

**TEXMACO RAIL & ENGINEERING LTD.**

Annual Report 2011-12

Expanding  
Texmaco **footprint**

## Essence of Growth.

Over the decades Texmaco has built a rich repository of knowledge & experience, and grown leveraging it with high work ethic to laying a strong foundation for sustained development. The Company is using the rich track record in expanding its foot print far and wide across the continents to US, Europe, Africa, South-East Asia and Australia.

Texmaco has been a leading supplier of Rail Freight Cars and Hydro-Mechanical Equipment for mega power stations for several decades and won national and international credentials.

Texmaco is aiming to scale new heights through strategic partnerships with global leaders and building state-of-the-art facilities comprising engineering, manufacturing and product development competencies.

Texmaco is confident of enhancing customer and stakeholder value through complementary product selection, value-added products and high-end process systems.

At Texmaco, we believe that the basis of all growth is honest, transparent and environment friendly business conduct, extending the Company's presence from a mere economic entity to don the mantle of a responsible corporate citizen.

## Joint Ventures



*Texmaco UGL State-of-the-Art manufacturing facility coming up at Belgharia*



*Signing of JV Agreement with Touax Group of France, a leading Freight Car Leasing Co.*





120.000  
Voll

### EUR



### English



### LIBOR

Period	Rate	Period	Rate
1 month	3.9124	3 months	4.0124
2 months	4.0124	6 months	4.1124
3 months	4.1124	9 months	4.2124
6 months	4.2124	12 months	4.3124

### LIBOR

Rate	Rate	Rate	Rate
1 month	3.9124	3 months	4.0124
2 months	4.0124	6 months	4.1124
3 months	4.1124	9 months	4.2124
6 months	4.2124	12 months	4.3124

### US Treasury

Rate	Rate	Rate	Rate
1 month	3.67%	3 months	3.79%
2 months	3.81%	6 months	3.93%
3 months	3.97%	9 months	4.07%
6 months	4.13%	12 months	4.27%

### DEPOSIT R

Rate	Rate	Rate	Rate
1 month	3.67%	3 months	3.79%
2 months	3.81%	6 months	3.93%
3 months	3.97%	9 months	4.07%
6 months	4.13%	12 months	4.27%

### ASIAN USD

Rate	Rate	Rate	Rate
1 month	3.67%	3 months	3.79%
2 months	3.81%	6 months	3.93%
3 months	3.97%	9 months	4.07%
6 months	4.13%	12 months	4.27%

### ENERGY FORWARD

Rate	Rate	Rate	Rate
1 month	3.67%	3 months	3.79%
2 months	3.81%	6 months	3.93%
3 months	3.97%	9 months	4.07%
6 months	4.13%	12 months	4.27%

### COMMODITIES

Rate	Rate	Rate	Rate
1 month	3.67%	3 months	3.79%
2 months	3.81%	6 months	3.93%
3 months	3.97%	9 months	4.07%
6 months	4.13%	12 months	4.27%

### FX RATES

Rate	Rate	Rate	Rate
1 month	3.67%	3 months	3.79%
2 months	3.81%	6 months	3.93%
3 months	3.97%	9 months	4.07%
6 months	4.13%	12 months	4.27%

### CURRENCY



# 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
- EMU Coaches

## 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

### 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 & Specials
- Stoplogs / Bulkhead Gates
- Hydraulic & Rope Drum Hoists
- Trashracks / Screens
- Trash Rack Cleaning Machines
- Goliath & EOT Cranes
- Industrial, Power House & Flyover Steel Structures
- Steel Bridges
- Ship Hull Blocks

## Process Eqpt. & Others

### Process Eqpt.

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

### Others

- Agro Machinery



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## Directors

S. K. Poddar, Chairman

Ramesh Maheshwari, Exec. Vice Chairman

A. C. Chakrabortti

S. Dhasarathy

D. R. Kaarhikeyan

Hemant Kanoria

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

ICICI Bank Limited

## Registered Office

Belgharia, Kolkata 700 056

## Corporate Office

Birla Building

9/1 R.N. Mukherjee Road

Kolkata 700 001

## Works (Kolkata)

### Heavy Engineering

- Agarpara
- Sodepur
- Panihati

### Steel Foundry

- Belgharia
- Panihati

## Regional Offices

- New Delhi
- Mumbai
- Chennai

# Corporate Information

# Chairman's Message

*Dear Shareholders,*

I take pleasure in presenting an overview of the Annual Report of Texmaco Rail & Engineering Ltd. for the year ended March 2012.

As the year progressed, we have been inflicted with a sense of growing unease about the deterioration in the business climate world-wide. While the India story remains strong, the compulsions of domestic coalition politics have stood in the way of sound economic policies to maintain the growth momentum. We have been even exposed to international criticism of 'policy paralysis' and certain skepticism amidst global investor community.

This certainly presents a novel challenge to the stewardship in the current turbulent political and economic climate. I am confident, however, that India is poised to be a world super power with unlimited growth opportunities for those who have the courage and vision to chart their course adjusting the sails to face the head winds of slowdown and intense competition. It is a testing time for the entrepreneurial ability to manifest itself in crafting the investment policy with a long-term goal. It would need a discerning judgment in identifying business opportunities in a depressed environment with potential for rich gains at the turn of the tide. The Management of the business entities has to be

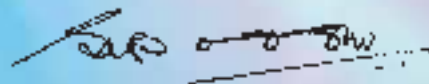
invested with high degree of professionalism and integrity of operations.

Your company despite trying conditions, especially owing to unprecedented official delays in its major business segment of freight car manufacture, has fared reasonably and stayed ahead in the Industry. The Company has managed to secure the largest order from the Indian Railways based on its performance, and the capacity utilization should improve during the current year. While the intense competition will take its toll in value realization, the Management would no doubt strive its best to minimize its impact thru' higher productivity.

The Company's joint venture with UGL Rail Services Ltd., Australia, is progressing well with commissioning scheduled in the 3rd quarter of the year.

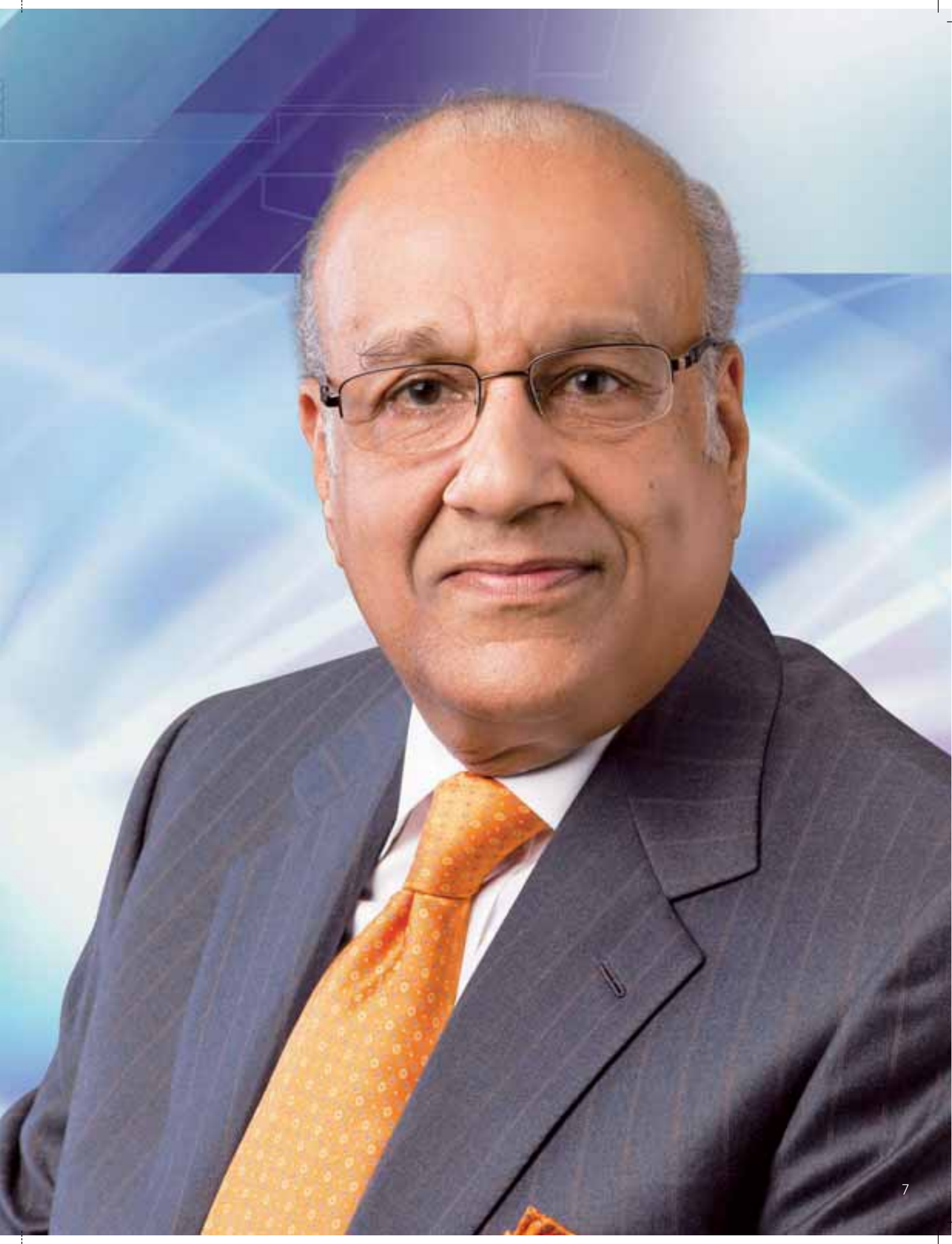
The effort is under way to forge partnerships in allied businesses with leading multi-nationals. It will help the company to scale up the operations in the near future.

I would take the opportunity to commend the performance and dedication of the workmen, staff and officers of the company with singular devotion in the face of serious challenges.



S K Poddar  
Chairman





## Strengthening Financials

The figures up to 2009-10 relate to working of Texmaco Ltd., and are given only for comparison purposes, which under a Scheme of Arrangement has demerged its Heavy Engineering & Steel Foundry businesses to Texmaco Rail & Engineering Ltd., Appointed Date being 1st April, 2010.



## Financial highlights for ten years

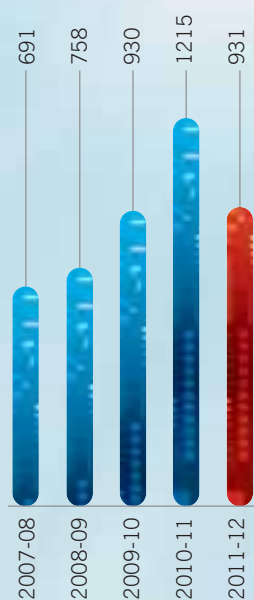
	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Gross sales *	12,789.08	16,936.39	30,371.98	39,216.52	47,612.75	94,352.84
Other income	449.26	285.47	226.06	259.30	455.92	596.37
Gross profit (PBDT)	729.24	1,168.05	2,302.00	3,300.74	4,836.63	10,958.15
Profit before tax	437.19	843.87	1,904.62	2,873.16	4,313.54	10,072.12
Tax for the year	298.23	208.78	151.90	906.15	1,391.20	3,099.10
Profit after tax	138.96	635.09	1,752.72	1,967.01	2,922.34	6,973.02
Extraordinary/exceptional items **	12.66	+1,243.92	186.29	65.62	74.73	63.95
Profit after tax (PAT)	126.30	1,879.01	1,566.43	1,901.39	2,847.61	6,909.07
Equity #	516.34	516.34	1,032.57	1,032.57	1,032.57	1,107.83
Free reserves	5,742.36	7,534.00	9,897.43	11,445.60	13,809.99	21,567.28
Equity share book value (Rs.) ##	119.86	152.88	103.88	118.78	142.03	206.08
Rate of dividend	10%	7.5% **	20%	30%	40%	75%

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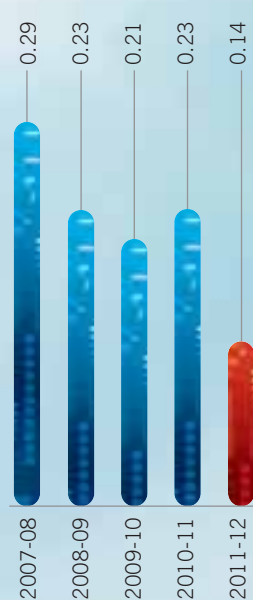
PBT (Rs. mn)



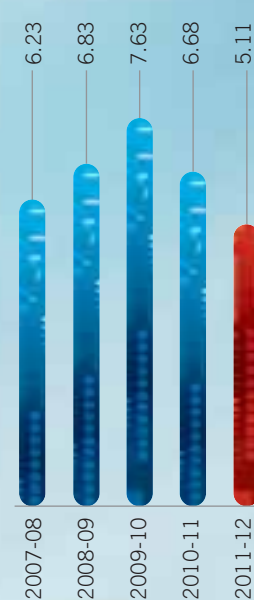
PAT (Rs. mn)



Debt-equity ratio



EPS (Basic) (Rs.)



EPS shown for all years based Re.1/- Eq. Shares for parity.

(Rs. in Lacs)

	2008-09	2009-10	2010-11	2011-12
	109,125.45	112549.43	111750.32	94514.54
	796.95	1452.96	1866.49	2560.74
	12,273.12	15086.20	18424.71	14543.52
	11,137.72	13937.64	17566.21	13625.72
	3,508.36	4592.03	5418.16	4320.00
	7,629.36	9263.35	12147.60	9305.72
	45.38	41.13	-	-
	7,583.98	9304.48	12147.60	9305.72
	1,107.83	1271.83	1817.83	1820.27
	28,409.95	52978.05	40571.05	47837.94
	26.64 ***	42.65	23.00	27.28
	75%	90%	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, in 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/QIP 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.



# Our Forward Thrust



*CNC Shearing -Make-Darley,Holland*



*CNC Brake Press (400T)-Make-Darley,Holland*





*Robotic Welding Machine (IGM) at Agarpara Shop  
(under commissioning)*



## Path Towards Growth

### Investing

- In R&D for Product Development
- In Latest Mfg. Technology & Processes
- In Modern Infrastructure & IT Services
- In Enriching the Human Stock

### Enhancing Brand Image

- Thru' developing world-class designs
- Thru' manufacturing customized products
- Thru' serving discerning clientele
- Thru' ensuring quality and after sales service

### Infusing Texmaco Spirit

- By maintaining high standard of governance
- By enhancing organization culture
- By impregnating work ethics with high values
- By inspiring team work



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

### **Reshaping the Strategy**

As we march along in our determined effort to move up in the business league, the industrial outlook is clouded by a spectre of sovereign defaults in the developed world, sending ripples in growth plans of the emerging economies. Notwithstanding the economic resilience of our country, we cannot remain unaffected by international developments. In fact, we have all been impacted by the tremors of the economic down-turn and working assiduously to reshape our strategies to adjust to the fast changing business scenario.

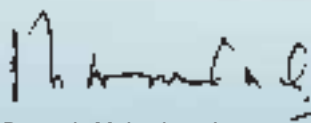
**What was good yesterday is no longer good today.**

### **The times demand challenging the status-quo**

We have invested in growth and created capacities for handling enhanced volumes of business and can ill-afford to live with idle capacity. We have also to keep up the morale of the workmen and staff and protect their emoluments, especially in the face of the rising cost of living. In such a situation, which in some ways is more complex than what was experienced in 2008, the Managers have to use their acumen to steer the business in contending with dampened industry climate, diminishing value realisation and spiralling cost of production. It will call for compromising with the margins to retain competitive edge and market share and challenge the managerial ingenuity to neutralise the impact thereof through cost effectiveness and higher productivity.

The task is undoubtedly daunting. To address it, our resolve has to be matching to invest new vigour in the working, promote innovative ideas and solutions through inspired collective effort for a common goal.

**We are tuned for the test of leadership.**



**Ramesh Maheshwari**  
*Executive Vice Chairman*



## Special Freight Cars



*Meter Gauge Bogie  
Open Mineral Wagon  
(‘BOMW’) for  
Republic of Ghana,  
with their team.*



*BTAP Tank Wagons  
(For Carrying Alumina)*



*Broad Gauge Bogie  
Covered Wagon (BCNHL)  
with Sliding Door, made of  
High Tensile Micro Alloy Steel.*



*Bottom Discharge  
Hopper wagon  
(For Carrying Food Grain)*





# Corporate Social Responsibility

In Texmaco CSR is no mere acronym for 'Corporate Social Responsibility' used by some business entities for image building on social front. It is an integral part of Texmaco culture imbibed by one and all involved in the working of the company. Corporate resource is viewed as a tool to fulfill the aspirational spirit for achieving the larger goal of economic activity – service and upliftment of the underprivileged sections of the society.

Year after year, we continue to address all walks of life for raising the human index of the country which is still abysmal for multitudes of our people in sharp contrast with islands of affluence dominating the country's growth profile.

We have also endeavoured to focus on ecology and greening the environment, atypical of a Heavy Engineering Industry engaged in cutting and fabrication of thousands of tonnes of steel.

**We will continue our mission silently but surely.**



*Blue Jackets presented by Texmaco Management to High-skilled Welders.*



*Textmaco Diploma Holders being presented B.Tech Degree by the Hon'ble Union Minister Mr. Saugata Roy, after passing 3-year course at the 'BITS Textmaco - Center of Excellence'*



*The Executive Vice Chairman congratulates the new graduate engineers*



*Computer Literacy Programme – Making workmen and their children computer literate*



*Dr. Ajoy Paul, and Dr. Chandrima Paul, renowned Eye Surgeons of Kolkata at the Eye Awareness programme at Textmaco*



*Textmaco Neighbourhood Welfare Society extending financial assistance for education and healthcare of the distressed people*



## Report of the Directors

Your Directors have pleasure in presenting the 2nd Operational Annual Report of the company along with the Audited Accounts of the Company for the year ended 31st March, 2012.

### Financial Results

Rs. in Lakhs

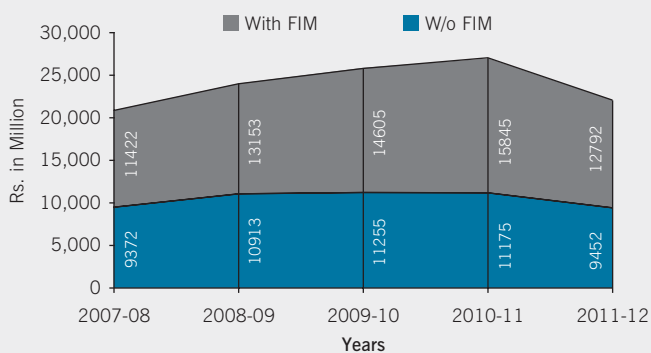
	2011-2012	2010-2011
<b>Operating Profit (PBIDT)</b>	15,050.50	18,338.92
Less: Interest (Net)	506.98	(85.79)
<b>Gross Profit (PBDT)</b>	14,543.52	18,424.71
Less: Depreciation	917.80	858.50
<b>Profit before Taxation</b>	13,625.72	17,566.21
Less: Provision for Taxation:		
Current Tax	3,940.00	5,590.00
Deferred Tax Liability/(Asset)	380.00	(171.39)
<b>Profit after Taxation</b>	9,305.72	12,147.60
Add: Balance brought forward from previous year	7,024.07	(10.80)
	<b>16,329.79</b>	<b>12,136.80</b>
<b>Appropriations</b>		
Proposed Dividend on Equity Shares (Incl.Tax)	2,115.56	2,112.73
General Reserve	5,000.00	3,000.00
Balance Carried Forward	9,214.23	7,024.07
	<b>16,329.79</b>	<b>12,136.80</b>



During the year under review, the Company has turned out reasonable results, despite significant curtailment in Indian Railway wagon orders owing to non-release of any orders against 2010-11 RSP, and the delayed release of the orders for 2011-12, almost at the fag end of the year in mid January 2012.

The Gross Turnover stood at Rs.945.15 crore, net of the value of free-supply inputs including steel and components of over Rs. 334 crore, provided to the Company by Indian Railways and other clients for some large value contracts.

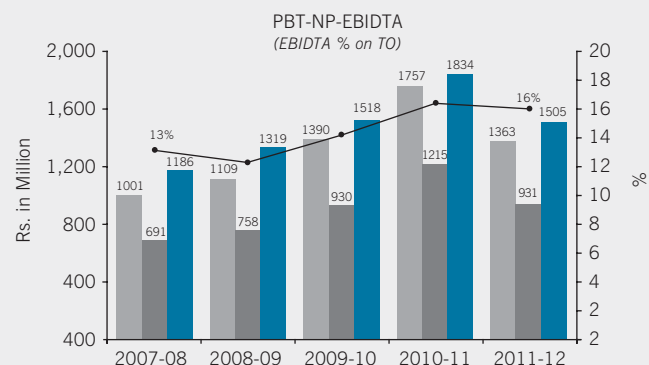
#### Gross Turnover



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

The Gross Profit for the year (PBDT) and Profit Before Tax (PBT) were lower at Rs. 145.44 crore and Rs. 136.26 crore respectively. The Net Profit was Rs. 93.06 crore, after providing for a tax liability of Rs. 39.40 crore. The Deferred Tax Liability of Rs. 3.80 crore for the year has been created in the Statement of Profit and Loss in accordance with the Accounting Standard 22 "Accounting for taxes on Income", issued by the Institute of Chartered Accountants of India.

#### PBT/NP/EBIDTA



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

#### Dividend

The Directors are pleased to recommend payment of a dividend of 100% for the year ended 31st March, 2012 having regard to the performance of the Company.

#### The Management Discussion and Analysis

The Company for a greater part of the year faced a challenging time with forced idle capacity in its Rolling Stock Division with the wagon orders not materializing as per the projections and pronouncements of the Ministry of Railways. The Management's production plan indeed went awry waiting almost endlessly for the release of the orders. Notwithstanding such an unexpected turn of the situation, the company readjusted its working and took extraordinary measures to control its costs and overheads and geared up all its resources for accelerated output concomitant with the release of the orders in the last quarter of the year.

With a robust current order book and the growing prospects of the Hydro Mechanical and Steel Casting Divisions, the Company expects appreciable improvement in the capacity utilization during the current year.

## Heavy Engineering Division

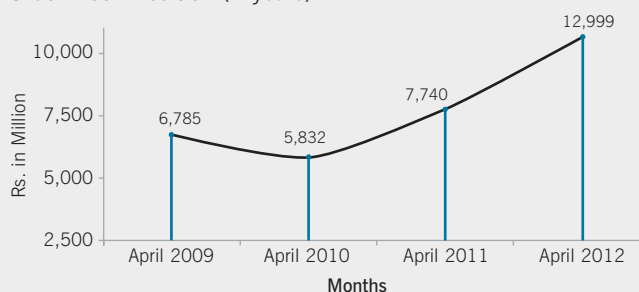
### Rolling Stock

Your Directors have to report that despite trying conditions without adequate and timely release of wagon orders by Indian Railways, which was placed only during middle of January 2012 (i.e. after a lapse of almost 16 months), your Company has been able to roll out 3,471 wagons valued approx. Rs. 674 crore (*excluding the cost of Free Issue Materials A/c. Indian Railways*), comprising 2,954 wagons to Indian Railways and 517 wagons to private customers.

During the year, the Company booked orders for a total of 5,837 wagons including private orders. The Indian Railways' order on the company during the year 2011-12 was for 4670 nos, which was the highest ever quantity ordered by the Indian Railways on any wagon builder. The Company also secured two prestigious export orders from Bangladesh Railways for 255 wagons valued at Rs. 117.03 crore, and another export order for 70 wagons valued at Rs. 12.43 crore for supply to Africa. The Company has a healthy order book of 6,000 wagons, valued approx. Rs.1,299.93 crore (*excluding cost of FIMs A/c. Indian Railways' order*).

As per the Budget announcement for 2012-13, the Railways have planned the highest ever planned outlay of Rs. 60,100 crore during 2012-13, with a freight target of 1025 million tonne. The budgeted expenditure for procurement of rolling stock is about 32% higher at Rs. 18,193 crore as against Rs. 13,824 crore last year, which is a significant increase. This will translate in acquisition of higher number of wagons. The Budget has focused on accelerated development of double-deck container flat wagons, autocars, and new Design 25T axle load freight cars for which the company is well positioned to take full advantage.

### Order Book Position (4 years)




Your Directors are pleased to inform that the Company has been maintaining its leadership in the field of BTAP wagons for transportation of Alumina Powder, and BCCW Wagons for transportation of Cement / Fly Ash. The company has successfully expanded its customer-base with the addition of prestigious public and private corporations during the year. The Company also stands out in meeting the requirement of Bottom Discharge Coal Hopper Wagon (MGR type) for Mega Power Plants.

Looking to the fast growth of Automobile Industry in the country, the company expects a substantial demand for auto car wagons. The conceptual design for Double Deck Auto Rake, developed in collaboration with a European company, has already been submitted to the Indian Railways and is expected to be cleared shortly. As for the Container Flat Wagons, the private Container Operators are continuing to go through a tough time due to steep hike in haulage charges by Indian Railways. It is hoped that the Railways will address the issues bearing on the viability of the private Container fleets to find amicable solution in the near future.

### Dedicated Freight Corridors

The Government of India is actively pursuing and closely monitoring to ensure steady progress of the construction of the Dedicated Freight Corridors. The entire Western DFC will be funded substantially by the Japan International Cooperation Agency (JICA), under the Special Terms of Economic Partnership (STEP) Scheme of the Government of Japan, with a tied loan of 30% of the total value of contracts to be sourced



from Japan. Your Company is working closely with the Japanese consortium for indigenous participation.

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

A State-of-the-Art facility, one of the best of its kind, is being set up by your Company in Joint Venture with UGL Rail, Australia for manufacturing Locomotive Bogie Frames, Platforms & Cabs, Head Stocks for Coaches and Wagon components. The progress of the project is satisfactory, and the commissioning is scheduled in October, 2012, with ramp up to full production capacity by March next year. The products will be of top quality, manufactured on world class equipments by a highly skilled workforce.

Your Company, along with UGL Rail Services Ltd., further subscribed Rs. 20,25,10,000 each in the Capital of the said Joint Venture, taking up the total Partner's contribution to Rs. 72,02,20,000 in the Capital of the JV Company.

**Joint Venture with Touax Rail, a French Group.**

The Company has signed a Joint Venture Agreement on 16th May 2012, with the French Group Touax Rail, a leading Lease Finance Company of Europe, having vast experience in the business of leasing out freight cars etc. The JV Company has been named as 'Touax Texmaco Railcar Leasing Private Limited', and will be owned and controlled 50% each by Touax and Texmaco (with Touax holding 2 Shares of nominal value of Rs. 10/- each in excess of holding of the Company) to facilitate consolidation of Accounts of the JV Company in their holding company. To begin with, the JV will have a minimum net worth of Rs.25 crore, the threshold limit for eligibility to qualify for the business, which would be enhanced in due course. The JV would have an early bird advantage of the present policy of the Railways of permitting leasing companies to own and lease wagons to the Industry and other end users on operating lease basis, which was not permitted hitherto.

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

After slowdown of activities in the Hydro Power Sector for nearly 4 years, the enquiries for Hydro-mechanical equipments for various new projects have started flowing in, while deferred

projects have also started reviving during the latter half of the year. A number of Hydro projects are now in the pipeline in India and neighbouring countries namely Nepal & Bhutan, and the prospects of Hydro-mechanical Eqpt orders have brightened up.

The Company has secured orders for Hydro-mechanical work in Upper Tamakoshi Hydro electric project, Nepal (456 MW), valued approx Rs. 90 crore, Rangit Stg-IV Hydro electric Project, Sikkim (120 MW) valued approx Rs. 37 crore, Farakka Barrage (Replacement / rehabilitation), West Bengal, valued approx Rs. 8 crore and recently Rongnichhu Hydroelectric Project, Sikkim (96MW) for Rs. 46 Crore. There is opportunity for sizable business at Farakka Barrage where the Govt. of India has decided to replace all the gates in the 12th five year plan. The Notice Inviting the Tender has been published in the first week of May 2012 for the second phase comprising of 33 Nos. Gates, estimated at approx. Rs. 25 Crore.

The execution of current projects had some setbacks due to geological surprises, natural calamities and local political problems. As a result, the turnover of the Division stagnated during the year. However, with improved business prospects, the Division is expected to fare better in the current financial year.

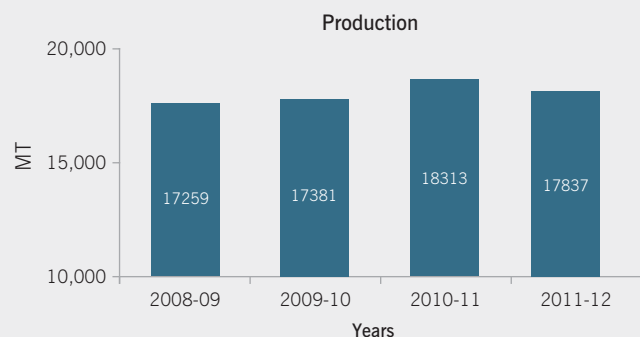
Besides, the Company has intensified participation in steel bridge and flyover structure tenders, and has in fact been successful in securing a couple of orders of Railway Bridges for Kalindee and IRCON.

In the Process Equipment segment, the Company successfully executed the orders for 3 nos. Direct Contact Air Coolers, 3 nos. Evaporative Coolers and 6 nos. Adsorber Vessels with internals of molecular sieves, which were all meant for Air Separation Plants. The overall operations of the Division were at rather low ebb. However, with the integrated steel plants going in for modernization, expansion and production of higher grade steel, there is a good potential for Heavy Pressure Vessels and Buffer Vessels. There are also fair prospects of orders for Horton Spheres and Storage Vessels required in the Oil Sector and Chemical Industry.



## Steel Foundry Division

In consequence of delayed wagon orders, the production & despatches of Steel Castings during the year were just maintained at the same level as last year, at 17837 Tons and 16951 Tons respectively. In terms of revenue, however, it has achieved a growth of 15% in its turnover at Rs. 209.37 crore as compared to the last year.



On the export front, however, your Foundry turned out commendable performance, and its sales has jumped 3-fold compared to the last year with a turnover of Rs. 19.96 crore backed by a significant order-book of over Rs. 25 crore at the end of the year. After successful engagement with Australian, North American & European markets, the focus now is on booming CIS markets. A MOU has been signed with a CIS based company for development and supply of Railway castings to their design and the various formalities are well under way.



Yet another highlight of the Foundry operations was in the area of import substitution. The Foundry took the lead in development and getting recognition as an approved indigenous

source of supply of Upgraded High Tensile Centre Buffer Coupler in place of imported AAR approved couplers. The Division has won acclaim from Indian Railways for this outstanding achievement in meeting a critical requirement and has been awarded an order for 1800 sets of Coupler Assembly.

Also noteworthy is the development and supply of Tight Lock Railway Coach Coupler castings for field trial to a internationally renowned coupler manufacturer, which are giving excellent performance on Duronto Trains. The bulk orders are expected to follow.

Besides, the Division has initiated discussions with a major global player having significant presence in India for development of intricate and hi-tech castings to be used on heavy trucks and loaders for mining industry. Upon successful development, the Foundry will have opportunities to supply castings in this segment across the globe.

## Agro Machinery Division

The performance of the Division substantially depends on the Government Subsidy Schemes in the States with major markets for Power Tillers such as West Bengal, Assam, Orissa and Karnataka. The non-release of the subsidy schemes by the States impacted the performance of the Division. Furthermore, the import of Diesel Engine for Power Tiller from Siam Kubota Corporation stood totally suspended from October 2011 till March 2012 due to devastating flood that gripped Thailand. The Division under the circumstances, managed to despatch 552 Nos. Power Tillers during the year.

The Division has introduced "Power Reaper"- harvesting machine in the market which is well accepted by the farming community. The machine will be submitted shortly to SRFMTTI, Anantapur (A.P.), for testing to make it eligible for sale under all Government Assisted Programmes. With enhanced budgetary allocation for Agricultural Machinery in the current financial year, the Division expects to improve its performance.

### Exports:

Your Directors are delighted to report that based on the Foundry's consistently good export performance for the last 4 years, the Ministry of Commerce, Government of India has



awarded the prestigious “Export House” Status to the Company. The exports of the Company during the year stood at approx Rs.74.54 crore including deemed exports. The Company has performed well in the Australian, American, European, South-East Asian and African Markets.

#### **R & D Activities:**

The Company is focussed on development of new technology for improvement of its production methodology and reduction of cost by use of alternative materials etc. During the year the Company has developed a new welding technique of controlled MIG tack welding which reduces the time and also improves the weld quality.

After 3D computer simulation of robotic welding of underframes, the Company has made an investment in a twin-robot welding machine which is currently being installed for start-up scheduled in 2nd quarter of the year. A special welding technique of controlled metal transfer was developed for making root runs with acceptable root bead geometry. This welding technique is being exploited in structural fabrication with considerable saving in fabrication time.

In Steel Foundry, half-bead welding technique for weld repairs in castings now takes full advantage of re-crystallization of as-deposited weld metal. A desk top design and animation of a carousel for dressing of casting underpinned the benefits of this technology.

Evaluation of the merits of a mechanized shuttle system for wet fluorescent magnetic particle inspection of side-frame and bolster castings with synchronized digital image capture of black light images led to the decision for installing a NDT system in Foundry.

#### **IT Services**

During the year, the Company introduced the latest and most advanced system of Oracle R12 for its operations. The users of Procurement, Stores, and Finance functions are progressively attaining higher degree of efficiency while working with the R12 system. Considering the benefits – in terms of cost and quality, the Management is in the process of extending the R12 solution for entire Manufacturing operations.

In another significant initiative, the real-time communication network bandwidth is being extended to cover all the Plants of the Company. The Management looks forward to significant operational gains from its IT initiatives.

### **Human Relations**

Your Company has maintained its reputation in the industry as a model employer for its unique track record of industrial harmony over several decades. There is a healthy and constructive co-operation between the workmen and management leading to productivity gains and improvement in quality, which have become the core strength of the Company.

On 6th September, 2011, your Company entered into a historic Tripartite Wage Agreement with the Unions for a period of 4 years. In terms thereof, whereas the Management agreed to grant substantial increase in wages to its workmen, the Unions in turn assured the Management of their whole hearted co-operation to raise measurable productivity through effective and efficient utilization of working hours. The Unions also agreed for Multi-discipline working (at least 3 trades) by the workmen.

The Company aims to align HR practices with business goals, motivate people for higher performance and build a competitive working environment. It launched various training scheme for upgrading the skill and knowledge of its employees in different operational areas. Various programmes & workshops were conducted during the year, which included Personality Grooming, Communication Skill, Health & Safety, House Keeping, Energy Management, Productivity Improvement, Total Quality Management, and Customer Satisfaction etc.

The Company’s special programme of providing an educational window for B. Tech 3-year course to its employees in collaboration with BITS, Pilani (*at BITS- Texmaco Centre of Excellence within the premises of the Company*) is yielding excellent results in strengthening the organization.

Your Directors commend the dedication and deep commitment of the workmen, staff and officers in building the corporate image through sustained pursuit of excellence.

## Employees Stock Option Scheme (ESOS)

Details of Employees Stock Option granted pursuant to Employees Stock Option Scheme 2007 (ESOS 2007), as also the disclosure in compliance with Clause 12 of the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 are set out in the Annexure 'A' to this Report. During the year, the Committee of Directors of the Company at its Meeting held on 9th March, 2012 has allotted 2,43,500 Equity Shares of the Company to its eligible employees, pursuant to exercise of 2,43,500 Options by the eligible employees under ESOS 2007 and consequently the Paid up Share Capital of the Company stands increased from Rs. 18,17,83,090/- to Rs. 18,20,26,590/- w.e.f 9th March, 2012. Under ESOS 2007, there were 3,65,000 Options outstanding as on effective date i.e. 1st April, 2010 of demerger of Heavy Engineering and Steel Foundry businesses of Texmaco Limited to the Company, out of which employees had exercised 2,43,500 Options and the Scheme thereafter, stands closed on the balance Options being not exercised and surrendered by certain eligible employees.

## Opportunity & Threats

It augurs well for the Company that all its business segments are critical to the economic growth of the country and have been accorded high priority in the resource allocation by the Planning Commission. The Rail Transport is recognised as the lifeline of the nation, and there is a massive long-term plan for the development of the Rail Infrastructure. The Dedicated Freight Corridor (DFC) Planned by the Government of India is one of the biggest national projects on the anvil, and the full momentum will gather with completion of the acquisition of the land in progress and the finalisation of the multi-lateral and/or bi-lateral international soft loans. Meanwhile, your Company is re-jigging itself to be in a state of readiness for successful participation in the bidding process for the new design, high pay-load freight cars and high powered locomotives to be used on the DFC.

The renewed emphasis by the Government on the Hydro Power Sector in our power starved country is very promising. A number

of new Hydro Power projects are getting cleared. There is also a big demand emerging from the neighbouring countries having rich water resources.

However, in spite of strong positive indicators, there is a serious concern over delay in implementation of Dedicated Freight Corridor (DFC) and other high-end Railway Projects. The procrastination in implementation of the long term procurement policy for wagons is also a perennial problem in efficient operation and capacity utilization of the Wagon Industry. The continuing plight of the container freight car operators is also causing disappointment with an otherwise progressive policy initiative of the Railways.

Last but not the least, the current dismal global economic scenario and the sharp depreciation in the Rupee value are casting long shadows on the general industry outlook.

## Corporate Social Responsibility

At TEXRAIL, Corporate Social Responsibility (CSR) means continuous improvement in the quality of life of the workmen / staff associated with the Company and the people living in its neighbourhood. Education, health care, hygiene and environment management are areas of priority.

The Company has residential estate inhabiting more than 500 families with provision of all the amenities e.g. clubs, swimming pool, parks, playgrounds, gym, air conditioned auditorium, etc. for social, recreational and educational activities for the benefit of its workmen / staff and residents.

The Company is committed to its mission to serve the poorer sections of the society through better education and training to promote self employment. Texmaco Neighbourhood Welfare Society Trust provides financial assistance to the poor & needy for their health, education, social needs etc.

## 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 Shareholders' / Investors' Grievance and Share Transfer 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.

In order to conserve paper and minimize the impact in our environment, your Company is publishing only the Statutory disclosures in the print version of the Annual Report, prepared in compliance with the Section 219 of the Companies Act, 1956 and Clause 32 of the Listing Agreement. However full Annual Report is available on our website [www.texmaco.in](http://www.texmaco.in).

## Particulars of Employees

The number of employees as at 31st March, 2012 was 1740. 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 B.

## 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 C.

## Directors

After a distinguished service to the Texmaco Rail & Engineering Limited / Texmaco Limited for more than two decades, Late B. P. Bajoria after a brief illness left for his heavenly abode on 20th February, 2012. Your Directors would like to record its appreciation for the valuable guidance rendered by him to the Company during his tenure as a Director.

Shri Akshay Poddar, Shri D. R. Kaarthykeyan and Shri Hemant Kanoria were appointed as Additional Directors. Shri Poddar and Shri Kaarthykeyan w.e.f. 2nd September, 2011 and Shri Kanoria w.e.f. 21st October, 2011.

Your Director, Shri A. C. Chakrabortti, retire by rotation and being eligible, offer himself for re-appointment at the ensuing Annual General Meeting.

## 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: 25th May, 2012

**S.K. Poddar**  
Chairman

## Enclosure to the Report of the Directors

### Annexure – A Employees Stock Option Scheme (ESOS)

Disclosure in Compliance with Clause 12 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999

Sl. No	Nature of Disclosure	Particulars
a)	Option Granted	3,65,000
b)	The Pricing Formula	The exercise price was determined by averaging the daily closing price of the Company's equity shares during the 7 days immediately preceding the date of grant and discounted it by 30%. Exercise Price: Rs 32.51 per option
c)	Option Vested	3,65,000
d)	Option exercised	2,43,500
e)	The total number of share arising as a result of excise of option	2,43,500
f)	Option lapsed	1,21,500
g)	Variation of terms of options	Nil
h)	Money realised by exercise of option	Rs. 79,16,185
i)	Total number of option in force	Nil
j)	Employee - wise details of option in force	N.A.
	i) Senior Management Personnel	
	ii) Any other employee who receives a grant in any one year of option amounting to 5 % or more of the option granted during the year	
	iii) Identified employees who were granted option, during any one year, equals to or exceeding 1% of the issued capital of the Company at the time of grant	
k)	Diluted Earning Per Share (EPS) pursuant to issue of Shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 "Earning Per Share"	Rs. 5.11

Sl. No	Nature of Disclosure	Particulars
l)	Difference between the employees compensation cost computed using the intrinsic value of the stock options and the employees compensation cost that would have been recognised if the fair value of the option has been used.  The impact of the difference on the profit and on the EPS of the Company	N.A.
m)	Weighted average exercise price and weighted average fair values of the option granted for option whose exercise price either equals or exceeds or is less than the market price of the stock	N.A.
n)	A description of the method and significant assumption used during the year to estimate the fair value of option, including the following weighted - average information i) Risk free Interest rate (%) ii) Expected life (No of Years ) iii) Expected volatility (%) iv) Dividend yield (%) v) the price of the underlying share in market at the time of option granted	N.A.



## Annexure – B

For The Financial Year ended 31st March, 2012

### 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	67	3,03,56,650	B. Com. (Hons.)	43	01-01-06	M/s. Poddar Heritage Investments Ltd.
2. Maheshwari Ramesh	Executive Vice Chairman	79	1,11,90,375	M.Com., LL.B.	56	01-02-62	M/s F & C Osler (India) Limited & Sister Concerns

**Notes :** 1. Remuneration as shown above includes Salary, House Rent, LTA, Medical Benefits, Bonus, Contribution to Provident Fund and 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 - C

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, 2012.

### 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.

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)

	2011-2012	2010-2011	
<b>i) Power &amp; Fuel Consumption :</b>			
Electricity Purchased			
Units (in thousands) (KWH)	37832	40852	
Total Amount (Rs. in Lacs)	2400	2399	
Rate / Unit (Rs.)	6.34	5.87	
Fuel Purchased			
Quantity (In Ltrs.)	2540263	2457308	
Total Amount (Rs. in Lacs)	897	772	
Rate / Unit (Rs.)	35	31	
<b>ii) Consumption per M/T of Steel Casting Production :</b>			
Electricity	Units	1594	1547
Furnace Oil	Ltrs	142	116

## II. Technology Absorption

	2011-2012	2010-11
Benefits :		
Expenditure on R & D (Rs. in Lacs)		
i) Capital	–	–
ii) Recurring	270.07	235.70
iii) Total	270.07	235.70
iv) Total R & D Expenditure as percentage of total turnover	0.29%	0.21%

## 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. 11,521.88 Lacs

Earned : Rs. 1,995.77 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 Eight Directors, represents the optimum mix of professionalism, knowledge, and experience. Half of the current strength of the Board is Independent Directors. The category of Directorship, number of meetings attended, attendance at the last AGM, Directorships in other Companies, number of Committees in which such Director is a member, are mentioned below :-

Name of Directors	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 other Companies	
					Chairman	Member
Shri S. K. Poddar	Executive Chairman	4	Yes	12	2	1
Shri Ramesh Maheshwari	Executive Vice Chairman	4	Yes	3	0	1
Shri D. H. Kela	Whole Time	4	Yes	1	0	0
Shri Akshay Poddar*+	Non-Executive & Non-Independent	2	N.A.	11	2	5
Late B. P. Bajoria ^	Independent	3	No	3	3	5
Shri D. R. Kaarthikeyan*	Independent	1	N.A.	10	0	0
Shri A. C. Chakrabortti	Independent	4	Yes	8	3	3
Shri S. Dhasarathy	Independent	3	No	0	0	0
Shri Hemant Kanoria**	Independent	1	N.A.	6	2	2
Shri Manish Gupta***	Independent	N.A.	N.A.	2	2	5

\* Appointed w.e.f. 2nd September, 2011.

\*\* Appointed w.e.f. 21st October, 2011.

^ Expired on 20th February, 2012.

\*\*\* Resigned w.e.f. 23rd May, 2011.

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

# excluding Private companies, Companies under Section 25 of the Companies Act, 1956 and Foreign Companies.

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. None of the Directors of the Company is a member of more than ten committees or Chairman of more than five Committees across all the Companies in which he is a Director.

Four Board Meetings were held during the year 2011-2012 on the following dates:

23rd May, 2011	22nd July, 2011
21st October, 2011	6th February, 2012

### 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 Directors	No. of Meetings attended
Shri A. C. Chakrabortti, Chairman	4
Late B. P. Bajoria, Member ^	3
Shri Ramesh Maheshwari, Member	4
Shri S. Dhasarathy, Member*	-
Shri Manish Gupta, Member**	-

^ Expired on 20th February, 2012.

\* Appointed on 6th February, 2012.

\*\* Resigned w.e.f. 23rd May, 2011.

Four Meetings were held during the year 2011-2012 on the following dates:

23rd May, 2011	22nd July, 2011
21st October, 2011	6th February, 2012

#### (b) Sub-Committee

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

Name of Directors	No. of Meetings attended
Shri S. K. Poddar, Member	1
Late B. P. Bajoria, Member ^	N.A.
Shri A. C. Chakrabortti, Member	1
Shri Ramesh Maheshwari, Member	-
Shri Manish Gupta, Member*	-

^ Expired on 20th February, 2012

\* Resigned w.e.f 23rd May, 2011

Committee met one time during the year on 9th March, 2012.

### 4. Remuneration of Directors

The Company has not set up a Remuneration Committee. 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 details of the payment made during the year 2011-12 are as follows.

i) Non-Executive Directors

Name of the Directors	Sitting fee for the year (Rs.)	Commission for the year (Rs.)	Total (Rs.)	No. of Shares held in the Company
Late B.P. Bajoria	90,000	1,77,596	2,67,596	Nil
Shri A.C. Chakrabortti	1,30,000	2,00,000	3,30,000	Nil
Shri S. Dhasarathy	60,000	2,00,000	2,60,000	Nil
Shri D. R. Kaarthikeyan	20,000	1,15,847	1,35,847	Nil
Shri Manish Gupta	-	28,415	28,415	Nil
Shri Hemant Kanoria	20,000	89,071	1,09,071	Nil
Shri Akshay Poddar	50,000	1,15,847	1,65,847	14,820

**Note:** The Commission was paid to Directors proportionate to their tenure, subject to a maximum of Rs. 2,00,000/-each per annum.

The details of the remuneration paid to the Executive-Directors during the year 2011-12 are given below:

ii) Executive Directors

Name of the Director	Designation	Salary (Rs.)	Perquisites and Allowances # (Rs.)	Sitting Fees (Rs.)	Retirement Benefits
Shri S. K. Poddar	Executive Chairman	2,65,00,000	38,56,650	----	As per Company's Rule
Shri Ramesh Maheshwari	Executive Vice-Chairman	63,00,000	48,90,375	----	- DO -
Shri D. H. Kela	Whole-Time Director, President & CEO	36,00,000	22,91,338	----	- DO -

# Perquisites and Allowances include House Rent Allowance, LTA, Medical Benefits, Contribution to P.F., Superannuation Fund and Ex-gratia.

The Remuneration paid to Executive Chairman, Executive Vice Chairman and Whole Time Director is decided by Board of Directors.



## 5. Investors'/Shareholders' Grievance Committee

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

Name of Directors	No. of Meetings attended
Shri Akshay Poddar, Chairman*	1
Shri Ramesh Maheshwari, Member	1
Shri D. H. Kela, Member	1
Shri Manish Gupta, Member**	N.A.

\*Appointed w.e.f 6th February, 2012.

\*\*Resigned w.e.f. 23rd May, 2011.

The grievances received are dealt with at the Investors' / Shareholders' Grievances Committee meetings.

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 6th February, 2012.

Shri A. K. Vijay, Secretary is the Compliance Officer of the Company. During the year, 55 complaints were received from the Shareholders, which were resolved within a 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 (EGMs) held in last three years are given below.

(AGMs) for Financial Year	Date and time of the AGMs	Date and time of the EGMs	Venue	No. of Special Resolutions approved at the AGMs
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	–
2008-2009	23rd July, 2009 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 Annual Report.

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 of implementing the non-mandatory recommendations as a good Corporate Governance practice.

## 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 Aajkal. 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. 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 29th August, 2012 at 2:30 P.M. at G.D. Birla Sabhagar, 29 Ashutosh Chowdhury Avenue, Kolkata - 700 019

### Financial Calendar

1st April to 31st March

First Quarter Results – Last week of July.

Second Quarter Results – First week of November.

Third Quarter Results – Last week of January.

Results for the year ending 31st March, 2013.

By Last week of May 2013.

### Date of Book Closure

From 23rd August, 2012 to 29th August, 2012 both days inclusive.

### Listing on Stock Exchanges

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

The Company has paid listing fees for the period 1st April, 2012 to 31st March, 2013.

### Dividend Payment Date

Early September, 2012

### 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 2011 to March 2012 are furnished here after:

Period	National Stock Exchange of India Limited		Bombay Stock Exchange Limited	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April, 2011	77.20	69.00	80.00	68.10
May, 2011	79.35	70.15	86.00	68.10
June, 2011	88.65	74.60	86.50	73.40
July, 2011	101.40	85.50	101.40	86.00
August, 2011	93.40	72.95	94.00	72.10
September, 2011	83.90	74.15	83.00	66.00
October, 2011	88.65	78.05	88.25	77.40
November, 2011	84.40	65.15	88.30	63.80
December, 2011	81.50	53.65	79.00	50.00
January, 2012	66.50	50.75	66.25	51.10
February, 2012	78.30	62.25	78.80	62.05
March, 2012	73.55	56.30	73.70	54.55

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

#### Registrar & Transfer Agent (RTA)

M/s Karvy Computershare Private Limited.  
 Karvy House, 21, Avenue 4, Street No.1, Banjara Hills,  
 Hyderabad-500034  
 Phone: 040-23312454, 23420818.  
 Fax No.040-23311968, 23420814  
 E Mail: jayaramannv@karvy.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 30 days from the date of lodgment, provided documents are complete in all respects.

#### Distribution of Shareholding as on 31st March, 2012.

No. of Equity Shares held	Folios	%	Shares (Rs.)	%
Upto 5000	21,339	97.67	69,35,511	3.81
5001 to 10000	211	0.97	15,88,689	0.87
10001 to 20000	106	0.49	15,64,529	0.86
20001 to 30000	48	0.22	12,01,743	0.67
30001 to 40000	14	0.06	4,92,086	0.27
40001 to 50000	12	0.05	5,35,951	0.29
50001 to 100000	32	0.15	24,07,343	1.32
100001 and above	85	0.39	16,73,00,738	91.91
<b>Grand Total</b>	<b>21,847</b>	<b>100.00</b>	<b>18,20,26,590</b>	<b>100.00</b>



### Shareholding Pattern as on 31st March, 2012.

Category	No. of Shares	%
Promoters	11,51,27,010	63.25
Banks, Insurance Cos., and FIs	31,43,190	1.73
Mutual Funds and U.T.I.	3,51,78,378	19.33
Corporate Bodies	77,45,112	4.25
NRI / OCB / FIIs	79,68,003	4.38
Indian Public	1,17,67,030	6.46
Others	10,97,867	0.60
<b>Total</b>	<b>18,20,26,590</b>	<b>100.00</b>

### Dematerialisation of Shares as on 31st March, 2012 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). 18,04,96,377 Equity Shares of the Company representing 99.16% of the Company's Equity Share Capital are dematerialised as on 31st March, 2012.

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

The Company has adopted a Code of Conduct & Ethics (Code) for the members 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
31.03.2011	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 A.C. Chakrabortti is due for retirement by rotation and is eligible for re-appointment in the next Annual General Meeting. Brief particulars regarding the Director is given here below:-

### Shri A. C. Chakrabortti:

Shri A. C. Chakrabortti, aged 81 years, a qualified Chartered Accountant, was a Managing Partner of S. R. Batliboi & Co. and Ernst & Young. He had also held the position of President of the Institute of Chartered Accountants of India and was a Member of the Governing Committee of the International Federation of Accountants, New York. He is presently associated with following other Companies as a Director.

Name of the Company	Position
La Opala Glass Limited	Chairman
Grindwell Norton Limited	Chairman
Peerless Fund Management Co. Limited	Chairman
Peerless General Finance & Investment Company Limited	Director
Jagsonpal Pharmaceuticals Limited	Director

Denso India Limited	Director
Rasoi Industries Limited	Director
Madhya Pradesh Madhya Kshetra Vidyut Vitaran Co. Ltd.	Director
Chandras' Chemicals Enterprise Pvt. Limited	Director
M. P. Birla Group	Administrator

Shri Chakrabortti is also a member on the various committees of the following other Companies:

Name of the Company	Committee	Position
Grindwell Norton Limited	Audit	Chairman
Peerless General Finance & Investment Company Limited	Audit	Chairman
Denso India Limited	Audit	Chairman
La Opala Glass Limited	Audit	Member
Jagsonpal Pharmaceuticals Limited	Audit	Member
Madhya Pradesh Madhya Kshetra Vidyut Vitaran Co. Ltd.	Audit	Member

In view of the background, qualifications and valuable experience of Shri Chakrabortti, 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, 2012 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, 2012, 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' Grievance 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: 25th May, 2012

## Declaration by the Whole-Time Director

To the Members of  
**Texmaco Rail & Engineering Limited**  
Belgharia, Kolkata-700056

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**

Place: Kolkata  
Dated: 25th May, 2012

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





## CEO and CFO Certification

We, D. H. Kela, Whole-Time Director & CEO 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, 2012 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, 2012 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: 25th May, 2012

**D. H. Kela**

*Whole - Time Director & CEO*

**A. K. Vijay**

*Chief Financial Officer*

# Auditors' Report

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

We have audited the attached Balance Sheet of **TEXMACO RAIL & ENGINEERING LIMITED** as at 31st March, 2012, the Statement of Profit and Loss for the year ended on that date and the Cash flow Statement for the year ended on that date both annexed thereto. These financial Statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amount and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of section 227 (4A) of the Companies Act, 1956 and on the basis of such checks as considered appropriate and according to the information and explanation given to us during the course of our audit we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments as stated above, we report that:
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - (ii) In our opinion, proper books of accounts as required by law have been kept by the Company, so far as appears from our examination of those books and proper returns adequate for the purpose of our audit have been received from branches / site offices not visited by us.

- (iii) The Balance Sheet and the Statement of Profit and Loss dealt with by this report are in agreement with the books of account.
- (iv) In our opinion, the Balance Sheet, the Statement of Profit and Loss and Cash flow Statement dealt with by this report comply with the accounting standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956.
- (v) On the basis of the written representation received from the Directors as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said Accounts together with the Accounting Policies and Notes annexed thereto 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, 2012;
  - (b) in the case of the Statement of Profit and Loss, Profit for the year ended on that date, and
  - (c) in the case of the Cash flow Statement, of the Cash flows for the year ended on that date.

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

6C, Middleton Street,  
Kolkata - 700 071  
Dated: 25th May, 2012

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

## Annexure to the Auditors' Report

(Referred to in Paragraph (1) of our Report 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 2012 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.
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 2012. 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 - 700 071  
Dated: 25th May, 2012

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

**Balance Sheet** As at 31st March 2012

	Note No.	2011-12 (Rs. in Lakhs)	2010-11 (Rs. in Lakhs)
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' funds</b>			
(a) Share capital	2.1	1,820.27	1,817.83
(b) Reserves and surplus	2.2	49,042.46	41,848.67
		50,862.73	43,666.50
<b>(2) Non-current liabilities</b>			
(a) Long-term borrowings	2.3	1,523.12	24.53
(b) Deferred tax liabilities (Net)	2.4	208.61	(171.39)
(c) Other Long term liabilities	2.5	633.65	605.53
(d) Long-term provisions	2.6	418.12	472.91
		2,783.50	931.58
<b>(3) Current liabilities</b>			
(a) Short-term borrowings	2.7	5,390.51	9,688.33
(b) Trade payables	2.8	34,371.14	22,582.89
(c) Other current liabilities	2.9	11,237.26	8,582.96
(d) Short-term provisions	2.10	2,168.30	2,224.11
		53,167.21	43,078.29
<b>Total</b>		<b>106,813.44</b>	<b>87,676.37</b>
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Fixed assets	2.11		
(i) Tangible assets		10,331.38	10,475.96
(ii) Capital work-in-progress		3,718.68	182.55
		14,050.06	10,658.51
(b) Non-current investments	2.12(a)	4,336.23	1.00
(c) Long-term loans and advances	2.13	2,072.07	375.85
		20,458.36	11,035.36
<b>(2) Current assets</b>			
(a) Current investments	2.12(b)	26,928.45	26,184.39
(b) Inventories	2.14	27,997.56	21,574.22
(c) Trade receivables	2.15	21,739.64	21,977.16
(d) Cash and bank balances	2.16	233.23	275.11
(e) Short-term loans and advances	2.17	9,364.26	6,586.93
(f) Other current assets	2.18	91.94	43.20
		86,355.08	76,641.01
<b>Total</b>		<b>106,813.44</b>	<b>87,676.37</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: 25th May, 2012

**A. K. Vijay**  
Secretary

**S. K. Poddar**  
**Ramesh Maheshwari**  
**A. C. Chakrabortti**  
**S. Dhasarathy**  
**D. H. Kela**  
**Akshay Poddar**  
**D. R. Kaarthikeyan**  
**Hemant Kanoria**

Directors

## Statement of Profit and Loss For the year ended 31st March 2012

	Note No.	2011-12 (Rs. in Lakhs)	2010-11 (Rs. in Lakhs)
<b>I. Revenue from operations</b>	2.19		
Sale of products		93,796.84	1,11,073.16
Less: Inter Segment Revenue		(13,592.62)	(13,959.54)
Less: Excise Duty		(4,178.56)	(3,935.71)
		76,025.66	93,177.91
Other operating revenues	2.19	717.70	677.16
<b>Total</b>		<b>76,743.36</b>	<b>93,855.07</b>
<b>II. Other income</b>	2.20	2,560.74	1,866.49
<b>III. Total Revenue (I + II)</b>		<b>79,304.10</b>	<b>95,721.56</b>
<b>IV. Expenses:</b>			
Cost of materials consumed	2.21	48,321.56	60,292.14
Changes in inventories of finished goods, Work In Progress and Stock in Trade	2.22	(1,518.00)	(2,456.13)
Employee benefits expense	2.23	4,466.38	3,967.31
Finance costs	2.24	1,121.91	735.07
Depreciation and amortization expenses	2.11	917.80	858.50
Other expenses	2.25	12,368.73	14,758.46
<b>Total expenses</b>		<b>65,678.38</b>	<b>78,155.35</b>
<b>V. Profit before exceptional and extraordinary items and tax(III-IV)</b>		<b>13,625.72</b>	<b>17,566.21</b>
<b>VI. Tax expense:</b>			
(1) Current tax		3,940.00	5,590.00
(2) Deferred tax		380.00	(171.39)
<b>VII. Profit for the period from continuing operations (V-VI)</b>		<b>9,305.72</b>	<b>12,147.60</b>
<b>VIII. Earnings per equity share: (face value of Re 1/- each)</b>			
(1) Basic		5.11	6.68
(2) Diluted		5.11	6.67
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: 25th May, 2012

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

**S. K. Poddar**  
**Ramesh Maheshwari**  
**A. C. Chakrabortti**  
**S. Dhasarathy**  
**D. H. Kela**  
**Akshay Poddar**  
**D. R. Kaarthikeyan**  
**Hemant Kanoria**

*Directors*

**Cash Flow Statement** For the year ended 31st March 2012

(Rs. in Lakhs)

	Year ended 31.03.2012	Year ended 31.03.2011
<b>A) CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Profit before Taxation & Exceptional Items	13625.72	17566.21
Adjustments for:		
Depreciation	917.80	858.50
Interest Paid	1121.91	735.07
Employee Compensation Expenses under ESOP	(35.61)	35.61
Provision for Diminution in value of Investments	(0.90)	11.65
Interest Received	(319.35)	(587.24)
Income From Investments	(848.22)	(852.79)
Profit on Sale Of Investments-Current(Net)	(1187.13)	(158.80)
Profit on Sale Of Fixed Assets(Net)	(56.28)	(178.54)
	(407.78)	(370.16)
<b>Operating Profit before Working Capital Changes &amp; Exceptional Items</b>	<b>13217.94</b>	<b>17196.05</b>
(Increase)/Decrease in Inventories	(6423.33)	(4307.82)
(Increase)/Decrease in Trade & Other Receivables	(3597.47)	(2829.23)
Increase/(Decrease) in Trade Payables	14309.07	5787.22
<b>Cash Generated from Operations</b>	<b>17506.21</b>	<b>15846.22</b>
Direct Taxes Paid	(4692.60)	(6169.98)
<b>Cash Flow before Exceptional Items</b>	<b>12813.61</b>	<b>9676.24</b>
Exceptional Items	-	-
<b>Net Cash from Operating Activities</b>	<b>12813.61</b>	<b>9676.24</b>
<b>B) CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(4359.94)	(1063.02)
Sale of Fixed Assets	69.36	212.04
Purchase/Sale of Investments	(3891.27)	(8483.16)
Interest Received	270.61	691.50
Income From Investments	848.22	852.79
<b>Net Cash used in Investing Activities</b>	<b>(7063.02)</b>	<b>(7789.85)</b>
<b>C) CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipt/(Payment) of Long Term Borrowings	1655.20	1405.72
Receipt/(Payment) of Short Term Borrowings	(4297.82)	(3176.48)
Proceeds from issue of ESOP	79.17	-
Dividend Paid	(2107.12)	-
Interest Paid	(1121.91)	(735.07)
<b>Net Cash used in Financing Activities</b>	<b>(5792.48)</b>	<b>(2272.21)</b>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(41.89)</b>	<b>(385.82)</b>
Cash and Cash Equivalents at the beginning of the period	275.11	660.93
Cash and Cash Equivalents at the end of the period	233.22	275.11

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: 25th May, 2012

**A. K. Vijay**  
Secretary

**S. K. Poddar**  
**Ramesh Maheshwari**  
**A. C. Chakrabortti**  
**S. Dhasarathy**  
**D. H. Kela**  
**Akshay Poddar**  
**D. R. Kaarthikeyan**  
**Hemant Kanoria**

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 long term based on management's intention at the time of purchase. Current Investment are stated at lower of cost and fair value.

Long term 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 accounted on acceptance basis.

## Notes to Accounts

### 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 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.

### 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

	2011-12 (Rs. in Lakhs)	2010-11 (Rs. in Lakhs)
<b>2.1 SHARE CAPITAL</b>		
<b>Authorised Capital</b>		
20,00,00,000 Equity shares at par value of Re 1/- each	2,000.00	2,000.00
<b>Issued, Subscribed and Paid Up Capital</b>		
18,20,26,590 (18,17,83,090) Equity shares at par value of Re 1/- each fully paid	1,820.27	1,817.83

#### 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 12,71,83,090 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	31.03.2012		31.03.2011	
	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	181783090	1817.83	54600000	546.00
Add: Equity shares issued to Texmaco Infrastructure & Holdings Limited (formerly Texmaco Limited) pursuant to Scheme of arrangement	-	-	127183090	1271.83
Add: Allotment as per ESOP	243500	2.44	-	-
Number of Shares at the end of the year	182026590	1820.27	181783090	1817.83

During the year 365000 equity shares were granted to employees of the company under ESOP at a Grant Price of Rs 32.51 (including Rs 31.51 as premium per shares). Out of this 243500 equity shares were exercised by the employees of the company and balance of 121500 equity shares were lapsed.

- Issued, Subscribed and Paid-up Capital of the company is excluding 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 2115.56 lakhs (including corporate dividend tax of Rs 295.29 lakhs). The rate of proposed dividend is Re 1/- per equity shares (Previous Year, Rs 2112.73 lakhs including corporate dividend tax of Rs 294.90 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 Limited	15.91	28963900



## Notes to Accounts

	2011-12 (Rs. in Lakhs)	2010-11 (Rs. in Lakhs)
<b>2.2 RESERVES AND SURPLUS</b>		
<b>Security Premium Reserve</b>		
Balance as per last Account	-	-
Add: On issue of ESOP	76.73	-
Add: Transfer as per scheme of arrangement- Equity QIP Premium	-	16,523.33
Less: Transfer to General Reserve	-	(16,523.33)
	76.73	-
<b>Revaluation Reserve</b>		
Balance as per last Account	1,242.01	-
Add: Transfer as per scheme of arrangement	-	1,306.56
Less: On Assets sold/discarded during the year	(3.22)	(20.23)
	1,238.79	1,286.33
Less: Transferred to Statement of Profit and Loss	(34.27)	(44.32)
	1,204.52	1,242.01
<b>Share Options Outstanding Account</b>		
Balance as per last Account	35.61	35.61
Less: Adjusted as per ESOP allotment	(35.61)	-
	-	35.61
<b>State Capital Investment Subsidy</b>		
Balance as per last Account	15.00	-
Add: As per scheme of arrangement	-	15.00
	15.00	15.00
<b>General Reserve</b>		
Balance as per last Account	33,531.98	-
Add: Transfer from Equity QIP Security Premium	-	16,523.33
Add: Adjustment as per scheme of arrangement	-	15,280.48
Less: Transfer to Equity Share Capital	-	(1,271.83)
	33,531.98	30,531.98
Add: Transferred from Statement of Profit and Loss	5,000.00	3,000.00
	38,531.98	33,531.98
<b>Surplus</b>		
Balance as per last Account	7,024.07	(10.80)
Add: Profit after Tax as per Statement of Profit and Loss	9,305.72	12,147.60
	16,329.79	12,136.80
Less: Appropriation		
Proposed Dividend		
On Equity Shares	1,820.27	1,817.83
Tax on Dividend	295.29	294.90
Transfer to General Reserve	5,000.00	3,000.00
	7,115.56	5,112.73
	9,214.23	7,024.07
<b>Total (2.2)</b>	<b>49,042.46</b>	<b>41,848.67</b>

## Notes to Accounts

	2011-12 (Rs. in Lakhs)	2010-11 (Rs. in Lakhs)
<b>2.3 LONG TERM BORROWINGS</b>		
<b>Secured</b>		
Term Loan-FCTL		
From Bank	1,521.02	-
<b>Unsecured</b>		
Deposits		
Fixed deposit from employees/ex-employees	2.10	24.53
<b>Total (2.3)</b>	<b>1,523.12</b>	<b>24.53</b>

Note: Term Loan from Bank is secured against the Fixed Asset 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>		
Note: 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 following timing differences:		
<b>Deferred Tax Assets</b>		
Items u/s 43B and u/s 40(a)(i)(a) of Income Tax Act	19.37	179.10
<b>Deferred Tax Liabilities</b>		
Depreciation	(227.98)	(7.71)
<b>Net Deferred Tax (Liability)/ Assets</b>	<b>(208.61)</b>	<b>171.39</b>

<b>2.5 OTHER LONG TERM LIABILITIES</b>		
Others		
Security Deposits	633.65	605.53
<b>Total (2.5)</b>	<b>633.65</b>	<b>605.53</b>

<b>2.6 LONG-TERM PROVISIONS</b>		
Provision for employee benefits		
- For Leave	103.06	104.51
Others		
- For Contingency	1.00	1.00
- For Warranty and others	314.06	367.40
<b>Total (2.6)</b>	<b>418.12</b>	<b>472.91</b>

## Notes to Accounts

	2011-12 (Rs. in Lakhs)	2010-11 (Rs. in Lakhs)
<b>2.7 SHORT-TERM BORROWINGS</b>		
<b>Secured</b>		
Loans repayable on demand		
- From Banks		
- Cash Credit	2,907.37	7,065.36
- Export Packing Credit	2,483.14	101.90
- Short Term Loan	-	2,000.00
	5,390.51	9,167.26
<b>Unsecured</b>		
Loans and advances from Related parties		
- From Associates		
- From Body Corporates (Texmaco Infrastructure & Holdings Limited)	-	521.07
<b>Total (2.7)</b>	<b>5,390.51</b>	<b>9,688.33</b>

### Notes:

Cash Credit facilities is secured by hypothecation of 1st charge on stocks, book debts and other current assets and 2nd charge on Fixed Assets.

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.

<b>2.8 TRADE PAYABLES</b>		
MSME	107.71	247.49
Others	34,263.43	22,335.40
<b>Total (2.8)</b>	<b>34,371.14</b>	<b>22,582.89</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	107.71	247.49
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.		

## Notes to Accounts

	2011-12 (Rs. in Lakhs)	2010-11 (Rs. in Lakhs)
<b>2.9 OTHER CURRENT LIABILITIES</b>		
Current maturities of long-term debt		
- Foreign Currency Term Loan (FCTL)	139.38	-
- Fixed deposit from employees/ex-employees	24.37	7.15
Interest accrued but not due on borrowings	7.95	5.21
Unpaid dividends	5.61	-
<b>Other payable</b>		
TDS and other taxes payable	1,429.86	1,275.53
Liabilities for Expenses	1,104.80	635.15
Amount Due to Employee	321.64	380.41
PF, ESI amount payable	62.72	54.42
Others Misc. Payable	455.66	606.78
Misc. Security Deposit	402.71	386.11
Advance from Customer (Deposit against order)	7,282.56	5,232.20
<b>Total (2.9)</b>	<b>11,237.26</b>	<b>8,582.96</b>

**Note:** There is no amount due and outstanding to be credited to the Investor Education and Protection Fund

<b>2.10 SHORT-TERM PROVISIONS</b>		
Provision for employee benefits		
- For Leave	52.74	49.21
- For Gratuity	-	(51.87)
Others		
- Proposed Dividend	1,820.27	1,817.82
- Tax on Dividend	295.29	294.90
- Income Tax(Net of Advance Tax)	-	114.05
<b>Total (2.10)</b>	<b>2,168.30</b>	<b>2,224.11</b>



## Notes to Accounts

### 2.11 FIXED ASSETS

(Rs. in Lakhs)

Description of Assets	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As on 01/04/11	Additions during the year	Sales/ Adjustments	As on 31/03/12	As on 01/04/11	During The Year	Sales/ Adjustments	As on 31/03/12	As on 31/03/11
<b>Tangible Assets</b>									
Land	1375.01	--	--	1375.01	--	--	--	1375.01	1375.01
Buildings	5245.65	25.67	--	5271.32	2558.26	98.01		2656.27	2687.39
Roads	105.17	8.93	--	114.10	41.73	1.12		42.85	63.44
Railway Sidings	279.23	4.17	--	283.40	137.84	9.48		147.32	141.39
Plant & Machinery	11506.05	708.34	81.41	12132.98	6278.66	741.55	77.33	6942.88	5227.39
Electrical Machinery	848.10	5.30	8.74	844.66	390.47	31.27	7.41	414.33	457.63
Office Equipments	475.59	13.89	53.53	435.95	271.63	31.26	50.49	252.40	203.96
Furniture & Fittings	168.19	18.36	0.12	186.43	78.46	7.91	0.11	86.26	89.73
Vehicles	396.04	39.15	19.19	416.00	166.02	31.47	11.33	186.16	230.02
<b>Total</b>	<b>20399.03</b>	<b>823.81</b>	<b>162.99</b>	<b>21059.85</b>	<b>9923.07</b>	<b>952.07</b>	<b>146.67</b>	<b>10728.47</b>	<b>10475.96</b>
Capital Work - In - Progress	182.55	3536.13	--	3718.68				3718.68	182.55
<b>Grand Total</b>	<b>20581.58</b>	<b>4359.94</b>	<b>162.99</b>	<b>24778.53</b>	<b>9923.07</b>	<b>952.07</b>	<b>146.67</b>	<b>10728.47</b>	<b>10658.51</b>
Previous Year	20580.61	1179.11	1178.14	20581.58	10028.57	902.82	1008.32	9923.07	-

## Notes to Accounts

			2011-12 (Rs. in Lakhs)	2010-11 (Rs. in Lakhs)
<b>2.12(a) NON-CURRENT INVESTMENTS (AT COST)</b>				
<b>OTHER THAN TRADE INVESTMENTS</b>				
<b>Fully paid-up</b>				
- Investments in Equity Instruments (Quoted)				
<b>Quantity</b>	<b>F.V.</b>			
2349809	1	Texmaco Infrastructure & Holdings Limited	732.63	-
(-)				
- Investments in Equity Instruments of Joint Ventures (Unquoted)				
<b>Quantity</b>	<b>F.V.</b>			
10296000	10	Texmaco UGL Rail Pvt. Limited	3601.10	1.00
(10000)				
25000	10	Touax Texmaco Railcar Leasing Pvt Limited	2.50	-
(-)				
<b>Total (2.12 (a))</b>			<b>4336.23</b>	<b>1.00</b>
i) Aggregate amount of quoted investments			732.63	-
ii) Market Value of quoted investments			633.27	-
iii) Aggregate amount of unquoted investments			3603.60	1.00
iv) Aggregate Provision for diminution in value of Investments			-	-
<b>2.12(b) CURRENT INVESTMENTS (At Lower of Cost and Fair Value)</b>				
<b>Fully paid-up</b>				
<b>a) Investments in Equity Instruments (Quoted)</b>				
<b>Quantity</b>	<b>F.V.</b>			
5000	10	Idea Cellular Limited	7.30	7.30
(5000)				
11000	10	Powergrid Corporation of India Limited	16.78	16.78
(11000)				
20000	10	Tata Teleservices (Maharashtra) Limited	9.79	9.79
(20000)				
10000	2	East India Hotels Limited	17.29	17.29
(10000)				
1800	10	SREI Infrastructure Finance Limited	2.17	2.17
(1800)				
500	10	Century Textiles Limited	4.35	4.35
(500)				
-	10	SPIC	-	12.42
(50000)				
101471	10	NHPC Limited	36.53	36.53
(101471)				
<b>Sub-total</b>			<b>94.21</b>	<b>106.63</b>
Less: Provision for Diminution			(43.58)	(44.49)
<b>Sub-total-(a)</b>			<b>50.63</b>	<b>62.14</b>

## Notes to Accounts

			2011-12 (Rs. in Lakhs)	2010-11 (Rs. in Lakhs)
<b>2.12(b) CURRENT INVESTMENTS (At Lower of Cost and Fair Value) (Contd.)</b>				
<b>b) Investments in Bonds (Unquoted)</b>				
<b>Units</b>	<b>F.V.</b>			
26750 (26750)	8500	In NABARD	2498.45	2,498.45
540 (540)	100000	In IRFC Bond	540.00	540.00
1000 (1000)	100000	In IIFCL	1005.50	1,005.50
21751 (-)	1000	In 8.10% IRFC	217.51	-
500000 (-)	100	In 8.30% GOI Bond	462.50	-
49448 (-)	1000	In 8.30% NHAI	494.48	-
50000 (-)	1000	In 8.20% HUDCO	500.00	-
<b>Sub-total-(b)</b>			<b>5,718.44</b>	<b>4,043.95</b>
<b>c) Investments in Mutual Funds (Unquoted)</b>				
<b>Units</b>	<b>F.V.</b>			
10923003.69 (10002270.25)	10	Reliance Fixed Horizon Fund Series 3	1092.30	1,000.23
17585195.14 (5002149.31)	10	Reliance Fixed Horizon Fund-19 Series II	1758.52	500.22
- (11000984.53)	10	Reliance Fixed Horizon Fund-19 Series II	-	1,100.10
- (5000000.00)	10	Baroda Pioneer FMP 380 days Series I	-	500.00
5001051.00 (5001051.00)	10	SBI SDFS-370-12 Growth	500.11	500.11
- (20000000.00)	10	TEMF Series 31 Scheme B Growth	-	2,000.00
- (24956409.36)	10	Birla Sun Life Short Term Opportunities Fund	-	2,500.76
- (10000000.00)	10	Birla Sun Life Qly interval - Series 4	-	1,000.00
- (5006147.00)	10	Kotak FMP Series - 40 Dividend	-	500.61
- (15285544.16)	10	Fidelity Fixed Maturity Plan-E Series V	-	1,528.55
- (15270768.53)	10	ICICI Prudential FMP Series 56-1 year Plan A com	-	1,527.08

## Notes to Accounts

			2011-12 (Rs. in Lakhs)	2010-11 (Rs. in Lakhs)
<b>2.12(b) CURRENT INVESTMENTS (At Lower of Cost and Fair Value) (Contd.)</b>				
-	10	UTI Fixed Term Income Fund Series IX-I 367 Days	-	573.16
(5731623.48)				
-	10	UTI Fixed Term Income Fund Series IX-I 367 Days	-	1,740.35
(17403547.60)				
-	10	IDFC FMP-Yearly Series 42- Growth	-	501.26
(5012597.00)				
-	10	SBI SDFS-90 Days -41 Growth	-	1,021.85
(10218500.00)				
-	10	Kotak Quarterly Interval Plan Series 6 DD	-	500.00
(5000400.03)				
-	10	Fidelity Fixed Maturity Plan-B Series 5 (91 Days)	-	1,035.06
(10350582.11)				
-	10	L & T FMP-III (March-90 D B) Growth	-	549.18
(5491816.79)				
5003849.32	10	DSP Black Rock FMP-3 Month Series 31	500.38	500.00
(5000000.00)				
-	10	Kotak Liquid (Inst.Prem DDR)	-	999.78
(8176086.62)				
-	10	IDBI Ultra Short Term Fund	-	500.00
(5000000.00)				
-	10	Franklin India Short Term Bond Fund	-	500.00
(5000000.00)				
53710.60	1000	Axis Treasury Advantage Fund	537.38	500.00
(49929.37)				
9884.74	10	SBI SHF Ultra Short Term Fund	98.91	500.00
(4997001.80)				
0.58	10	SBI Premier Liquid Fund-Super IP-DDR	-	-
(0.58)				
3754458	10	Reliance Dynamic Bond Fund	500.00	-
(-)				
785000	10	SBI SDFS-90 Days- 57 Dividend Payout	785.00	-
(-)				
5203349	10	UTI Fixed Maturity Plan-Quarterly Series QF of MP 2/12	520.33	-
(-)				
5615436	10	HDFC FMP 92D February 2012(2) Div. Series XIX	561.54	-
(-)				
10155004	10	Birla SunLife Fixed Term Plan Series E Growth	1015.50	-
(-)				
16800000	10	HDFC FMP 392D March 2012(2) Div. Series XXI	1680.00	-
(-)				
22024600	10	TATA FMP Series	2202.46	-
(-)				



## Notes to Accounts

			2011-12 (Rs. in Lakhs)	2010-11 (Rs. in Lakhs)
<b>2.12(b) CURRENT INVESTMENTS (At Lower of Cost and Fair Value) (Contd.)</b>				
16788072 (-)	10	ICICI Prudential FMP Series 63 -1 year Plan B Com	1678.81	-
9719023 (-)	10	BSL Fixed Term Plan Series EW Growth 1 year	971.90	-
10000000 (-)	10	SBI Debt Fund Series - 180 days -22 Div.	1000.00	-
5000000 (-)	10	Kotak FMP Series 66-370 Days	500.00	-
61960 (-)	1000	UTI Liquid Cash Plan Daily Div. Op. Reinv.	631.65	-
5006147 (-)	10	Kotak FMP Series 83 Growth	500.61	-
191145 (-)	1000	UTI Money Market Fund Institutional Daily Div. Reinv.	1917.92	-
55102 (-)	1000	Baroda Pioneer Treasury Advantage Fund Daily Div.	551.52	-
11017100 (-)	10	BSL Fixed Term Plan Series	1101.71	-
55270 (-)	1000	IDFC Cash Fund -Super Institutional	552.83	-
<b>Sub-total-(c)</b>			<b>21,159.38</b>	<b>22,078.30</b>
<b>Total (a+b+c)</b>			<b>26,928.45</b>	<b>26184.39</b>
<b>Notes:</b>				
Aggregate amount of Quoted Current Investments			94.21	106.63
Market Value of Quoted Investments			50.63	62.14
Aggregate amount of Unquoted Investments			26877.82	26,123.25
Aggregate amount of written down on Current investments			43.58	44.49

<b>2.13 LONG TERM LOANS AND ADVANCES</b>				
Unsecured Considered Good				
Capital Advances			1,970.24	276.35
Security Deposits			69.36	92.44
Prepaid Expenses			32.47	7.06
<b>Total (2.13)</b>			<b>2,072.07</b>	<b>375.85</b>

## Notes to Accounts

	2011-12 (Rs. in Lakhs)	2010-11 (Rs. in Lakhs)
<b>2.14 INVENTORIES</b>		
Raw materials	4,692.91	2,577.58
Work-in-progress	6,151.23	4,591.72
Finished Goods	119.35	160.86
Stores and spares	14,269.12	12,488.97
Goods in Transit-Components	2,764.95	1,755.09
<b>Total (2.14)</b>	<b>27,997.56</b>	<b>21,574.22</b>

### Notes:

- 1 Stock as per inventories taken, valued and certified by the management.
- 2 Raw materials includes stock at site Rs. 78.22 lakhs. (Previous Year Rs 222.87 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>		
<b>Unsecured, considered good</b>		
More than six months from the due date	5,915.72	9,782.78
Others	15,823.92	12,194.38
<b>Total (2.15)</b>	<b>21,739.64</b>	<b>21,977.16</b>

### Notes:

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.

Trade Receivables includes Retention Money Rs. 3636.52 lakhs (Previous Year Rs 2171.91 lakhs)

<b>2.16 CASH AND BANK BALANCES</b>		
<b>Cash and cash equivalents</b>		
Balances with banks		
Current Accounts	160.91	222.52
Cash on hand	60.04	45.93
	220.95	268.45
<b>Other bank balances</b>		
Term Deposit of upto twelve months maturity	5.00	5.00
Term Deposit of more than twelve months maturity (earmarked)	1.67	1.66
Unpaid Dividend Account	5.61	-
	12.28	6.66
<b>Total (2.16)</b>	<b>233.23</b>	<b>275.11</b>

## Notes to Accounts

	2011-12 (Rs. in Lakhs)	2010-11 (Rs. in Lakhs)
<b>2.17 SHORT TERM LOANS AND ADVANCES</b>		
Unsecured Considered Good		
Loans and Advances to related parties		
- Body Corporates (Texmaco Infrastructure & Holdings Limited)	-	784.18
Other loans and advances-		
Loan to Body Corporates	300.00	300.00
Advance to Parties	3,150.68	521.35
Advance to Employee	73.09	46.32
Other Advances	1,708.18	934.08
Prepaid Expenses	0.24	31.97
Balances with Government Deptt	3,492.86	2,393.37
Advance Payment of FBT (Net of Provision)	0.66	0.66
Income Tax (Net of Advance Tax)	638.55	-
Share Application Money	-	1,575.00
<b>Total (2.17)</b>	<b>9,364.26</b>	<b>6,586.93</b>

<b>2.18 OTHER CURRENT ASSETS</b>		
Interest accrued on Loans	91.94	43.20
<b>Total (2.18)</b>	<b>91.94</b>	<b>43.20</b>

<b>2.19 REVENUE FROM OPERATIONS</b>		
Sale of products	93,796.84	1,11,073.16
Less: Inter Segment Revenue	(13,592.62)	(13,959.54)
Less: Excise Duty	(4,178.56)	(3,935.71)
	<b>76,025.66</b>	<b>93,177.91</b>
Other operating revenues	717.70	677.16
<b>Total (2.19)</b>	<b>76,743.36</b>	<b>93,855.07</b>

## Notes to Accounts

	2011-12 (Rs. in Lakhs)	2010-11 (Rs. in Lakhs)
<b>2.20 OTHER INCOME</b>		
Interest Income		
From Bank	3.05	45.48
From Others	316.30	541.76
Dividend - Income from Current Investments	848.02	852.79
Dividend - Income from Non-Current Investments	0.20	-
Net gain on Sale of Non-Current Investments	1,187.13	158.80
Miscellaneous Receipts and Income	11.84	13.03
Export Incentive	67.35	-
Sundry Credit Balance Adjusted	0.79	0.27
Profit on sale of Fixed Assets (Net)	56.28	178.54
Rent Received	68.78	68.30
Provision & Excess Liabilities Written Back	0.10	0.81
Provision for Diminution of Current Investment Written Back	0.90	-
Income related to previous year	-	6.71
<b>Total (2.20)</b>	<b>2,560.74</b>	<b>1,866.49</b>

<b>2.21 COST OF MATERIAL CONSUMED</b>		
Opening Stock of Raw Materials	2,577.58	2,858.20
Add: Raw materials Purchased and Departmental Transfers etc.	11,503.28	11,632.27
	14,080.86	14,490.47
Less: Returns, Sales and Departmental issues used in Works and In Block	966.22	310.90
Less: Closing Stock of Raw Materials	4,692.91	2,577.58
	5,659.13	2,888.48
	8,421.73	11,601.99
Consumption of Components (Incl. Job processing and contract labour charges Rs. 3681.12 lakhs, previous year Rs. 3132.45 lakhs)	53,492.45	62,649.69
Less Inter Segment Sale	(13,592.62)	(13,959.54)
<b>Total (2.21)</b>	<b>48,321.56</b>	<b>60,292.14</b>

<b>2.22 CHANGES IN INVENTORIES</b>		
Opening Stock		
1 Finished Goods	160.86	99.93
2 Work-in-progress	4,591.72	2,196.52
	4,752.58	2,296.45
Less: Closing Stock		
1 Finished Goods	119.35	160.86
2 Work-in-progress	6,151.23	4,591.72
	6,270.58	4,752.58
<b>Total (2.22)</b>	<b>(1,518.00)</b>	<b>(2,456.13)</b>



## Notes to Accounts

	2011-12 (Rs. in Lakhs)	2010-11 (Rs. in Lakhs)
<b>2.23 EMPLOYEES BENEFITS EXPENSE</b>		
Salaries, Wages and Bonus	3,552.37	3,115.62
Contribution to provident and other funds		
Provident Fund and Pension Fund	359.37	278.07
Superannuation Fund	31.18	27.39
Gratuity	328.60	242.03
Provision for Leave Encashment	-	48.13
Expenses on ESOP	(35.61)	35.61
Staff Welfare Expenses	230.47	220.46
<b>Total (2.23)</b>	<b>4,466.38</b>	<b>3,967.31</b>
<b>2.24 FINANCE COSTS</b>		
Interest Expenses		
Banks	773.24	426.53
Fixed Deposit	3.58	2.23
Others	49.51	72.69
	826.33	501.45
Other Borrowing Costs	295.58	233.62
<b>Total (2.24)</b>	<b>1,121.91</b>	<b>735.07</b>
<b>2.11 DEPRECIATION AND AMORTISATION EXPENSES</b>		
For the Year	952.07	902.82
Less: Recouped from the revaluation reserve	34.27	44.32
<b>Total (2.11)</b>	<b>917.80</b>	<b>858.50</b>

## Notes to Accounts

	2011-12 (Rs. in Lakhs)	2010-11 (Rs. in Lakhs)
<b>2.25 OTHER EXPENSES</b>		
Consumption of stores and spares part	4,928.43	7,582.26
Power and Fuel	3,458.70	3,193.36
Rent	31.46	32.46
Repairs to buildings	475.39	540.89
Repairs to machinery	489.32	610.50
Repairs to others	216.46	116.62
Insurance	44.98	16.34
Rates and Taxes excluding taxes on Income	52.25	50.04
Freight, Packing and Transport (Net)	(180.30)	(206.84)
Erection Expenses	438.48	447.73
Jigs & Fixtures, Drawings and Designs	112.17	109.15
Royalty & Know-how	12.22	64.48
Research & Development	270.07	235.70
Excise Duty Provided on Stock	2.19	3.54
Selling Agents Commission	49.00	9.14
Selling Expenses	190.08	150.24
Director's Sitting Fees	3.70	2.20
Director's Commission	9.27	2.06
Payments to the Auditors		
As Auditors	6.18	6.07
For Tax Audit	2.43	1.72
For Quarterly Review	2.27	2.59
For Fees for Other Services (incl.for issuing various certificates)	1.15	3.48
For Reimbursement of out of pocket expenses	0.33	0.45
Donation	8.43	15.94
Miscellaneous Expenses	1,191.12	1,031.64
Sundry Debit Balance Adjusted	0.46	5.06
Bad Debt written off	147.69	744.35
Provision for Diminution of Current Investment	-	11.65
Expenses related to previous year	0.54	0.11
Net gain or loss on foreign currency transaction and translation (other than considered as finance cost)	404.26	(24.47)
<b>Total (2.25)</b>	<b>12,368.73</b>	<b>14,758.46</b>

## Notes to Accounts

	2011-12 (Rs. in Lakhs)	2010-11 (Rs. in Lakhs)
<b>2.26 COMMITMENTS AND CONTINGENT LIABILITIES</b>		
<b>(a) Commitments</b>		
Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of advance)	801.34	2,120.12
	2011-12 (Rs. in Lakhs)	2010-11 (Rs. in Lakhs)
<b>(b) Contingent Liabilities (not provided for) in respect of :</b>		
(a) Guarantees given by Banks	33,854.27	38,933.43
(b) Letters of Credit opened by Banks	9,962.66	13,584.09
(c) Bonds issued to Custom Department	92.20	-
(d) Claims under dispute (Excise Duty, Service Tax & others)	2,199.50	4,323.41
(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.

Particulars	(Rs. in Lakhs)				
	Opening Provision as on 1.4.2011	Utilised during the year	Reversed during the year	Provision during the year	Closing provision as on 31.03.2012
(a) Site warranty period maintenance	183.99	----	----	----	183.99
(b) Others	183.41	53.34	----	---	130.07
<b>Total</b>	<b>367.40</b>	<b>53.34</b>	<b>----</b>	<b>----</b>	<b>314.06</b>
Previous Year	333.10	26.61	----	60.91	367.40

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 warranty and other expenses amounting to Rs. Nil Lakhs (Previous Year 60.91 lakhs).

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 31.03.2012 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:

	Relationship	Parties where control Exist 2011-12	Parties where control Exist 2010-11
A.	Key Management Personnel	Shri S. K. Poddar Executive Chairman	Shri S. K. Poddar Executive Chairman
		Shri Ramesh Maheshwari Executive Vice Chairman	Shri Ramesh Maheshwari Executive Vice Chairman
		Shri D. H. Kela Whole Time Director, President & CEO	Shri D. H. Kela Whole Time Director, President & CEO
B.	Other Related Parties	Texmaco Infrastructure & Holdings Limited (formerly known as Texmaco Limited)	Texmaco Infrastructure & Holdings Limited (formerly known as Texmaco Limited)
C.	Joint Venture	Texmaco UGL Rail Pvt. Limited	Texmaco UGL Rail Pvt. Limited
		Touax Texmaco Railcar Leasing Pvt. Limited	–

#### (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	--	--	303.57	303.57
- Shri Ramesh Maheshwari	--	--	111.75	111.75
- Shri D. H. Kela	--	--	61.91	61.91
<b>Investment</b>				
Texmaco UGL Rail Pvt. Limited	--	3600.10	--	3600.10
Touax Texmaco Railcar Leasing Pvt. Limited	--	2.50	--	2.50
Texmaco Infrastructure & Holdings Limited (formerly known as Texmaco Limited)	732.63	--	--	732.63
<b>Dividend paid</b>				
Texmaco Infrastructure & Holdings Limited (formerly known as Texmaco Limited)	546.00	--	--	546.00



## 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, 2012.

#### Employee Benefits

#### Defined benefits Plans – As per Actuarial valuation as on March 31, 2012

(Rs. in Lakhs)

	Funded Gratuity 2011-12	Funded Gratuity 2010-11	Unfunded Leave 2011-12	Unfunded Leave 2010-11
<b>I Change of Benefit Organisation</b>				
Liability at the beginning of the year	1751.61	----	153.72	----
Transfer from Texmaco Infrastructure & Holdings Limited	----	1,537.60	----	114.03
Interest cost	148.88	144.50	2.93	12.68
Current Service Cost	89.99	83.28	13.07	28.35
Past Service Cost (Non Vested Funds)	----	----	----	----
Past Service Cost (Vested Funds)	----	----	----	----
Benefits Paid	(180.52)	(168.67)	(9.06)	(8.43)
Actuarial (Gain)/Loss on obligation	(75.54)	154.90	(4.86)	7.09
Curtailments and Settlements	----	----	----	----
Plan Amendment	----	----	----	----
Liability at the end of the year	1734.42	1,751.61	155.80	153.72
<b>II Fair Value of Plan Assets</b>			----	----
Fair value of Plan Assets at the beginning of the year	1803.48	----	----	----
Transfer from Texmaco Infrastructure & Holdings Limited	----	1,497.84	----	----
Expected Return on Plan Assets	153.30	140.65	----	----
Contributions	276.72	333.66	9.06	8.43
Benefit Paid	(180.52)	(168.67)	(9.06)	(8.43)
Actuarial Gain/ (Loss) on Plan Assets	12.03	----	----	----
Fair Value of Plan Assets at the end of the year	2065.01	1803.48	----	----
Total Actuarial (Gain)/Loss to be Recognised	(87.57)	----	----	----
<b>III Actual Return on Plan Assets</b>				
Expected Return on Plan Assets	153.30	140.65	----	----
Actuarial (Gain)/Loss on Plan Assets	12.03	----	----	----
Actual Return on Plan Assets		140.65	----	----
<b>IV Amount Recognised in the balance sheet</b>	165.33		----	
Liability at the end of the year		1751.61	155.80	153.72
Fair Value of Plan Assets at the end of the year	1734.42	(1,803.48)	----	----
Difference	2065.01	(51.87)	155.80	153.72
Unrecognised Past Service Cost	(330.59)	----	----	----
Amount Recognised in the Balance Sheet	----	(51.87)	155.80	153.72

## Notes to Accounts

### 2.31 EMPLOYEE BENEFITS OBLIGATION

#### Employee Benefits

Defined benefits Plans – As per Actuarial valuation as on March 31, 2012 (Contd.)

(Rs. in Lakhs)

	Funded Gratuity 2011-12	Funded Gratuity 2010-11	Unfunded Leave 2011-12	Unfunded Leave 2010-11
<b>V Expenses Recognised in the Income Statement</b>	(330.59)	–	–	–
Current Service Cost	89.99	83.28	13.07	28.35
Interest Cost	148.88	144.50	2.93	12.68
Expected Return on Plan Assets	(153.30)	(140.65)	----	----
Net Actuarial (Gain)/Loss to be Recognised	(87.57)	154.90	(4.86)	7.09
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	(2.00)	242.03	11.14	48.12
<b>VI Balance Sheet Reconciliation</b>				
Opening Net Liability	(51.87)	----	153.72	----
Transfer from Texmaco Infrastructure & Holdings Limited	----	39.76	----	(114.03)
Expense as above	(2.00)	242.03	11.14	(48.12)
Employers Contribution	(276.72)	(333.66)	----	----
Effect of Curtailment or settlement	----	----	----	----
Benefits paid	–	----	9.06	8.43
Amount Recognised in the Balance Sheet	(330.59)	(51.87)	155.80	153.72
<b>VII Actuarial Assumption</b>				
Discount Rate Current	8.25%	8.25%	8.25%	8.25%
Rate of Return on Plan Assets	8.50%	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

		2011-12	2010-11
Net Profit for the period from ordinary activities attributable to equity shareholders (Excluding Preference Share Dividend) – used as numerator	Rs in Lakhs	9305.72	12147.60
Weighted average number of Equity share outstanding used as denominator for Basic earning per share	Number	182026590	181783090
(A) Basic Earning per share (face value of Re 1/- each)	Rs.	5.11	6.68
(B) Diluted Earning per share (face value of Re 1/- each)	Rs.	5.11	6.67

## 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 Private Limited	50%	India
Touax Texmaco Railcar Leasing Pvt. Limited	50%	India

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, 2011 is as follows:

Name of Joint Venture	Company's share in				
	Assets	Liabilities	Income	Expenses	Profit/ (Loss) after Tax
Texmaco UGL Rail Private Limited	1581.94	460.51	6.75	8.54	(3.45)
Touax Texmaco Railcar Leasing Pvt. Limited	-	-	-	-	-

Company's share in the Capital Expenditure Commitments and contingent liability of the Joint Venture – Rs Nil. The audited accounts of JV Companies for the year ended 31st March 2012 was not available on the date of signing of Balance Sheet.

The company in Joint Venture with UGL Rail Services Limited, Australia is setting up a State-of -Art manufacturing facility christened, Texmaco UGL Rail Pvt. Limited, a 50:50 JV between the company and UGL Rail Services Limited, Australia, for manufacturing of Bogie Frames, Loco Cabs, Platforms Segment and Wagon Components etc. within its premises at Belgharia. The company during the year has supported the JV with activities, the cost of which has not been recognized in the books of accounts during the year pending finalization of the quantum of the said mobilization activities along with the lease rental for the space provided for the manufacturing facility and the same shall be provided as and when it is formally determined.

### 2.34

Sales include inter departmental transfers Rs. 13,592.62 lakhs. (Previous Year Rs 13,959.54 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)

	2011-12	2010-11
Number of Non-resident Shareholders	17	-
Number of Equity Shares held	14840	-
Dividend remitted (Rs. in Lakhs)	0.13	-
Year of Dividend paid	2010-11	-

## Notes to Accounts

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

	2011-12		2010-11	
	(Rs. in Lakhs)	%	(Rs. in Lakhs)	%
Imported	9,715.72	21.25	12,610.99	15.41
Indigenous	43,534.27	78.75	69,222.95	84.59
	<b>53,249.99</b>	<b>100.00</b>	<b>81,833.94</b>	<b>100.00</b>

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

	2011-12 (Rs. in Lakhs)	2010-11 (Rs. in Lakhs)
Raw Materials	37.94	150.13
Components, Spare Parts and Stores	11,015.15	12,251.84
Capital Goods	207.42	-
	<b>11,260.51</b>	<b>12,401.97</b>

### 2.39 EXPENDITURE IN FOREIGN CURRENCY

	2011-12 (Rs. in Lakhs)	2010-11 (Rs. in Lakhs)
Salary	94.37	85.19
R & D Expenses	110.94	151.20
Traveling and Others	52.00	25.21
Books & Periodicals	1.67	0.04
General Charges (AAR Audit Fee)	2.39	5.50
	<b>261.37</b>	<b>267.14</b>

### 2.40 INCOME IN FOREIGN EXCHANGE

	2011-12 (Rs. in Lakhs)	2010-11 (Rs. in Lakhs)
Export of Goods (F.O.B.)	1,995.77	728.85

### 2.41 MISCELLANEOUS EXPENSES INCLUDE

	2011-12 (Rs. in Lakhs)	2010-11 (Rs. in Lakhs)
Bank charges including Guarantee Commission	294.81	362.80
Travelling Expense paid to Directors for attending Board Meetings	3.91	3.84

### 2.42

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

### 2.43 ANALYSIS OF RAW MATERIALS CONSUMED

Particulars	2011-12 (Rs. in Lakhs)	2010-11 (Rs. in Lakhs)
M.S. & C.I. Scrap	5,024.71	4,636.81
Pig Iron	291.25	238.30
Plates & Sheets	2,193.08	5,922.08
Rounds, Bars and Flats	194.76	229.64
Structural	717.93	575.16
	<b>8421.73</b>	<b>11,601.99</b>

### 2.44 INFORMATION ABOUT SEGMENT WORKING IS GIVEN BELOW

(Rs. in Lakhs)

Assets	2011-12			2010-11		
	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	70,143.59	6,599.77	76,743.36	90,449.63	3,405.44	93,855.07
Internal-Segment Sales	1,053.49	12,539.13	13,592.62	768.56	13,190.98	13,959.54
<b>Total Revenue</b>	<b>71,197.08</b>	<b>19,138.90</b>	<b>90,335.98</b>	<b>91,218.19</b>	<b>16,596.42</b>	<b>107,814.61</b>
<b>Result</b>						
Segment Result	12,169.06	1,963.63	14,132.69	15,524.99	1,955.42	17,480.41
Unallocated Corporate Expenses						-
<b>Operating Profit/(Loss)</b>			<b>14,132.69</b>			<b>17,480.41</b>
Interest Expense			(826.33)			(501.45)
Interest Income			319.36			587.25
<b>Total Profit/(Loss) before Tax</b>			<b>13,625.72</b>			<b>17,566.21</b>
Provision for Current Tax			(3,940.00)			(5,590.00)
Provision for Deferred Tax			(380.00)			171.39
<b>Profit/(Loss) from ordinary activities</b>			<b>9,305.72</b>			<b>12,147.60</b>
Extra ordinary items			-			-
<b>Net Profit/(Loss)</b>			<b>9,305.72</b>			<b>12,147.60</b>
<b>Other Information</b>						
Segment assets	61,365.43	14,118.55	75,483.98	50,290.03	11,018.39	61,308.42
Unallocated Corporate assets			-			-
<b>Total assets</b>			<b>75,483.98</b>			<b>61,308.42</b>
Segment liabilities	43,656.16	9,684.29	53,340.45	38,065.22	4,003.31	42,068.53
Unallocated corporate liabilities			-			-
<b>Total Liabilities</b>			<b>53,340.45</b>			<b>42,068.53</b>
Capital Expenditure	1,734.79	2,625.15	4,359.94	987.96	191.15	1,179.11
Depreciation	364.46	553.34	917.80	322.16	536.34	858.50
Non-cash expenses other than depreciation			-			11.65

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



## Notes to Accounts

### 2.45 PARTICULARS IN RESPECT OF GOODS MANUFACTURED

(Rs. in Lakhs)

Class of Goods		Sales	Opening Stock	Closing Stock
Wagons	2011-12	67599.80	–	–
	2010-11	87131.79	–	–
Structurals	2011-12	1853.80	34.37	96.86
	2010-11	1994.55	–	34.37
Water Tube Boilers and Package Boilers	2011-12	–	49.40	–
	2010-11	16.99	58.83	49.40
Sugar Mill Machinery (Complete Plant 1200 Tons Crushing Capacity)	2011-12	–	–	–
	2010-11	2.21	–	–
Pressure Vessels, Heat Exchangers and Chemicals Machineries	2011-12	246.55	–	–
	2010-11	241.95	–	–
Site Fabrication and Erection	2011-12	1537.15	–	–
	2010-11	2014.55	–	–
Steel Castings & Ingots (Including Draft Gear 4000 Sets)	2011-12	20938.23	–	–
	2010-11	18223.04	–	–
Power Tiller/Reaper	2011-12	648.29	76.09	21.49
	2010-11	610.72	40.11	76.09
Ring Frames, Doublers and Worsted Ring Frames	2011-12	–	0.61	0.61
	2010-11	–	0.61	0.61
Speed Frames	2011-12	–	0.39	0.39
	2010-11	–	0.39	0.39
Others	2011-12	973.02	–	–
	2010-11	837.36	–	–
<b>Total</b>	<b>2011-12</b>	<b>93796.84</b>	<b>160.86</b>	<b>119.35</b>
	<b>2010-11</b>	<b>111073.16</b>	<b>99.94</b>	<b>160.86</b>

## Notes to Accounts

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

Sl. No.	Particulars	2011-12 (Rs. in Lakhs)	2010-11 (Rs. in Lakhs)
<b>1</b>	<b>Freight, Packing and Transport</b>		
	Paid	365.47	308.88
	Received	545.77	515.72
	<b>Net</b>	<b>(180.30)</b>	<b>(206.84)</b>
<b>2</b>	<b>Profit on Sale of Fixed Assets</b>		
	Profit	59.02	188.96
	Loss	(2.74)	(10.42)
	<b>Net</b>	<b>56.28</b>	<b>178.54</b>
<b>3</b>	<b>Profit on Sale of Current Investment</b>		
	(i) Shares		
	Profit	3.74	10.34
	Loss	-	-
	<b>Net</b>	<b>3.74</b>	<b>10.34</b>
	(ii) Mutual Funds & Others		
	Profit	1183.39	148.46
	Loss	-	-
	<b>Net</b>	<b>1183.39</b>	<b>148.46</b>
	<b>Total (i+ii)</b>	<b>1187.13</b>	<b>158.80</b>

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

	2011-12 (Rs. in Lakhs)	2010-11 (Rs. in Lakhs)
<b>Expenses</b>		
(i) Miscellaneous Expenses	0.44	0.11
(ii) Income Tax	0.10	-
	<b>0.54</b>	<b>0.11</b>
<b>Income</b>		
(i) Excise claim	-	6.71
	<b>-</b>	<b>6.71</b>

## Notes to Accounts

### 2.48

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.

	2011-12 (Rs. in Lakhs)	2010-11 (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		
Forward Contracts : - Payable	3251.08	-
(b) Un – hedged foreign currency exposure as at 31st March are as under – Payables	4583.72	4387.23

### 2.49

The revised Schedule VI has become effective from 1st April, 2011 for preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classifications / disclosure.

### 2.50

Figures below Rs.500/- have been omitted for rounding off and above Rs.500/- have been rounded off to the next Rs.1000/-.

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: 25th May, 2012

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

**S. K. Poddar**  
**Ramesh Maheshwari**  
**A. C. Chakrabortti**  
**S. Dhasarathy**  
**D. H. Kela**  
**Akshay Poddar**  
**D. R. Kaarthikeyan**  
**Hemant Kanoria**

*Directors*



