

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

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.

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
- Replacement / Refurbishment /Overhauling of old HE Eqpt.

Steel Bridges & Heavy Structural

- 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

Contents

Corporate Information	05
Chairman's message	06
Financial Highlights for ten years	08
Prestigious Projects	10
Texmaco UGL Joint Venture	12
From the desk of the Executive Vice Chairman	14
Corporate Social Responsibility	16
Report of the Directors	18
Report on Corporate Governance	30
Auditor's Report	39
Balance Sheet	42
Statement of Profit and Loss	43
Cash Flow Statement	44
Notes to Accounts	45

Corporate Information

Directors

S. K. Poddar, *Executive Chairman*
Ramesh Maheshwari, *Executive Vice Chairman*
A. C. Chakrabortti
Sampath Dhasarathy
D. R. Kaarthikeyan
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 FII's, 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.

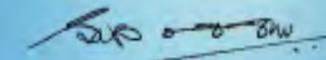
Globally, wagons are predominantly owned by Leasing companies. Accordingly, it is proposed that the Railways would promote wagon procurement through Lease Finance Schemes, which will give a big fillip to building a modern rolling stock fleet to serve the economy.

Total Rail Solution Provider

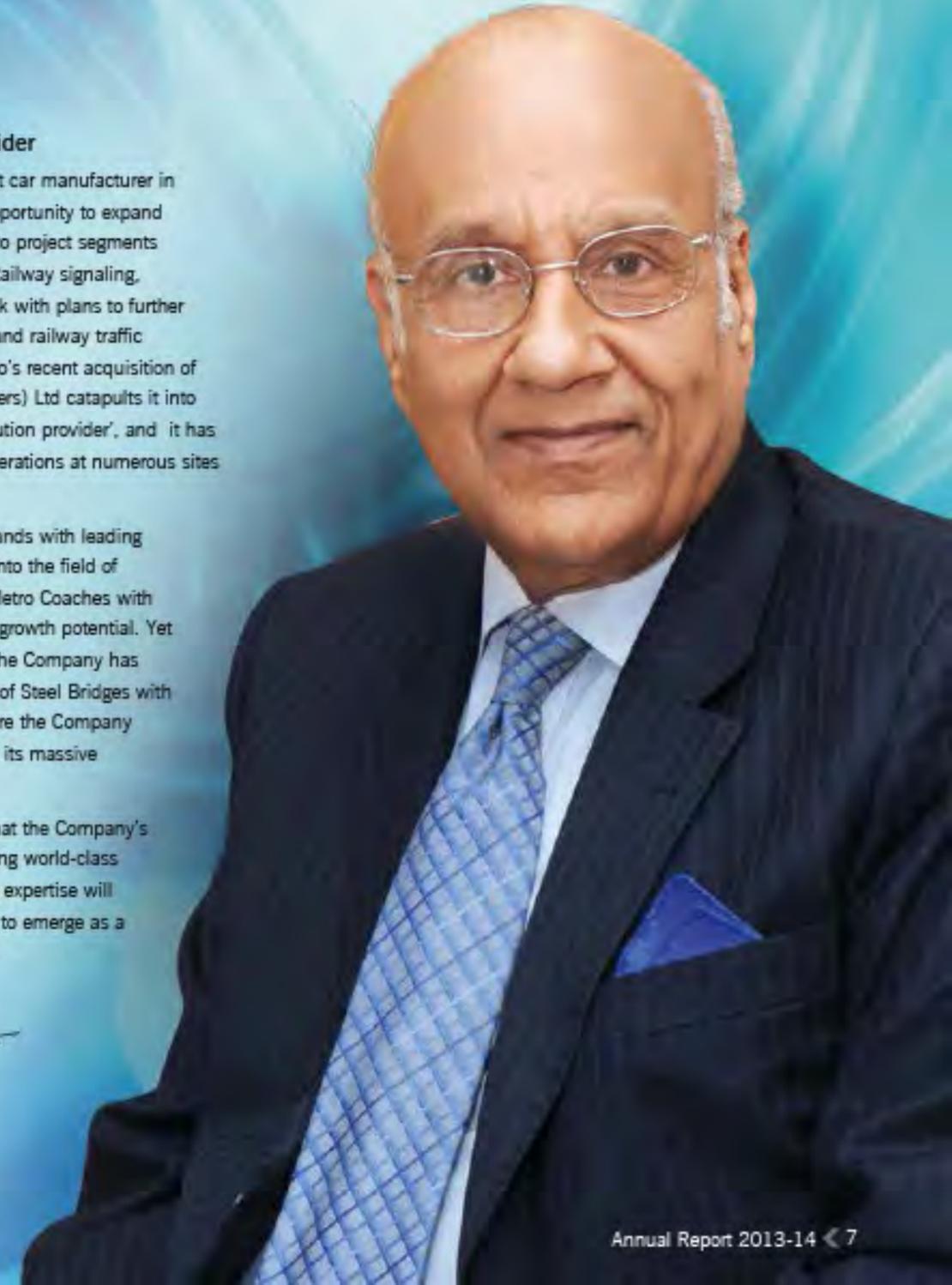
Texmaco, as the largest freight car manufacturer in the country, has seized the opportunity to expand its operations from product into project segments to participate in the areas of Railway signaling, communication and track work with plans to further diversify into electric traction and railway traffic 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.

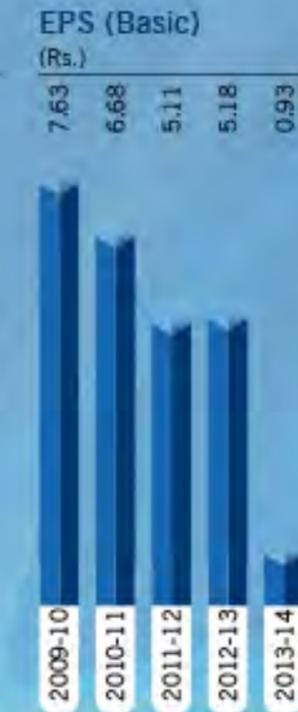
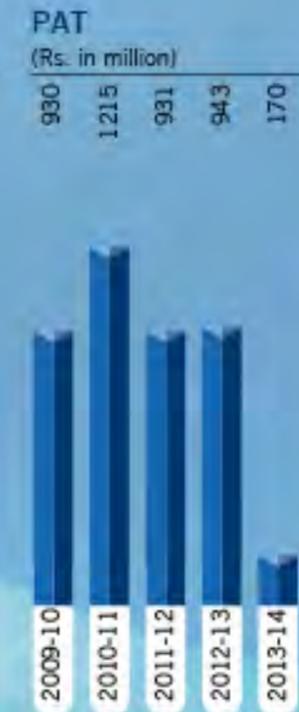


S. K. Poddar
Executive Chairman



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	09-10	10-11	11-12	12-13	13-14
Gross sales *	30,371.98	39,216.52	47,612.75	94,352.84	109,125.45	1,12,549.43	1,11,750.32	94,514.54	1,03,596.50	51,517.43
Other income	226.06	259.30	455.92	596.37	796.95	1452.96	1,866.49	2,560.74	3,096.69	2,354.08
Gross profit (PBDT)	2,302.00	3,300.74	4,836.63	10,958.15	12,273.12	15,086.20	18,424.71	14,543.52	14,415.85	3,049.72
Profit before tax	1,904.62	2,873.16	4,313.54	10,072.12	11,137.72	13,937.64	17,566.21	13,625.72	13,476.67	1,875.94
Tax for the year	151.90	906.15	1,391.20	3,099.10	3,508.36	4,592.03	5,418.16	4320	4,049.76	178.72
Profit after tax	1,752.72	1,967.01	2,922.34	6,973.02	7,629.36	9,345.61	12,147.60	9,305.72	9,426.91	1,697.22
Extraordinary items **	186.29	65.62	74.73	63.95	45.38	41.13	-	-	-	-
Profit after tax and extraordinary items	1,566.43	1,901.39	2,847.61	6,909.07	7,583.98	9,304.48	12,147.60	9,305.72	9,426.91	1,697.22
Equity #	1,032.57	1,032.57	1,032.57	1,107.83	1,107.83	1,271.83	1,817.83	1,820.27	1,820.27	1820.27
Free reserves	9,897.43	11,445.60	13,809.99	21,567.28	28,409.95	52,978.05	40,571.05	47,837.94	55,135.23	56,300.04
Equity share book value (Rs.) ##	103.88	118.78	142.03	206.08	26.64 ***	42.65	23.00	27.28	31.29	31.93
Rate of dividend	20%	30%	40%	75%	75%	90%	100%	100%	100%	25%

(Rs. in lakhs)

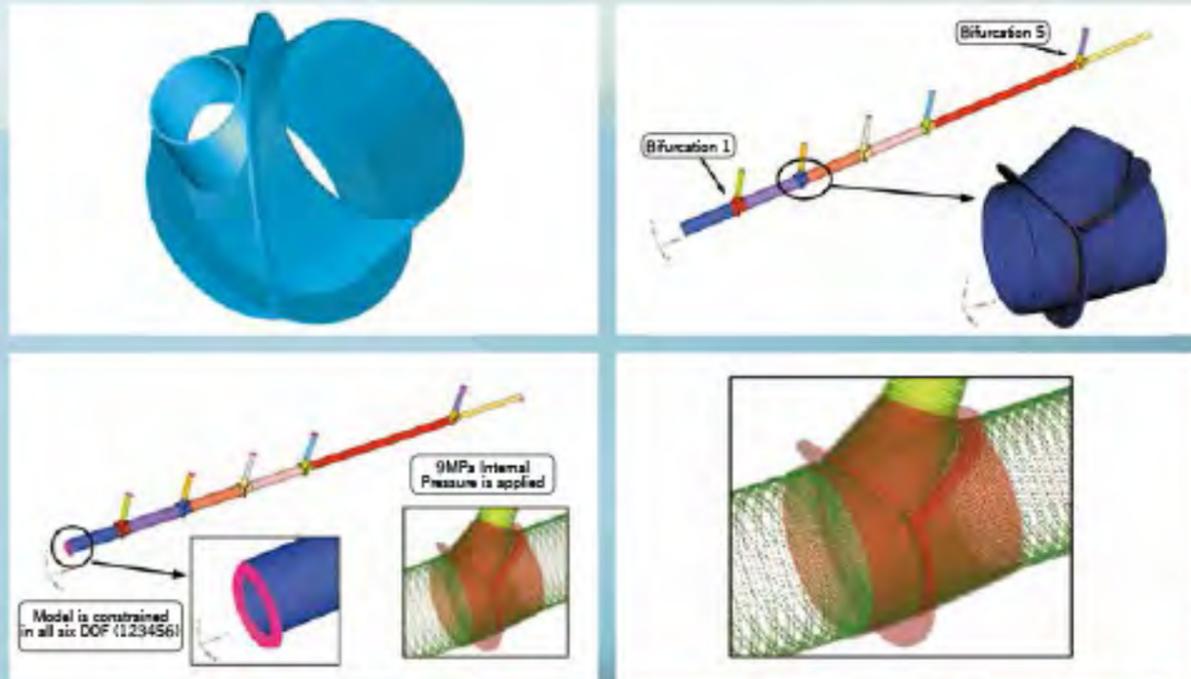
*Invoiced value varies depending on free-issue materials used by the Company for the production of Wagons and Hydro-Mechanical Equipment.

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.

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

Industry-leading engineering capabilities ▶▶



Finite Element Analysis (FEA) Models for Upper Tamakoshi HE Project, Nepal

Shipment of Tank Wagons for Africa



New 2nd High Pressure Moulding Line at the Old Foundry



Plasma-Oxy Cutting machine, Koike, Japan

World-class infrastructure and high-tech products ▶▶

Texmaco UGL JV

A leading provider of high quality, high precision, steel fabricated and assembled components for different industrial applications. Both UGL and Texmaco have consistently responded to challenges and opportunities with creativity and client focused solutions. Texmaco UGL combines the strength and experience of two engineering powerhouses and offers clients the flexibility to fabricate a wide variety of innovative solutions across multiple sectors. Commercial production commenced in 2013. Texmaco UGL JV has been certified as global vendor to GE.

Successful project completion of Bogie fabrications -Kazakhstan Rail (GE)

Other projects which are in progressive manufacturing phase –

Queensland Rail Engine Locomotive (QREL)

Mozambique Flexi curve Bogie-the first flexi curve bogie manufactured in India.

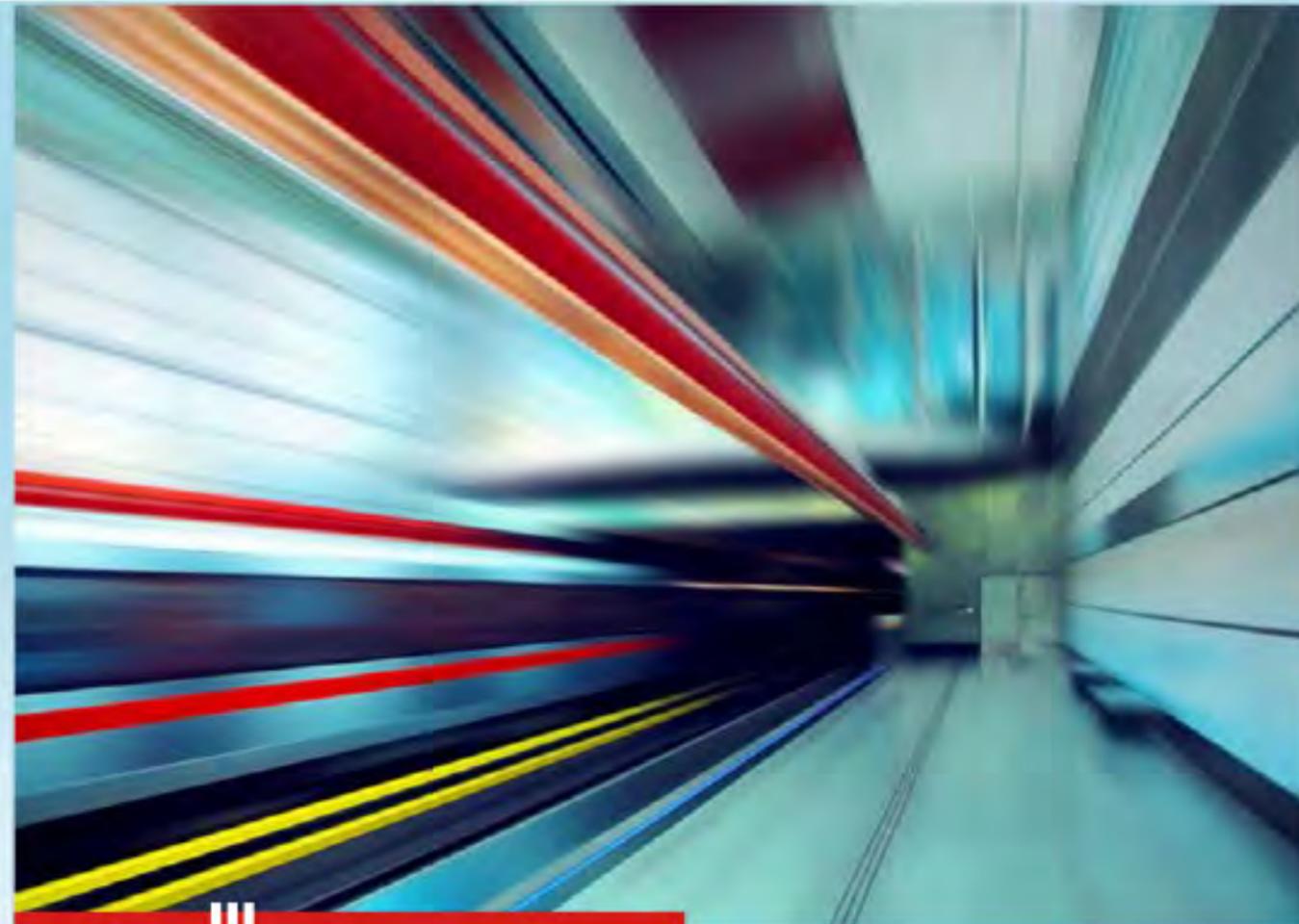
- ZF -Aggregates • GE-Aggregates • LHB –Bogie frames.



KAZ Bogie Frame on Manipulator



QREL Bogie Frame ready for despatch



Entering the age of Speed and High Technology



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



Gaining the Momentum

The bells in the greatest Temple of Democracy, India, were ringing loud throughout the year with expectant multitudes of countrymen, indeed the whole world, focused on the outcome of the General Elections in May 2014. Passions were running high. The common refrain was the revival of the economy from the current downturn. The air was ranting with 'economy, economy, economy', being the highest priority on the political agenda.

In this backdrop, the historic mandate for the new Government, which took office in May this year, has roused huge expectations for reform and fast growth. More than 50% of Indians look for deliverance, as they still cannot afford even the basic needs. It affords the new Government a unique opportunity for reforms in the fast mode, without being faced with an existential dilemma.

The country looks forward to the promised 'minimum government, maximum governance' with renewed energy, ideas and strategy. The overwhelming expectation is that the Government would stay away from populist measures and keep a leash on the fiscal deficit. The Market sentiment has

been greatly boosted by the public pronouncement of the Finance Minister that 'India needs to make a choice between mindless populism and fiscal prudence'.

A phenomenal change is under way to enter the era of high technology and speed.

Our Company would be a major beneficiary of the out-of-the-box thinking of the Government according high priority to infrastructure with pivotal role of the Rail Sector. Texmaco's pre-eminence in this segment is recognized for its unequalled capacity and capability, reinforced by building human capital and highly professional management. The Company looks forward to emerging reinvigorated with the new stimulus of the Government and reinventing itself for the big leap into the international domain.

The years ahead would witness a free run for the Company and mark a watershed in its history.

Ramesh Maheshwari
Executive Vice Chairman

Corporate Social Responsibility



1. Texmaco Neighbourhood Welfare Society extending financial aid to local people to meet the basic needs for health and education.

2. Millennium Mams', a non-profit women forum, visiting Texmaco to explore the possibility for participating in the Company's CSR activity.

3. Local women/ girls are provided with sewing machines by the Company to learn tailoring, which can help them earn a living.



Report of the Directors

Your Directors have pleasure in presenting the 4th Operational Annual Report of the Company along with the Audited Accounts of the Company for the year ended 31st March, 2014.

Financial Results

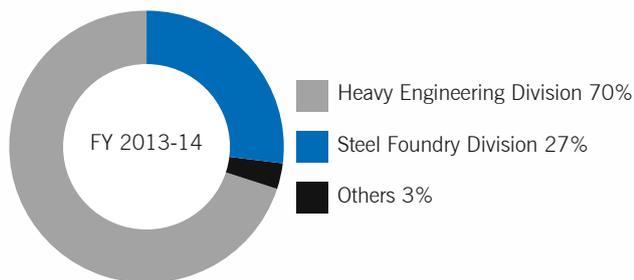
Rupees in Lakhs

	2013-14	2012-13
Operating Profit (PBIDT)	3,517.23	14,813.99
Less: Interest (Net)	467.51	398.14
Gross Profit (PBDT)	3,049.72	14,415.85
Less: Depreciation	1,173.78	939.18
Profit before Taxation	1,875.94	13,476.67
Less: Provision for Taxation:		
Current Tax	355.00	4,012.00
MAT Credit entitlement	(355.00)	–
Deferred Tax Liability/(Asset)	174.57	37.76
Income Tax for earlier years	4.15	–
Profit after Taxation	1,697.22	9,426.91
Add: Balance brought forward from previous year	10,711.52	9,214.23
	12,408.74	18,641.14
Appropriations		
Proposed Dividend on Equity Shares (Incl.Tax)	532.41	2,129.62
General Reserve	500.00	5,800.00
Balance Carried Forward	12,408.74	10,711.52
	12,408.74	18,641.14

During the year under review, the Company's overall performance was substantially impacted due to unprecedented delay in release of wagon orders by Indian Railways for FY'14, and the Company suffered idle capacity for the entire year.

The Gross Turnover for the year stood at Rs. 5152 million, net of the value of free-supply inputs including steel and components of over Rs.160 million, provided to the Company by Indian Railways and other clients for some large value contracts.

Division-wise turnover



The Gross Profit for the year (PBDT) and Profit Before Tax (PBT) were at Rs.305 million and Rs. 188 million respectively. The Net Profit was Rs.170 million, after providing net tax liability of Rs.18 million for the year in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India.

Dividend

In view of lower profits, the Directors recommend payment of a dividend of 25% for the year ended 31st March, 2014.

The Management Discussion and Analysis

In keeping with the demand projections of Indian Railways to wheel the national economy, your Company has endeavored to stay a step ahead to maintain its leadership in being the largest supplier of freight cars to Indian Railways. Accordingly, the Company has built world-class infrastructure for its production capacity going upto 10,000 freight cars a year.

Unfortunately, however, the persistent problem (*bête noire*) of the Wagon Industry in India is erratic planning and placement of orders by the Railways, throwing the working of the Industry in disarray and saddling it with huge infructuous cost of idle capacity. Your Company has done its best in changing the gears in sync with Railway's procurement programme.

During the immediate past year 2012-13, the Company had a robust order book, including the Railways' order for 3915 wagons, which was the maximum quantity ordered by Indian Railways on any wagon builder. Besides, the Management was buoyed up with the Railways' highest ever planned outlay of Rs.601 billion during 2012-13. The budgeted expenditure for procurement of rolling stock was about 32% more over the previous year, which was expected to result in procurement of larger number of wagons.

Unfortunately, there were increasing signs of economic slowdown as the nation entered 2013, and the year 2012-13, which was having record performance, suddenly suffered a setback towards the close owing to depleting orders, bringing the production to a virtual halt in the last quarter Jan-March 2013.

No wagon orders were released for FY'14. For the year under review it was an endless wait, and the orders were ultimately released only after expiry of the year in April 2014. The entire Industry has been plunged in a state of despair. In view of such vulnerability owing to excessive dependence on IR wagon orders, your Company has taken steps to diversify and expand its product portfolio in the Railway sector. The new Coach Shop set up at Sodepur is equipped to manufacture Electric and Diesel Multiple Units, as well as, Coaches for the Railways. Further, it has also taken up the production of Loco Shells and Loco Components. Besides, your Company has acquired Kalindee Rail Nirman (Engineers) Limited, a company which does EPC contracts for Railways and Metros. It specializes in track work, railway signaling, telecom and metro track work. Texmaco is thus poised to be the end-to-end solution provider for Railways and Metros.

The Hydro Mechanical Division is promising great prospects with the procurement activities being recommenced for the large Hydro Power Projects which were dormant for last few years.

Steel Foundry Division of the Company is facing challenges in the domestic market and rising up to the occasion has made effective penetration in the export markets for long term benefits.

In the aforesaid situation, the performance during FY'14, as detailed hereunder, has to be judged in proper perspective.

Heavy Engineering Division

Rolling Stock

The wagon orders for the year under review were placed by Indian Railways on the Industry as late as on 29th April, 2014, after expiry of the year. The redeeming feature, however, was that your Company received the highest order for 2400 wagons in the Industry.

The workload from Indian Railways available to the Company during the entire year 2013-14 was a meagre quantity of 161 wagons, (*which was diverted to it by the Railway Board owing to the default of certain other wagon builders*).

This was an unprecedented situation faced by the Company, rendering its massive capacity idle and thousands of workmen jobless. Numerous representations by the Company at all levels were of no avail, which was, indeed, inexplicable despite a budgetary approval of the Parliament for procurement of 11728 wagons (*excluding PSUs and Railway Workshops*), during FY'14.

Unfortunately, the demand from the private sector too was sluggish owing to general economic downturn. However, your Company managed its operations, albeit at a low level, by executing orders for 671 wagons, comprising of Special Purpose Commodity-specific Wagons for private customers and exports. The aggregate turnover in the Wagon Division was Rs.3326.68 million, made up of an all-time low 19% from IR orders, 57% non-IR and 24% exports.

The Company is continuing to engage in expanding the product-mix and has made a significant breakthrough in securing an order for 3 rakes of BCACBM wagons (*Car Carrying wagons*) from an esteemed Group, with prospect of substantial demand potential for transport of various models of passenger cars in India. An advanced model of the Bogie Double Deck Automobile Car Carrying Wagon (BDDAC) to a European design is also under prototype development for premium segment customers.

Besides, the Company is well-placed in respect of a large value Tender of the Ministry of Defence, Govt. of India, which is expected to be finalised shortly.

The Company has also been working on a new design Double Stack Container Flat Wagon (BFCTA/B) to Australian Design, which is under approval by RDSO for prototype manufacture, and it is expected to command a large market on successful trial.

The Company has intensified its efforts to explore further export opportunities, and is encouraged by the response of a number of high-powered delegations visiting its Works from various countries. They have been impressed with the Company's excellent infrastructure and evinced keen interest in doing business with the Company.

EMU Coaches

Your Directors are pleased to report that the new State-of-the-Art Coach manufacturing facility at the Company's Sodepur Works has been commissioned, and the prototype rake of EMU Coaches is in advanced stage of completion. The first unit of 3 coaches is already complete in all respects and is undergoing testing. The manufacture of the balance 2 units comprising of 6 coaches is also progressing, and the full rake is expected to be completed by August 2014. Under a Technical Assistance Agreement with M/s. Kawasaki Heavy Industries (KHI), Japan, the Company is receiving valuable support in the domain of manufacturing technology, processes and quality assurance.

Electric Locomotive Components / Assemblies

Your Company has diversified into manufacture of Electric Locomotive Shells and Sub-Assemblies, and secured orders for supply of Centre Sills, Head Stocks, Underframe Assemblies, and Complete Shell Assembly. It expects to further consolidate its position as a major supplier of Locomotive Assemblies and Sub-assemblies in the coming years.

KHI is a strong contender to secure the contract for Electric Locomotives for Dedicated Freight Corridor (DFC), and the experience gained in manufacture of electric locomotive assemblies will enable your Company to effectively partner with KHI in their indigenization efforts.

Joint Venture with UGL Rail Services Ltd., Australia

Texmaco UGL Rail Pvt. Ltd. executed its first prestigious order for 50 nos. Bogies, valued at Rs. 56.3 million for Kazakhstan Railways successfully at the start of its operations. The Company has received further orders for Bogies and Cabs, valued at Rs. 287 million, including a major order for 135 nos. Bogies from Queensland Railways, Australia, which is under execution. The JV has been certified by GE Transportation as a global sourcing vendor which is expected to bring in steady future business.

Meanwhile, with a view to expanding the domestic market base, the registration processes with various establishments of Indian Railways have been completed alongside ISO 9001:2008, 14001:2004 & BS OHSAS 18001:2007 accreditation.

The Company has recently participated in the International Railway Equipment Exhibition (IREE), and the hi-tech products displayed at the Company's stall evinced a lot of interest in the Industry. It has been followed by developmental orders for LHB Bogies from Indian Railways and non rail products from the Wind Energy & Construction Equipment in the private sector. The prospects for FY'15 and onwards show promising growth in the Railways, Infrastructure and Process industries.

The long term fund requirement of the JV has been met from the issue of Cumulative Redeemable Preference Shares of Rs. 600 million in April 2014 in the ratio of 1:1 to both the parent companies.

Joint Venture with Touax Rail, France

The prospect of financing business is linked with macroeconomic scenario, which has unfortunately been rather depressing for the past couple of years, at home and also globally. This forced the companies in the core sector to either abandon or defer their capital expenditure plans for the time being. Hence, the leasing business did not take off, and the Management hopes for pick-up in activity in the coming years.

Strategic Investment in Kalindee Rail Nirman (Engineers) Limited

The Company identified an opportunity for making a strategic investment in Kalindee Rail Nirman (Engineers) Limited (Kalindee), engaged in the business of providing engineering & construction services to infrastructure sectors, especially in the field of Rail / Metro signalling, telecommunication, track and information system. Kalindee has considerable synergies with the business of your Company and would serve to substantially augment the overall working prospects of both the companies.

Accordingly, your Company as a strategic investor subscribed to the preferential allotment made by Kalindee for 41,10,400 Equity Shares (24.90%) on 13th July, 2013. To thwart the threat of an open offer launched by M/s. Jupiter Metal Pvt. Ltd. on 10th July, 2013 to take control of Kalindee in the guise of entry as a strategic investor, your Company entered into a Share Purchase Agreement ('SPA') on 20th July, 2013 with

the promoters of Kalindee for acquiring their entire stake of 19,37,060 Equity Shares of Kalindee i.e. approx. 11.74% of the enhanced Paid up Share Capital of Kalindee. Having thus acquired the aforesaid 24.90%, and agreed to acquire 11.74% of the Promoter's stake making a total of 36.64%, the acquisition / intent to acquire Equity Shares exceeded the trigger limit for an Open Offer under Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. Your Company, therefore, accordingly made an Open Offer to the Shareholders of Kalindee on 20th July, 2013 for 49,52,280 Equity Shares being 30% of the fully enhanced Equity Capital of Kalindee.

Your Company successfully completed the process of open offer on 3rd December, 2013. The public Shareholders tendered 12.42% of the Equity Shares in the Open Offer against 30% open offer proposed by the Company. Post allotment of shares under preferential issue, SPA with promoters and acquisition of shares under the open offer to the public, the Equity Share holding of your Company in Kalindee is now 49.07% including Equity Shares to be transferred under a SPA with erstwhile promoters.

After taking control of 49.07% equity, the Management of Kalindee was taken over by Texmaco as Promoter in December 2013. Immediately thereafter, with the induction of a strong team of highly qualified and experienced professional managers in Kalindee, there was a significant turnaround in Q4 of FY'14 after a rather dismal performance in the preceding 3 quarters ended December 2013.

The Management with an objective to harness the synergy of identical business portfolio between Texmaco and Kalindee, and convert the Company as a Total Rail Solution provider, has proposed to merge Kalindee into and with the Company as per the Scheme of Arrangement and subject to requisite approvals of Shareholders, SEBI, Stock Exchanges, Hon'ble High Courts at Calcutta and Delhi, etc. This will enable the Company to target large value contracts with the combined strength of Texmaco and Kalindee for various Rail Solution requirements of the Railways, Export and other Public & Private Sectors.

Hydro-mechanical Eqpt. and Steel Structures

The total income of the Division during the year was approx. Rs. 300 million, which was way below the target owing to setbacks in the execution of ongoing projects, especially due to political agitation in Assam. However, during the Q4 of the year, the social turbulence ebbed out which helped movement of WIP and finished inventory. There was substantial recovery of long outstanding dues. In the current year, the pace of job execution on certain major projects has picked up, and the Division is expected to fare better with comfortable work load of Rs.3450 million in hand.

The Division has forayed into refurbishment/replacement work opportunities in old Hydro Projects and Barrage Equipments after successful execution of rehabilitation work at Farakka Barrage and Rampur HEP of SJVNL. Enquiries from quite a few other projects for Equipment Health Study and Refurbishment have been responded, and positive outcome is expected.

Hopefully, the acknowledged business potential in Hydro-mechanical Equipment and Penstock Liner would start materialising in the current year. The Company is well-placed in large value tenders for World Bank funded prestigious projects, and is making further bid in major Hydro Projects after successfully meeting the PQ requirements.

Steel Foundry Division

After maintaining a steady run over the past six years, the Foundry's performance suffered considerable setback during the year owing to non-release of orders by Indian Railways on the Wagon Industry. The production and despatch during the year were 8006 MT and 9947 MT, against 17856 MT and 15733 MT respectively in the corresponding year. However, in spite of the steep decline, the Company was able to retain a leading market share in the Industry of 25% in Bogies and 34% in Couplers with a turnover of Rs. 1400 million.

The Foundry's export performance continued to be impressive, and the despatches were maintained at Rs.214 million, almost at the same level as that of previous year. The Foundry has developed new products, which will enhance

the Division's exports in the current year. The Division had a robust order-book of over Rs. 350 million at the close of the year.

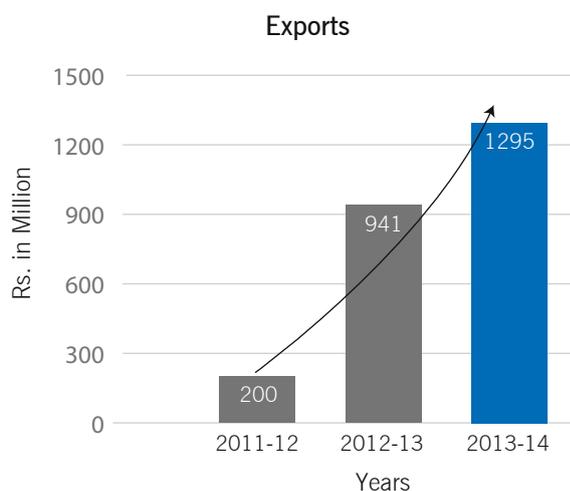
Your Foundry has received the Conformity Certificate for specified Side Frames and Bolsters for Wagons from the designated Certification Authority for Railway Transport on the basis of Certification Protocol from Testing Centre, Ukraine Scientific and Research Institution on Wagon Production. The Company is now ready to export Railway Castings to these countries.

The major modernisation of the old Foundry with installation of the 2nd High Pressure Moulding Line from Kunkel Wagner, Germany, has been completed and it is ready for commissioning.

Exports

During the year, the Company executed export orders worth Rs.1295 million comprising of export of Meter Gauge Tank Wagons to Bangladesh & Africa, Hydro Mechanical Equipment to Nepal and Industrial & Railway Castings to Australia and North America. The Company is actively pursuing export of Wagon Components and Steel Castings to CIS countries and have obtained some of the critical certifications required for eligibility to export to CIS countries.

The present export order book of the Company stands at Rs.1301 million.



R & D Activities

The R&D activities of the Company are getting a new impetus by pooling of the Management expertise drawn from various Divisions and organizing a more frequent and closer interaction amongst the senior professionals at the macro level, thereby coming out of the narrow confines of their respective domains. The experience of cross-fertilization of ideas on a broader platform has been very rewarding, and R&D is happily progressing on the basis of a shared ownership. The whole team is geared led by an intrapreneur for a common objective viz. cost effectiveness and quality improvement to help export promotion and import substitution.

Some of the programmes undertaken by the Company during the year, which have met with appreciable success or are still under implementation, are enumerated below:

In **Steel Foundry Division**, the notable developments were:

- i. **Bogie Castings** for use in ultra-low temperature application, such as around - 40°C. These castings successfully stood Variable Load Dynamic Fatigue Testing in a foreign lab, and have been approved for export.
- ii. **Slackless Draw Bar** has been developed as an import substitute component for use in Container Carrying cars, and approved for use on Indian Rail network.
- iii. **High Resistant Wear Components** were developed for mining application and are being currently exported regularly to the advanced countries.
- iv. The work is under way for achieving higher grain size (5 to 7) in the **Hadfield Castings** to improve mechanical properties and secure higher service life. The effort so far has already met with partial success, and further R&D work is continuing.

The **Rolling Stock Division** has to its credit successful designing and development of the following Double Deck Wagons with high volumetric load carrying capacity :

- i. **Double Deck Car Carrying Wagon** with technical support from a renowned European company. The designs have been approved by RDSO, and the prototype is under development.

- ii. The **Double Stack Bogie Container Wagon** with technical support from UGL, Australia. The designs are pending final approval of RDSO for prototype development.

The **Hydro-mechanical Division** too has made its mark in successfully developing an economical design of Lining Application for **Dam Radial Gate Weir Channels** using high abrasion resistant materials with high surface hardness in substitution of abrasion resistant stainless steel. This will be used for carrying heavy silt laden water for a prestigious foreign Project. The above materials conform to ISO Specification and require very special welding techniques which have been developed and perfected in house.

IT Services

The IT Services Department has been engaged in progressive development of a responsive and efficient IT networking and application to meet the business requirement of different Divisions. All the Factory Establishments, Administrative Centers, and Corporate Office downtown, are integrated through VPN on-line redundant connectivity with increased bandwidth. After initial start with ERP system Oracle '11i', there has been a migration to more advanced system Oracle R12 during FY'12, which has got stabilised in the Procurement, Stores and Finance functions. Various critical reports required by the respective functional Heads of Departments for MIS and Operational Control have been designed and deployed in the R12 system.

The phase-2 implementation for extension of R12 ERP system to the Manufacturing & Sales operations has been initiated during last quarter of FY'14 with the assistance of the Implementation Agency KPMG, and it is expected to be in effective use for optimised production planning and control by the 3rd quarter of FY'15.

Human Relations

The Company aims to align HR practices with business goals, motivate the team members for improved performance both in terms of quality and productivity and build a healthy competitive working environment.

Development of employees' competency and their career planning continue to be HR's core policy and thrust area.

Various programmes & workshops are being conducted which include Personality Grooming, Communication Skills, Health & Safety, House Keeping, Energy Management, Productivity Improvement, Total Quality Management and 5S Kaizen initiatives. These programmes are organized to bridging the skill gaps and increasing employee's motivation and participation level. The Company imparts regular structured training & learning programmes at the entry and other levels to its workforce.

The Company continues to maintain cordial and harmonious industrial relations over the decades. The management enjoys full co-operation, understanding and trust of the workmen and their unions in implementing its growth-oriented programmes and promoting latest technology for achieving Cost effectiveness, On-time delivery & Quality.

Opportunity & Threats

The saying goes: *"there is a silver lining in every cloud"*. The electioneering campaign and tempo during the general election of 2014 was phenomenal. It gave vent to the frustration and aspirations of the masses and a new band of youths, joining for the first time over 800 million voters, to elect the largest democracy in the world. We have now a strong and stable Government at the centre, which is expected to usher a new slew of reforms and policy decisions where the economics will not be overtaken by politics under compulsions of coalition.

The stalled projects, which have contributed to prolonged economic downturn, are likely to be kick-started with speedy clearances. Projects worth Rs.6.2 trillion were shelved last year due to bureaucratic gridlock, according to the Centre for Monitoring Indian Economy, a think-tank. This is the highest in the past 18 years.

The GDP which has been hovering around as low as 4.4 to 4.7% (except 5.2% in Q2 of FY'14) should hopefully resume its upward journey to a high of 9% over the next few years. The manufacturing sector, which contracted 0.7% in FY'14 compared with 1.1% growth in the previous year, will happily be the focus area for the new Government, as gathered from knowledgeable quarters. The whole nation is agog with

expectation of a remarkable upside to growth with the new Government in power. The budget for the current fiscal year 2014-15 will flash the signals for which the whole world is waiting.

The Management has to rise to the occasion to seize the emerging opportunities and garner the resources to put the Company on a fast track.

The Company is in capital goods manufacturing sector which is highly susceptible and exposed to the vagaries of growth pattern of the country economy. The major chunk of its business is Indian Railways dependent and any indecisiveness in its policy implementation will have an adverse bearing on the fortunes of the Company.

Corporate Social Responsibility

Indian democracy, the largest in the world, has to contend with critical social concerns unknown to the Western affluent democracies. As a political creed, democracy is contentious and a complex institution. It speaks volumes for the fathers of the Indian Constitution that Indian democracy has taken firm roots in the nation's social milieu. The free & fair conduct of the general elections involving 800 million electors has emerged as a model for the world.

In the success of Indian democracy as a great institution of the civilized order, we cannot, however, gloss over the serious economic imbalance in the society, which looms large as a threat to the stability of the system. The corporate India has a major role to play in this regard for upliftment of the deprived sections of the community. There is increasing recognition for 'inclusive growth' in welfare programmes, and for the first time the Corporate Social Responsibility (CSR) Obligations have been introduced under the Companies Act, 2013. The Act seeks to make CSR spending mandatory for companies as per the prescribed criteria.

The concept of corporate citizenship has already been gaining ground with concern and understanding to integrate social, environmental, ethical human rights into the business operations. The organisation is conscious and significantly contributing to the improvement of the quality of life of the community at large, as well as, the workforce and their families.

As highlighted in the previous Annual Reports, Texmaco Management has committed liberally to the development of social infrastructure with amenities which are the envy of most urban dwellers. The people in the neighbouring localities are partners in the Company's progress and prosperity through job opportunities, training and special assistance for health and education. The Company has taken special initiatives to promote local talents in performing arts, especially in the field of music and dancing.

The Company has received ISO: 14001:2004 Certification, and is ardently striving to maintain green and pollution-free environment in and around the Works and the residential estate, going beyond the call of legal and regulatory requirements.

Corporate Governance

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

Directors' Responsibility Statement u/s 217(2AA) of the Companies Act, 1956

Your Directors state:

- (i) that in the preparation of the annual accounts, applicable accounting standards were followed, along with proper explanations relating to material departures, and the Notes in the Auditors' Report in this regard are self-explanatory;
- (ii) that such accounting policies were selected and applied consistently and judgements and estimates made that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year, and of the profit of the Company for that period;
- (iii) that proper and sufficient care was taken to maintain of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company, and for preventing and detecting fraud and other irregularities;
- (iv) that the annual accounts were prepared on a 'going concern' basis.

The SEBI's guidelines regarding Corporate Governance have been implemented by the Company.

Green Initiatives

Your Company has started a sustainability initiative with the aim of going green and minimizing the impact on environment. Your Company has already started sending Annual Report, Notices etc. through e-mails to the Shareholders, whose e-mail IDs are registered with their Depository Participants. In case a Shareholder wishes to receive a printed copy, he/she may please send a request to the Company, which will send a printed copy of the annual report to the Shareholder. Members are requested to support this initiative by registering / updating their email addresses for receiving Annual Report, Notices etc. through e-mail.

Particulars of Employees

The number of employees as at 31st March, 2014 was 1534. A statement containing the required particulars of employees as stipulated under Section 217(2A) of the Companies Act, 1956 and Companies (Particulars of Employees) Rules, 1975, is enclosed – Annexure (A).

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

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

Directors

Shri Sandeep Fuller was appointed as Additional Director w.e.f 1st February, 2014 and has been designated as an Executive Director. A notice has been received from a Member under Section 160 of the Companies Act, 2013 for appointment of Shri Fuller as an Executive Director, who has filed his consent to act as Director of your Company, if appointed.

Shri Akshay Poddar, Director, retires by rotation and being eligible, offer himself for re-appointment at the ensuing Annual General Meeting.

The Board has recommended his re-appointment.

Cost Auditors

Your Company has appointed Cost Auditors M/s. DGM & Associates, Cost Accountants, for conducting the Cost Audit for FY'15 in terms of the provisions of the Companies Act, 2013 and Companies (cost records and audit) Rules, 2014 issued by the Ministry of Corporate Affairs.

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: 21st May, 2014

S. K. Poddar
Executive Chairman

Annexure – A

For The Financial Year ended 31st March, 2014

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

Name 1	Designation 2	Age (Years) 3	Remuneration (Rs.) 4	Qualifications 5	Experience (Years) 6	Date of Commencement of Employment 7	Previous Employment 8
Employed throughout the year and in receipt of remuneration aggregating Rs. 60,00,000/- or more							
1 Poddar Saroj Kumar	Executive Chairman	69	3,66,35,017	B. Com. (Hons.)	45	01-01-2006	M/s. Poddar Heritage Investments Limited
2 Maheshwari Ramesh	Executive Vice Chairman	81	1,22,80,401	M. Com., L.L.B.	58	01-02-1962	M/s. F & C Osler (India) Limited & Sister Concerns
3 Kela Damodar Hazarimal	Executive Director	73	79,24,955	B.E. (Metallurgy)	49	14-11-2000	M/s. Hindusthan Engineering & Industries Limited

Notes:

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

Annexure – B

Information as per Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 as part of the Directors' Report for the year ended 31st March, 2014

I. Conservation of Energy

a) Energy conservation measures taken:

Engineering Works

- i) Installation & commissioning of Power Factor Improvement System continued during the year.
- ii) Load management for reducing max. demand continued during the year.
- iii) Installation of a 10 MVA 33KV/11KV Power transformer to share the load of existing and thereby reducing the Load losses on the existing transformers.
- iv) A lot of HPSV Lamp has been replaced by energy efficient induction lamp in foundry.

v) VVVF drive has been introduced to replace conventional LT drives in EOT cranes.

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)

	2013-14	2012-13
i) Power & Fuel Consumption :		
Electricity Purchased		
Units (in thousands) (KWH)	27037	38010
Total Amount (Rs. in Lacs)	2253	3342*
Rate / Unit (Rs.)	8.33	7.42
Fuel Purchased		
Quantity (in Ltrs.)	1499921	2665290
Total Amount (Rs. in Lacs)	680	1108
Rate / Unit (Rs.)	45.32	41.56
ii) Consumption per M/T of Steel Casting Production:		
Electricity (in Units)	2291	1576
Furnace Oil (in Ltrs.)	187.34	149

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

II. Technology Absorption

	2013-14	2012-13
i) Benefits :		
Expenditure on R & D (Rs. in Lacs)		
i) Capital	-	-
ii) Recurring	144.17	180.39
iii) Total	144.17	180.39
iv) Total R & D Expenditure as percentage of total turnover	0.28%	0.17%

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. 9,042.49 Lacs

Earned: Rs. 12,945.42 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 ten Directors, represents the optimum mix of professionalism, knowledge, and experience. Five Directors of the current strength of the Board are Independent Directors. The category of Directorship, number of meetings attended, attendance at the last Annual General Meeting ('AGM'), Directorships in other Companies, number of Committees in which such Director is a member, are mentioned below :-

Name of the Director	Category of Directorship	Director Identification Number (DIN)	No. of Board Meetings attended	Attendance at the last AGM	No. of Directorships in other Companies #	No. of Chairmanship/ Membership of Board/ Committees in Companies ^	
						Chairman	Member
S. K. Poddar	Executive Chairman	00008654	6	Yes	12	1	1
Ramesh Maheshwari	Executive Vice Chairman	00170811	6	Yes	3	1	2
D. H. Kela	Executive	01050842	6	Yes	1	0	1
Akshay Poddar ⁺	Non-executive & Non independent	00008686	4	No	10	2	4
D. R. Kaarthikeyan	Independent	00327907	5	No	11	0	1
A. C. Chakrabortti	Independent	00015622	6	Yes	5	2	3
Sampath Dhasarathy	Independent	01308724	3	No	0	0	1
Hemant Kanoria	Independent	00193015	1	No	5	1	2
Sunil Mitra	Independent	00113473	6	No.	6	3	1
Sandeep Fuller [*]	Executive	06754262	N.A.	N.A.	1	0	0

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

* Appointed w.e.f. 1st February, 2014

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

^ Membership / Chairmanship in Audit Committee and Stakeholders Relationship Committee, including those in the Company.

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

Six Board Meetings were held during the year 2013-14 on the following dates:

30th May, 2013	13th July, 2013	20th July, 2013
10th August, 2013	11th November, 2013	31st January, 2014

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 the Audit Committee under Clause 49 of the Listing Agreement as well as in Section 292A of the Companies Act, 1956 and Section 177 of the Companies Act, 2013.

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

Name of the Director	No. of Meetings attended
A. C. Chakrabortti, Chairman	4
Ramesh Maheshwari, Member	4
Sampath Dhasarathy, Member	3
D. R. Kaarthikeyan, Member	3

Four Audit Committee Meetings were held during the year 2013-14 on the following dates:

30th May, 2013	10th August, 2013
10th November, 2013	31st January, 2014

(b) Sub-committee

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

The Committee met one time during the year on 9th October, 2013.

4. Remuneration of Directors

The Remuneration of Executive Directors is fixed by the Board of Directors upon recommendation by the Nomination and Remuneration Committee. The Committee met two times during the year.

19th April, 2013	31st January, 2014
------------------	--------------------

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 the Board Meeting and Rs.10,000/- each for attending the Committee / Sub-committee Meeting.

The details of the payment made during the year 2013-2014 are as follows:

i) Non-executive Directors

Name of the Director	Sitting Fee for the year (Rs.)	Commission for the year (Rs.)	Total (Rs.)	No. of Shares held in the Company
A.C. Chakrabortti	1,90,000	2,00,000	3,90,000	1,800
Sampath Dhasarathy	90,000	2,00,000	2,90,000	Nil
Akshay Poddar	1,10,000	2,00,000	3,10,000	14,820
D. R. Kaarthikeyan	1,30,000	2,00,000	3,30,000	Nil
Hemant Kanoria	20,000	2,00,000	2,20,000	Nil
Sunil Mitra	1,20,000	2,00,000	3,20,000	Nil

The details of the remuneration paid to the Executive Directors during the year 2013-2014 are given below:

ii) Executive Directors

Name of the Directors	Designation	Salary (Rs.)	Perquisites and Allowances # (Rs.)	Sitting Fees (Rs.)	Retirement Benefits (Rs.)
S. K. Poddar	Executive Chairman	3,00,00,000	66,35,017	N.A.	As per Company's Rules
Ramesh Maheshwari	Executive Vice Chairman	81,00,000	41,80,401	N.A.	- Do -
D. H. Kela	Executive Director	54,00,000	25,24,955	N.A.	- Do -
Sandeep Fuller	Executive Director	17,93,548	24,46,488	N.A.	-Do-

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

The Remuneration paid to Executive Chairman, Executive Vice Chairman and Executive Directors is decided by the Board of Directors upon recommendation by the Nomination and Remuneration Committee.

5. Stakeholders Relationship Committee

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

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

The grievances received are dealt by the Stakeholders Relationship Committee / Registrar & Share Transfer Agent of the Company / Compliance Officer.

In order to provide quick service to Investors, the Board has delegated certain powers to few Senior Executives to deal with various matters including transfer of Shares, transmission of Securities etc. The Company has no transfers pending at the close of the financial year.

Committee met one time during the year on 31st January, 2014.

Shri A. K. Vijay, Secretary is the Compliance Officer of the Company. During the year, 17 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 (EOGMs) held in last three years are given below:

Financial Year	Date and time of the AGMs	Date and time of the EOGMs	Venue	No. of Special Resolutions approved at the AGMs
2012-2013	14th September, 2013 at 2.30 P.M.	–	K. K. Birla Kala Kendra, Texmaco Estate, Belgharia, Kolkata- 700 056	2
2011-2012	29th August, 2012 at 2.30 P.M.	–	G. D. Birla Sabhagar, 29 Ashutosh Chowdhury Avenue, Kolkata- 700 019	–
2010-2011	1st September, 2011 at 2.30 P.M.	7th July, 2010 at 3.15 P.M.	Birla Building, 9/1 R. N. Mukherjee Road, Kolkata- 700 001	7

Whether Special Resolutions-

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

8. Disclosure

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

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

The Company has complied with applicable mandatory requirements under Clause 49 of the Listing Agreement with the Stock Exchange(s).

9. Reconciliation of Share Capital Audit Report

A Qualified practicing Chartered Accountant carried out Quarterly Secretarial Audit to reconcile the total admitted Equity Share 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 Equity Share capital is in agreement with the total number of Equity Shares in physical form and total number of Equity 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/Ekdin. It is also sent immediately to all the Stock Exchanges with which the Shares of the Company are listed. These results are also posted on Company's website www.texmaco.in. 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 4th September, 2014 at 10:30 A.M. at K. K. Birla Kala Kendra, Texmaco Estate, Belgharia, Kolkata 700 056
Financial Calendar	1st April, 2014 to 31st March, 2015 First Quarter Results – Third week of July. Second Quarter Results – Second week of November. Third Quarter Results – Last week of January. Results for the year ending 31st March, 2015 – By Last week of May 2015.
Date of Book Closure	From 30th August, 2014 to 4th September, 2014 (both days inclusive).
Listing on Stock Exchanges	1. National Stock Exchange of India Limited, Mumbai. 2. BSE Limited, Mumbai. 3. The Calcutta Stock Exchange Limited, Kolkata. The Company has paid listing fees for the period 1st April, 2014 to 31st March, 2015.
Dividend Payment Date	Mid September 2014
CIN of Company	L29261WB1998PLC087404
Stock Code – Physical	
National Stock Exchange	TEXRAIL
BSE	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 BSE Limited during the period April 2013 to March 2014 are furnished here after:

Period	National Stock Exchange of India Limited		BSE Limited	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April 2013	51.05	46.70	51.50	46.20
May 2013	50.75	39.10	50.70	40.00
June 2013	44.25	31.45	44.00	32.00
July 2013	39.50	27.30	39.90	27.10
August 2013	34.00	26.00	33.55	26.05
September 2013	31.15	27.60	32.00	27.45
October 2013	33.85	28.05	34.00	28.15
November 2013	41.00	29.95	41.00	29.00
December 2013	46.65	37.40	46.70	37.20
January 2014	48.00	41.55	48.35	41.60
February 2014	46.20	38.30	46.10	37.00
March 2014	50.00	39.55	49.90	39.55

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

Registrar & Transfer Agent (RTA)

M/s. Karvy Computershare Private Limited
Plot No: 17- 24, Vittal Rao Nagar, Madhapur,
Hyderabad - 500081
Phone: (040) 2342 0818, Fax No: (040) 2342 0814
E Mail: einward.ris@karvy.com
Website: www.karvycomputershare.com

Share Transfer System

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

Distribution of Shareholding as on 31st March, 2014:-

No. of Equity Shares held	No. of Folios	%	No. of Shares	%
Upto 5000	19070	97.84	6087523	3.34
5001 to 10000	160	0.82	1211810	0.67
10001 to 20000	88	0.45	1303156	0.72
20001 to 30000	32	0.17	792187	0.44
30001 to 40000	19	0.10	671009	0.37
40001 to 50000	11	0.06	496315	0.27
50001 to 100000	36	0.18	2662463	1.46
100001 and above	75	0.38	168802127	92.73
Grand Total	19491	100.00	182026590	100.00

Shareholding Pattern as on 31st March, 2014 :-

Category	No. of Shares	%
Promoters	11,51,27,010	63.25
Banks, Insurance Cos., and FIs	31,42,190	1.73
Mutual Funds and U.T.I.	4,02,54,419	22.11
Corporate Bodies	66,09,939	3.63
NRI / OCB/FIIs	61,35,707	3.37
Indian Public	95,83,157	5.27
Others	11,74,168	0.64
Total	18,20,26,590	100.00

Dematerialisation of Shares as on 31st March, 2014 and Liquidity

The Company's Equity Shares are compulsorily traded in dematerialised form and are available for trading on both the Depositories in India - NSDL and CDSL. 18,07,48,663 Equity Shares of the Company representing 99.30% of the Company's Equity Share Capital are dematerialised as on 31st March, 2014.

Code of Conduct and Ethics and Insider Trading:

The Company has adopted a Code of Conduct and 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 Executive Directors, 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 Equity Shares of the Company.

Location of the Plants

Plant Locations	The Company's Plants are located at Belgharia, Agarpara, Panihati and Sodepur in District 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 Equity 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
31.03.2013	14.09.2013	19.10.2020	19.11.2020
31.03.2012	29.08.2012	03.10.2019	03.11.2019
31.03.2011	01.09.2011	06.10.2018	06.11.2018

12. CEO and CFO Certification

The CEOs and the CFO of the Company have 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 Director by rotation and re-appointment

Shri Akshay Poddar is due for retirement by rotation and is eligible for re-appointment at the ensuing Annual General Meeting. Brief particulars regarding Shri Poddar, pursuant to Clause 49 of the Listing Agreement, is given here below:-

Shri Akshay Poddar:

Shri Akshay Poddar, aged 38, son of Shri S. K. Poddar, a Hons. graduate in Accounting & Finance from London School of Economics & Political Science, University of London

hails from the renowned Poddar Family of Kolkata and part of the Promoters of "Adventz" group which has diverse interests in Fertilizers, Agri inputs, Heavy Engineering, Process Engineering, Furniture, Sugar, Consumer Products, Real Estate, Investments, etc. The Group companies include Zuari Global Limited, Zuari Agro Chemicals Limited, Texmaco Rail & Engineering Limited, Texmaco Infrastructure & Holdings Limited, Paradeep Phosphates Limited, Adventz Securities Enterprises Limited, Lionel India Limited and Simon India Limited. The Joint Venture companies promoted by the group are Hettich India Private Limited (with Hettich of Germany), Texmaco UGL Rail Private Limited (with UGL of Australia) and Touax Texmaco Railcar Leasing Private Limited (with Touax Rail of France). Shri Poddar is on the Board of Zuari Agro Chemicals Limited, and also of the other major group companies. Internationally, Shri Poddar is on the Board of CFCL Technologies Limited, Planon Group Limited, Coltrane Corporation Limited and Globalware Holdings Limited.

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

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

Name of the Company
Adventz Securities Enterprises Limited
Lionel Edwards Limited
Lionel India Limited
Paradeep Phosphates Limited
Texmaco Infrastructure & Holdings Limited
Zuari Agro Chemicals Limited
Zuari Global Limited
Zuari Infracore Limited

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

Name of the Company	Committee	Position
Adventz Securities Enterprises Ltd	Audit Committee	Chairman
Paradeep Phosphates Ltd	Shareholders/ Investors Grievance Committee	Member
Texmaco Infrastructure & Holdings Ltd	Audit Committee	Member
	Stakeholders Relationship Committee	Member
Texmaco Rail & Engineering Ltd	Stakeholders Relationship Committee	Chairman

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

Certificate

To the Members of

Texmaco Rail & Engineering Limited

We have examined the compliance of the conditions of Corporate Governance by Texmaco Rail & Engineering Limited for the year ended 31st March, 2014 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, 2014, no investor grievances are pending against the Company as on date, as per the records maintained by the Company and presented to the Stakeholders Relationship 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

Place: Kolkata
Dated: 21st May, 2014

Membership No.6994

Declaration by the Executive Directors

To the Members of

Texmaco Rail & Engineering Limited

In compliance with the requirements of Clause 49 of the Listing Agreement with Stock Exchanges relating to Corporate Governance, we 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: 21st May, 2014

D. H. Kela

Executive Director

& CEO (SF)

S. Fuller

Executive Director

& CEO (HED)

CEO and CFO Certification

We, D. H. Kela, Executive Director & Chief Executive Officer (Steel Foundry), Sandeep Fuller, Executive Director & Chief Executive Officer (Heavy Engineering Division) and A. K. Vijay, Chief Financial Officer & Secretary certify that:

- a) We have reviewed the financial statements and cash flow statement for the year ended 31st March, 2014 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, 2014 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: 21st May, 2014

D. H. Kela

Executive Director

& CEO (SF)

S. Fuller

Executive Director

& CEO (HED)

A. K. Vijay

CFO & Secretary

Independent Auditors' Report

To

The Members Of

Texmaco Rail & Engineering Limited

Report on the Financial Statements

We have audited the accompanying financial statement of **TEXMACO RAIL & ENGINEERING LIMITED** ("the Company"), which comprises the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act 1956 (the "Act") read with the general circular 15/2013 dated 13th September 2013 of the ministry of corporate affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entities internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:-

- (a) in the case of the Balance Sheet of the State of Affairs of the Company as at 31st March, 2014;
- (b) in the case of Statement of Profit and Loss, of the Profit for the year ended on that date ; and
- (c) in the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books;
 - c) The Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Statement of Profit & Loss and Cash Flow Statement comply with the Accounting Standards notified under the Companies Act 1956 (the "Act") read with the general circular 15/2013 dated 13th Sept 2013 of the ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013
 - e) On the basis of the written representations received from the Directors as on 31st March, 2014, and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2014 from being appointed as a Director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

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

6C, Middleton Street,
Kolkata-700071
21st May, 2014

P.K.Gutgutia
Partner
Membership No.6994

Annexure to the Auditors' Report

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

- i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
- (b) As explained to us, the Company has a system of verifying all its major fixed assets over a period of three years. The fixed assets so scheduled for verification during this year have been physically verified. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.
- (c) During the year the Company has not disposed off any substantial / major part of fixed assets which may affect the going concern.
- ii) (a) As per the information furnished, the inventories have been physically verified during the year by the management. In our opinion, having regard to the nature and location of stock, the frequency of the physical verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. In our opinion, discrepancies noticed on physical verification of stocks were not material in relation to the operations of the Company and the same have been properly dealt with in the books of account.
- iii) (a) The Company has neither granted nor taken any loan secured/ unsecured from Companies covered in the register maintained under section 301 of the Companies' Act, 1956 (1 of 1956).
- (b) As stated above sub-clause (b) to (g) of Clause (iii) of the Companies (Auditor's Report) order 2003 are not applicable.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls system.
- v) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that, sub clause (a) & (b) of Clause (v) of the Companies (Auditor's Report) Order, 2003, is not applicable since no contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered into by the Company during the year.
- vi) In the case of Fixed Deposits received from its employees/ ex-employees by the Company, the directives issued by the Reserve Bank of India and the provisions of section 58A & 58AA of the Companies Act, and the Companies (acceptance of deposit) rules 1975 have been complied with. No order has been passed by the Company Law Board.
- vii) In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- viii) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company, pursuant to the rules made by the Central Government for maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.
- ix) (a) According to the information and explanations given to us and records examined by us, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investors education and protection fund, employees state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues wherever applicable. According to the information and explanations given to us, no undisputed arrears of statutory dues were outstanding as at 31st March 2014 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. Lakhs	Period to which the amount relates	Forum where dispute is pending.
1.	The Central Excise Act 1944	Various issues of Central Excise and Service Tax	Central Excise Rs. 2485.56	1986-2012	1. Jurisdictional Commissioner of Central Excise 2. CESTAT
2.	Service Tax under the Finance Act 1994		Service Tax Rs. 8.69	2004-2010	3. Commissioner (Appeal) 4. Jurisdictional Commissioner of Service Tax

- x) There are no accumulated losses of the Company as on 31st March 2014. 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.

6C, Middleton Street,
Kolkata - 700 071.

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

P.K.Gutgutia
Partner

Date: 21st May, 2014

Membership No. 6994

Balance Sheet As at 31st March, 2014

Particulars	Note No.	2013-14 (Rs in Lakhs)	2012-13 (Rs in Lakhs)
I. Equity and Liabilities			
(1) Shareholders' Funds			
(A) Share Capital	2.1	1,820.27	1,820.27
(B) Reserves and Surplus	2.2	57,386.94	56,270.79
		59,207.21	58,091.06
(2) Non-Current Liabilities			
(A) Long-Term Borrowings	2.3	772.59	928.71
(B) Deferred Tax Liabilities (Net)	2.4	420.94	246.37
(C) Other Long Term Liabilities	2.5	574.54	574.54
(D) Long-Term Provisions	2.6	416.58	410.99
		2,184.65	2,160.61
(3) Current Liabilities			
(A) Short-Term Borrowings	2.7	9,077.64	8,975.70
(B) Trade Payables	2.8	20,365.65	23,947.39
(C) Other Current Liabilities	2.9	10,221.88	11,370.07
(D) Short-Term Provisions	2.10	703.59	2,193.81
		40,368.76	46,486.97
Total		1,01,760.62	1,06,738.64
II. Assets			
(1) Non-Current Assets			
(A) Fixed Assets	2.11		
(i) Tangible Assets		15,915.52	11,216.80
(ii) Intangible Assets		93.76	68.63
(iii) Capital Work-in-Progress		4,789.33	5,540.48
		20,798.61	16,825.91
(B) Non-Current Investments	2.12 (A)	11,194.04	6,631.26
(C) Long-Term Loans and Advances	2.13	1,287.72	1,295.09
		33,280.37	24,752.26
(2) Current Assets			
(A) Current Investments	2.12 (B)	20,518.66	25,242.17
(B) Inventories	2.14	21,015.06	24,665.07
(C) Trade Receivables	2.15	19,150.85	22,431.16
(D) Cash and Bank Balances	2.16	1,372.02	2,871.70
(E) Short-Term Loans and Advances	2.17	6,259.42	6,642.23
(F) Other Current Assets	2.18	164.24	134.05
		68,480.25	81,986.38
Total		1,01,760.62	1,06,738.64
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: 21st May, 2014

A.K.Vijay
Secretary

S.K.Poddar
Ramesh Maheshwari
A.C.Chakrabortti
D.H.Kela } *Directors*

Statement of Profit and Loss for the Year Ended 31st March, 2014

Particulars	Note No.	2013-14 (Rs in Lakhs)	2012-13 (Rs in Lakhs)
I. Revenue from Operations	2.19		
Sale of Products		51,517.43	1,03,596.50
Less: Inter Segment Revenue		(4,179.94)	(15,857.58)
Less: Excise Duty		(2,878.32)	(5,261.44)
		44,459.17	82,477.48
Other Operating Revenues		114.49	463.75
Total		44,573.66	82,941.23
II. Other Income	2.20	2,354.08	3,096.69
III. Total Revenue (I + II)		46,927.74	86,037.92
IV. Expenses:			
Cost of Materials Consumed	2.21	27,486.19	53,075.81
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	2.22	(433.90)	(2,010.49)
Employee Benefits Expense	2.23	4,383.02	4,404.94
Finance Costs	2.24	998.67	1,192.99
Depreciation and Amortization Expenses	2.11	1,173.78	939.18
Other Expenses	2.25	11,444.04	14,958.82
Total Expenses		45,051.80	72,561.25
V. Profit Before Tax (III-IV)		1,875.94	13,476.67
VI. Tax Expense:			
(a) Current Tax		355.00	4,012.00
(b) Mat Credit Entitlement		(355.00)	-
(c) Income Tax for Earlier Year		4.15	-
(d) Deferred Tax		174.57	37.76
VII. Profit for the Period from Continuing Operations (V-VI)		1,697.22	9,426.91
VIII. Earnings per Equity Share: (face value of Re.1/- each)			
(1) Basic		0.93	5.18
(2) Diluted		0.93	5.18
Accounting Policies & Notes on Accounts	1 & 2		

Notes referred to above form an integral part of the Statement of Profit and 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: 21st May, 2014

A.K.Vijay
Secretary

S.K.Poddar
Ramesh Maheshwari
A.C.Chakrabortti
D.H.Kela } *Directors*

Cash Flow Statement for the year ended 31st March, 2014

Particulars	2013-14 (Rs in Lakhs)	2012-13 (Rs in Lakhs)
(A) CASH FLOWS FROM OPERATING ACTIVITIES		
Net Profit before Taxation & Exceptional Items	1,875.94	13,476.67
Adjustments for:		
Depreciation	1,173.78	939.18
Interest Paid	998.67	1,192.99
Provision for Doubtful Debt	-	600.00
Bad Debt Written off	127.30	106.14
Fixed Assets Written off	36.13	-
Provision & Excess Liabilities Written Back	(7.96)	(15.82)
Provision for Diminution in Value of Investments	(2.60)	4.15
Interest Received	(330.17)	(327.81)
Income From Investments	(24.97)	(424.47)
Profit on Sale Of Investments-Current(Net)	(992.66)	(765.89)
Profit on Sale Of Fixed Assets(Net)	(9.63)	(15.63)
	967.89	1,292.84
Operating Profit before Working Capital Changes & Exceptional Items	2,843.83	14,769.51
(Increase)/Decrease in Inventories	3,650.01	3,332.49
(Increase)/Decrease in Trade & Other Receivables	4,398.10	1,798.88
Increase/(Decrease) in Trade Payables	(4,656.86)	(10,459.17)
Cash Generated from Operations	6,235.08	9,441.71
Direct Taxes Paid	(859.06)	(3,709.53)
Cash Flow before Exceptional Items	5,376.02	5,732.18
Exceptional Items	-	-
Net Cash from Operating Activities	5,376.02	5,732.18
(B) CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(5,251.44)	(3,788.91)
Sale of Fixed Assets	29.80	20.55
Purchase/Sale of Investments	1,155.99	152.99
Bank Deposits(Includes deposit having maturity more than three months)	(9.13)	(6.05)
Interest Received	299.98	285.70
Income From Investments	24.97	424.47
Net Cash used in Investing Activities	(3,749.83)	(2,911.25)
(C) CASH FLOWS FROM FINANCING ACTIVITIES		
Receipt/(Payment) of Long Term Borrowings	(115.13)	(471.26)
Receipt/(Payment) of Short Term Borrowings	101.94	3,585.19
Dividend Paid	(2,120.93)	(2,109.71)
Interest Paid	(1,000.88)	(1,192.73)
Net Cash used in Financing Activities	(3,135.00)	(188.51)
Net Increase/(Decrease) in Cash and Cash Equivalents	(1,508.81)	2,632.42
Cash and Cash Equivalents at the beginning of the period	2,853.37	220.95
Cash and Cash Equivalents at the end of the period	1,344.56	2,853.37
Note:		
(1) Cash and cash equivalents		
Balances with banks		
Current Accounts	1,336.36	2,844.26
Cash on hand	8.20	9.11
	1,344.56	2,853.37
(2) The Above Cash and 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.		
(3) Previous year's figures are regrouped/rearranged wherever necessary.		

In terms of our Report of even date attached herewith.

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

PK.Gutgutia
Partner
Membership No. 6994
6C, Middleton Street,
Kolkata – 700 071
Dated: 21st May, 2014

A.K.Vijay
Secretary

S.K.Poddar
Ramesh Maheshwari
A.C.Chakrabortti
D.H.Kela } *Directors*

Notes on 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 and 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 have been 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 Statement of Profit and Loss. 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

Tangible Fixed Assets

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.

Intangible Fixed Assets

Intangible assets that are acquired by the Company are measured initially at cost. After initial recognition, intangible assets are carried at its cost less any accumulated amortization and any accumulated impairment loss. Intangible assets are amortized on Straight Line Basis over a period of 6 years.

Investments

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

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

Revenue Recognition

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

Notes on Accounts

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. Capital Gain on investments are accounted at the time of encashment.

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 Statement of Profit & Loss, while capital expenditure is added to the cost of fixed assets in the year in which these are incurred.

Valuation of Inventories

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

Foreign Currency Transactions

Foreign Currency transactions are recorded at the exchange rate prevailing on the date of transaction. Monetary Assets and Liabilities in foreign currency existing at balance sheet date translated at the exchange rate prevailing on that date. All exchange differences are recognized in Statement of Profit & Loss 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 on 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 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. Deferred Tax assets/ liabilities are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonable/ virtually certain to be realized.

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 Statement of Profit & Loss. 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.

Earning Per Share

Earnings per share is calculated by dividing the net profit/ loss for the period attributable to equity shares holders by the weighted average number of equity shares outstanding during the period.

Cash Flow Statement

Cash Flow are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flow from regular revenue generating, financing and investing activities of the Company are segregated.

Notes on Accounts

2. NOTES ON ACCOUNTS

	2013-14 (Rs in Lakhs)	2012-13 (Rs in Lakhs)
2.1 SHARE CAPITAL		
Authorised Capital		
20,00,00,000 Equity Shares at par value of Re. 1/- each	2,000.00	2,000.00
Issued, Subscribed and Paid Up Capital		
18,20,26,590(18,20,26,590) Equity Shares at par value of Re. 1/- each fully paid	1,820.27	1,820.27

Notes:

- (i) 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.
- (ii) 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.
- (iii) 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.
- (iv) **Reconciliation of number of Issued, Subscribed and Paid-up Capital**

Particulars	31.03.2014		31.03.2013	
	No. of Equity Share	Amount (Rs. in Lakhs)	No. of Equity Share	Amount (Rs. in Lakhs)
Number of Shares at the beginning of the year	182026590	1,820.27	182026590	1,820.27
Number of Shares at the end of the year	182026590	1,820.27	182026590	1,820.27

- (v) 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.532.41 lakhs (including Corporate Dividend Tax of Rs 77.34 lakhs). The rate of Proposed Dividend is Re. 0.25 per equity share. (Previous Year Rs.2,129.62 lakhs including Corporate Dividend Tax of Rs 309.35 lakhs).
- (vi) **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	30.00	54600000
Zuari Investments Ltd	15.91	28963900

Notes on Accounts

	2013-14 (Rs in Lakhs)	2012-13 (Rs in Lakhs)
2.2 RESERVES AND SURPLUS		
Securities Premium Reserve		
Balance as per Last Account	76.73	76.73
	76.73	76.73
Revaluation Reserve		
Balance as per last Account	1,135.56	1,204.52
Less: On Assets Sold/Discarded During the year	(4.45)	(14.36)
	1,131.11	1,190.16
Less: Transferred to Statement of Profit and Loss	(44.21)	(54.60)
	1,086.90	1,135.56
State Capital Investment Subsidy		
Balance as per Last Account	15.00	15.00
General Reserve		
Balance as per Last Account	44,331.98	38,531.98
Add: Transferred from Statement of Profit and Loss	500.00	5,800.00
	44,831.98	44,331.98
Surplus		
Balance as per Last Account	10,711.52	9,214.23
Add: Profit after Tax as per Statement of Profit and Loss	1,697.22	9,426.91
	12,408.74	18,641.14
Less: Appropriation		
Proposed Dividend		
On Equity Shares	455.07	1,820.27
Tax on Dividend	77.34	309.35
Transfer to General Reserve	500.00	5,800.00
	1,032.41	7,929.62
	11,376.33	10,711.52
	-	-
Total (2.2)	57,386.94	56,270.79
2.3 LONG TERM BORROWINGS		
Secured		
From Bank		
Foreign Currency Term Loan (FCTL)	724.21	918.96
Car Loan	38.63	-
Unsecured		
Deposits		
Fixed Deposit from Employees/Ex-employees	9.75	9.75
	-	-
Total (2.3)	772.59	928.71

Note: Term Loan from Bank is secured against the Fixed Assets created from such loan. The FCTL loan is payable in balance 7 half yearly instalments payable in June and December each year. Car Loan is secured by hypothecation of Car.

Notes on Accounts

	2013-14 (Rs in Lakhs)	2012-13 (Rs in Lakhs)
2.4 DEFERRED TAX LIABILITIES (NET)		
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:		
Deferred Tax Assets		
Items u/s 43B and u/s 40(a)(i)(a) of I.T Act	(675.74)	(529.98)
Deferred Tax Liabilities		
Depreciation	1,096.68	776.35
Net Deferred Tax Liability/(Assets) (2.4)	420.94	246.37

2.5 OTHER LONG TERM LIABILITIES		
Security Deposits	574.54	574.54
Total (2.5)	574.54	574.54

2.6 LONG TERM PROVISIONS		
Provision for Employee Benefits		
For Leave	105.31	112.40
Others		
For Contingency	1.00	1.00
For Warranty and Others	310.27	297.59
Total (2.6)	416.58	410.99

Note: The Company accounts for leave liability based on Actuary Valuation.

2.7 SHORT TERM BORROWINGS		
Secured		
Loans Repayable on Demand		
From Banks		
Cash Credit	8,973.84	7,556.00
Export Packing Credit	103.80	1,419.70
Total (2.7)	9,077.64	8,975.70

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. 5,000.00 Lakhs and also corporate guarantee of Texmaco Infrastructure & Holdings Limited to the extent of value of immovable property at Delhi.

Notes on Accounts

	2013-14 (Rs in Lakhs)	2012-13 (Rs in Lakhs)
2.8 TRADE PAYABLES		
MSME	121.76	67.66
Others	20,243.89	23,879.73
Total (2.8)	20,365.65	23,947.39

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	121.76	67.66
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.	-	-

2.9 OTHER CURRENT LIABILITIES

Current Maturities of Long-Term Debt		
Foreign Currency Term Loan	289.68	262.53
Fixed Deposit from Employees/Ex-employees	0.65	10.47
Car Loan	23.66	-
Interest Accrued but no Due on Borrowings	6.00	8.21
Unpaid Dividends	20.15	11.46
Other Payable		
TDS and Other Taxes Payable	1,310.58	1,462.25
Liabilities for Expenses	1,415.60	1,622.62
Amount Due to Employee	331.29	347.65
PF, ESI Amount Payable	87.08	56.74
Others Misc. Payable	112.95	58.95
Misc. Security Deposit	436.21	577.54
Advance from Customer (Deposit Against Order)	6,188.03	6,951.65
Total (2.9)	10,221.88	11,370.07

Note: There is no amount due and outstanding to be credited to the Investor Education and Protection Fund against unpaid dividend as at 31.03.2014

2.10 SHORT-TERM PROVISIONS

Provision for Employee Benefits		
For Leave	47.03	64.19
Provision for Expenses	124.15	-
Others		
Proposed Dividend	455.07	1,820.27
Tax on Dividend	77.34	309.35
Total (2.10)	703.59	2,193.81

Notes on Accounts

2.11 FIXED ASSETS

(Rs. in Lakhs)

DESCRIPTION OF ASSETS	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	AS ON 01/04/13	ADDITIONS DURING THE YEAR	AS ON 31/03/14	AS ON 01/04/13	DURING THE YEAR	SALES/ ADJUSTMENTS	AS ON 31/03/14	AS ON 31/03/13
TANGIBLE ASSETS								
Land	1,375.01	-	1,375.01	-	-	-	1,375.01	1,375.01
Buildings	5,980.43	3,711.73	9,692.16	2,760.43	175.97	-	6,755.76	3,220.00
Roads	136.28	20.57	156.85	44.26	1.65	-	110.94	92.02
Railway Sidings	295.68	39.34	335.02	157.20	10.83	-	168.03	138.48
Plant & Machinery	13,131.12	1,944.90	14,817.45	7,690.18	891.57	217.66	8,364.09	5,440.94
Electrical Machinery	932.03	26.27	939.48	444.19	33.96	17.74	460.41	487.84
Office Equipments	319.67	25.22	344.89	205.43	26.76	-	232.19	114.24
Furniture & Fittings	217.65	51.08	268.44	94.56	11.77	0.04	106.29	123.09
Vehicles	436.13	133.49	519.57	210.95	40.62	31.54	220.03	225.18
TOTAL	22,824.00	5,952.60	28,448.87	11,607.20	1,193.13	266.98	12,533.35	11,216.80
Capital Work in Progress (CWIP)	5,540.48	3,939.29	4,789.33	-	-	-	4,789.33	5,540.48
INTANGIBLE ASSETS								
Software	146.82	49.99	196.81	78.19	24.86	-	103.05	68.63
Total	146.82	49.99	196.81	78.19	24.86	-	103.05	68.63
Grand Total	28,511.30	9,941.88	33,435.01	11,685.39	1,217.99	266.98	12,636.40	16,825.91
<i>Previous Year</i>	24,778.53	4,855.62	28,511.30	10,728.47	993.78	36.86	11,685.39	16,825.91

Notes on Accounts

	2013-14 (Rs in Lakhs)	2012-13 (Rs in Lakhs)
2.12 A. NON-CURRENT INVESTMENTS (AT COST)		
OTHER THAN TRADE INVESTMENTS		
Fully paid-up		
Investments in Equity Instruments (Quoted)		
Texmaco Infrastructure & Holdings Limited 23,49,809 (2013: 23,49,809) Shares of Re 1 each	732.63	732.63
Chambal Fertilisers & Chemicals Limited 10,00,000 (2013: 10,00,000) Shares of Rs 10 each	532.39	532.39
Investments in Equity Instruments of Associate Company (Quoted)		
Kalindee Rail Nirman (Engineers) Limited 65,49,792* (2013: Nil) Shares of Rs 10 each *(4110400 shares being preferential allotment are not transferable before 01.10.2014)	4,562.78	-
Investments in Equity Instruments of Joint Ventures (Unquoted)		
Texmaco UGL Rail Pvt. Limited 1,17,25,000 (2013: 1,17,25,000) Shares of Rs 10 each	4,101.25	4,101.25
Touax Texmaco Railcar Leasing Pvt Limited 1,26,49,999 (2013: 1,26,49,999) Shares of Rs 10 each	1,264.99	1,264.99
TOTAL NON CURRENT INVESTMENTS	11,194.04	6,631.26
i) Aggregate amount of quoted investments	5,827.80	1,265.02
ii) Market Value of quoted investments	4,859.13	1,124.22
iii) Aggregate amount of unquoted investments	5,366.24	5,366.24
iv) Aggregate Provision for diminution in value of Investments	-	-
2.12 B. CURRENT INVESTMENTS (At Lower of Cost and Fair Value)		
Fully paid-up		
a) Investments in Equity Instruments (Quoted)		
Idea Cellular Limited 5,000 (2013: 5,000) Shares of Rs 10 each	7.30	7.30
Powergrid Corporation of India Limited 11,000 (2013: 11,000) Shares of Rs 10 each	16.78	16.78
Tata Teleservices (Maharashtra) Limited 22666* (2013: 20,000) Units of Rs 10 each * (Including 2666 nos. of Bonus Shares received during the year)	9.79	9.79
EIH Limited 10,000 (2013: 10,000) Shares of Rs 2 each	17.29	17.29
SREI Infrastructure Finance Limited 1,800 (2013: 1,800) Shares of Rs 10 each	2.17	2.17
Century Textiles Limited 500 (2013: 500) Shares of Rs 10 each	4.35	4.35
NHPC Limited 1,01,471 (2013: 1,01,471) Shares of Rs 10 each	36.53	36.53
Sub-total	94.21	94.21
Less: Provision for Diminution	(45.13)	(47.73)
Sub-total-(a)	49.08	46.48

Notes on Accounts

2.12 B. CURRENT INVESTMENTS (At Lower of Cost and Fair Value)

b) Investments in Bonds (Unquoted)		
In NABARD	2,498.45	2,498.45
26,750 (2013: 26,750) Units of Rs 8500 each (FV Rs 20,000)		
In 6.70% IRFC (Tax Free)	540.00	540.00
540 (2013: 540) Units of Rs 1,00,000 each		
In 6.85% IIFCL	-	1,005.50
Nil (2013: 1,000) Units of Rs 1,00,000 each		
In 8.10% IRFC (Tax Free)	217.51	217.51
21,751 (2013: 21,751) Units of Rs 1,000 each		
In 8.30% GOI	462.50	462.50
5,00,000 (2013: 5,00,000) Units of Rs 100 each		
In 8.30% NHAI (Tax Free)	494.48	494.48
49,448 (2013: 49,448) Units of Rs 1,000 each		
In 8.20% HUDCO (Tax Free)	500.00	500.00
50,000 (2013: 50,000) Units of Rs 1,000 each		
Sub-total-(b)	4,712.94	5,718.44
c) Investments in Mutual Funds (Unquoted)		
Axis Treasury Advantage Fund Direct Plan Growth	-	574.81
Nil (2013: 44,165) Units of Rs 1000 each		
Baroda Pioneer FMP Series B PLAN B (378 Days) Growth Plan	590.21	590.21
59,02,134 (2013: 59,02,134) Units of Rs 10 each		
Birla Sun Life Dynamic Bond Fund -Reatil -Growth -Regular Plan	1,216.67	1,216.67
61,32,581 (2013: 61,32,581) Units of Rs 10 each		
Birla Sun Life Income Plus Growth Regular Plan	1,116.88	1,116.88
21,15,639 (2013: 21,15,639) Units of Rs 10 each		
Birla Sun Life Short Term Fund -Growth Direct Plan	-	1,075.51
Nil (2013: 24,80,968) Units of Rs 10 each		
DSP Black Rock FMP Series 38 12.5M Growth	-	500.38
Nil (2013: 50,03,849) Units of Rs 10 each		
DSP Black Rock FMP Series 144 Growth	135.44	-
13,54,396 (2013: Nil) Units of Rs 10 each		
HDFC Income Fund - Growth	575.97	575.97
21,98,991 (2013: 21,98,991) Units of Rs 10 each		
HDFC FMP 392D March 2012(2) Growth	-	1,680.00
Nil (2013: 1,68,00,000) Units of Rs 10 each		
HDFC FMP 370 Days February 2014 (1) Series 29 Regular Growth	1,068.73	-
1,06,87,319 (2013: Nil) Units of Rs 10 each		
HDFC FMP 369 Days March 2014 (3) Series 29 Regular Growth	790.00	-
79,00,000 (2013: Nil) Units of Rs 10 each		
IDFC Super Saver Income Fund - Investment Plan Growth Regular Plan	506.60	506.60
18,60,171 (2013: 18,60,171) Units of Rs 10 each		
IDFC Super Saver Income Fund Institutional Plan Growth Regular	445.00	-
15,58,085 (2013: Nil) Units of Rs 10 each		
JM Floater Short Term Fund -Direct - Growth Option	-	500.00
Nil (2013: 27,27,739) Units of Rs 10 each		
JM Income Fund -Growth Option	503.47	-
14,39,912 (2013: Nil) Units of Rs 10 each		

Notes on Accounts

2.12 B. CURRENT INVESTMENTS (At Lower of Cost and Fair Value)		
Kotak Bond Scheme Plan A - Growth 16,81,145 (2013: 16,81,145) Units of Rs 10 each	551.97	551.97
Kotak Floater Short Term Fund Daily Dividend Nil (2013: 54,660) Units of Rs 1000 each	-	552.83
Kotak Income Opportunity Fund- Growth 44,10,972 (2013: Nil) Units of Rs 10 each	553.62	-
L& T FMP -VII (March-367 days B) Growth Nil (2013: 50,00,000) Units of Rs 10 each	-	500.00
L&T Liquid Fund Direct Plan Growth 30,928 (2013: Nil) Units of Rs 1000 each	543.52	-
Reliance Income Fund- Growth Plan - Bonus Option 1,82,76,119 (2013: 1,82,76,119) Units of Rs 10 each	2,030.11	2,030.11
Reliance Fixed Horizon Fund-21 Series 18 Growth Plan Nil (2013: 1,75,85,195) Units of Rs 10 each	-	1,758.52
Reliance Dynamic Bond Fund Direct Growth Plan 37,49,367 (2013: 37,49,367) Units of Rs 10 each	588.65	588.65
Religare Invesco Liquid Fund Direct Plan Growth Nil (2013: 7,927) Units of Rs 1000 each	-	127.50
Reliance Regular Saving Fund Debt Plan- Growth Plan Growth Option 1,23,13,482 (2013: Nil) Units of Rs 10 each	1,953.89	-
SBI Magnum Income Fund Regular Plan - Growth 38,52,150 (2013: 38,52,150) Units of Rs 10 each	1079.01	1,079.01
SBI Ultra Short Term Debt Fund Direct Plan Growth Nil (2013: 33,550) Units of Rs 1,000 each	-	503.98
SBI Debt Fund Series -A8 - 30 Days -Direct-Growth 5068980 (2013: Nil) Units of Rs 10 each	506.90	-
TATA FMP Series 39 Scheme Growth Nil (2013: 2,20,24,600) Units of Rs 10 each	-	2,202.46
Templeton India Ultra Short Bond Fund Super Institutional Plan - Growth Nil (2013: 34,06,418) Units of Rs 10 each	-	520.00
Tempelton India Short Term Income Retail - Plan Growth 21,148 (2013: Nil) Units of Rs 1000 each	500.00	-
Tempelton India Income Opportunity Fund -Growth 37,59,709 (2013: Nil) Units of Rs 10 each	500.00	-
UTI Fixed Term Income Fund Series -XIV -VI - Direct (366 days) Plan Growth Nil (2012: 72,51,855) Units of Rs 10 each	-	725.19
Sub-total-(c)	15,756.64	19,477.25
TOTAL NON CURRENT INVESTMENTS	11,194.04	6,631.26
TOTAL CURRENT INVESTMENTS (a+b+c)	20,518.66	25,242.17
Aggregate amount of Quoted Current Investments	94.21	94.21
Market Value of Quoted Investments	49.08	46.48
Aggregate amount of Unquoted Investments	20,469.58	25,195.69
Aggregate amount of Written Down on Current Investments	45.13	47.73
Aggregate NAV value of unquoted Mutual Funds & Bonds	22,149.39	26,814.92

Notes on Accounts

	2013-14 (Rs in Lakhs)	2012-13 (Rs in Lakhs)
2.13 LONG TERM LOANS AND ADVANCES		
Unsecured Considered Good		
Capital Advances	234.30	1,218.58
Security Deposits	35.12	63.30
Other Loans and Advances		
Prepaid Expenses	18.30	13.21
Other Loans and Advances	1,000.00	-
Total (2.13)	1,287.72	1,295.09
2.14 INVENTORIES		
Raw materials & Components	11,126.58	12,888.09
Work-in-Progress	7,986.63	8,075.75
Finished Goods	728.34	205.32
Stores and Spares	1,079.67	1,029.99
Goods in Transit	93.84	2,465.92
Total (2.14)	21,015.06	24,665.07
Notes:		
1 Stock as per inventories taken, valued and certified by the management.		
2 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.		
2.15 TRADE RECEIVABLES		
More than six months from the due date		
Unsecured, Considered Good	10,050.96	8,063.36
Considered Doubtful	600.00	600.00
	10,650.96	8,663.36
Others-Unsecured, Considered Good	9,099.89	14,367.80
Less: Provision for Doubtful Debt	600.00	600.00
Total (2.15)	19,150.85	22,431.16
Notes:		
1 In the opinion of the management trade receivables have a value on realisation in the ordinary course of business unless otherwise stated, at least to the amount at which they are stated.		
2 Trade Receivables includes amount due from Texmaco UGL Rail Private Limited amounting to Rs 2,786.87 lakhs (Previous Year Rs 2,153.94 lakhs) a Joint Venture.		
3 Trade Receivables includes Retention Money Rs. 4,640.81 lakhs (Previous Year Rs 4,044.58 lakhs)		
2.16 CASH AND BANK BALANCES		
Cash and Cash Equivalents		
Balances With Banks		
Current Accounts	1,336.36	2,844.26
Cash on Hand	8.20	9.11
	1,344.56	2,853.37
Other Bank Balances		
Term Deposit of upto Twelve Months Maturity	5.20	5.20
Term Deposit of more Than Twelve Months Maturity (earmarked)	2.11	1.67
Unpaid Dividend Account	20.15	11.46
	27.46	18.33
Total (2.16)	1,372.02	2,871.70

Notes on Accounts

	2013-14 (Rs in Lakhs)	2012-13 (Rs in Lakhs)
2.17 SHORT TERM LOANS AND ADVANCES		
Unsecured Considered Good		
Other Loans and Advances-		
Loan to Body Corporates	275.00	275.00
Advance to Parties	699.77	1,686.29
Advance to Employee	41.40	53.51
Other Advances	516.46	805.84
Prepaid Expenses	61.02	47.31
Balances with Government Deptt	3,474.12	3,437.54
Mat Credit Entitlement	355.00	-
Income Tax(Net of Provision)	836.65	336.74
Total (2.17)	6,259.42	6,642.23
2.18 OTHER CURRENT ASSETS		
Interest Accrued on Loans	164.24	134.05
Total (2.18)	164.24	134.05
2.19 REVENUE FROM OPERATIONS		
Sale of Products	51,517.43	1,03,596.50
Less: Inter Segment Revenue	(4,179.94)	(15,857.58)
Less: Excise Duty	(2,878.32)	(5,261.44)
	44,459.17	82,477.48
Other Operating Revenues	114.49	463.75
Total (2.19)	44,573.66	82,941.23
2.20 OTHER INCOME		
Interest Income		
From Bank	28.74	2.34
From Others	301.43	325.47
Dividend - Income from Current Investments	2.45	420.95
Dividend - Income from Non-Current Investments	22.52	3.52
Net gain on Sale of Current Investments	992.66	765.89
Miscellaneous Receipts and Income	309.86	280.66
Export Incentive	65.06	250.36
Sundry Credit Balance Adjusted	56.86	0.05
Profit on Sale of Fixed Assets (Net)	9.63	15.63
Rent Received	550.02	1,014.50
Provision & Excess Liabilities Written Back	7.96	15.82
Provision for Diminution of Current Investment Written Back	2.60	-
Income Related to Previous Year	4.29	1.50
Total (2.20)	2,354.08	3,096.69

Notes on Accounts

	2013-14 (Rs in Lakhs)	2012-13 (Rs in Lakhs)
2.21 COST OF MATERIAL CONSUMED		
Opening Stock of Raw Materials	3,400.57	4,692.91
Add: Raw Materials Purchased and Departmental Transfers etc.	9,033.96	14,997.37
	12,434.53	19,690.28
Less: Returns, Sales and Departmental issues used in Works and In Block	990.76	2,815.15
Less: Closing Stock of Raw Materials	3,982.18	3,400.57
	4,972.94	6,215.72
	7,461.59	13,474.56
Consumption of Components (Incl job processing and Contract Labour Charges Rs. 2482.47 lakhs, Previous Year Rs. 4,314.91 lakhs)	24,204.54	55,458.83
Less Inter Segment Revenue	(4,179.94)	(15,857.58)
Total (2.21)	27,486.19	53,075.81
2.22 CHANGES IN INVENTORIES		
Opening Stock		
1) Finished Goods	205.32	119.35
2) Work-in-Progress	8,075.75	6,151.23
	8,281.07	6,270.58
Less: Closing Stock		
1) Finished Goods	728.34	205.32
2) Work-in-Progress	7,986.63	8,075.75
	8,714.97	8,281.07
Total (2.22)	(433.90)	(2,010.49)
2.23 EMPLOYEE BENEFITS EXPENSE		
Salaries ,Wages and Bonus	3,538.50	3,751.24
Contribution to Provident and Other Funds		
Provident Fund and Pension Fund	344.34	360.87
Superannuation Fund	36.64	12.27
Gratuity	179.15	11.50
Provision for Leave Encashment	-	28.76
VRS Expenses	42.46	-
Staff Welfare Expenses	241.93	240.30
Total (2.23)	4,383.02	4,404.94
2.24 FINANCE COSTS		
Interest Expenses		
Banks	788.90	680.14
Fixed Deposit	1.53	3.19
Others	7.26	42.62
	797.69	725.95
Other Borrowing Costs	200.98	467.04
Total (2.24)	998.67	1,192.99
2.11 DEPRECIATION AND AMORTISATION EXPENSES		
For the Year	1,217.99	993.78
Less: Recouped from the Revaluation Reserve	44.21	54.60
Total (2.11)	1,173.78	939.18

Notes on Accounts

	2013-14 (Rs in Lakhs)	2012-13 (Rs in Lakhs)
2.25 OTHER EXPENSES		
Consumption of Stores and Spare Parts	3,967.55	5,730.44
Power and Fuel	3,077.23	4,791.94
Rent	47.96	31.00
Repairs to Buildings	415.26	497.38
Repairs to Machinery	264.49	239.78
Repairs to Others	178.08	227.89
Insurance	16.14	20.73
Rates and Taxes Excluding Taxes on Income	67.19	61.56
Freight, Packing and Transport (Net)	465.98	216.86
Erection Expenses	239.67	265.50
Jigs & Fixtures, Drawings and Designs	223.69	0.99
Royalty & Knowhow	30.91	13.42
Research & Development	144.17	180.39
Excise Duty Provided on Stock	1.13	0.64
Selling Agents Commission	307.49	180.69
Selling Expenses	322.56	285.73
Director's Sitting Fees	6.60	5.30
Director's Commission	12.00	10.81
Payments to the Auditors (<i>incl Service Tax</i>)		
As Auditors	7.30	7.30
For Tax Audit	2.92	2.92
For Quarterly Review	2.74	2.74
For Fees for Other Services (<i>incl for issuing various certificates</i>)	2.85	4.42
As Cost Auditors	1.40	-
For Reimbursement of Out of Pocket Expenses	0.62	0.73
Donation	2.16	2.79
Miscellaneous Expenses	1,171.32	1,051.36
Sundry Debit Balance Adjusted	10.66	9.18
Provision for Doubtful Debt	-	600.00
Bad Debt Written Off	127.30	106.14
Fixed Assets Written Off	36.13	-
Provision for Diminution of Current Investment	-	4.15
Expenses Related to Previous Year	1.61	0.13
Net (gain)/Loss on Foreign Currency Transaction	288.93	405.91
Total (2.25)	11,444.04	14,958.82

Notes on Accounts

	2013-14 (Rs in Lakhs)	2012-13 (Rs in Lakhs)
2.26 COMMITMENTS AND CONTINGENT LIABILITIES		
(a) Commitments		
Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of advance)	804.87	3,672.44
(b) Contingent Liabilities (not provided for) in respect of :		
(a) Guarantees given by Banks in the normal course of Business.	24,956.30	33,127.06
(b) Letters of Credit opened by Banks in the normal course of Business.	6,475.81	5,808.28
(c) Bonds issued to Custom Department	92.20	92.20
(d) Claims under dispute (Excise Duty, Service Tax & others)	3,920.50	2,199.50
(e) Claims not acknowledged as debts (Amount unascertainable)	-	-
(f) Income Tax assessment re-opened (Amount unascertainable)	-	-

2.27

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

Particulars	(Rs in Lakhs)				
	Opening Provision as on 01.04.2013	Utilized during the year	Reversed during the year	Provision during the year	Closing provision as on 31.03.2014
(a) Site warranty period maintenance	183.99	----	----	----	183.99
(b) Others	113.60	1.16	----	137.99	250.43
Total	297.59	1.16	----	137.99	434.42
Previous Year	314.06	34.04	----	17.57	297.59

In accordance with the requirement of AS 29 "Provisions, Contingent Liabilities and Contingent Assets" issued by the Companies (Accounting Standard) Rules 2006, the Company has provided liability for other expenses amounting to Rs. 137.99 lakhs (Previous Year Rs 17.57 lacs).

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 31.03.2014 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 materialize in the next financial year.

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.

Notes on Accounts

2.30 RELATED PARTY DISCLOSURE

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

Relationship	Parties Where Control Exist 2013-14	Parties Where Control Exist 2012-13
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 Executive Director & CEO (SF)	Shri D. H. Kela Whole Time Director, President & CEO
	Shri Sandeep Fuller, Executive Director & CEO (HED)	-
B. Associate Company	Texmaco Infrastructure & Holdings Ltd.	Texmaco Infrastructure & Holdings Ltd.
	Kalindee Rail Nirman (Engineers) Ltd.	-
C. Joint Venture	Texmaco UGL Rail Pvt. Ltd.	Texmaco UGL Rail Pvt. Ltd.
	Touax Texmaco Railcar Leasing Pvt. Ltd.	Touax Texmaco Railcar Leasing Pvt. Ltd.
D. Group Company where transaction exists.	Zuari Investments Ltd	Zuari Investments Ltd
	Duke Commerce Ltd.	Duke Commerce Ltd.
	Adventz Securities Enterprises Ltd.	Adventz Securities Enterprises Ltd.
	Zuari Global Ltd.	Zuari Global Ltd.
	Adventz Investments and Holdings Ltd	Adventz Investments and Holdings Ltd
	New Eros Tradecom Ltd.	New Eros Tradecom Ltd.
	Master Exchange & Finance Ltd.	Master Exchange & Finance Ltd.
	Adventz Investments Co. Pvt. Ltd.	Adventz Investments Co. Pvt. Ltd
	Adventz Securities Trading Pvt. Ltd.	Adventz Securities Trading Pvt. Ltd.
	Adventz Finance Pvt. Ltd.	Adventz Finance Pvt. Ltd.
	Eureka Traders Pvt. Ltd.	Eureka Traders Pvt. Ltd
	Abhishek Holdings Pvt. Ltd.	Abhishek Holdings Pvt. Ltd.
	Greenland Trading Pvt. Ltd.	Greenland Trading Pvt. Ltd
	Indrakshi Trading Company Pvt. Ltd.	Indrakshi Trading Company Pvt. Ltd.
	Zuari Management Services Ltd.	Zuari Management Services Ltd
High Quality Steels Ltd.	High Quality Steels Ltd.	
Lionel India Ltd.	Lionel India Ltd.	
Macfarlane & Co. Ltd.	Macfarlane & Co. Ltd.	

Notes on Accounts

2.30 RELATED PARTY DISCLOSURE (Contd...)

(b) Related Party Transactions

Transactions	(Rs in Lakhs)			
	Other Related Party	Joint venture	Key Management Personnel	Grand Total
Remuneration Paid*				
- Shri S. K. Poddar	--	--	366.35 (369.82)	366.35 (369.82)
- Shri Ramesh Maheshwari	--	--	122.80 (122.55)	122.80 (122.55)
- Shri D. H. Kela	--	--	79.25 (71.33)	79.25 (71.33)
- Shri Sandeep Fuller	--	--	42.40 (--)	42.40 (--)
Investment				
- Texmaco UGL Rail Pvt. Ltd.	--	-- (500.15)	--	-- (500.15)
- Touax Texmaco Railcar Leasing Pvt. Ltd.	--	-- (1262.49)	--	-- (1262.49)
- Texmaco Infrastructure & Holdings Ltd.	--	--	--	--
- Kalindee Rail Nirman (Engineers) Ltd.	4562.78 (--)	--	--	4562.78 (--)
Dividend Paid		--		
- Abhishek Holdings Pvt. Ltd.	-- (--)	--	--	-- (--)
- Adventz Securities Enterprises Ltd.	38.09 (38.09)	--	--	38.09 (38.09)
- Adventz Investments and Holdings Ltd	79.48 (79.48)	--	--	79.48 (79.48)
- Adventz Investments Co. Pvt. Ltd.	30.35 (30.35)	--	--	30.35 (30.35)
- Adventz Securities Trading Pvt. Ltd.	4.28 (4.28)	--	--	4.28 (4.28)
- Adventz Finance Pvt. Ltd.	-- (--)	--	--	-- (--)
- Duke Commerce Ltd.	75.14 (75.14)	--	--	75.14 (75.14)
- Eureka Traders Pvt. Ltd.	-- (--)	--	--	-- (--)
- Greenland Trading Pvt. Ltd.	0.35 (0.35)	--	--	0.35 (0.35)
- Master Exchange & Finance Ltd.	0.16 (0.16)	--	--	0.16 (0.16)
- New Eros Tradecom Ltd.	7.38 (7.38)	--	--	7.38 (7.38)
- Indrakshi Trading Company Pvt. Ltd.	0.30 (0.30)	--	--	0.30 (0.30)

Notes on Accounts

				(Rs in Lakhs)
Transactions	Other Related Party	Joint venture	Key Management Personnel	Grand Total
- Texmaco Infrastructure & Holdings Ltd.	546.00 (546.00)	--	--	546.00 (546.00)
- Zuari Investments Ltd.	289.63 (289.63)	--	--	289.63 (289.63)
- Zuari Global Ltd.	40.35 (40.35)	--	--	40.35 (40.35)
- Shri S. K. Poddar	--	--	23.97 (23.97)	23.97 (23.97)
- Shri Ramesh Maheshwari	--	--	0.60 (0.60)	0.60 (0.60)
- Shri D. H. Kela	--	--	0.30 (0.30)	0.30 (0.30)
Dividend Received				
- Texmaco Infrastructure & Holdings Ltd.	3.53 (3.53)	--	--	3.53 (3.53)
Others				
- Adventz Investments & Holdings Ltd. (Rent Paid)	21.03 (15.76)	--	--	21.03 (15.76)
- High Quality Steels Ltd. (Services Received)	425.67 (524.83)	--	--	425.67 (524.83)
- Lionel India Ltd. (Services Received)	157.26 (101.38)	--	--	157.26 (101.38)
- Texmaco Infrastructure & Holdings Ltd. (Rent Received)	0.81 (0.81)	--	--	0.81 (0.81)
-Texmaco UGL Rail Pvt. Ltd. (Services Provided)	--	2785.07 (2153.94)	--	2785.07 (2153.94)
-Texmaco UGL Rail Pvt. Ltd. (Purchase of Goods)	--	66.85 (--)	--	66.85 (--)
-Texmaco UGL Rail Pvt. Ltd. (Sale of Goods)	--	28.03 (--)	--	28.03 (--)
- Zuari Investments Ltd. (Depository Services)	0.02 (1.04)	--	--	0.02 (1.04)
- Zuari Management Services Ltd. (Guest Welfare)	0.13 (0.05)	--	--	0.13 (0.05)
- Macfarlane & Co. Ltd.	-- (--)	--	--	-- (--)

*Remuneration paid to the Whole Time Directors has exceeded the prescribed limit under Section 198 of the Companies Act 1956, for which requisite application has been made by the Company to the Central Government and the approval is awaited”.

Notes on 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, 2014.

Employee Benefits

Defined benefits Plans – As per Actuarial valuation as on March 31, 2014

Transactions	(Rs in Lakhs)			
	Funded Gratuity 2013-14	Funded Gratuity 2012-13	Unfunded Leave 2013-14	Unfunded Leave 2012-13
I Change of Benefit Organisation				
Liability at the beginning of the year	1,891.56	1,734.42	176.59	155.80
Interest cost	170.24	138.75	15.89	12.46
Current Service Cost	95.13	98.82	1.26	3.90
Past Service Cost (Non Vested Funds)	----	----	----	----
Past Service Cost (Vested Funds)	----	----	----	----
Benefits Paid	(307.10)	(177.30)	(16.28)	(7.96)
Actuarial (Gain)/Loss on obligation	(22.00)	96.87	(25.12)	12.39
Curtailments and Settlements	----	----	----	----
Plan Amendment	----	----	----	----
Liability at the end of the year	1,827.83	1,891.56	152.34	176.59
II Fair Value of Plan Assets				
Fair value of Plan Assets at the beginning of the year	2,068.40	2,065.01	----	----
Expected Return on Plan Assets	173.74	185.85	----	----
Contributions	195.01	15.97	16.28	7.96
Benefit Paid	(307.10)	(177.30)	(16.28)	(7.96)
Actuarial Gain/(Loss) on Plan Assets	(3.81)	(21.13)	----	----
Fair Value of Plan Assets at the end of the year	2,126.24	2,068.40	----	----
Total Actuarial (Gain)/Loss to be Recognised	(18.19)	118.00	----	----
III Actual Return on Plan Assets				
Expected Return on Plan Assets	(173.74)	(185.85)	----	----
Actuarial Gain/(Loss) on Plan Assets	3.81	21.13	----	----
Actual Return on Plan Assets	(169.93)	(164.72)	----	----
IV Amount Recognised in the balance sheet				
Liability at the end of the year	1,827.83	1,891.56	152.34	176.59
Fair Value of Plan Assets at the end of the year	2,126.24	2,068.40	----	----
Difference	(298.41)	(176.84)	152.34	176.59
Unrecognised Past Service Cost	----	----	----	----
Amount Recognised in the Balance Sheet	(298.41)	(176.84)	152.34	176.59
V Expenses Recognised in the Income Statement				
Current Service Cost	95.13	98.82	1.26	3.91
Interest Cost	170.24	138.75	15.89	12.46
Expected Return on Plan Assets	(173.74)	(185.85)	----	----
Net Actuarial (Gain)/Loss to be Recognised	(18.19)	118.00	(25.12)	12.39
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 Statement of Profit and Loss	73.44	169.72	(7.97)	28.76

Notes on Accounts

2.31 EMPLOYEE BENEFITS OBLIGATION (CONTD...)

(Rs in Lakhs)

Transactions	Funded Gratuity 2013-14	Funded Gratuity 2012-13	Unfunded Leave 2013-14	Unfunded Leave 2012-13
VI Balance Sheet Reconciliation				
Opening Net Liability	(176.84)	(330.59)	176.59	155.80
Expense as above	73.44	169.72	(7.97)	28.75
Employers Contribution	(195.01)	(15.97)	----	----
Effect of Curtailment or settlement	----	----	----	----
Benefits paid	----	----	(16.28)	(7.96)
Amount Recognised in the Balance Sheet	(298.41)	(176.84)	152.34	176.59
VII Actuarial Assumption				
Discount Rate Current	9.00%	8.50%	9.00%	8.50%
Rate of Return on Plan Assets	8.85%	9.00%	----	----
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

		2013-14	2012-13
Net Profit for the period from ordinary activities attributable to equity shareholders (Excluding Preference Share Dividend) – used as numerator.	Rs in Lakhs	1,697.22	9,426.91
Weighted average number of Equity share outstanding used as denominator for Basic earning per share.	Number	182026590	182026590
(A) Basic Earning per share (face value of Re 1/- each)	Rs.	0.93	5.18
(B) Diluted Earning per share (face value of Re 1/- each)	Rs.	0.93	5.18

2.33 INTEREST IN JOINT VENTURE (JV)

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

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

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

The Company's share in assets, liabilities, income and expense in the above jointly controlled entities as at and for the year ended March 31, 2014 is as follows:

(Rs in Lakhs)

Name of Joint Venture	Company's Share in				
	Assets	Liabilities	Income	Expenses	Profit/ (Loss) after Tax
Texmaco UGL Rail Pvt. Limited	6,322.85	3,287.92	766.83	1,673.23	(919.27)
	(6,615.05)	(2,660.87)	(41.93)	(138.79)	(90.33)
Touax Texmaco Railcar Leasing Pvt. Ltd	1,339.40	33.01	73.01	62.93	10.06
	(1,299.42)	(3.09)	(45.08)	(13.75)	(31.33)

Note: (i) Figures in bracket are audited previous year figure.

(ii) Figures for current year are un-audited

Notes on Accounts

2.34

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.

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

	2013-14	2012-13
Number of Non-Resident Shareholders	17	17
Number of Equity Shares held	14840	14840
Dividend Remitted (Rs. in Lakhs)	0.15	0.15
Year of Dividend paid	2012-13	2011-12

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

	2013-14		2012-13	
	(Rs. in Lakhs)	%	(Rs. in Lakhs)	%
Imported	8,419.52	23.63	8,878.24	11.90
Indigenous	27,214.16	76.37	65,785.59	88.10
Total (2.36)	35,633.68	100.00	74,663.83	100.00

2.37 VALUE OF IMPORTS ON C.I.F. BASIS

	2013-14 (Rs in Lakhs)	2012-13 (Rs in Lakhs)
Raw Materials	1,277.03	-
Components, Spare Parts and Stores	7,041.04	10,011.69
Capital Goods	65.08	362.91
Total (2.37)	8,383.15	10,374.60

2.38 EXPENDITURE IN FOREIGN CURRENCY

R & D Expenses	48.47	111.68
Travelling and Others	55.65	19.89
Books & Periodicals	0.05	0.10
Fees & Subscription	1.18	2.35
General Charges (AAR Audit Fee)	0.89	-
Sales Commission	239.61	-
Design Drawing Charges	221.18	-
Sales Expenses	92.16	-
Total (2.38)	659.19	134.02

2.39 INCOME IN FOREIGN EXCHANGE

Export of Goods (F.O.B.)	12,945.42	9,406.25
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2.40

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 on Accounts

2.41 ANALYSIS OF RAW MATERIALS CONSUMED

Particulars	2013-14 (Rs in Lakhs)	2012-13 (Rs in Lakhs)
M.S. & C.I. Scrap	2,369.30	5,432.40
Pig Iron	47.28	293.45
Tundish	30.74	242.46
Plates & Sheets	4,165.61	6,690.00
Rounds, Bars and Flats	116.03	185.90
Structural	732.63	630.35
Total (2.41)	7,461.59	13,474.56

2.42 (INCREASE)/ DECREASE IN INVENTORY OF WORK IN PROGRESS

Work-in- Process		
- Heavy Engineering Division	3,972.64	2,595.29
- Steel Foundry Division	4,013.99	5,480.46
Total (2.42)	7,986.63	8,075.75

2.43 FOREIGN CURRENCY EXPOSURE

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.

(1) The particulars of derivative contracts entered into for hedging purpose, outstanding as at 31st March are as under :		
(a) - Un-Hedged Foreign Currency Exposure as at 31st March – Payables. Euro: 5,12,223 & USD: 98,06,966	6,297.01	8,322.06
(b) - Un-Hedged Foreign Currency Exposure as at 31st March – Receivable. AUD: 3,57,017, USD: 13,81,011 & Euro: 10,07,363	1,857.26	3,893.42

2.44 DETAILS OF EXPENSES/(INCOME) RELATED TO PREVIOUS YEAR

Expenses		
(i) Miscellaneous Expenses	1.61	0.13
(ii) Income Tax	4.15	-
	5.76	0.13
Income		
(i) Sales	-	1.50
(ii) Interest	4.29	-
	4.29	1.50

Notes on Accounts

2.45 DETAILS OF INCOME/ EXPENSES DISCLOSED ON NET BASIS

Sl No	Particulars	2013-14 (Rs in Lakhs)	2012-13 (Rs in Lakhs)
1	Freight, Packing and Transport		
	Paid	1,236.75	781.60
	Received	770.77	564.74
	Net	465.98	216.86
2	Profit on sale of Fixed Assets		
	Profit	19.25	17.20
	Loss	9.62	1.57
	Net	9.63	15.63
3	Profit on sale of current investment		
	Mutual Funds & Others		
	Profit	998.16	766.62
	Loss	5.50	0.73
	Net	992.66	765.89

2.46 PARTICULARS IN RESPECT OF GOODS MANUFACTURED

Class of Goods	Sales		Opening Stock	Closing Stock
	2013-14	2012-13		
Wagons	2013-14	33,234.69	-	-
	2012-13	75,677.39	-	-
Structurals	2013-14	1,719.30	165.95	672.73
	2012-13	4,071.11	96.86	165.95
Water Tube Boilers and Package Boilers	2013-14	-	-	-
	2012-13	-	49.40	-
Pressure Vessels, Heat Exchangers and Chemicals Machineries	2013-14	11.20	-	-
	2012-13	53.62	-	-
Site Fabrication and Erection	2013-14	1,203.76	-	-
	2012-13	353.29	-	-
Steel Castings & Ingots (Including Draft Gear 4000 Sets)	2013-14	13,995.00	-	-
	2012-13	21,815.47	-	-
Power Tiller/Reaper	2013-14	304.95	38.37	54.61
	2012-13	198.52	21.49	38.37
Ring Frames, Doublers and Worsted Ring Frames	2013-14	-	0.61	0.61
	2012-13	-	0.61	0.61
Speed Frames	2013-14	-	0.39	0.39
	2012-13	-	0.39	0.39
Others	2013-14	1,048.53	-	-
	2012-13	1,427.10	-	-
TOTAL (2.46)	2013-14	51,517.43	205.32	728.34
	2012-13	103,596.50	168.75	205.32

Notes on Accounts

2.47 INFORMATION ABOUT SEGMENT WORKING IS GIVEN BELOW

(Rs in Lakhs)

	2013-2014			2012-2013		
	Heavy Engg. Division	Steel Foundry	Total	Heavy Engg. Division	Steel Foundry	Total
	1	2	3 (1+2)	1	2	3 (1+2)
Revenue (Net of Excise Duty and Cess)						
External Sales	35,131.80	9,441.86	44,573.66	77,883.82	5,057.43	82,941.25
Internal-Segment Sales	924.95	3,254.99	4,179.94	1,239.64	14,617.94	15,857.58
Total Revenue	36,056.75	12,696.85	48,753.60	79,123.46	19,675.37	98,798.83
Result						
Segment Result	2,331.50	11.96	2,343.46	11,924.23	1,950.58	13,874.81
Unallocated Corporate Expenses			-			-
Operating Profit/(Loss)			2,343.46			13,874.81
Interest Expense			(797.69)			(725.95)
Interest Income			330.17			327.81
Total Profit/(Loss) before Tax			1,875.94			13,476.67
Provision for Current Tax			-			(4,012.00)
Provision for Deferred Tax			174.57			(37.76)
Income Tax For Earliar Years			4.15			-
Profit/(Loss) from ordinary activities			1,697.22			9,426.91
Net Profit/(Loss)			1,697.22			9,426.91
Other Information						
Segment assets	53,817.52	11,441.06	65,258.58	55,217.48	14,155.12	69,372.60
Unallocated Corporate assets			-			-
Total assets			65,258.58			69,372.60
Segment liabilities	35,980.70	5,619.36	41,600.06	41,942.32	6,569.14	48,511.46
Unallocated corporate liabilities			-			-
Total Liabilities			41,600.06			48,511.46
Capital expenditure	4,013.42	1,238.02	5,251.44	2,655.88	1,133.03	3,788.91
Depreciation	616.03	557.75	1,173.78	413.62	525.56	939.18
Non-cash expenses other than depreciation			152.87			694.47

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

2.48

Previous year figures have been regrouped/ rearranged/ restated/ recast wherever necessary to confirm this year classification.

2.49

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

In terms of our Report of even date attached herewith.

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

P.K.Gutgutia
Partner
Membership No. 6994
6C, Middleton Street,
Kolkata – 700 071
Dated: 21st May, 2014

A.K.Vijay
Secretary

S.K.Poddar
Ramesh Maheshwari
A.C.Chakrabortti
D.H.Kela } *Directors*



TEXMACO RAIL & ENGINEERING LTD.

CIN NO.: L29261WB1998PLC087404

Registered Office: Belgharia, Kolkata 700 056

Phone: (033) 2569 1500 • Fax : (033) 2541 2448 • Website: www.texmaco.in

Notice to the Shareholders

Notice is hereby given that the 16th Annual General Meeting of TEXMACO RAIL & ENGINEERING LIMITED will be held on Thursday, 4th September, 2014 at 10:30 A.M. at K. K. Birla Kala Kendra, Texmaco Estate, Belgharia, Kolkata - 700 056 to transact the following businesses:

AS ORDINARY BUSINESS

1. To consider and adopt the Audited Accounts of the Company, the Directors' and Auditors' Report thereon for the year ended 31st March, 2014.
2. To declare Dividend on Equity Shares for the year ended 31st March, 2014.
3. To appoint Director in place of Shri Akshay Poddar (DIN : 00008686), who retires by rotation and is eligible for re-election.
4. To appoint Auditors and to fix their remuneration.

In this regard to consider and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution.

"Resolved that Messrs. K. N. Gutgutia & Co., Chartered Accountants (Registration No. 304153E), be and are hereby appointed as the Auditors of the Company to hold such office until the conclusion of the 19th Annual General Meeting to conduct the audit at a remuneration as may be decided by the Board of Directors of the Company."

AS SPECIAL BUSINESS

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

Item No. 5

"RESOLVED that Shri Sandeep Fuller (DIN : 06754262), who has been appointed as an Additional Executive Director of the Company w.e.f. 1st February, 2014 by the Board of Directors and who holds office as per Section 161 of the Companies Act, 2013 up to the date of this Annual General Meeting and in respect of whom, the Company has, pursuant to Section 160 of

the Companies Act, 2013, received a notice in writing proposing his candidature for the office of Director, be and is hereby appointed as a Director, liable to retire by rotation, and also as an Executive Director of the Company, for a period of 3 (three) years w.e.f. 1st February, 2014."

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

Item No. 6

"RESOLVED that pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Cost Auditors M/s. DGM & Associates, Cost Accountants, Kolkata (ICMA Registration No. 000038) appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2015, be paid the remuneration as may be decided by the Board of Directors of the Company."

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

Item No. 7

"RESOLVED that pursuant to the provisions of Section 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013 (which deems to include the provisions the Companies Act, 1956 applicable, if any, for the time being in force), the Memorandum and Articles of Association of the Company, Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (hereinafter referred to as "SEBI ESOP Guidelines") and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, the approval and consent of the Company be and is hereby accorded respectively to the 'Texmaco Employee Stock Option Scheme

2014' (hereinafter referred to as the "ESOP 2014"/ "Scheme") and to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee, including the Nomination and Remuneration Committee which the Board has constituted to exercise its powers, including the powers, conferred by this resolution) to create, offer and grant from time to time up to 18,20,000 Options to the permanent employees, existing and future, including the Executive Directors of the Company, as may be decided solely by the Board under the Scheme, exercisable into 18,20,000 Equity Shares of face value of Re. 1/- each fully paid up, in one or more tranches, on such terms and in such manner as the Board may decide in accordance with the provisions of the law or guidelines issued by the relevant authorities."

"FURTHER RESOLVED that the Board be and is hereby authorized to issue and allot Equity Shares to the eligible employees and Directors of the Company upon exercise of Options from time to time in accordance with ESOP 2014."

"FURTHER RESOLVED that the number of Options that may be granted to any permanent employee including any Executive Director of the Company, in any financial year and in aggregate under the ESOP 2014 shall not exceed 0.1% of the Paid-up Share Capital of the Company."

"FURTHER RESOLVED that the Equity Shares to be allotted and issued by the Company in the manner aforesaid shall rank *pari passu* in all respects with the then existing Equity Shares of the Company."

"FURTHER RESOLVED that in case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division and others, if any additional Equity Shares are required to be issued by the Company to the Option grantees for the purpose of making a fair and reasonable adjustment to the Options granted earlier, the above ceiling of 18,20,000 Equity Shares shall be deemed to be increased to the extent of such additional Equity Shares issued."

"FURTHER RESOLVED that in case the Equity Shares of the Company are either sub-divided or consolidated, then the number of Shares to be allotted and the exercise price payable by the Option grantees under the Scheme shall automatically stand reduced or augmented, as the case may be, in the same proportion as the present face value of Re. 1/- per Equity Share shall bear to the revised face value of the Equity Shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the said allottees."

"FURTHER RESOLVED that the Board be and is hereby authorized to take necessary steps for listing of the Equity Shares allotted under the ESOP 2014 on the Stock Exchanges, where the Shares

of the Company are listed and to do all such acts, deeds and things and to execute all such deeds, documents, instruments and writings as it may at its sole and absolute discretion deem necessary or expedient and to settle any questions, difficulty or doubt that may arise in this behalf."

"FURTHER RESOLVED that the Board be and is hereby authorized to make modifications, changes, variations, alterations or revisions in the terms and conditions of the Employee Stock Options or of the Scheme from time to time including but not limited to suspend, withdraw, terminate or revise the ESOP 2014 as it may deem fit, from time to time at its sole and absolute discretion in conformity with the provisions of the Companies Act, 2013, the Memorandum and the Articles of Association of the Company, SEBI ESOP Guidelines and any other applicable laws."

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

Item No. 8

"RESOLVED that pursuant to the applicable provisions of the Companies Act, 2013, as may be amended from time to time (the "Companies Act, 2013", including, without limitation, Sections 41, 42, 54, 55, 62, 63 and 71 thereof, and also including any relevant provisions of the Companies Act, 1956 (the "Companies Act, 1956"), to the extent that such provisions of the Companies Act, 1956 have not been superseded by the Companies Act, 2013 or denotified, as the case may be, and together, the "Companies Act"), the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the "SEBI ICDR Regulations"), the Memorandum and Articles of Association of the Company, the Listing Agreement, and all other applicable laws including the Foreign Exchange Management Act, 2000, Foreign Exchange Management (Transfer or issue of securities by a person resident outside India) Regulations, 2000, Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme 1993, as amended (the "1993 Scheme"), the Consolidated Foreign Direct Investment Policy, and the other statutes, rules, regulations, guidelines, notifications, circulars, clarifications, et al, prescribed by the Government of India (including, without limitation, the Ministry of Finance and the Ministry of Corporate Affairs), the Securities and Exchange Board of India ("SEBI"), the Reserve Bank of India ("RBI"), the Foreign Investment Promotion Board, the Indian stock exchanges (the "Stock Exchanges") and / or any other competent regulatory authority, as amended from time to time and to the extent applicable in each case, and subject to the approvals, consents, permissions and sanctions issued by (as well

as the terms of any such approvals, consents, permissions and sanctions as may be issued by) competent regulatory authorities in this behalf, the consent of the Members of the Company be and is hereby accorded to create, issue, offer and allot (including with provision for reservation on firm and / or competitive basis, of such part of issue and for such categories of persons including employees of the Company as may be permitted, and also including with provisions to permit an offer for sale by members of the Company), through one or more public issue and/or on a private placement basis and / or preferential issue and / or any other kind of issue and/or placement as may be permitted under applicable law from time to time (including without limitation through a qualified institutions placement ("QIP")) in the domestic and/or one or more international markets, with or without a green shoe or over-allotment option, in one or more tranches, such number of Equity Shares of the Company ("Equity Shares") and / or Preference Shares and / or Equity Shares through depository receipts including American Depository Receipts ("ADRs"), Global Depository Receipts ("GDRs") and / or Convertible Debentures including Foreign Currency Convertible Bonds ("FCCBs"), Partly Convertible Debentures ("PCDs"), Optionally Convertible Debentures ("OCDs") and / or other securities convertible into or exchangeable for Equity Shares, at the option of the Company and / or the holders of such securities, and / or securities linked to the Equity Shares, and / or securities with or without detachable or non-detachable warrants with a right exercisable by the warrant holders to subscribe for the Equity Shares and / or warrants with an option exercisable by the warrant-holders to subscribe for Equity Shares and / or any instruments or securities representing Equity Shares, secured premium notes and / or any other financial instruments which would be converted into or exchanged with Equity Shares at a later date (the "Securities") as the Board of Directors of the Company (the "Board" which term shall be deemed to include any Committees constituted or to be constituted by the Board to exercise its powers, including the powers conferred by this Resolution) at its absolute discretion or in consultation with advisors may at any time decide, whether Rupee denominated or denominated in foreign currency, to any eligible investors (whether residents and / or non-residents and / or Qualified Institutional Buyers within the meaning of the SEBI ICDR Regulations ("QIBs"), including institutions / banks and / or incorporated bodies, Foreign Institutional Investors ("FIIs") and/ or individuals and/or mutual funds and/or insurance companies and/or pension funds and / or trustees and / or stabilizing agents and / or any other categories of investors, whether or not such investors are members of the Company) through issue of requisite offer documents, for an aggregate amount not exceeding Rs. 300 Crore (Rupees Three Crore) or its equivalent in one or more currencies, including premium, if any, and in such manner

and on such price (including provisions in relation to discount or payment in calls), terms and conditions as may be determined by the Board in its absolute discretion."

"FURTHER RESOLVED that any Equity Shares created, offered, issued and allotted in terms of this Resolution shall rank *pari passu* in all respect with existing Equity Shares of the Company. The number and / or price of the Securities shall be appropriately adjusted for corporate actions such as bonus issue, rights issue, stock split, merger, demerger, transfer of undertaking, sale of division or any such capital or corporate restructuring."

"FURTHER RESOLVED that in addition to all applicable Indian laws, the Securities issued pursuant to this Resolution shall also be governed by all applicable laws of any foreign jurisdiction where such Securities are or are proposed to be marketed or listed, or that may in any other manner apply in this relation."

"FURTHER RESOLVED that in the case of a QIP, the allotment of Securities shall only be made to eligible QIBs as provided under Chapter VIII of the SEBI ICDR Regulations, the Securities shall be allotted on a fully paid basis (subject to allottees having the option to pay either full or part consideration for warrants, with the balance consideration being payable at or by the time of exercise of such warrants), the allotment shall be completed within 12 months from the date of the approval of the Members of the Company by a special resolution, the tenure of any convertible or exchangeable Securities issued by the Company shall not exceed 60 months from the date of allotment, and the aggregate of all QIPs made by the Company in the same financial year shall not exceed five times the net worth of the Company as per the audited balance sheet of the previous financial year. Further, discount of up to 5% of the floor price or such other discount as may be permitted under applicable law may be offered, as determined by the Board, in the case of a QIP."

"FURTHER RESOLVED that in the case of an issuance of FCCBs / ADRs / GDRs or in the case of a QIP, the "Relevant Date" for pricing of the Securities, in case of allotment of Equity Shares, will be the date of meeting in which the Board decides to open the issue, or, in the case of Securities convertible into or exchangeable for Equity Shares, either the date of the meeting in which the Board decides to open the proposed issue of such Securities or the date on which the holders of convertible Securities become entitled to apply for Equity Shares, as applicable."

"FURTHER RESOLVED that, subject to applicable law, the Board be and is hereby authorized to delegate all or any of the powers herein conferred, to any one or more Directors of the Company, with power to delegate to any Officers of the Company, to give effect to this Resolution."

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

Item No. 9

“RESOLVED that pursuant to the provisions of Section 61 read with Section 64 and other applicable provisions, if any, of the Companies Act, 2013 (including any amendment thereto or re-enactment thereof) and the rules framed there under, the consent of the members of the Company be and is hereby accorded to increase the Authorized Share Capital of the Company from existing Rs. 20,00,00,000 (Rupees Twenty Crores) divided into 20,00,00,000 (Twenty Crores) Equity Shares of Re. 1/- each to Rs. 30,00,00,000 (Rupees Thirty Crores) divided into 30,00,00,000 (Thirty Crores) Equity Shares of Re. 1/- each by creation of additional 10,00,00,000 (Ten Crores) Equity Shares of Re. 1/- each ranking *pari passu* in all respect with the existing Equity Shares of the Company.”

“FURTHER RESOLVED that pursuant to the provisions of Section 13, 61 and 64 and other applicable provisions of the Companies Act, 2013 (including any amendment thereto or re-enactment thereof) and the rules framed thereunder, the consent of the Members of the Company be and is hereby accorded for substituting Clause V of the Memorandum of Association of the Company with the following clause -

“V. The Authorised Share Capital of the Company is Rs. 30,00,00,000/- (Rupees Thirty Crores only) divided into 30,00,00,000 (Thirty Crores) Equity Shares of face value of Re. 1/- (Rupees One) each with power to sub-divide, consolidate and increase or reduce the same in accordance with the provision of the Companies Act, 2013 and to classify or reclassify the share capital.”

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

Item No. 10

“RESOLVED that pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (‘Act’) and the Rules framed thereunder, read with Schedule IV to the Act, as amended from time to time, Shri A. C. Chakrabortti (DIN : 00015622), an Independent Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company to hold office for a term up to 5 (five) consecutive years commencing from 4th September, 2014.”

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

Item No. 11

“RESOLVED that pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (‘Act’) and the Rules framed thereunder, read with Schedule IV to the Act, as amended from time to time, Shri D. R. Kaarthikeyan (DIN : 00327907), an Independent Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company to hold office for a term up to 5 (five) consecutive years commencing from 4th September, 2014.”

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

Item No. 12

“RESOLVED that pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (‘Act’) and the Rules framed thereunder, read with Schedule IV to the Act, as amended from time to time, Shri Hemant Kanoria (DIN : 00193015), an Independent Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company to hold office for a term up to 5 (five) consecutive years commencing from 4th September, 2014.”

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

Item No. 13

“RESOLVED that pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (‘Act’) and the Rules framed thereunder, read with Schedule IV to the Act, as amended from time to time, Shri Sunil Mitra (DIN : 00113473), an Independent Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company to hold office for a term up to 5 (five) consecutive years commencing from 4th September, 2014.”

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

Item No. 14

“RESOLVED that pursuant to the provisions of Section 197 and the Rules framed thereunder, read together with Schedule V and other applicable provisions, if any of the Companies Act, 2013 and subject to the approval of the Central Government, the Members of the Company do hereby approve the remuneration paid in excess of the limits prescribed under the provisions of Sections 198, 309 read together with Schedule XIII of the Companies Act, 1956 to the Executive Directors for the financial year ended 31st March, 2014 being the remuneration agreed to be paid to them in normal course.”

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

Item No. 15

“RESOLVED that, pursuant to the provisions of Section 14 of the Companies Act, 2013, or any amendment thereto or modification thereof, the Articles of Association of the Company be amended by replacing the following Article in place of the existing Article 100 –

‘100. Subject to the provisions of the Companies Act, 1956 and the Companies Act, 2013, the Company in General Meeting or the Board of Directors may at any time appoint one or more Directors as Managing Director (s) or Whole Time Director (s) on such remuneration, terms and conditions as may be decided by them on such Meeting. Except the Chairman, all other Whole Time or Managing Director (s) shall be liable to retire by rotation.’”

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

Item No. 16

“RESOLVED that, in accordance with the applicable provisions of the Companies Act, 1956 and the Companies Act, 2013, or any amendment thereto or modification thereof, this Meeting hereby approves the variation in terms of appointment of Shri Ramesh Maheshwari (DIN : 00170811), who was appointed as the Executive Director and Executive Vice Chairman of the Company for a period of 3 (three) years w.e.f. 25th September, 2013, from not liable to retire by rotation to liable to retire by rotation with all other terms and conditions remaining unchanged.”

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

Item No. 17

“RESOLVED that, in accordance with the applicable provisions of the Companies Act, 1956 and the Companies Act, 2013, or any amendment thereto or modification thereof, this Meeting hereby approves the variation in terms of appointment of Shri D. H. Kela (DIN : 01050842), who was appointed as an Executive Director of the Company for a period of 3 (three) years w.e.f. 25th September, 2013, from not liable to retire by rotation to liable to retire by rotation with all other terms and conditions remaining unchanged.”

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

Item No. 18

“RESOLVED that, pursuant to the provisions of Section 14 of the Companies Act, 2013, or any amendment thereto or modification thereof, the Articles of Association of the Company be amended by insertion of the following Article after the existing Article 9 –

‘9A. Any Member, beneficial owner, debenture-holder, other security-holder or other person entitled to copies of any documents / registers / records to be kept or maintained by the Company in physical or electronic form under the provisions of the Companies Act, 2013 or the Rules thereunder or any earlier enactment or rules, shall be provided copies thereof upon request on payment of fee of Rs. 10/- (Rupees Ten) per page, or such fee as may be prescribed from time to time and as may be determined by the Board.’”

Belgharia
Kolkata – 700 056
Dated : 21st July, 2014

By Order of the Board
A.K.Vijay
Secretary

NOTES:

- (i) *A Member entitled to attend and vote at the Annual General Meeting ('AGM') may appoint a Proxy to attend and vote on a poll on his / her behalf , and the Proxy need not be a member of the Company.*

The instrument appointing Proxy, in order to be effective, duly signed and completed, must be deposited at the Registered Office of the Company located at Belgharia, Kolkata - 700 056 not less than FORTY-EIGHT HOURS before the commencement of the AGM i.e. by 10.30 A.M. on 2nd September, 2014. Proxies submitted on behalf of Limited Companies, Societies etc. must be supported by appropriate Resolution(s)/Authority as may be applicable. A Person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total paid up Share Capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total paid up Share Capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other Member(s).

- (ii) The Register of Members of the Company will remain close from 30th August, 2014 to 4th September, 2014 both days inclusive.
- (iii) Explanatory Statement, pursuant to Section 102 of the Companies Act, 2013 setting out the material facts relating to the business at Item no. 5 to Item no. 18 of the Notice as set out above, is annexed hereto.
- (iv) In terms of Section 152 of the Companies Act, 2013, Shri Akshay Poddar retires by rotation at the ensuing Annual General Meeting of the Company and being eligible, offer himself for re-appointment. The Board recommends his appointment. Shri Poddar holds 14,820 Equity Shares of the Company. Additional information in respect of his appointment, pursuant to Clause 49 of the Listing Agreement with Stock Exchanges is appearing in the Report on the Corporate Governance.
- (v) The Profit and Loss Account for the financial year ended 31st March, 2014, the Balance Sheet as at that date, the Auditors' Report, the Directors' Report, all other documents annexed or attached to the Balance Sheet

and the Memorandum and the Articles of Association are available for inspection by the Members at the Registered Office of the Company between 11.00 A.M. and 1.00 P.M. on all working days from the date hereof up to this Annual General Meeting.

- (vi) To support the 'Green Initiative', Members who have not registered their e-mail address so far are requested to register their e-mail address so that they can receive the Annual Report and other communication from the Company electronically.
- (vii) In line with the SEBI Circular dated 21st March, 2013 emphasizing electronic funds transfer, Members are requested to provide their Bank details to the Company / RTA in order to avail the electronic payment facility.
- (viii) Voting through electronic means
1. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Karvy Computershare Pvt. Limited ('Karvy').
- The instructions for e-Voting are as under:
- (i) Open your web browser during the voting period and navigate to <https://evoting.karvy.com>.
 - (ii) Enter the login credentials [i.e., user id and password mentioned in the Attendance Slip of the Notice of this AGM or as mentioned in the e-mail sent to those Shareholders, who have registered their e-mail IDs]. Your Folio No./DP ID Client ID will be your user ID.
 - (iii) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
 - (iv) You will reach the Password change menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (e-z), one

- numeric value (0-9) and a special character (@,#,\$,etc.). The system will prompt you to change your password and update any contact details like mobile, email etc. on first login. You may also enter the secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (v) You need to login again with the new credentials.
 - (vi) On successful login, the system will prompt you to select the EVENT i.e., Texmaco Rail & Engineering Limited.
 - (vii) On the voting page, you will see Resolution Description and against the same the option 'FOR/AGAINST' for voting. Enter the number of Shares (which represents number of votes) as on the cutoff date under 'FOR/AGAINST' or alternately you may partially enter any number in 'FOR' and partially in 'AGAINST', but the total number in 'FOR/AGAINST' taken together should not exceed the total shareholding. You may also choose the option 'ABSTAIN'.
 - (viii) Cast your vote by selecting an appropriate option and click on 'SUBMIT'. A confirmation box will be displayed. If you wish to confirm your vote, click on 'OK', else to change your vote, click on 'CANCEL' and accordingly modify your vote.
 - (ix) Once you 'CONFIRM', you will not be allowed to modify your vote. During the voting period, Shareholders can login any number of times till they have voted on the Resolution.
 - (x) Institutional Shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF / JPG Format) of the relevant Board Resolution / Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to kgcg2007@yahoo.co.in with a copy marked to evoting@karvy.com
- 2. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting User Manual for Shareholders available at the download section of <http://evoting.karvy.com> or contact Karvy Computershare Pvt. Ltd. at Tel No. 1800 345 4001 (toll free).
 - 3. The voting rights of Shareholders shall be in proportion to their Shares of the paid up Equity Share Capital of the Company as on the cut-off date (record date) of 25th July, 2014.
 - 4. The e-Voting period commences at 9.00 A.M. on Wednesday, 27th August, 2014 and ends at 9.00 P.M. on Friday, 29th August, 2014. During this period Shareholders of the Company, holding Shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Friday, 25th July, 2014 may cast their vote electronically. The e-voting module shall be disabled for voting thereafter. Once the Vote on a resolution is cast by the Shareholder, the Shareholder shall not be allowed to change it subsequently.
 - 5. The Results of the e-voting will be declared on or after the date of the AGM i.e. Thursday, 4th September, 2014. The declared Results, along with the Scrutiniser's Report will be available on the Company's website www.texmaco.in and on the website of Karvy; such Results will also be forwarded to the Stock Exchanges where the Equity Shares of the Company are listed.

Explanatory Statements as required u/s 102 of the Companies Act, 2013

AS SPECIAL BUSINESS

Item No. 5

Shri Sandeep Fuller was appointed as an Additional Executive Director on the Board of Directors of the Company w.e.f. 1st February, 2014. The Board of Directors of your Company at its Meeting held on 31st January, 2014 approved, on the recommendations of the Nomination and Remuneration Committee, the appointment of Shri Fuller as an Executive Director of the Company w.e.f 1st February, 2014 for a period of 3 (three) years. As per provisions of Section 161 of the Companies Act, 2013, Shri Fuller shall hold office up to the date of the Annual General Meeting of the Company. The Company has received valid notice and requisite deposit from a Member of the Company under Section 160 of the Companies Act, 2013, proposing the candidature of Shri Fuller for the office of the Director. Shri Sandeep Fuller has given his consent to act as a Director, if appointed and is not disqualified from being appointed as Director in terms of Section 164 of the Companies Act, 2013. In view of the qualification, background and valuable experience of Shri Fuller, it will be in the interest of the Company that his appointment as an Executive Director of the Company is approved.

The following additional information as required under Schedule V to the Companies Act, 2013 is given below:

I. General Information:

(i) Nature of Industry:

The Company is, inter alia, involved in the business of manufacturing of Rolling Stock, Hydro Mechanical Equipments, Steel Castings, Agricultural and other equipments.

(ii) Date or expected date of commencement of commercial production:

The Company was incorporated on 4th August, 1939. The Company is in operation since then.

(iii) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:

Not Applicable.

(iv) Financial performance based on given indicators – (as per audited financial results for the year ended 31st March, 2014):

Particulars	(Rupees in Crores)
Gross Turnover	515.17
Other Income	23.54
Net profit as per Statement of Profit & Loss (After Tax)	16.97

(v) Foreign investments or collaborators, if any:

Not Applicable.

II. Information about the appointee:

(i) Background details:

Shri Sandeep Fuller is a highly qualified young professional in mid 40s (B.Tech'86, IIT Kanpur & PGD in Management). He brings with him an outstanding experience of his working for nearly 20 years with Indian Railways in various capacities, and thereafter Larsen & Toubro before taking over his present assignment. His core experience is in the domain of Rolling Stock, Metro Coaches, Locomotives, Traction and Maintenance.

He has been a recipient of several distinguished awards for outstanding performance, notably the Railway Minister's Award for the year 2008-09 for Mumbai Railway operations including suburban operations. He has to his credit a series of papers presented on Modern Rolling Stock used in Delhi Metro and other related subjects. His high academic attainments and job experience are backed by specialized professional training at France in IT, University of York, UK, in International Traction Systems and other innovative programmes in Singapore and Malaysia.

Shri Fuller is presently also associated with Kalindee Rail Nirman (Engineers) Limited as its Managing Director.

(ii) Past remuneration during the financial year ended 31st March, 2014:

Name of the Executive Director	Amount (Rs. in lakhs)
Shri Sandeep Fuller	42.40

(iii) Recognition or awards:

Refer "Background details" as stated above.

(iv) Job Profile and his suitability:

Refer "Background details" as stated above.

(v) Remuneration proposed:

Pursuant to the provisions of Sections 196, 197 and 203 and any other applicable provisions read with Schedule V of the Companies Act, 2013 together with the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force) and /or Sections 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, Shri Sandeep Fuller be appointed on the following terms and conditions.

1	Salary	:	Rs.2,00,000/- per month
2	Other Allowances	:	Rs.1,75,000/- per month with increments as may be decided by the Board of Directors from time to time subject to a ceiling of maximum Rs. 5,50,000/- per month.
3	Perquisites		
	CATEGORY – A		
	a) Housing	:	i) Free furnished accommodation or HRA up to 30% of the salary. ii) Rs. 10,000/- per month for the expenditure incurred on gas & electricity.
	b) Medical Reimbursement	:	Reimbursement of actual expenses incurred for self and his family subject to the ceiling of one month's Salary in a year or three months' Salary over a period of three years
	c) Leave Travel Concession	:	For self and his family once in a year in accordance with the Rules of the Company.
	d) Bonus / Exgratia	:	As per the Rules of the Company.
	e) Leave	:	As per the Rules of the Company.
	f) Club Fees	:	Membership fee for one Club. No admission or life membership fee will be paid by the Company.
	CATEGORY – B		
	a) Contribution to Provident Fund and Superannuation Fund	:	As per the Rules of the Company.
	b) Gratuity	:	As per the Rules of the Company.
	CATEGORY – C	:	Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. However, long distance calls on telephone and use of Car for private purpose shall be billed by the Company.
4	In the event of the loss or inadequacy of profit in any financial year during his tenure as an Executive Director, the aforesaid remuneration shall be treated as minimum remuneration.		
5	The variation and increase in the remuneration of Executive Director shall not exceed 5% of the profits of the Company as calculated under Sections 349 and 350 of the Companies Act, 1956, the limits specified in Schedule XIII of the Companies Act, 1956 and any other applicable provisions of the Companies Act, 2013 read with Schedule V		

(vi) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person:

Taking into consideration the size of the Company, the profile of Shri Sandeep Fuller, the responsibilities shouldered by him and the industry benchmarks, the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior level counterpart(s) in other companies.

(vii) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any:

Besides the remuneration proposed to be paid to him, the Executive Director does not have any other pecuniary relationship with the Company or relationship with the managerial personnel.

III. Other Information:

(i) Reasons of loss or inadequate profits:

The delay in release of wagon orders by the Indian Railways and the overall general economic downturn in the industry for the relevant financial year had impacted the financial performance of the Company for the Financial Year 2013-14.

(ii) Steps taken or proposed to be taken for improvement and expected increase in productivity and profits in measurable terms:

With release of orders for wagons by the Railways for the FY 2013-14, and with a stable Government at the centre, the general gloom in the Industry has been lifted and the focused approach of the new Government for the Rail sector has opened up vista of new opportunities.

IV. Disclosures:

The information and Disclosures of the remuneration package of the Executive Director have been mentioned in the Annual Report under the Corporate Governance Report.

This also forms a part of disclosure under Clause 49 of the Listing Agreement.

Except Shri Fuller, no other Director or Key Managerial Personnel including their relatives is, in any way, concerned or interested, financially or otherwise, in the proposed Resolution except to their Shareholding interest, if any, in the Company.

Item No. 6

The Board on recommendation of the Audit Committee, at its Meeting held on 21st May, 2014 has approved the appointment of M/s. DGM & Associates, Cost Accountants, Kolkata as Cost Auditors to conduct the audit of the cost records for the financial year ending 31st March, 2015 in accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 at a remuneration as may be decided by the Board of Directors subject to the power conferred on it by the Shareholders of the Company. A certificate issued by the above firm regarding their eligibility for appointment as Cost Auditors will be available for inspection at the Registered Office of the Company between 11:00 A.M to 1:00 P.M on all working days from the date hereof up to this Annual General Meeting.

None of the Directors or Key Managerial Personnel including their relatives is, in any way, concerned or interested, financially or otherwise, in the proposed Resolution except to their Shareholding interest, if any, in the Company.

Item No. 7.

Your Company believes in rewarding its employees including the Directors for their continuous hard work, dedication and support, which has led the Company on the growth path. Equity based compensation is considered to be an integral part of employee compensation across sectors which enables alignment of personal goals of the employees with organizational objectives by participating in the ownership of the Company through stock based compensation scheme / plan. The objective of the ESOP 2014 is to provide an incentive to attract and retain the key employees by way of rewarding their performance and motivate them to contribute to the corporate growth and profitability.

The main features of the ESOP 2014 are as under:

1. Total number of Options to be granted:

18,20,000 Options exercisable into 18,20,000 Equity Shares in the Company of face value of Re. 1/- each fully paid-up, would be available for grant to the eligible employees of the Company under ESOP 2014, in one or more tranches.

The vested options which may lapse due to non-exercise and / or unvested options that may get cancelled due to resignation of the employees or otherwise, would be available for being re-granted at a future date. The Board is authorized to re-grant such lapsed / cancelled options as per the provisions of ESOP 2014.

SEBI ESOP Guidelines require that in case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division, and others, a fair and reasonable adjustment needs to be made to the Options granted. Accordingly, if any additional Equity Shares are issued by the Company to the Option grantees for making such fair and reasonable adjustment, the above ceiling Shares shall be deemed to be increased to the extent of such additional Equity Shares issued.

2. Identification of classes of employees entitled to participate in the Employee Stock Option Scheme(s):

- i. Following classes of employees are entitled to participate in the ESOP 2014:
 - a. Permanent employees of the Company working in India or out of India;
 - b. Executive Directors of the Company.
- ii. Following persons are not eligible:
 - a. an Employee who is a Promoter or belongs to the Promoter Group;
 - b. a Director who either by himself or through his relatives or through any body corporate, directly or indirectly holds more than 10% of the issued and subscribed Shares of the Company; and
 - c. an Independent Director within the meaning of the Companies Act, 2013.

3. Transferability of Employee Stock Options:

The Options granted to an employee shall not be transferable to any person and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any manner. However, in the event of the death of the Option grantee, the right to exercise all the Options granted to him till such date shall be transferred to his legal heirs or nominees.

4. Lock-in period:

There shall be a lock-in period of one year from the date of allotment of Equity Shares issued against the exercise of Options granted to the eligible employees under this Scheme

5. Requirements of vesting and period of vesting:

The Options granted shall vest so long as an employee continues to be in the employment of the Company. The Compensation Committee may, at its discretion, lay down certain performance metrics on the achievement of which such Options would vest, the detailed terms and conditions relating to such performance-based vesting, and the proportion in which Options granted would vest subject to the minimum vesting period of 1 (one) year.

6. Maximum period within which the Options shall be vested:

Options granted under ESOP 2014 would vest subject to maximum period of 4 (four) years from the date of grant of such Options.

7. Exercise price or pricing formula:

The Exercise Price shall be average of the weekly high and low of the closing prices of the related Equity Shares, quoted on the stock exchanges which records highest trading volume in the Company's Equity Shares, during the twenty six weeks preceding the date of the Meeting of the Board of Directors at which the Scheme for granting the Options would be approved subject to the approval of Shareholders, and discounted by such percentage, not exceeding 30% of the above.

8. Exercise period and the process of Exercise:

Unless otherwise specified all Options granted on any date shall vest so long as the employee continue to be in employment of the Company. The Option granted by the Compensation Committee shall vest over a period of 3 (three) years in the following manner:-

- i) 25% of the Options at the end of minimum 1 (one) year from the date of grant;
- ii) 35% of the Options at the end of minimum 2 (two) years from the date of grant;
- iii) 40% of the Options at the end of minimum 3 (three) years from the date of grant.

The Compensation Committee will formulate the other requirements of vesting from time to time.

The vested Options shall be eligible for exercise on and from the date of vesting. The vested Options need to be

exercised within a maximum period of 2 (two) years from the date of vesting of such Options. The vested Option shall be exercisable by the Employees by a written application to the Company/ Compensation Committee expressing his/her desire to exercise such Options in such manner and on such format as may be prescribed by the Compensation Committee from time to time. The Options shall lapse if not exercised within the specified exercise period.

9. Appraisal process for determining the eligibility of employees under ESOP 2014:

The Options shall be granted to the employees as per performance appraisal system of the Company.

10. Maximum number of Options to be issued per employee and in aggregate:

The number of Options that may be granted to any specific employee under the Scheme shall not exceed the number of Shares equivalent to 0.1% of the Paid-up Share Capital of the Company per grant and in aggregate.

11. Disclosure and Accounting Policies:

The Company shall comply with the disclosure and the accounting policies prescribed under the SEBI ESOP Guidelines.

12. Method of option valuation:

To calculate the employee compensation cost, the Company shall use the Intrinsic Value method for valuation of the options granted. The difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options and the impact of this difference on profits and on EPS of the company shall also be disclosed in the Directors' Report.

As the ESOP 2014 provides for issue of Shares to be offered to persons other than existing Shareholders of the Company, consent of the members is being sought pursuant to Section 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013 and as per Clause 6 of the SEBI ESOP Guidelines.

None of the Directors or Key Managerial Personnel including their relatives is, in any way, concerned or interested, financially or otherwise, in the proposed Resolution except to their entitlements, if any, under the ESOP Scheme of the Company.

Item No. 8

Pursuant to the relevant Sections of the Companies Act, including, without limitation, Section 62 of the Companies Act, 2013, any offer or issue of securities in the Company to persons other than members of the Company requires prior approval of the members by way of Special Resolution. The Listing Agreement executed by the Company with the Stock Exchanges also provide that the Company shall, in the first instance, offer all securities for subscription pro rata to the Members, unless the Members in a general meeting decide otherwise.

In order to meet the long-term fund requirements of the Company for expansion and/or modernization of existing business, development of infrastructure for future growth (organic as well as inorganic), capital expenditure, working capital requirements, repayment/servicing of indebtedness and for other approved general corporate objectives from time to time, and to augment the Company's capital base and financial position, it is proposed to raise financial resources through the issue of Securities for an amount not exceeding Rs. 300 Crore (Rupees Three Hundred Crore), or its equivalent in one or more foreign currencies, in one or more tranches, in such form, on such terms and conditions, in such manner, at such price or prices and at such time as may be considered appropriate by the Board, to eligible investors in the domestic/international markets, as set out in the Resolution at Item No. 8 of the Notice. This is an enabling Resolution and the Company will issue new Securities, subject to applicable law and necessary compliances.

This Special Resolution, among other things, seeks to empower the Board of Directors (the "**Board**" which term shall be deemed to include any Committees constituted or to be constituted by the Board to exercise its powers) to undertake a qualified institutions placement ("QIP") with QIBs in accordance with the provisions of Chapter VIII of the SEBI ICDR Regulations. The Board, may in their discretion adopt this mechanism, as prescribed under SEBI ICDR Regulations in order to facilitate and meet the objectives of the Company as stated above without the need for fresh approval from the Members.

The pricing of the Securities that may be issued to QIBs pursuant to the SEBI ICDR Regulations shall be freely determined subject to such price not being less than the price calculated in accordance with Chapter VIII of the SEBI ICDR Regulations. Further, discount of up to 5% of the floor price or such other discount as may be permitted under applicable law may be offered, as determined by the Board, in the case of a QIP. The "Relevant Date" for this purpose will be, in case of allotment of Equity Shares, the date of the meeting in which the Board decides to open the issue or,

in case of convertible securities, either the date of the meeting in which the Board or a committee thereof decides to open the issue of the convertible securities or the date on which the holders of such convertible securities become entitled to apply for the Equity Shares as provided under Chapter VIII of the SEBI ICDR Regulations.

The Equity Shares allotted or arising out of conversion of any Securities would be listed. The offer/ issue / allotment / conversion/ redemption would be subject to the availability of regulatory approvals, if any. The conversion of securities held by foreign investors into Equity Shares would be subject to applicable ceiling on foreign investment in the Company. As and when the Board does take a decision on matters on which it has the discretion, necessary disclosures will be made to the Stock Exchanges as may be required under the provisions of the Listing Agreement.

The detailed terms and conditions of the issue as and when made, will be determined/finalized by the Board in consultation with the advisors/experts in accordance with applicable law.

The Special Resolution, if passed, will have the effect of allowing the Board to offer, issue and allot Securities to the investors who may or may not be the existing Members of the Company.

Your Directors recommended the Resolution set out at Item no. 8 of the Notice for the approval of the Members pursuant to the relevant Sections of the Companies Act, including, without limitation, Section 62 of the Companies Act, 2013.

None of the Directors or Key Managerial Personnel including their relatives is, in any way, concerned or interested, financially or otherwise, in the proposed Resolution except to their Shareholding interest, if any, in the Company.

Item No. 9

Pursuant to the proposed ESOP 2014 and the proposed issue of Securities for an amount not exceeding Rs. 300 Crore (Rupees Three Hundred Crore), and pursuant to the provisions of Companies Act, 2013, the Rules made thereunder and any other applicable law for the time being in force, the Authorized Share Capital of the Company is proposed to be raised, by way of a Special Resolution, from the existing Rs. 20,00,00,000 (Rupees Twenty Crores) divided into 20,00,00,000 (Twenty Crores) Equity Shares of Re. 1/- each to Rs. 30,00,00,000 (Rupees Thirty Crores) divided into 30,00,00,000 (Thirty Crores) Equity Shares of Re. 1/- each by creation of additional 10,00,00,000 (Ten Crores) Equity Shares of Re. 1/- each ranking *pari passu* in all respect with the existing Equity Shares of the Company.

Therefore, the Company intends to substitute the existing Clause V of the Memorandum of Association of the Company with the following clause:

“V. The Authorised Share Capital of the Company is Rs. 30,00,00,000/- (Rupees Thirty Crores only) divided into 30,00,00,000 (Thirty Crores) Equity Shares of face value of Re. 1/- (Rupees One) each with power to sub-divide, consolidate and increase or reduce the same in accordance with the provisions of the Companies Act, 2013 and to classify or reclassify the share capital.”

The existing Paid up and Subscribed Share Capital of the Company is Rs. 18,20,26,590 (Rupees Eighteen Crore Twenty Lakh Twenty Six Thousand Five Hundred Ninety) divided into 18,20,26,590 (Eighteen Crore Twenty Lakh Twenty Six Thousand Five Hundred Ninety) Equity Shares of face value of Re. 1/- (Rupees One) each.

Your Directors recommended the Resolution set out at Item no. 9 of the Notice for the approval of the Members pursuant to the relevant Sections of the Companies Act, 2013 including, without limitation, Sections 13 and 61 of the Companies Act, 2013.

None of the Directors or Key Managerial Personnel including their relatives is, in any way, concerned or interested, financially or otherwise, in the proposed Resolution except to their Shareholding interest, if any, in the Company.

Item No. 10 to 13

The Company had, pursuant to the provisions of clause 49 of the Listing Agreement entered with the Stock Exchanges, appointed Shri A. C. Chakrabortti, Shri D. R. Kaarthikeyan, Shri Hemant Kanoria and Shri Sunil Mitra as Independent Directors at various times, in compliance with the requirements of the clause.

Pursuant to the provisions of Section 149 of the Companies Act, 2013 ('Act') which came in to effect from 1st April, 2014, read with Schedule IV of the Act, an Independent Director shall hold office for a period of upto 5 (five) consecutive years and shall not be liable to retire by rotation.

The Board of Directors considered the matter of their appointment and felt that their continued association would be of immense benefit to the Company and it is therefore, desirable to continue to avail their services as Independent Directors. Accordingly, the Board recommends the Resolution relating to their appointment

as an Independent Director, for the approval by the Members of the Company.

The Company has received notices in writing from Members along with the deposit of requisite amount under Section 160 of the Act proposing the candidature of each of the above mentioned Directors for appointment as Independent Directors of the Company. They are not disqualified from being appointed as Directors in terms of Section 164 of the Act and have given their consent to act as Directors. The Company has also received declarations from these Directors that they meet with the criteria of Independence as prescribed under Section 149(6) of the Act and Clause 49 of the Listing Agreement. In the opinion of the Board, all the above proposed Independent Directors fulfil the conditions specified in Companies Act, 2013 and rules made thereunder for their appointment as Independent Directors and the aforesaid proposed Independent Directors are independent of the Management of the Company.

The terms and conditions of appointment of the above Directors shall be open for inspection by the Members at the Registered Office of the Company between 11:00 A.M. to 1:00 P.M. on all working days from the date hereof up to this Annual General Meeting.

The above mentioned proposed Independent Directors are concerned or interested in the Resolutions to their respective appointments and shareholding interest.

The relatives of the above mentioned Independent Directors may be deemed to be concerned or interested in the Resolutions to the extent of their Shareholding, if any, in the Company.

Save and except the above, no other Director or Key Managerial Personnel including their relatives is, in any way, concerned or interested, financially or otherwise, in the proposed Resolution except to their Shareholding interest, if any, in the Company.

Additional information in respect of their re-appointment pursuant to Clause 49 of the Listing Agreement and under the provisions of the Act have been given in the Annexure 'A', which is attached hereto.

Item No. 14

The Company had recorded a Profit before Tax and Profit after Tax for the year ended 31st March, 2014 as Rs. 18.76 Cr. and Rs. 16.97 Cr. respectively. Owing to the delay in release of wagon orders by the Indian Railways, the financial performance of the Company has worsened for the Financial Year 2013-14 and accordingly, the recorded profits have become inadequate for payment of remuneration to the Executive Directors in

terms of the provisions of the Companies Act, 1956 and Companies Act, 2013 as against their approved terms and conditions by the Members of the Company.

Pursuant to the provisions of Section 197 read together with Schedule V of the Act, in respect of the payment of managerial remuneration in case of no profits or inadequacy of profits as calculated under Section 198 of the Companies Act, 2013, the Company may pay such remuneration exceeding such limits as minimum remuneration with the Members' approval by way of a Special Resolution and subject to the approval of Central Government.

The Board therefore, recommends to the Members for approval of payment of remuneration in excess of the limit as prescribed under the provisions of Companies Act, 1956 and Companies Act, 2013 subject to the approval of the Central Government.

The Executive Directors are concerned or interested in the Resolutions to their respective remuneration and Shareholding Interest in the Company.

The relatives of the Executive Directors may be deemed to be concerned or interested in the Resolutions to the extent of their Shareholding interest, if any, in the Company.

Save and except the above, no other Director or Key Managerial Personnel including their relatives is, in any way, concerned or interested, financially or otherwise, in the proposed Resolution except to their Shareholding interest, if any, in the Company.

Item No. 15 to 17

In terms of the provisions of the Companies Act, 2013, the Independent Directors shall not be liable to retire by rotation and two-third of the remaining Directors shall be liable to retire by rotation at every Annual General Meeting.

Presently, Shri Ramesh Maheshwari and Shri D. H. Kela, Executive Director, of the Company are not liable to retire by rotation as per the Articles of Association of the Company.

Accordingly in terms of provisions of the Companies Act, 2013, the Board recommends to alter the Articles of Association of the Company as set out in Item no. 15 of the Notice to make all other Executive Director(s) / Managing Director(s) liable to retire by rotation excepting the Chairman.

Shri Ramesh Maheshwari and Shri D. H. Kela were appointed as Executive Director & Executive Vice Chairman and

Executive Director respectively w.e.f. 25th September, 2013 for a period of 3 (three) years as Directors not liable to retire by rotation.

The Board therefore, recommends to the Members to approve the variation in terms of their appointment so as to make them liable to retire by rotation.

Shri Ramesh Maheshwari and Shri D. H. Kela are concerned or interested in the Resolutions to their respective variation in appointments and shareholding interest.

The relatives of Shri Ramesh Maheshwari and Shri D. H. Kela may be deemed to be concerned or interested in the Resolutions to the extent of their Shareholding, if any, in the Company.

Save and except the above, no other Director or Key Managerial Personnel including their relatives is, in any way, concerned or interested, financially or otherwise, in the proposed Resolution except to their Shareholding interest, if any, in the Company.

Item No. 18

Presently, the Articles of Association of the Company does not have any provision for providing the copies of any document desired by any Member, beneficial owner, debenture-holder, other security-holder after recovering the cost of furnishing the same to him. Your Directors therefore recommend the Resolutions set out in Item No. 18 for the approval of the Members of the Company.

A copy of the Articles of Association of the Company together with the proposed alterations is available for inspection by the Members at the Registered Office of the Company between 11:00 A.M. to 1:00 P.M. on all working days from the date hereof up to this Annual General Meeting.

None of the Directors or Key Managerial Personnel or relatives of the Directors or Key Managerial Personnel of the Company is interested in the proposed Resolutions except as holders of Equity Shares in general.

Belgharia
Kolkata – 700 056
Dated : 21st July, 2014

By Order of the Board
A.K.Vijay
Secretary

Annexure A to Item No. 10 to 14

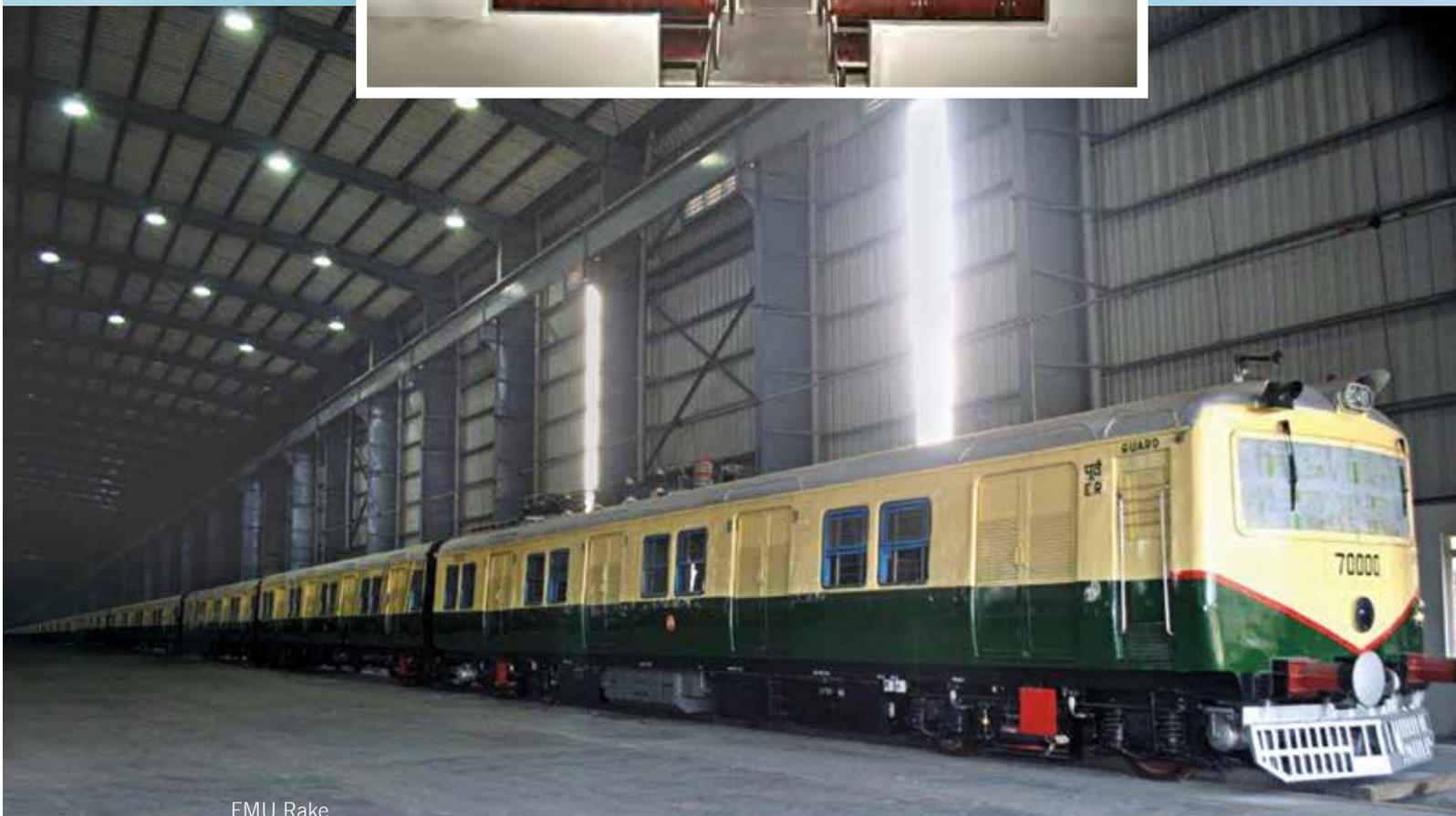
Brief resume of Independent Directors seeking appointment at this Annual General Meeting				
Name of the Director	A. C. Chakrabortti	D. R. Kaarthikeyan	Hemant Kanoria	Sunil Mitra
Age (in years)	83	74	51	63
Qualification	B. Com, F. C. A. F. C. A. - England & Wales	B. Sc, L.L.B	B. Com (Hons.)	B. Sc (Hons.)
Date of Appointment	25th September, 2010	2nd September, 2011	21st October, 2011	5th November, 2012
Expertise in specific functional areas	<ul style="list-style-type: none"> Retired as Managing Partner of S. R. Batliboi & Co. and Ernst & Young. Also held the position of President of the ICAI. Has been a Member of the Governing Committee of the International Federation of Accountants, New York. 	<ul style="list-style-type: none"> Has served several positions in the Indian Police Service Was Director of the Central Bureau of Investigation of India; and Director-General in the National Human Rights Commission Functioned as Director of Trade Promotion in Australia and as a Diplomat and Head of Chancery First Secretary, Consular Division of the Embassy of India in Moscow Conferred with Padma Shri award in 2010 	<ul style="list-style-type: none"> Chairman and Managing Director of Srei Infrastructure Finance Ltd Has been engaged in infrastructure sector for over twenty years Honorary Board Member of the Centre for Global Dialogue & Co-operation – CGDC, Vienna Member, Indo-German Chamber of Commerce Former Chairman - National Committee on Infrastructure of Federation of Indian Chambers of Commerce & Industry (FICCI) Former President, Calcutta Chamber of Commerce Served as Member in Regional Direct Taxes Advisory Committee, Government of India Former Member of Board of Governors, Indian Institute of Management Calcutta (IIMC) 	<ul style="list-style-type: none"> Had a public service career spanning over three and a half decades. Held the offices of Disinvestment Secretary, Revenue & Finance Secretary, Gol during which, he spearheaded important policy initiatives in public finance at the national level, including a new disinvestment policy and far-reaching taxation reforms. In appointments under the West Bengal Government, he is credited with the design and implementation of significant policy reform initiatives in the State-owned Public Sector Enterprises and the State's power sector.
Directorship held in other Companies	La Opala RG Ltd.	Taj GVK Hotels and Resorts Limited	Srei Capital Markets Limited	West Bengal State Electricity Distribution Company Limited
	Peerless Fund Management Company Limited	Star Health and Allied Insurance Company Limited	Srei Infrastructure Finance Limited	Edelweiss Financial Services Limited

Brief resume of Independent Directors seeking appointment at this Annual General Meeting

Name of the Director	A. C. Chakrabortti	D. R. Kaarathikeyan	Hemant Kanoria	Sunil Mitra
	Peerless General Finance & Investment Company Limited	Raj Television Network Limited	Srei Equipment Finance Limited	NICCO Parks & Resorts Limited
	Madhya Pradesh Madhya Kshetra Vidyut Vitran Company Limited	Syenergy Envirionics Limited	Viom Networks Limited	Peerless Trust Management Company Limited
	Asian Hotels (East) Limited	Lotus Eye Hospital and Institute Limited	India Power Corporation Limited	Magma HDI General Insurance Company Limited
		Oriental Hotels Limited		Patton International Limited
		Root Industries India Limited		
		Radcliffe Schools Education Limited		
		Benares Hotels limited		
		Tata Coffee Limited		
		Bangalore International Airport Limited		
Chairmanship / Membership of Committees in Companies including those in the Company	Texmaco Rail & Engineering Limited Chairman of Audit Committee	Texmaco Rail & Engineering Limited Member of Audit Committee	DPSC Limited Chairman of Share Transfer and Investors Grievance Committee	West Bengal State Electricity Distribution Company Limited Chairman of Audit Committee
	Peerless General Finance & Investment Company Limited Chairman of Audit Committee		Srei Infrastructure & Finance Limited Member of Share Transfer and Investors Relations Committee	Peerless Trust Management Company Limited Chairman of Audit Committee
	Asian Hotels (East) Limited Member of Audit Committee		Srei Capital Market Limited Member of Audit Committee	Magma HDI General Insurance Company Limited Chairman of Audit Committee
	Madhya Pradesh Madhya Kshetra Vidyut Vitran Company Limited Member of Audit Committee			Nicco Parks & Resorts Limited Member of Shareholders Investors Grievance Committee
	La Opala Glass Limited Member of Audit Committee			

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