

TEXMACO RAIL & ENGINEERING LTD.

Annual Report 2010-11



Collaborating for Change



International benchmarking

Texmaco Rail & Engineering Limited, with its rich legacy of knowledge and experience gained over several decades, has made a remarkable showing with consistent excellent performance year after year. It has been a great run for the company with the turn of the century with improved working, strengthening of finances, and growing market capitalization.

The Company's market leadership in the field of Rail Freight Cars and Hydro-mechanical Eqpt. for Mega Power Stations has evoked the interest of Multinationals for technology tie-ups and partnerships with the Company.

Encouraged by their response, the Company is infused with a renewed spirit to set new paradigms for restructuring of its operations in line with global standards and practices.

The State-of-the Art- facilities set up by the Company, and the international certification of its products and processes are serving to expand its export horizons. The Company has intensified its R&D activities through engagement with renowned professional expats and interface with academia.

There is a relentless pursuit to establish the Company's new image through Business Re-structuring, Financial Re-engineering, and Organizational Re-designing.

Business verticals

Rolling Stock

- ▶ High Payload Stainless Steel freight wagons
- ▶ Commodity-specific wagons for bulk transport
- ▶ Special Purpose freight wagons
- ▶ Bottom Discharge Hopper Wagons for transport of coal
- ▶ Container Rakes
- ▶ Tank Wagons
- ▶ Loco Shells
- ▶ Coach Bogies



Steel Foundry

Domestic:

- ▶ Bogies
- ▶ Couplers
- ▶ Draft gear
- ▶ Coach Coupler
- ▶ CMS Crossing

Export:

- ▶ Shroud Castings
- ▶ Barber design Sideframe & Bolster Castings
- ▶ CMS Frogs
- ▶ Rotary Yokes

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Hydro-mechanical Eqpt. & Steel Structures

- ▶ Gates in wide range
- ▶ Penstocks & Specials
- ▶ Stoplogs
- ▶ Hydraulic Hoists
- ▶ Goliath & EOT Cranes
- ▶ Trash Rack Cleaning Machines
- ▶ Industrial & Power House, & Flyover Structures
- ▶ Steel Bridges
- ▶ Ship Hull Block

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Process Eqpt. & Others

- ▶ Horton Sphere
- ▶ Clay Filter
- ▶ Gas Cooler
- ▶ Cold Box
- ▶ Heat Exchanger

Others

- ▶ Agro Machinery
- ▶ Road Repair Eqpt.

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Corporate information

Directors

S. K. Poddar, Chairman

Ramesh Maheshwari, Exec. Vice Chairman

B. P. Bajoria

A. C. Chakrabortti

S. Dhasarathy

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

Our strengths

Group presence

Texmaco Rail & Engineering Limited is one of the prominent companies of the Adventz Group engaged in the Core Sectors - Agriculture, Engineering & Infrastructure, Real Estate, Consumer Durables, and Financial Services etc.

Geographic Presence

Export of Freight Cars since mid '60s and supply of thousands of cars to various countries in Africa, Europe and South East Asia in global competition. Steel Castings are being exported to multinationals in Australia and USA.

Holistic

In-house product design capability and project engineering from concept to commissioning. The accent on building intellectual capital will render a cutting edge to the Company's operations.

Leadership

The Company is a leader in the design and manufacture of Railway Freight Cars and has a State-of-the Art Steel Foundry. It also enjoys leadership in Hydro-mechanical Eqpt. with over 50 years' of experience.

Integration

A modern integrated facility for manufacture of Freight Cars and Steel Castings, acclaimed as one of the largest single-location wagon manufacturing facility in the world.

Market Share

The largest supplier of Wagons to the Indian Railways with a market share of over 25%. Supplies to private customers account for a market share of more than 65%. Also the largest supplier of Steel Castings to the Indian Railways.



Flexibility

Proven ability to mobilise operations for varied product-mix on fast track to meet special delivery requirements. The superior infrastructure of the Company provides a major leverage to win out in competition.

Technology

Progressive upgradation of manufacturing technology and production devices through mechanisation and automation. CNC machines ensure high precision, speed and total quality.

Gearing

The Company has the ability to leverage its low debt gearing to mobilise large resources for rapid expansion and capital intensive projects to reap the full potential of growth opportunities.

Alliances

The Company has forged strategic alliances and partnerships with MNCs to build and sustain engineering excellence and contemporary products.

Governance

System Governance by professional managers with complete transparency in operations. Use of modern management tools & techniques assures efficient resource planning and greater reliability comfort to the stake-holders.

Industrial Relations

A unique track record of uninterrupted peace and harmony at the work-place for over four decades, a singular distinction in an environment of frequent industrial strife.

Chairman's message

Dear Shareholders,

I am pleased to present an overview of the 1st operational Annual Report of Texmaco Rail & Engineering Limited for the Financial Year ended March 2011.

At the outset, let me share with you the launch of our group brand, ADVENTZ. The idea of ADVENTZ is to see one virtual company with many real businesses. ADVENTZ is a future abundant with promise that opens up a world of opportunity for group companies. Brand ADVENTZ is based on four fundamental principles - Collaboration, Sustainability, Inclusiveness and being Global. We shall seek to leverage the power of diversity in terms of knowledge, best practices and technological excellence with leading global corporations to spur growth in each sector.

As per the decision of the Board in the previous year, the Engineering and Steel Foundry businesses of Texmaco Limited were de-merged into your Company, leaving the Real Estate, Mini Hydel Power and long term Investments in Texmaco Limited. This has been done to unleash the value of the shareholders in both the companies and enable them to focus on their core business strengths and grow independently of each other.


It was increasingly felt that the integrated diverse businesses in a single Financial Report made it difficult for investors to appraise the performance on stand-alone operation basis, thereby impacting the corporate valuation. It will now render easier the mobilisation of financial resources for individual verticals from the Institutional investors. No less important is the opportunities opened up for the Company to enter into joint ventures with renowned Multinational Groups.

Your Company is broadening its operational base and expects to transform from a wagon manufacturer into a diversified Railway and Hi-tech Engineering Products Company in the foreseeable future. The current healthy finances and strong cash flow of the Company will foster its accelerated growth in Rail Sector. The sheer size of our country, soaring prices of oil, and ecological considerations favour rail transport as the ideal solution for moving large volumes of bulk cargo in our fast growing economy.

Further, it augurs well for your Company to gather pace and move in strides in the new political dispensation in the State under the leadership of Ms. Mamata Banerjee, after her historic win in the recent election in West Bengal. Going by the policy pronouncements of the State Government, there is a positive sentiment and general expectation of a major growth momentum in the State's development.

As I look ahead, I am confident and optimistic about the direction taken by your Company. We believe that realising our potential is not a one time job. Your Company will go the distance to bring to you its real potential in all that it does, year on year.

This makes Texmaco Rail & Engineering Limited well poised to move forward with its committed workforce and the continuing support of all stakeholders.



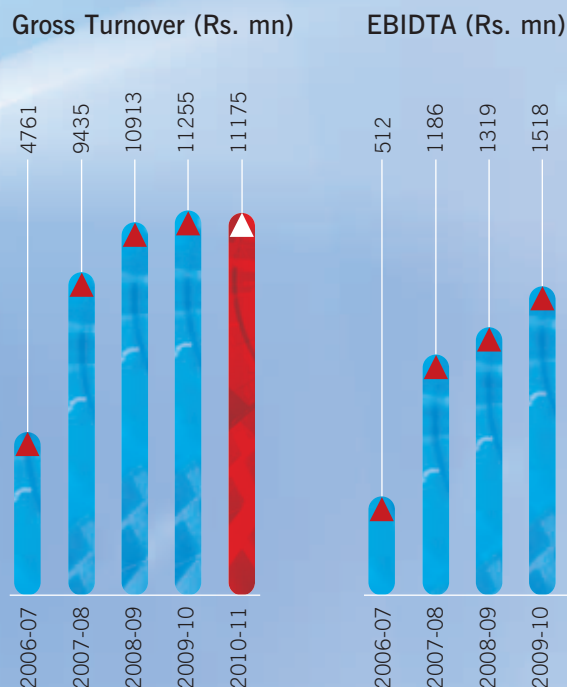
S K Poddar

Chairman



Strategic alliances. Growing numbers.

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

	2001-02	2002-03	2003-04	2003-05	2005-06	2006-07
Gross sales *	9,895.67	12,789.08	16,936.39	30,371.98	39,216.52	47,612.75
Other income	280.08	449.26	285.47	226.06	259.30	455.92
Gross profit (PBDT)	(436.14)	729.24	1,168.05	2,302.00	3,300.74	4,836.63
Profit before tax	(690.18)	437.19	843.87	1,904.62	2,873.16	4,313.54
Tax for the year	(275.41)	298.23	208.78	151.90	906.15	1,391.20
Profit after tax	(414.77)	138.96	635.09	1,752.72	1,967.01	2,922.34
Extraordinary/exceptional items **	97.73	12.66	+1,243.92	186.29	65.62	74.73
Profit after tax (PAT)	(512.50)	126.30	1,879.01	1,566.43	1,901.39	2,847.61
Equity #	516.34	516.34	516.34	1,032.57	1,032.57	1,032.57
Free reserves	6,419.71	5,742.36	7,534.00	9,897.43	11,445.60	13,809.99
Equity share book value (Rs.) ##	134.33	119.86	152.88	103.88	118.78	142.03
Rate of dividend	–	10%	7.5% *#	20%	30%	40%

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