. Poddar**  
**Ramesh Maheshwari**  
**A. C. Chakraborti**  
**Sampath Dhasarathy**  
**D. H. Kela**  
**D. R. Kaarthikeyan**  
**Sunil Mitra**

Directors



## Notes to Accounts

### 1. ACCOUNTING POLICIES

#### General

The Financial Statements of Texmaco Rail & Engineering Limited (TexRail or the Company) have been prepared and presented under the historical cost convention on the accrual basis except for certain Fixed Assets, which are revalued in accordance with Generally Accepted Accounting Principles (GAAP) in India. GAAP comprises Accounting Standards notified by the Central Government of India under section 211(3C) of the Companies Act, 1956, other pronouncements of Institute of Chartered Accountants of India, the provisions of Companies act, 1956 and guidelines issued by Securities and Exchange Board of India. The Financial Statements are rounded off to the nearest Rupees lakhs.

#### Fixed Assets

Fixed Assets are carried at the cost of acquisition or construction less accumulated depreciation except certain Revalued Assets which are stated on the basis of their revalued costs less accumulated depreciation. Intangible Assets are recorded at the consideration paid for acquisition less accumulated amortization. The cost of Fixed Assets includes non-refundable taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective Assets. Borrowing costs directly attributable to acquisition or construction of those fixed Assets which necessarily take a substantial period of time to get ready for their intended use are capitalized.

The Company assesses at each balance sheet date whether there is any indication that an Asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the Asset. If such recoverable amount of the Asset or the recoverable amount of the cash generating unit to which the Asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the Asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

#### Depreciation

Depreciation on revalued Assets is calculated on their respective revalued amounts and is computed on the basis of remaining useful life as estimated by the valuer on straight line method. On other Assets, depreciation has been provided on straight line method in accordance with the rates as given in schedule XIV of the Companies Act, 1956. The depreciation on amount added on revaluation is being set off by transfer from Revaluation Reserve.

#### Investments

Investments are either classified as current or non-current based on management's intention at the time of purchase. Current Investment are stated at lower of cost and fair value.

Non-current Investments are considered "at Cost" on individual investment basis, unless there is a decline other than temporary in value thereof, in which case adequate provision is made against such diminution in the value of investments. The reduction in the carrying amount is reversed when there is a rise in the value of the investment or if the reason for the reduction is no longer exist.

#### Recognition of Income and Expenditure

Sales revenue is recognized on transfer of the significant risks and rewards of ownership of the goods to the buyer and stated at net of Sales Tax, Service Tax, VAT, trade discounts, rebates but include excise duty. Income from services is recognized as the services are rendered based on agreement/arrangement with the concerned parties. Dividend income on investments is accounted for when the right to receive the payment is established. Interest income is recognized on time proportion basis. Export incentives, certain insurance, railway and other claims, where quantum of accruals cannot be ascertained with reasonable certainty, are



## Notes to Accounts

accounted on acceptance basis.

### Employee Benefits

(1) The company's contribution to provident fund, employees' state insurance scheme and super-annuation fund are charged on accrual basis to Statement of Profit & Loss

(2) **Leave :**

Leave liability is accounted for based on actuarial valuation at the end of year.

(3) **Gratuity:**

The Company has an approved Gratuity Fund for its Heavy Engineering Division and Steel Foundry Division which has taken a Group Gratuity Cash Accumulation Scheme Policy with Life Insurance Corporation of India (LIC) for future payment of gratuity to the employees. Year-end accrued liabilities on account of gratuity payable to employees are provided on the basis of actuarial valuation. The Company accounts for gratuity liability equivalent to the premium amount payable to LIC every year, which together with the annual contribution in subsequent years would be sufficient to cover the gratuity liability as and when it accrues for payment.

### Cenvat Duty, Custom Duty & Cenvat Credit

Cenvat Credit availed on Raw materials, Stores and Capital Goods are reduced from the cost of the Respective Goods. Cenvat Duty payable on finished goods lying in factory is provided for and included in Closing Stock of Inventory.

### Research and Development

Research and Development expenditures of revenue nature are charged to Profit & Loss Account, while capital expenditure is added to the cost of fixed assets in the year in which these are incurred.

### Valuation of Inventories

Inventories are valued at the lower of cost and net realizable value. In the case of manufactured goods, costs are calculated at direct material cost, conversion and other costs incurred to bring the goods to their respective present location and condition. For other inventory, cost is computed on weighted average basis.

### Foreign Currency Transactions

Foreign Currency transactions are recorded at the exchange rate prevailing on the date of transaction. Monetary Assets and Liabilities in foreign currency existing at balance sheet date translated at the exchange rate prevailing on that date. All exchange differences are recognized in Profit & Loss Account except in case of long term liabilities, where they relate to acquisition of Fixed Assets in which case they are adjusted to the carrying cost of such assets. Premium or discount on forward exchange contract is amortised as expense or income over the life of the contract.

### Contingent Liabilities

Liabilities which are material and whose future outcome cannot be ascertained with reasonable certainty are treated as contingent and disclosed by way of notes to the accounts.

### Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.

### Use of Estimates

The preparation of the Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of Assets and Liabilities and disclosure of contingent Liabilities on the date of the Financial Statements and reported amounts of revenues and expenses for the year. Actual results could differ from these estimates. Difference between the actual result and the estimates are recognized in the period in which the results are known/ materialized.

## Notes to Accounts

### Borrowing Cost

Interest on borrowings directly attributable to the acquisition, construction or production of qualifying assets is being capitalised till the date of commercial use of the qualifying assets. Other interests on borrowings are recognised as an expense in the period in which they are incurred.

### Segment Reporting

- a) Based on the organisational structures and its Financial Reporting System, the Company has classified its operation into two business segments namely Heavy Engineering Division and Steel Foundry Division
- b) Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue and expenses which are related to the enterprise as a whole and are not allocable to segments on a reasonable basis have been included under un-allocable expenses.
- c) Capital Employed to each segment is classified on the basis of allocable assets minus allocable liabilities identifiable to each segment on reasonable basis.

### Taxation

Current Income Tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred tax is calculated at current statutory Income Tax Rate and is recognised on timing differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets, subject to consideration of prudence, are recognised and carried forward only to the extent that there is reasonable certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.

### Employee Stock Option Scheme

In respect of Stock options granted pursuant to the Company's Employees Stock Option Schemes 2007, the intrinsic value of the options (excess of Market Price of the share over the exercise price of the option) is treated as discount and accounted as deferred employee's compensation cost over the vesting period.

### Government Grant

Grants from the government are recognized when there is a reasonable assurance that the grant will be received and all attaching conditions will be complied with. Revenue grants/subsidies are recognized in the Profit & Loss Account. Capital grants relating to specific fixed assets are reduced from the gross value of the respective fixed assets. Other Capital Grants are credited to Reserve & Surplus under the head Central/State Capital Subsidy of the Company.

# Notes to Accounts

## 2. NOTES ON ACCOUNTS

	2012-13 (Rs in Lakhs)	2011-12 (Rs in Lakhs)
<b>2.1 SHARE CAPITAL</b>		
<b>Authorised Capital</b>		
200000000 Equity shares at par value of Re. 1/- each	2,000.00	2,000.00
<b>Issued, Subscribed and Paid Up Capital</b>		
182026590 (182026590) Equity shares at par value of Re. 1/- each fully paid	1,820.27	1,820.27

### Notes:

- The Company has only one class of shares referred to as equity shares having a par value of Re.1/-.Each holder of equity shares is entitled to one vote per share.
- In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts.However, no such preferential amounts exist currently.The distribution will be in proportion to the number of equity shares held by the shareholders.
- Issued, Subscribed and Paid Up Capital includes 127183090 equity shares allotted on the basis of 1 equity shares in TexRail for Re. 1/- each credited as fully paid-up for every 1 equity shares held by each member of Texmaco Infrastructure & Holdings Limited (formerly Texmaco Limited) on record date without payment being received in cash.
- Reconciliation of number of Issued,Subscribed and Paid-up Capital**

Particulars	31.03.2013		31.03.2012	
	No. of Equity Share	Amount (Rs. in Lakhs)	No. of Equity Share	Amount (Rs. in Lakhs)
Number of Shares at the beginning of the year	182026590	1,820.27	181783090	1,817.83
Add: Allotment as per ESOP	-	-	243500	2.44
Number of Shares at the end of the year	182026590	1,820.27	182026590	1,820.27

- Issued,Subscribed and Paid-up Capital of the company is excluding 9960 No's (Previous Year 9960 No`s) of Equity Shares lying in abeyance -NSDL-Transit case.
- The dividend proposed by the Board of Directors is subject to the approval of shareholders in Annual General meeting. The Company has proposed to pay dividend amounting to Rs.2,129.62 lakhs (including corporate dividend tax of Rs 309.35 lakhs). The rate of proposed dividend is Re.1/- per equity shares. (Previous Year Rs 2,115.56 lakhs including Corporate dividend tax of Rs 295.29 lakhs.)
- The name of Shareholders holding more than 5% of Equity shares**

Name of Shareholders	% of holding	No. of Equity Shares held
Texmaco Infrastructure & Holdings Limited (formerly Texmaco Limited)	30.00	54600000
Zuari Investments Ltd	15.91	28963900



## Notes to Accounts

	2012-13 (Rs in Lakhs)	2011-12 (Rs in Lakhs)
<b>2.2 RESERVES AND SURPLUS</b>		
Security Premium Reserve		
Balance as per last Account	76.73	-
Add: On issue of ESOP	-	76.73
	76.73	76.73
Revaluation Reserve		
Balance as per last Account	1,204.52	1,242.01
Less: On Assets sold/discarded during the year	(14.36)	(3.22)
	1,190.16	1,238.79
Less: Transferred to Statement of Profit and Loss	(54.60)	(34.27)
	1,135.56	1,204.52
Share Options Outstanding Account		
Balance as per last Account	-	35.61
Less: Adjusted as per ESOP allotment	-	(35.61)
	-	-
State Capital Investment Subsidy		
Balance as per last Account	15.00	15.00
General Reserve		
Balance as per last Account	38,531.98	33,531.98
Add: Transferred from Statement of Profit and Loss	5,800.00	5,000.00
	44,331.98	38,531.98
Surplus		
Balance as per last Account	9,214.23	7,024.07
Add: Profit after Tax as per Statement of Profit and Loss	9,426.91	9,305.72
	18,641.14	16,329.79
Less: Appropriation		
Proposed Dividend		
On Equity Shares	1,820.27	1,820.27
Tax on Dividend	309.35	295.29
Transfer to General Reserve	5,800.00	5,000.00
	7,929.62	7,115.56
	10,711.52	9,214.23
<b>Total (2.2)</b>	<b>56,270.79</b>	<b>49,042.46</b>

## Notes to Accounts

	2012-13 (Rs in Lakhs)	2011-12 (Rs in Lakhs)
<b>2.3 LONG TERM BORROWINGS</b>		
<b>Secured</b>		
Foreign Currency Term Loan (FCTL)		
From Bank	918.96	1,521.02
<b>Unsecured</b>		
Deposits		
Fixed deposit from employees/ex-employees	9.75	2.10
<b>Total (2.3)</b>	<b>928.71</b>	<b>1,523.12</b>
<b>Note:</b> Term Loan from Bank is secured against the Fixed Assets created from such loan. The loan is payable in 10 half yearly instalments payable on June and December each year.		
<b>2.4 DEFERRED TAX LIABILITIES (NET)</b>		
<b>Deferred Tax Assets</b>		
Items u/s 43B and u/s 40(a)(i)(a) of I.T Act	(39.92)	(19.37)
<b>Deferred Tax Liabilities</b>		
Depreciation	286.29	227.98
<b>Net Deferred Tax (Liability)/ Assets Total (2.4)</b>	<b>246.37</b>	<b>208.61</b>
<b>Note:</b> Deferred Tax Assets/Liability is recognised as per AS 22 "Accounting for Taxes on Income" issued by the Companies (Accounting Standard) Rules, 2006. The Deferred Tax Assets & Liabilities comprises of Tax effect of above timing differences:		
<b>2.5 OTHER LONG TERM LIABILITIES</b>		
Security Deposits	574.54	633.65
<b>Total (2.5)</b>	<b>574.54</b>	<b>633.65</b>
<b>2.6 LONG TERM PROVISIONS</b>		
Provision for employee benefits		
For Leave	112.40	103.06
Others		
For Contingency	1.00	1.00
For Warranty and others	297.59	314.06
<b>Total (2.6)</b>	<b>410.99</b>	<b>418.12</b>
<b>2.7 SHORT TERM BORROWINGS</b>		
<b>Secured</b>		
Loans repayable on demand		
From banks		
Cash Credit	7,556.00	2,907.37
Export Packing Credit	1,419.70	2,483.14
<b>Total (2.7)</b>	<b>8,975.70</b>	<b>5,390.51</b>

### Notes:

- 1) Cash Credit facilities is secured by hypothecation of 1st charge on stocks, book debts and other current assets and 2nd charge on Fixed Assets.
- 2) Cash Credit facilities is also cover by the 1st charge on immovable properties at Delhi to the extent of Rs. 5000.00 Lakhs and also corporate guarantee of Texmaco Infrastructure & Holdings Limited (formerly Texmaco Limited) to the extent of value of immovable property at Delhi.

## Notes to Accounts

	2012-13 (Rs in Lakhs)	2011-12 (Rs in Lakhs)
<b>2.8 TRADE PAYABLES</b>		
MSME	67.66	107.71
Others	23,879.73	34,263.43
<b>Total (2.8)</b>	<b>23,947.39</b>	<b>34,371.14</b>

### Notes:

Information in terms of Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 is as follows:

Disclosure required under the Micro, Small and Medium Enterprises Development Act, 2006 (the Act) are given as follows:		
(a) Principal amount due	67.66	107.71
Interest due on the above.	-	-
(b) Interest paid during the period beyond the appointed day	-	-
(c) Amount of interest due and payable for the period of delay in making payment without adding the interest specified under the Act.	-	-
(d) Amount of interest accrued and remaining unpaid at the end of the period.	-	-
(e) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Act.	-	-
The above information regarding micro enterprise and small enterprises has been determined on the basis of information available with the Company. This has been relied upon by the auditors.	-	-

<b>2.9 OTHER CURRENT LIABILITIES</b>		
Current maturities of long-term debt		
Foreign Currency Term Loan (FCTL)	262.53	139.38
Fixed deposit from employees/ex-employees	10.47	24.37
Interest accrued but no due on borrowings	8.21	7.95
Unpaid dividends	11.46	5.61
<b>Other payable</b>		
TDS and other taxes payable	1,462.25	1,429.86
Liabilities for Expenses	1,622.62	1,104.80
Amount Due to Employee	347.65	321.64
PF, ESI amount payable	56.74	62.72
Others Misc. Payable	58.95	455.66
Misc. Security Deposit	577.54	402.71
Advance from Customer (Deposit against order)	6,951.65	7,282.56
<b>Total (2.9)</b>	<b>11,370.07</b>	<b>11,237.26</b>

**Note:** There is no amount due and outstanding to be credited to the Investor Education and Protection Fund against unpaid dividends as at 31.03.2013

<b>2.10 SHORT-TERM PROVISIONS</b>		
Provision for employee benefits		
For Leave	64.19	52.74
Others		
Proposed Dividend	1,820.27	1,820.27
Tax on Dividend	309.35	295.29
<b>Total (2.10)</b>	<b>2,193.81</b>	<b>2,168.30</b>

## Notes to Accounts

### 2.11 FIXED ASSETS

( Rs. in Lakhs )										
DESCRIPTION OF ASSETS		GROSS BLOCK			DEPRECIATION			NET BLOCK		
		As on 01-04-2012	Additions during the year	Sales/ Adjustments	As on 31-03-2013	As on 01-04-2012	During the year	Sales/ Adjustments	As on 31-03-2013	As on 31-03-2012
Tangible Assets										
Land	1,375.01	--		--	1,375.01	--	--	--	1,375.01	1,375.01
Buildings	5,271.32	709.11		--	5,980.43	2,656.27	104.16	--	2,760.43	2,615.05
Roads	114.10	22.18		--	136.28	42.85	1.41	--	44.26	71.25
Railway Sidings	283.40	12.28		--	295.68	147.32	9.88	--	157.20	136.08
Plant & Machinery	12,132.98	1,029.11	30.97		13,131.12	6,942.88	776.73	29.43	7,690.18	5,190.10
Electrical Machinery	844.66	87.73	0.36		932.03	414.33	30.20	0.34	444.19	430.33
Office Equipments	435.95	30.64	0.10		466.49	252.40	31.32	0.10	283.62	183.55
Furniture & Fittings	186.43	31.22	--		217.65	86.26	8.30	--	94.56	100.17
Vehicles	416.00	44.84	24.71		436.13	186.16	31.78	6.99	210.95	229.84
Total	21,059.85	1,967.11	56.14		22,970.82	10,728.47	993.78	36.86	11,685.39	10,331.38
Capital Work - in - Progress	3,718.68	2,888.51	1,066.71		5,540.48	--	--	--	5,540.48	3,718.68
Grand Total	24,778.53	4,855.62	1,122.85		28,511.30	10,728.47	993.78	36.86	11,685.39	14,050.06
Previous Year	20,581.58	4,359.94	162.99		24,778.53	9,923.07	952.07	146.67	10,728.47	14,050.06

( Rs. in Lakhs )



## Notes to Accounts

	2012-13 (Rs in Lakhs)	2011-12 (Rs in Lakhs)
<b>2.12 (a) NON-CURRENT INVSETMENTS (AT COST)</b>		
<b>OTHER THAN TRADE INVESTMENTS (Quoted)</b>		
Fully paid-up		
Investments in Equity Instruments		
Texmaco Infrastructure & Holdings Ltd.	732.63	732.63
23,49,809 (2012: 23,49,809) Units of Re 1 each		
Chambal Fertilisers & Chemicals Ltd.	532.39	-
10,00,000 (2012: Nil) Units of Rs 10 each		
Investments in Equity Instruments of Joint Ventures (Unquoted)		
Texmaco UGL Rail Pvt. Ltd.	4,101.25	3,601.10
1,17,25,000, (2012: 1,02,96,000) Units of Rs 10 each		
Touax Texmaco Railcar Leasing Pvt Limited	1,264.99	2.50
1,26,49,999 (2012: 25,000) Units of Rs 10 each		
<b>TOTAL NON CURRENT INVESTMENTS</b>	<b>6,631.26</b>	<b>4,336.23</b>
i) Aggregate amount of quoted investments	1,265.02	732.63
ii) Market Value of quoted investments	1,124.22	633.27
iii) Aggregate amount of unquoted investments	5,366.24	3,603.60
iv) Aggregate Provision for diminution in value of Investments	-	-

	2012-13 (Rs in Lakhs)	2011-12 (Rs in Lakhs)
<b>2.12 (b) CURRENT INVESTMENTS (At Lower of Cost and Fair Value)</b>		
Fully paid-up		
a) Investments in Equity Instruments (Quoted)		
Idea Cellular Limited	7.30	7.30
5,000 (2012: 5,000) Units of Rs 10 each		
Powergrid Corporation of India Limited	16.78	16.78
11,000 (2012: 11,000) Units of Rs 10 each		
Tata Teleservices (Maharashtra) Limited	9.79	9.79
20,000 (2012: 20,000) Units of Rs 10 each		
East India Hotels Limited	17.29	17.29
10,000 (2012: 10,000) Units of Rs 2 each		
SREI Infrastructure Finance Limited	2.17	2.17
1,800 (2012: 1,800) Units of Rs 10 each		
Century Textiles Limited	4.35	4.35
500 (2012: 500) Units of Rs 10 each		
NHPC Limited	36.53	36.53
1,01,471 (2012: 1,01,471) Units of Rs 10 each		
<b>Sub-total</b>	<b>94.21</b>	<b>94.21</b>
Less: Provision for Diminution	(47.73)	(43.58)
<b>Sub-total-(a)</b>	<b>46.48</b>	<b>50.63</b>

## Notes to Accounts

	2012-13 (Rs in Lakhs)	2011-12 (Rs in Lakhs)
<b>2.12 (b) CURRENT INVESTMENTS (At Lower of Cost and Fair Value)</b>		
<b>b) Investments in Bonds (Unquoted)</b>		
In NABARD	2,498.45	2,498.45
26,750 (2012: 26,750) Units of Rs 8500 each (FV Rs 20,000)		
In 6.70% IRFC Bond	540.00	540.00
540 (2012: 540) Units of Rs 1,00,000 each		
In 6.85% IIFCL	1,005.50	1,005.50
1,000 (2012: 1,000) Units of Rs 1,00,000 each		
In 8.10% IRFC	217.51	217.51
21,751 (2012: 21,751) Units of Rs 1,000 each		
In 8.30% GOI Bond	462.50	462.50
5,00,000 (2012: 5,00,000) Units of Rs 100 each		
In 8.30% NHAI	494.48	494.48
49,448 (2012: 49,448) Units of Rs 1,000 each		
In 8.20% HUDCO	500.00	500.00
50,000 (2012: 50,000) Units of Rs 1,000 each		
<b>Sub-total-(b)</b>	<b>5,718.44</b>	<b>5,718.44</b>
<b>c) Investments in Mutual Funds (Unquoted)</b>		
Axis Treasury Advantage Fund - Weekly Dividend	-	537.38
Nil (2012: 53,711) Units of Rs 1000 each		
Axis Treasury Advantage Fund Direct Plan Growth	574.81	-
44,165 (2012: Nil) Units of Rs 1000 each		
Baroda Pioneer Treasury Advantage Fund Daily Dividend	-	551.52
Nil (2012: 55,102) Units of Rs 1,000 each		
Baroda Pioneer FMP Series B PLAN B (378 Days) Growth Plan	590.21	-
59,02,134 (2012: Nil) Units of Rs 10 each		
Birla Sun Life Dynamic Bond fund -Retail -Growth -Regular Plan	1,216.67	-
61,32,581 (2012: Nil) Units of Rs 10 each		
Birla Sun Life Income Plus Growth Regular Plan	1,116.88	-
21,15,639 (2012: Nil) Units of Rs 10 each		
Birla Sun Short Term Fund -Growth Direct Plan	1,075.51	-
24,80,968 (2012: Nil) Units of Rs 10 each		
Birla Sun Life Fixed Term Plan Series E Growth	-	1,015.50
Nil (2012: 1,01,55,004) Units of Rs 10 each		
BSL Fixed Term Plan Series EW Growth 1 year	-	971.90
Nil (2012: 97,19,023) Units of Rs 10 each		
BSL Fixed Term Plan Series	-	1,101.71
Nil (2012: 1,10,17,100) Units of Rs 10 each		
DSP Black Rock FMP Series 38 12.5M Growth	500.38	500.38
50,03,849 (2012: 50,03,849) Units of Rs 10 each		
HDFC Income Fund - Growth	575.97	-
21,98,991 (2012: Nil) Units of Rs 10 each		
HDFC FMP 92D Feb 2012(2) Div. Series XIX	-	561.54
Nil (2012: 56,15,436) Units of Rs 10 each		

## Notes to Accounts

	2012-13 (Rs in Lakhs)	2011-12 (Rs in Lakhs)
<b>2.12 (b) CURRENT INVESTMENTS (At Lower of Cost and Fair Value)</b>		
HDFC FMP 392D March 2012(2) Growth	1,680.00	1,680.00
1,68,00,000 (2012: 1,68,00,000) Units of Rs 10 each		
ICICI Prudential FMP Series 63 -1 year Plan B Com	-	1,678.81
Nil (2012: 1,67,88,072) Units of Rs 10 each		
IDFC Cash Fund - Super Institutional	-	552.83
Nil (2012: 55,270) Units of Rs 1,000 each		
IDFC Super Saver Income Fund - Investment Growth Option	506.60	-
18,60,171 (2012: Nil) Units of Rs 10 each		
JM Floater Short Term Fund -Direct - Growth Option	500.00	-
27,27,739 (2012: Nil) Units of Rs 10 each		
Kotak Bond Scheme Plan A - Growth	551.97	-
16,81,145 (2012: Nil) Units of Rs 10 each		
Kotak FMP Series 66 -370 days	-	500.00
Nil (2012: 50,00,000) Units of Rs 10 each		
Kotak FMP Series 83 Growth	-	500.61
Nil (2012: 50,06,147) Units of Rs 10 each		
Kotak Floater Short Term Fund Daily Dividend	552.83	-
54,660 (2012: Nil) Units of Rs 1,000 each		
L& T FMP -VII (March-367 days B) Growth	500.00	-
50,00,000 (2012: Nil) Units of Rs 10 each		
Reliance Income Fund- Growth Plan - Bonus Option	2,030.11	-
1,82,76,119 (2012: Nil) Units of Rs 10 each		
Reliance Fixed Horizon Fund- Series 3	-	1,092.30
Nil (2012: 1,09,23,004) Units of Rs 10 each		
Reliance Fixed Horizon Fund-21 Series 18 Growth Plan	1,758.52	-
1,75,85,195 (2012: Nil) Units of Rs 10 each		
Reliance Fixed Horizon Fund-19 Series II	-	1,758.52
Nil (2012: 1,75,85,195) Units of Rs 10 each		
Reliance Dynamic Bond Fund Growth Plan	-	500.00
Nil (2012: 37,54,458) Units of Rs 10 each		
Reliance Dynamic Bond Fund Direct Growth Plan	588.65	-
37,49,367 (2012: Nil) Units of Rs 10 each		
Religare Liquid Fund Direct Growth Plan	127.50	-
7,927 (2012: Nil) Units of Rs 1000 each		
SBI SDFS - 370 -12 Growth	-	500.11
Nil (2012: 50,01,051) Units of Rs 10 each		
SBI Magnum Income Fund Regular Plan - Growth	1,079.01	-
38,52,150 (2012: Nil) Units of Rs 10 each		
SBI SHF Ultrashort Term Fund	-	98.91
Nil (2012: 9,885) Units of Rs 10 each		
SBI SDFS - 90 days -57 Dividend Payout	-	785.00
Nil (2012: 7,85,000) Units of Rs 10 each		
SBI Debt Fund Series - 180 days 22 Div	-	1,000.00
Nil (2012: 1,00,00,000) Units of Rs 10 each		

## Notes to Accounts

	2012-13 (Rs in Lakhs)	2011-12 (Rs in Lakhs)
<b>2.12 (b) CURRENT INVESTMENTS (At Lower of Cost and Fair Value)</b>		
SBI Ultra Short Term Debt Fund Direct Plan Growth 33,550 (2012: Nil) Units of Rs 1,000 each	503.98	-
TATA FMP Series Nil (2012: 2,20,24,600) Units of Rs 10 each	-	2,202.46
TATA FMP Series 39 Scheme Growth 2,20,24,600 (2012: Nil) Units of Rs 10 each	2,202.46	-
Templeton India Ultra Short Bond Fund -Growth 34,06,418 (2012: Nil) Units of Rs 10 each	520.00	-
UTI Fixed Term Income Fund Series -XIV -VI - Direct Growth Plan 72,51,855 (2012: Nil) Units of Rs 10 each	725.19	-
UTI Money Market Fund Institutional Daily Div. Reinv. Nil (2012: 1,91,146) Units of Rs 1,000 each	-	1,917.92
UTI Fixed Maturity Plan Quarterly Series QF MP 2/12 Nil (2012: 52,03,349) Units of Rs 10 each	-	520.33
UTI Liquid Cash Plan Daily Div OP.Reinv Nil (2012: 61,960) Units of Rs 1,000 each	-	631.65
<b>Sub-total-(c)</b>	<b>19,477.25</b>	<b>21,159.38</b>
<b>TOTAL CURRENT INVESTMENTS (a+b+c)</b>	<b>25,242.17</b>	<b>26,928.45</b>
Aggregate amount of Quoted Current Investments	94.21	94.21
Market Value of Quoted Investments	46.48	50.63
Aggregate amount of Unquoted Investments	25,195.69	26,877.82
Aggregate amount of written down on Current investments	47.73	43.58
Aggregate NAV value of unquoted Mutual Funds	20,308.02	21,408.51

## 2.13 LONG TERM LOANS AND ADVANCES

<b>Unsecured Considered Good</b>		
Capital Advances	1,218.58	1,970.24
Security Deposits	63.30	69.36
<b>Other loans and advances</b>		
Prepaid Expenses	13.21	32.47
<b>Total (2.13)</b>	<b>1,295.09</b>	<b>2,072.07</b>



## Notes to Accounts

	2012-13 (Rs in Lakhs)	2011-12 (Rs in Lakhs)
<b>2.14 INVENTORIES</b>		
Raw materials & Components	12,888.09	18,259.54
Work-in-progress	8,075.75	6,151.23
Finished Goods	205.32	119.35
Stores and spares	1,029.99	702.49
Goods in Transit-Components	2,465.92	2,764.95
<b>Total (2.14)</b>	<b>24,665.07</b>	<b>27,997.56</b>

### Notes:

- 1 Stock as per inventories taken, valued and certified by the management.
- 2 Raw materials includes stock at site Rs. Nil (Previous Year Rs 78.22 lakhs)
- 3 **Mode of valuation**  
Inventories are valued at the lower of cost or net realisable value. In the case of manufactured goods, costs are calculated at direct material cost, conversion and other costs incurred to bring the goods to their respective present location and condition. For other inventory, cost is computed on weighted average basis.

<b>2.15 TRADE RECEIVABLES</b>		
More than six months from the due date		
Unsecured, considered good	8,063.36	5,915.72
Considered Doubtful	600.00	-
	8,663.36	5,915.72
Others-Unsecured, considered good	14,367.80	15,823.92
Less: Provision for doubtful debt	600.00	-
<b>Total (2.15)</b>	<b>22,431.16</b>	<b>21,739.64</b>

### Notes:

- 1 In the opinion of the management trade receivables have a value on realisation in the ordinary course of business unless otherwise stated, at least to the amount at which they are stated.
- 2 Trade Receivables includes amount due from Texmaco UGL Rail Private Limited, a Joint Venture amounting to Rs 2,153.94 lakhs (Previous Year Rs Nil lakhs).
- 3 Trade Receivables includes Retention Money Rs. 4,044.58 lakhs (Previous Year Rs 3,636.52 lakhs)

<b>2.16 CASH AND BANK BALANCES</b>		
<b>Cash and cash equivalents</b>		
Balances with banks		
Current Accounts	2,844.26	160.91
Cash on hand	9.11	60.04
	2,853.37	220.95
<b>Other bank balances</b>		
Term Deposit of upto twelve months maturity	5.20	5.00
Term Deposit of more than twelve months maturity (earmarked)	1.67	1.67
Unpaid Dividend Account	11.46	5.61
	18.33	12.28
<b>Total (2.16)</b>	<b>2,871.70</b>	<b>233.23</b>

## Notes to Accounts

	2012-13 (Rs in Lakhs)	2011-12 (Rs in Lakhs)
<b>2.17 SHORT TERM LOANS AND ADVANCES</b>		
<b>Unsecured Considered Good</b>		
Other loans and advances-		
Loan to Body Corporates	275.00	300.00
Advance to Parties	1,686.29	3,150.68
Advance to Employee	53.51	73.09
Other Advances	805.84	1,708.18
Prepaid Expenses	47.31	0.24
Balances with Government Deptt	3,437.54	3,492.86
Advance Payment of FBT(Net of Provision)	-	0.66
Income Tax(Net of Advance Tax)	336.74	638.55
<b>Total (2.17)</b>	<b>6,642.23</b>	<b>9,364.26</b>
<b>2.18 OTHER CURRENT ASSETS</b>		
Interest accrued on Loans	134.05	91.94
<b>Total (2.18)</b>	<b>134.05</b>	<b>91.94</b>
<b>2.19 REVENUE FROM OPERATIONS</b>		
Sale of products	1,03,596.50	93,796.84
Less: Inter Segment Revenue	(15,857.58)	(13,592.62)
Less: Excise Duty	(5,261.44)	(4,178.56)
	<b>82,477.48</b>	<b>76,025.66</b>
Other operating revenues	463.75	717.70
<b>Total (2.19)</b>	<b>82,941.23</b>	<b>76,743.36</b>
<b>2.20 OTHER INCOME</b>		
Interest Income		
From Bank	2.34	3.05
From Others	325.47	316.30
Dividend - Income from Current Investments	420.95	848.02
Dividend - Income from Non-Current Investments	3.52	0.20
Net gain on Sale of Current Investments	765.89	1,187.13
Miscellaneous Receipts and Income	280.66	11.84
Export Incentive	250.36	67.35
Sundry Credit Balance Adjusted	0.05	0.79
Profit on sale of Fixed Assets (Net)	15.63	56.28
Rent Received	1,014.50	68.78
Provision & Excess Liabilities Written Back	15.82	0.10
Provision for Diminution of Current Investment Written Back	-	0.90
Income related to previous year	1.50	-
<b>Total (2.20)</b>	<b>3,096.69</b>	<b>2,560.74</b>

## Notes to Accounts

	2012-13 (Rs in Lakhs)	2011-12 (Rs in Lakhs)
<b>2.21 COST OF MATERIAL CONSUMED</b>		
Opening Stock of Raw Materials	4,692.91	2,577.58
Add: Raw materials Purchased and Departmental Transfers etc.	14,997.37	11,503.28
	19,690.28	14,080.86
Less: Returns, Sales and Departmental issues used in Works and In Block	2,815.15	966.22
Less: Closing Stock of Raw Materials	3,400.57	4,692.91
	6,215.72	5,659.13
	13,474.56	8,421.73
Consumption of Components (Incl job processing and contract labour charges Rs. 4314.91 lakhs, previous year Rs. 3681.12 lakhs)	55,458.83	53,492.45
Less Inter Segment Sale	(15,857.58)	(13,592.62)
<b>Total (2.21)</b>	<b>53,075.81</b>	<b>48,321.56</b>
<b>2.22 CHANGES IN INVENTORIES</b>		
Opening Stock		
1) Finished Goods	119.35	160.86
2) Work-in-progress	6,151.23	4,591.72
	6,270.58	4,752.58
Less: Closing Stock		
1) Finished Goods	205.32	119.35
2) Work-in-progress	8,075.75	6,151.23
	8,281.07	6,270.58
<b>Total (2.22)</b>	<b>(2,010.49)</b>	<b>(1,518.00)</b>
<b>2.23 EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, Wages and Bonus	3,751.24	3,552.37
Contribution to provident and other funds		
Provident Fund and Pension Fund	360.87	359.37
Superannuation Fund	12.27	31.18
Gratuity	11.50	328.60
Provision for Leave Encashment	28.76	-
Expenses on ESOP	-	(35.61)
Staff Welfare Expenses	240.30	230.47
<b>Total (2.23)</b>	<b>4,404.94</b>	<b>4,466.38</b>
<b>2.24 FINANCE COSTS</b>		
<b>Interest Expenses</b>		
Banks	680.14	773.24
Fixed Deposit	3.19	3.58
Others	42.62	49.51
	725.95	826.33
<b>Other Borrowing Costs</b>	467.04	295.58
<b>Total (2.24)</b>	<b>1,192.99</b>	<b>1,121.91</b>

## Notes to Accounts

	2012-13 (Rs in Lakhs)	2011-12 (Rs in Lakhs)
<b>2.11 DEPRECIATION AND AMORTIZATION EXPENSES</b>		
For the Year	993.78	952.07
Less: Recouped from the revaluation reserve	54.60	34.27
<b>Total (2.11)</b>	<b>939.18</b>	<b>917.80</b>

<b>2.25 OTHER EXPENSES</b>		
Consumption of stores and spares part	5,730.44	4,928.43
Power and Fuel	4,791.94	3,458.70
Rent	31.00	31.46
Repairs to buildings	497.38	475.39
Repairs to machinery	239.78	489.32
Repairs to others	227.89	216.46
Insurance	20.73	44.98
Rates and Taxes excluding taxes on Income	61.56	52.25
Freight,Packing and Transport(Net)	216.86	(180.30)
Erection Expenses	265.50	438.48
Jigs & Fixtures,Drawings and Designs	0.99	112.17
Royalty & Knowhow	13.42	12.22
Research & Development	180.39	270.07
Excise Duty Provided on Stock	0.64	2.19
Selling Agents Commission	180.69	49.00
Selling Expenses	285.73	190.08
Director's Sitting Fees	5.30	3.70
Director's Commission	10.81	9.27
Payments to the Auditor		
As Auditor	7.30	6.18
For Tax Audit	2.92	2.43
For Quarterly Review	2.74	2.27
For Fees for Other Services (incl for issuing various certificates)	4.42	1.15
For Reimbursement of out of poket expenses	0.73	0.33
Donation	2.79	8.43
Miscellaneous Expenses	1,051.36	1,191.12
Sundry Debit Balance Adjusted	9.18	0.46
Provision for doubtful debt	600.00	-
Bad Debt written off	106.14	147.69
Provision for Dimiunition of Current Investment	4.15	-
Expenses related to previous year	0.13	0.54
Net gain or loss on foreign currency transaction	405.91	404.26
<b>Total (2.25)</b>	<b>14,958.82</b>	<b>12,368.73</b>



## Notes to Accounts

	2012-13 (Rs in Lakhs)	2011-12 (Rs in Lakhs)
--	--------------------------	--------------------------

### 2.26 COMMITMENTS AND CONTINGENT LIABILITIES

#### (a) Commitments

Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of advance)	3,672.44	801.34
---	----------	--------

	2012-13 (Rs in Lakhs)	2011-12 (Rs in Lakhs)
--	--------------------------	--------------------------

#### (b) Contingent Liabilities (not provided for) in respect of :

(a) Guarantees given by Banks in the normal course of Business.	33,127.06	33,854.27
(b) Letters of Credit opened by Banks in the normal course of Business.	5,808.28	9,962.66
(c) Bonds issued to Custom Department	92.20	92.20
(d) Claims under dispute (Excise Duty, Service Tax & others)	2,199.50	2,199.50
(e) Claims not acknowledged as debts (Amount unascertainable)	-	-
(f) Income Tax assessment re-opened (Amount unascertainable)	-	-

### 2.27

Movement of Provisions during the year as required under AS 29 prescribed by the Companies (Accounting Standard) Rules 2006.

	(Rs in Lakhs)				
Particulars	Opening Provision as on 1.4.2012	Utilized during the year	Reversed during the year	Provision during the year	Closing provision as on 31.03.2013
(a) Site warranty period maintenance	183.99	----	----	----	183.99
(b) Others	130.07	34.04	----	17.57	113.60
<b>Total</b>	<b>314.06</b>	<b>34.04</b>	<b>----</b>	<b>17.57</b>	<b>297.59</b>
Previous Year	367.40	53.34	----	----	314.06

In accordance with the requirement of AS 29 "Provisions, Contingent Liabilities and Contingent Assets" issued by the Companies (Accounting Standard) Rules 2006, the company has provided liability for other expenses amounting to Rs. 17.57 lakhs (Previous Year Nil).

Site warranty period maintenance: - The Company gives warranties and maintenance on certain products and services, undertaking to repair, replace and maintain the items for satisfactory working during the warranty period. Provision as at 31.03.2013 represents the amount of the expected cost of meeting such obligations of rectification/ replacement/ maintenance. The timing of the outflow is expected to be within a period of two years.

Provision for others: - It represents liabilities related to various site expenses including contractor service charges for sites, administrative charges etc, likely to materialise in the next financial year.

## Notes to Accounts

### 2.28

In the opinion of the management, current assets, loans and advances have a value on realisation in the ordinary course of business unless otherwise stated, at least to the amount at which they are stated and the provisions for all known and determined liabilities is adequately provided.

### 2.29

Balance of debtors and loans and advances are subject to confirmation from respective parties.

### 2.30 RELATED PARTY DISCLOSURE

#### (a) Name of the related parties and relationship as per Accounting Standard 18

	Relationship	Parties where control Exist 2012-13	Parties where control Exist 2011-12
A.	Key Management Personnel	Shri S. K. Poddar	Shri S. K. Poddar
		Executive Chairman	Executive Chairman
		Shri Ramesh Maheshwari	Shri Ramesh Maheshwari
		Executive Vice Chairman	Executive Vice Chairman
		Shri D. H. Kela	Shri D. H. Kela
		Whole Time Director, President & CEO	Whole Time Director, President & CEO
B.	Associate Company	Texmaco Infrastructure & Holdings Limited	Texmaco Infrastructure & Holdings Limited
C.	Joint Venture	Texmaco UGL Rail Pvt. Limited	Texmaco UGL Rail Pvt. Limited
		Touax Texmaco Railcar Leasing Pvt. Ltd.	Touax Texmaco Railcar Leasing Pvt. Ltd.
D.	Group Company where transaction exists.	Zuari Investments Ltd	Zuari Investments Ltd
		Duke Commerce Ltd.	Duke Commerce Ltd.
		Adventz Securities Enterprises Ltd.	Adventz Securities Enterprises Ltd.
		Zuari Global Ltd.	Zuari Global Ltd.
		Adventz Investments and Holdings Ltd	Adventz Investments and Holdings Ltd
		New Eros Tradecom Ltd.	New Eros Tradecom Ltd.
		Master Exchange & Finance Ltd.	Master Exchange & Finance Ltd.
		Adventz Investments Co. Pvt. Ltd.	Adventz Investments Co. Pvt. Ltd.
		Adventz Securities Trading Pvt. Ltd.	Adventz Securities Trading Pvt. Ltd.
		Adventz Finance Pvt. Ltd..	Adventz Finance Pvt. Ltd.
		Eureka Traders Pvt. Ltd.	Eureka Traders Pvt. Ltd.
		Abhishek Holdings Pvt. Ltd.	Abhishek Holdings Pvt. Ltd.
		Greenland Trading Pvt. Ltd.	Greenland Trading Pvt. Ltd.
		Indrakshi Trading Company Pvt. Ltd.	Indrakshi Trading Company Pvt. Ltd.
		Zuari Management Services Ltd.	Zuari Management Services Ltd
		High Quality Steels Ltd.	High Quality Steels Ltd.
		Lionel India Limited	Lionel India Limited
		Macfarlane & Co. Limited	Macfarlane & Co. Limited

## Notes to Accounts

### 2.30 RELATED PARTY DISCLOSURE (Contd...)

#### (b) Related Party Transactions

(Rs in Lakhs)				
Transactions	Other Related Party	Joint venture	Key Management Personnel	Grand Total
<b>Remuneration Paid</b>				
- Shri S. K. Poddar	--	--	369.82	369.82
	(--)	(--)	(303.56)	(303.56)
- Shri Ramesh Maheshwari	--	--	122.55	122.55
	(--)	(--)	(111.90)	(111.90)
- Shri D. H. Kela	--	--	71.33	71.33
	(--)	(--)	(58.91)	(58.91)
<b>Investment</b>				
- Texmaco UGL Rail Pvt. Limited	--	500.15	--	500.15
	(--)	(3,600.10)	(--)	(3,600.10)
- Touax Texmaco Railcar Leasing Pvt. Limited	--	1,262.49	--	1,262.49
	(--)	(2.50)	(--)	(2.50)
- Texmaco Infrastructure & Holdings Limited	--	--	--	--
	(732.63)	(--)	(--)	(732.63)
<b>Dividend Paid</b>				
- Abhishek Holdings Pvt. Ltd.	--	--	--	--
	(--)	(--)	(--)	(--)
- Adventz Securities Enterprises Ltd.	38.09	--	--	38.09
	(38.09)	(--)	(--)	(38.09)
- Adventz Investments and Holdings Ltd	79.48	--	--	79.48
	(79.48)	(--)	(--)	(79.48)
- Adventz Investments Co. Pvt. Ltd.	30.35	--	--	30.35
	(30.35)	(--)	(--)	(30.35)
- Adventz Securities Trading Pvt. Ltd.	4.28	--	--	4.28
	(4.28)	(--)	(--)	(4.28)
- Adventz Finance Pvt. Ltd.	--	--	--	--
	(--)	(--)	(--)	(--)
- Duke Commerce Ltd.	75.14	--	--	75.14
	(75.14)	(--)	(--)	(75.14)
- Eureka Traders Pvt. Ltd.	--	--	--	--
	(--)	(--)	(--)	(--)
- Greenland Trading Pvt. Ltd.	0.35	--	--	0.35
	(0.35)	(--)	(--)	(0.35)
- Master Exchange & Finance Ltd.	0.16	--	--	0.16
	(0.16)	(--)	(--)	(0.16)
- New Eros Tradecom Ltd.	7.38	--	--	7.38
	(7.38)	(--)	(--)	(7.38)
- Indrakshi Trading Company Pvt. Ltd.	0.30	--	--	0.30
	(0.30)	(--)	(--)	(0.30)
- Texmaco Infrastructure & Holdings Limited	546.00	--	--	546.00
	(546.00)	(--)	(--)	(546.00)

## Notes to Accounts

### 2.30 RELATED PARTY DISCLOSURE (Contd...)

#### (b) Related Party Transactions (Contd...)

(Rs in Lakhs)				
Transactions	Other Related Party	Joint venture	Key Management Personnel	Grand Total
- Zuari Investments Ltd.	289.63	--	--	289.63
	(289.63)	(--)	(--)	(289.63)
- Zuari Global Ltd.	40.35	--	--	40.35
	(40.35)	(--)	(--)	(40.35)
- Shri S. K. Poddar	--	--	23.97	23.97
	(--)	(--)	(23.97)	(23.97)
- Shri Ramesh Maheshwari	--	--	0.60	0.60
	(--)	(--)	(--)	(--)
- Shri D. H. Kela	--	--	0.30	0.30
	(--)	(--)	(--)	(--)
<b>Dividend Received</b>				
- Texmaco Infrastructure & Holdings Limited	3.53	--	--	3.53
	(0.20)	(--)	(--)	(0.20)
<b>Others</b>				
- Adventz Investments & Holdings Ltd. (Rent Paid)	15.76	--	--	15.76
	(15.87)	(--)	(--)	(15.87)
- High Quality Steels Ltd. (Services Received)	524.83	--	--	524.83
	(387.74)	(--)	(--)	(387.74)
- Lionel India Limited (Services Received)	101.38	--	--	101.38
	(89.49)	(--)	(--)	(89.49)
- Texmaco UGL Rail Pvt. Limited (Services Provided)	--	2,153.94	--	2,153.94
	(--)	(--)	(--)	(--)
- Zuari Investments Ltd. (Depository Services)	1.04	--	--	1.04
	(1.03)	(--)	(--)	(1.03)
- Zuari Management Services Ltd. (Guest Welfare)	0.05	--	--	0.05
	(--)	(--)	(--)	(--)
- Macfarlane & Co. Limited	--	--	--	--
	(--)	(--)	(--)	(--)

## Notes to Accounts

### 2.31 EMPLOYEE BENEFITS OBLIGATION

The Company accounts for Gratuity & Leave Liability at actuarial valuation at the end of the year i.e. 31st March. Accordingly these Liabilities have been computed by the actuary as at 31st March, 2013.

#### Employee Benefits

Defined benefits Plans – As per Actuarial valuation as on March 31, 2013

Transactions	(Rs in Lakhs)			
	Funded Gratuity 2012-13	Funded Gratuity 2011-12	Unfunded Leave 2012-13	Unfunded Leave 2011-12
<b>(I) Change of Benefit Organisation</b>				
Liability at the beginning of the year	1,734.42	1,751.61	155.80	153.72
Interest cost	138.75	148.88	12.46	2.93
Current Service Cost	98.82	89.99	3.90	13.07
Past Service Cost (Non Vested Funds)	----	----	----	----
Past Service Cost (Vested Funds)	----	----	----	----
Benefits Paid	(177.30)	(180.52)	(7.96)	(9.06)
Actuarial (Gain)/Loss on obligation	96.87	(75.54)	12.39	(4.86)
Curtailments and Settlements	----	----	----	----
Plan Amendment	----	----	----	----
Liability at the end of the year	1,891.56	1,734.42	176.59	155.80
<b>(II) Fair Value of Plan Assets</b>				
Fair value of Plan Assets at the beginning of the year	2,065.01	1,803.48	----	----
Expected Return on Plan Assets	185.85	153.30	----	----
Contributions	15.97	276.72	7.96	9.06
Benefit Paid	(177.30)	(180.52)	(7.96)	(9.06)
Actuarial Gain/(Loss) on Plan Assets	(21.13)	12.03	----	----
Fair Value of Plan Assets at the end of the year	2,068.40	2,065.01	----	----
Total Actuarial (Gain)/Loss to be Recognised	118.00	(87.57)	----	----
<b>(III) Actual Return on Plan Assets</b>				
Expected Return on Plan Assets	185.85	153.30	----	----
Actuarial Gain/(Loss) on Plan Assets	21.13	12.03	----	----
Actual Return on Plan Assets	164.72	165.33	----	----
<b>(IV) Amount Recognised in the balance sheet</b>				
Liability at the end of the year	1,891.56	1,734.42	176.59	155.80
Fair Value of Plan Assets at the end of the year	2,068.40	2,065.01	----	----
Difference	(176.84)	(330.59)	176.59	155.80
Unrecognised Past Service Cost	----	----	----	----
Amount Recognised in the Balance Sheet	(176.84)	(330.59)	176.59	155.80



## Notes to Accounts

### 2.31 EMPLOYEE BENEFITS OBLIGATION (CONTD...)

Transactions	(Rs in Lakhs)			
	Funded Gratuity 2012-13	Funded Gratuity 2011-12	Unfunded Leave 2012-13	Unfunded Leave 2011-12
<b>(V) Expenses Recognised in the Income Statement</b>				
Current Service Cost	98.82	89.99	3.91	2.93
Interest Cost	138.75	148.88	12.46	13.07
Expected Return on Plan Assets	(185.85)	(153.30)	----	----
Net Actuarial (Gain)/Loss to be Recognised	118.00	(87.57)	12.39	(4.86)
Past Service Cost/(Non Vested Benefit) Recognised	----	----	----	----
Past Service Cost/(Vested Benefit) Recognised	----	----	----	----
Effect of Curtailment or settlement	----	----	----	----
Curtailments and Settlements	----	----	----	----
Expenses Recognized in the Profit and Loss Account	169.73	(2.00)	28.76	11.14
<b>(VI) Balance Sheet Reconciliation</b>				
Opening Net Liability	(330.59)	(51.87)	155.79	153.72
Expense as above	169.72	(2.00)	28.75	11.14
Employers Contribution	(15.97)	(276.72)	----	----
Effect of Curtailment or settlement	----	----	----	----
Benefits paid	----	----	(7.96)	(9.06)
Amount Recognised in the Balance Sheet	(176.84)	(330.59)	176.59	155.80
<b>(VII) Actuarial Assumption</b>				
Discount Rate Current	8.50%	8.25%	8.50%	8.25%
Rate of Return on Plan Assets	9.00%	8.50%	----	----
Salary Escalation Current	5.00%	5.00%	5.00%	5.00%

### 2.32 EARNING PER SHARE – THE NUMERATOR AND DENOMINATOR USED TO CALCULATE BASIC/ DILUTED EARNING PER SHARE

		2012-13	2011-12
Net Profit for the period from ordinary activities attributable to equity shareholders (Excluding Preference Share Dividend) – used as numerator.	Rs in Lakhs	9,426.91	9,305.72
Weighted average number of Equity share outstanding used as denominator for Basic earning per share.	Number	182026590	182026590
(A) Basic Earning per share ( face value of Re 1/- each)	Rs.	5.18	5.11
(B) Diluted Earning per share ( face value of Re 1/- each)	Rs.	5.18	5.11

## Notes to Accounts

### 2.33 INTEREST IN JOINT VENTURE (JV)

Particulars of the Company's interest in Jointly Controlled Entity is as below:

	Percentage of ownership	Country of Incorporation
Texmaco UGL Rail Pvt. Limited	50%	India
Touax Texmaco Railcar Leasing Pvt. Ltd	50%*	India

\* Number of shares held by Texmaco Rail & Engineering Limited in Touax Texmaco Railcar Leasing Pvt. Ltd is 12649999 equity shares, whereas number of equity shares held by Touax Rail Limited is 12650001.

The company's share in assets, liabilities, income and expense in the above jointly controlled entities as at and for the year ended March 31, 2013 is as follows:

Name of Joint Venture	(Rs in Lakhs)				
	Company's share in				
	Assets	Liabilities	Income	Expenses	Profit/ (Loss) after Tax
Texmaco UGL Rail Pvt. Limited	6,628.78	2,681.91	41.64	139.3	(97.66)
(Un-audited)	(1,581.94)	(460.51)	(6.75)	(8.54)	(3.45)
Touax Texmaco Railcar Leasing Pvt. Ltd	1,303.98	3.09	45.70	9.81	35.89
(Un-audited)	(---)	(---)	(---)	(---)	(---)

Note: Figures in bracket is for previous year

### 2.34

Sales include inter departmental transfers Rs.15,857.58 lakhs. (Previous Year Rs 13,592.62 lakhs)

### 2.35

Escalation, insurance claims and other claims have been accounted for on accrual basis based on latest data available with the Company and where the realization of the amount is reasonably certain.

### 2.36 AMOUNT REMITTED DURING THE YEAR ON ACCOUNT OF DIVIDEND (AS CERTIFIED BY THE MANAGEMENT)

	2012-13	2011-12
Number of Non-resident Shareholders	17	17
Number of Equity Shares held	14840	14840
Dividend remitted (Rs. in Lakhs)	0.15	0.15
Year of Dividend paid	2011-12	2010-11

## Notes to Accounts

### 2.37 VALUE OF RAW MATERIALS AND STORES CONSUMED (INCLUDING COMPONENTS AND SPARE PARTS) SERVICES ETC

	2012-13		2011-12	
	(Rs. in Lakhs)	%	(Rs. in Lakhs)	%
Imported	8,878.24	11.90	9,715.72	14.53
Indigenous	65,785.59	88.10	57,126.89	85.47
<b>Total (2.37)</b>	<b>74,663.83</b>	<b>100.00</b>	<b>66,842.61</b>	<b>100.00</b>

### 2.38 VALUE OF IMPORTS ON C.I.F. BASIS

	2012-13 (Rs in Lakhs)	2011-12 (Rs in Lakhs)
Raw Materials	-	37.94
Components, Spare Parts and Stores	10,011.69	11,015.15
Capital Goods	362.91	207.42
<b>Total (2.38)</b>	<b>10,374.60</b>	<b>11,260.51</b>

### 2.39 EXPENDITURE IN FOREIGN CURRENCY

	2012-13 (Rs in Lakhs)	2011-12 (Rs in Lakhs)
Salary	-	94.37
R & D Expenses	111.68	110.94
Travelling and Others	19.89	52.00
Books & Periodicals	0.10	1.67
Fees & Subscription	2.35	-
General Charges (AAR Audit Fee)	-	2.39
<b>Total (2.39)</b>	<b>134.02</b>	<b>261.37</b>

### 2.40 INCOME IN FOREIGN EXCHANGE

	2012-13 (Rs in Lakhs)	2011-12 (Rs in Lakhs)
Export of Goods (F.O.B.)	9,406.25	1,995.77

### 2.41

Consumption of raw materials, components, stores and spares parts includes profit/loss on sale thereof and exchange difference arising on Foreign Currency transactions on account of imported Raw Materials/ Stores has been accounted under respective Revenue heads.

## Notes to Accounts

### 2.42 ANALYSIS OF RAW MATERIALS CONSUMED

Particulars	2012-13 (Rs in Lakhs)	2011-12 (Rs in Lakhs)
M.S. & C.I. Scrap	5,432.40	5,024.71
Pig Iron	293.45	291.25
Tundish	242.46	--
Plates & Sheets	6,690.00	2,193.08
Rounds, Bars and Flats	185.90	194.76
Structural	630.35	717.93
<b>Total (2.42)</b>	<b>13,474.56</b>	<b>8,421.73</b>

### 2.43 PARTICULARS IN RESPECT OF GOODS MANUFACTURED

Class of Goods			(Rs in Lakhs)	
	Sales		Opening Stock	Closing Stock
Wagons	2012-13	75,677.39	-	-
	2011-12	67,599.80	-	-
Structurals	2012-13	4,071.11	96.86	165.95
	2011-12	1,853.80	34.37	96.86
Water Tube Boilers and Package Boilers	2012-13	-	-	-
	2011-12	-	49.40	-
Sugar Mill Machinery (Complete Plant 1200 Tons Crushing Capacity)	2012-13	-	-	-
	2011-12	-	-	-
Pressure Vessels, Heat Exchangers and Chemicals Machineries	2012-13	53.62	-	-
	2011-12	246.55	-	-
Site Fabrication and Erection	2012-13	353.29	-	-
	2011-12	1,537.15	-	-
Steel Castings & Ingots (Including Draft Gear 4000 Sets)	2012-13	21,815.47	-	-
	2011-12	20,938.23	-	-
Power Tiller/Reaper	2012-13	198.52	21.49	38.37
	2011-12	648.29	76.09	21.49
Ring Frames, Doublers and Worsteds Ring Frames	2012-13	-	0.61	0.61
	2011-12	-	0.61	0.61
Speed Frames	2012-13	-	0.39	0.39
	2011-12	-	0.39	0.39
Others	2012-13	1,427.10	-	-
	2011-12	973.02	-	-
<b>Total (2.43)</b>	2012-13	103,596.50	119.35	205.32
	2011-12	93,796.84	160.86	119.35

## Notes to Accounts

### 2.44 INFORMATION ABOUT SEGMENT WORKING IS GIVEN BELOW

(Rs in Lakhs)						
	2012-13			2011-12		
	Heavy Engg. Division 1	Steel Foundry 2	Total 3(1+2)	Heavy Engg. Division 1	Steel Foundry 2	Total 3(1+2)
<b>Revenue (Net of Excise Duty and Cess)</b>						
External Sales	77,883.80	5,057.43	82,941.23	70,143.59	6,599.77	76,743.36
Internal-Segment Sales	1,239.64	14,617.94	15,857.58	1,053.49	12,539.13	13,592.62
<b>Total Revenue</b>	<b>79,123.46</b>	<b>19,675.37</b>	<b>98,798.81</b>	<b>71,197.08</b>	<b>19,138.90</b>	<b>90,335.98</b>
<b>Result</b>						
Segment Result	11,924.23	1,950.58	13,874.81	12,169.06	1,963.63	14,132.69
Unallocated Corporate Expenses			-			-
<b>Operating Profit/(Loss)</b>			<b>13,874.81</b>			<b>14,132.69</b>
Interest Expense			(725.95)			(826.33)
Interest Income			327.81			319.36
<b>Total Profit/(Loss) before Tax</b>			<b>13,476.67</b>			<b>13,625.72</b>
Provision for Current Tax			(4,012.00)			(3,940.00)
Provision for Deferred Tax			(37.76)			(380.00)
<b>Profit/(Loss) from ordinary activities</b>			<b>9,426.91</b>			<b>9,305.72</b>
Extra ordinary items			-			-
<b>Net Profit/(Loss)</b>			<b>9,426.91</b>			<b>9,305.72</b>
<b>Other Information</b>						
Segment assets	55,217.48	14,155.12	69,372.60	61,365.43	14,118.55	75,483.98
Unallocated Corporate assets			-			-
<b>Total assets</b>			<b>69,372.60</b>			<b>75,483.98</b>
Segment liabilities	41,942.32	6,569.14	48,511.46	43,656.16	9,684.29	53,340.45
Unallocated corporate liabilities			-			-
<b>Total Liabilities</b>			<b>48,511.46</b>			<b>53,340.45</b>
<b>Capital expenditure</b>	<b>3,722.59</b>	<b>1,133.03</b>	<b>4,855.62</b>	<b>1,734.79</b>	<b>2,625.15</b>	<b>4,359.94</b>
<b>Depreciation</b>	<b>413.62</b>	<b>525.56</b>	<b>939.18</b>	<b>364.46</b>	<b>553.34</b>	<b>917.80</b>
<b>Non-cash expenses other than depreciation</b>			<b>710.29</b>			<b>147.69</b>

Note : The Company operates predominantly within the geographical limits of India and accordingly secondary segments have not been considered.



## Notes to Accounts

### 2.45 DETAILS OF INCOME/ EXPENSES DISCLOSED ON NET BASIS

Sl No	Particulars	2012-13 (Rs in Lakhs)	2011-12 (Rs in Lakhs)
1	<b>Freight, Packing and Transport</b>		
	Paid	781.60	365.47
	Received	564.74	545.77
	<b>Net</b>	<b>216.86</b>	<b>(180.30)</b>
2	<b>Profit on sale of Fixed Assets</b>		
	Profit	17.20	59.02
	Loss	1.57	(2.74)
	<b>Net</b>	<b>15.63</b>	<b>56.28</b>
3	<b>Profit on sale of current investment</b>		
	(i) Shares		
	Profit	-	3.74
	<b>Net</b>	<b>-</b>	<b>3.74</b>
	(ii) Mutual Funds & Others		
	Profit	766.62	1,183.39
	Loss	0.73	-
	<b>Net</b>	<b>765.89</b>	<b>1,183.39</b>
	<b>Total (i+ii)</b>	<b>765.89</b>	<b>1,187.13</b>

### 2.46 DETAILS OF EXPENSES/(INCOME) RELATED TO PREVIOUS YEAR

Particulars	2012-13 (Rs in Lakhs)	2011-12 (Rs in Lakhs)
<b>Expenses</b>		
(i) Miscellaneous Expenses	0.13	0.44
(ii) Income Tax	-	0.10
	<b>0.13</b>	<b>0.54</b>
<b>Income</b>		
(i) Sales	1.50	-
	<b>1.50</b>	<b>-</b>

## Notes to Accounts

### 2.47

As a part of company's risk management policy, the financial risks mainly relating to changes in the exchange rates are hedged by using a combination of forward contracts, besides the natural hedges.

Particulars	2012-13 (Rs in Lakhs)	2011-12 (Rs in Lakhs)
(a) The particulars of derivative contracts entered into for hedging purpose, outstanding as at 31st March are as under :		
For hedging foreign currency	-	3,251.08
Forward Contracts : - Payable		
(b) - Un-hedged foreign currency exposure as at 31st March – Payables. Euro: 11,91,034 & USD: 138,06,590	8,322.06	4,583.72
(c) - Un-hedged foreign currency exposure as at 31st March – Receivable. AUD: 6,51,664 & USD: 64,94,348	3,893.42	128.22

### 2.48

Figures below Rs. 500/- have been omitted for rounding off and above Rs. 500/- have been rounded off to the next Rs.1,000/-.

In terms of our Report of even date attached herewith.

For **K. N. Gutgutia & Co.**

*Chartered Accountants*

Firm Registration No: 304153E

**P.K.Gutgutia**

*Partner*

Membership No.6994

6C, Middleton Street,

Kolkata- 700 071.

Dated: 30th May, 2013

**A. K. Vijay**  
*Secretary*

S. K. Poddar  
Ramesh Maheshwari  
A. C. Chakrabortti  
Sampath Dhasarathy  
D. H. Kela  
D. R. Kaarthikeyan  
Sunil Mitra

*Directors*

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# Upcoming Modern Infrastructure



EMU manufacturing facility, Sodepur



Steel Structure Shops, Panihati

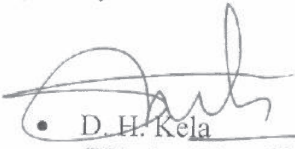







**TEXMACO RAIL & ENGINEERING LTD.**

Belgharia, Kolkata 700 056

## FORM A

1.	Name of the Company	Texmaco Rail & Engineering Limited
2.	Annual financial statements for the year ended	31 <sup>st</sup> March, 2013
3.	Type of Audit observation	Un-qualified
5.	Signed by –   <ul style="list-style-type: none"><li>• D. H. Kela (Whole –Time Director)</li></ul>  <ul style="list-style-type: none"><li>• A. K. Vijay (CFO &amp; Secretary)</li></ul> <ul style="list-style-type: none"><li>• For M/s. K. N. Gutgutia &amp; Co. Chartered Accountants Firm Registration No. 304153E  (P. K. Gutgutia) Partner M. No: 6994 (Auditors of the Company)</li></ul>  <ul style="list-style-type: none"><li>• A. C. Chakraborti (Chairman of the Audit Committee)</li></ul>	