

TEXMACO RAIL & ENGINEERING LIMITED

Annual Report 2013-14



Widening spectrum of **Total Rail Solution**





Expanding,
Improving
and Deepening ►►

The year FY'14 was an unprecedented one during which operations had to be managed in a crisis mode. After years of smooth steering and turning out successively better results, the Management was put to the severest test in navigating through turbulent times owing to economic slowdown, aggravated by federal policy inaction.

The Management took it in their stride and, confident of better times ahead, resorted to major reorganization to be in a state of preparedness for the rebound in the economy before long.

The Management focused on creating world-class infrastructure, technological upgradation, building matching skills and strategizing for a bigger market share with enhanced focus on exports.

The Company expanded its product portfolio, improved the work ethos and culture and inculcated a sense of ownership to render greater accountability and responsiveness at different tiers of Management.

The Company embraced the cult of truly participative management for Assured Quality and Delivery.



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
- Car Carrying Wagons
- EMU Coaches
- Loco Shells and Components
- Coach Bogies

Steel Foundry ▶

Domestic

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

Export

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

Hydro-mechanical Eqpt. & Steel Structures ▶

- Gates in a wide range (Radial, Vertical, Mitre, Flap types)
- Penstocks / Pressure Shaft Liners
- Bifurcation, Trifurcation, Transition, Expansion Joints Manifolds, Fixed & Rocker Supports and Specials
- Stoplogs / Bulkhead Gates
- Hydraulic, Rope Drum Hoists, Screw Hoists, Travelling Hoists etc.
- Knife Edge Gate Valve (Screw / Hydraulic/ Electric Acuator operated) / Filling-in-valves
- Trashracks / Screens
- Trash Rack Cleaning Machines
- Replacemenet / Refurbishment /Overhauling of old HE Eqpt.

Steel Bridges & Heavy Structurals ▶

- Bridges
- Flyovers, Power House and Industrial Structures
- Goliath & EOT Cranes
- Ship Hull Blocks

Process Equipment & Others ▶

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

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Corporate Information

Directors

S. K. Poddar, *Executive Chairman*
Ramesh Maheshwari, *Executive Vice Chairman*
A. C. Chakraborti
Sampath Dhasarathy
D. R. Kaarthekeyan
Hemant Kanoria
Sunil Mitra
Akshay Poddar
D. H. Kela, *Executive Director*
Sandeep Fuller, *Executive Director*

CFO & Secretary

A. K. Vijay

Auditors

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

Bankers

State Bank of India
ICICI Bank
HDFC Bank
YES Bank
Axis Bank

Registered Office

Belgharia, Kolkata 700 056
Phone: (033) 2569 1500
Fax: (033) 2541 2448
Website: www.texmaco.in

Corporate Office

Birla Building
9/1, R.N. Mukherjee Road
Kolkata 700 001
Phone: (033) 3057 3700
Fax: (033) 2242 5833

Regional Offices

- New Delhi
- Mumbai

Works (Kolkata)

Heavy Engineering

- Agarpara
- Sodepur
- Panihati
- Belgharia

Steel Foundry

- Belgharia

Chairman's Message

The New Phenomenon

'India Story' is what the whole world seems to be talking about!

The economic boom is coming. The new leadership at the Centre after the general elections concluded in May this year, has changed the mood of the nation and sent vibrations all-over about the most promising investment destination - India. The West is turning to the East to come together with the emergent powerhouse and work in the new global workplace.

After long and unfulfilled years, 'the script for the future' is being written by the new Government to transform the country from a state of morass. The policy accent is on infrastructure development with Railways forming the core to leverage growth, connectivity, investment, jobs and modernization. It is proposed to usher the country into Japan/China-style high-speed trains with public-private collaboration and 100% FDI in select areas. We are already witnessing unprecedented buoyancy in the Capital Markets with record inflow from FIIs, which is direly needed to finance big ticket projects and modernize the creaky infrastructure to set the pace of accelerated growth.

The Capital Goods Industry is the backbone of the economy. Unfortunately, it has faced severe headwinds due to slowdown in the economic growth of the country, especially conspicuous in key sectors such as, Power, Roads, Railways, Construction, Earth Moving, Mining etc. Texmaco was also no exception with poor order book at uneconomic prices.

The manufacturing sector has suffered the worst. For a greater part of FY'14, it was in negative territory and under pressure throughout. It needs to increase from the current level of 16-17% of GDP to a more healthy 25% if the economy were to grow from the current sub-5% to 8% per annum.

In the wake of the recent Railway Budget, Texmaco sees a unique opportunity to grow exponentially with the largest chunk of investment proposed in the Rail sector, which has hitherto suffered neglect owing to cash-strapped Railways and their lopsided populist policies. The present Government has identified the high priority areas to build one of the best Rail systems in the world. It has affirmed its commitment to expeditious completion of the Dedicated Freight Corridor, which has been languishing for years with ever-escalating project cost. This would unleash a huge requirement for specialized high-speed, hi-tech commodity wagons for core sectors.

Globally, wagons are predominantly owned by Leasing companies. Accordingly, it is proposed that the Railways would promote wagon procurement through Lease Finance Schemes, which will give a big fillip to building a modern rolling stock fleet to serve the economy.

Total Rail Solution Provider

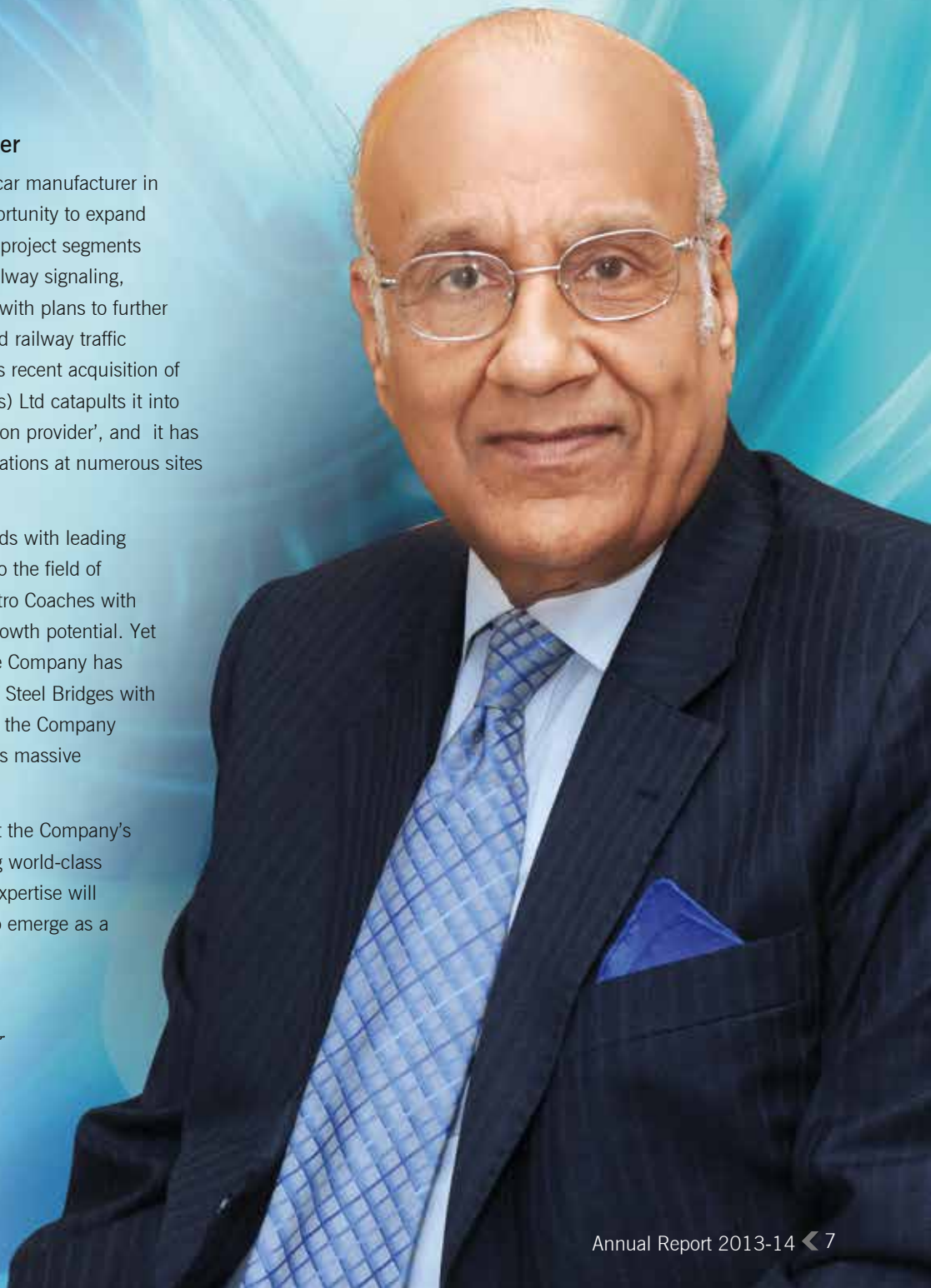
Texmaco, as the largest freight car manufacturer in the country, has seized the opportunity to expand its operations from product into project segments to participate in the areas of Railway signaling, communication and track work with plans to further diversify into electric traction and railway traffic management system. Texmaco's recent acquisition of Kalindee Rail Nirman (Engineers) Ltd catapults it into the category of a 'total rail solution provider', and it has already been expanding its operations at numerous sites across the country.

Further, Texmaco is joining hands with leading multinationals to take a leap into the field of Locomotive Assemblies and Metro Coaches with high value addition and huge growth potential. Yet another major diversification the Company has embarked upon is in the field of Steel Bridges with large upcoming demand, where the Company expects to make its mark with its massive fabrication capacity.

I believe the time has come that the Company's strategic investments in building world-class infrastructure and engineering expertise will put it on the fast growth track to emerge as a leading player internationally.

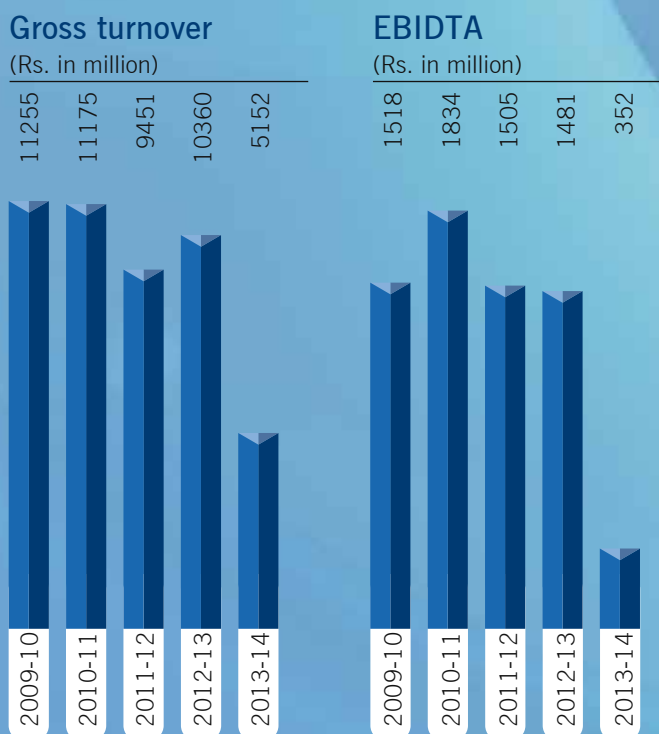


S. K. Poddar
Executive Chairman



Tough times don't last; tough companies do.

Through distinguished professional management, the Company has built strong resilience to weather the crises in a volatile economic situation.



Financial highlights for 10 years

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