

TEXMACO RAIL & ENGINEERING LTD.

Annual Report 2010-11



Collaborating for Change



International benchmarking

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

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

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

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

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

Business verticals

Rolling Stock

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

Steel Foundry

Domestic:

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

Export:

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

2

Hydro-mechanical Eqpt. & Steel Structures

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

3

Process Eqpt. & Others

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

Others

- ▶ Agro Machinery
- ▶ Road Repair Eqpt.

4

Contents

Corporate information	3
Our strengths	4
Chairman's message	6
Financial highlights for ten years	8
From the desk of Executive Vice Chairman	10
Corporate Strategy	11
Hi-tech Process and Products	12
Corporate Social Responsibility	14
Empowering Employees	15
Report of the Directors	16
Report on Corporate Governance	29
Auditors' Report	37
Balance Sheet	40
Profit and Loss Account	41
Schedules to Balance Sheet	42
Schedules to Profit and Loss Account	48
Cash Flow Statement	68

Corporate information

Directors

S. K. Poddar, Chairman
Ramesh Maheshwari, Exec. Vice Chairman
B. P. Bajoria
A. C. Chakrabortti
S. Dhasarathy
D. H. Kela, President and CEO

Secretary

A. K. Vijay

Auditors

M/s K N Gutgutia & Co., Kolkata

Bankers

State Bank of India
ICICI Bank Limited

Registered Office

Belgharia, Kolkata 700 056

Corporate Office

Birla Building
9/1 R.N Mukherjee Road
Kolkata 700 001

Works (Kolkata)

Heavy Engineering

- Agarpara
- Sodepur
- Panihati

Steel Foundry

- Belgharia
- Panihati

Regional Offices

- New Delhi
- Mumbai
- Chennai

Our strengths

Group presence

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

Geographic Presence

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

Holistic

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

Leadership

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

Integration

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

Market Share

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



Flexibility

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

Technology

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

Gearing

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

Alliances

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

Governance

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

Industrial Relations

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

Chairman's message

Dear Shareholders,

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

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

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

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

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

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

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

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



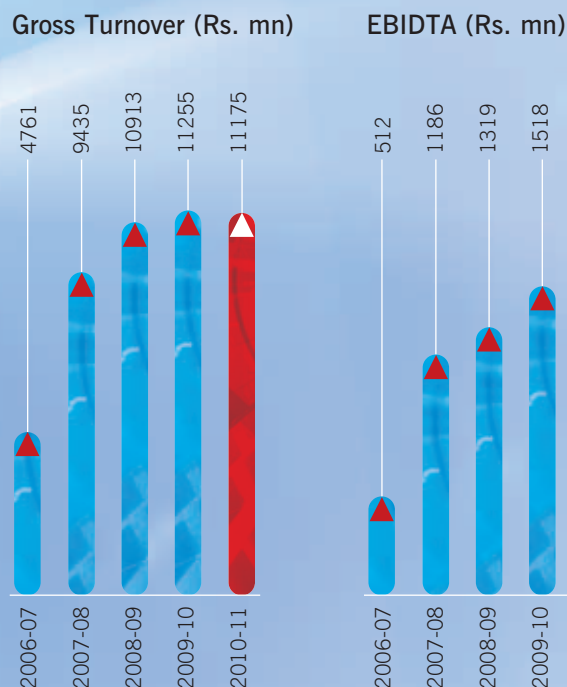
S K Poddar

Chairman



Strategic alliances. Growing numbers.

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

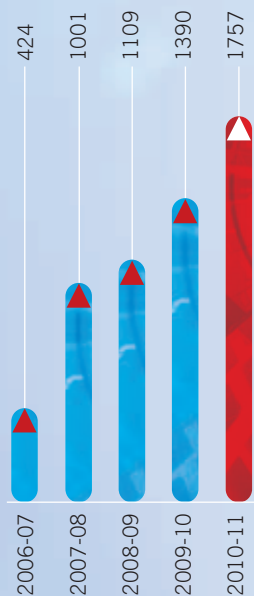


Financial highlights for ten years

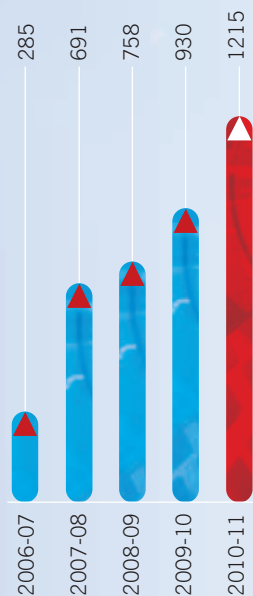
	2001-02	2002-03	2003-04	2003-05	2005-06	2006-07
Gross sales *	9,895.67	12,789.08	16,936.39	30,371.98	39,216.52	47,612.75
Other income	280.08	449.26	285.47	226.06	259.30	455.92
Gross profit (PBDT)	(436.14)	729.24	1,168.05	2,302.00	3,300.74	4,836.63
Profit before tax	(690.18)	437.19	843.87	1,904.62	2,873.16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

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

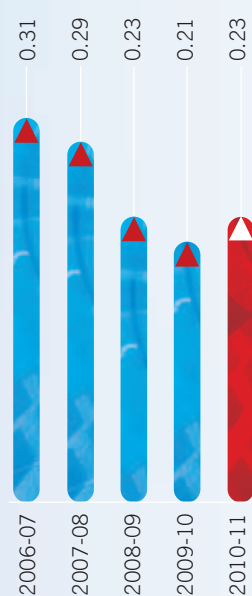
PBT (Rs. mn)



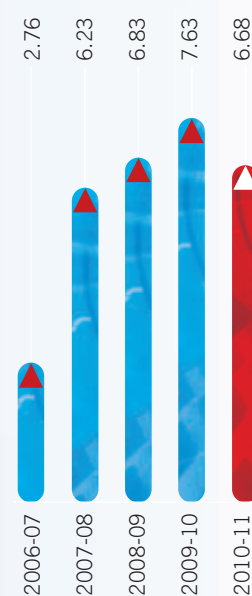
PAT (Rs. mn)



Debt-equity ratio



EPS (Basic) (Rs.)



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

(Rs. in Lacs)

	2007-08	2008-09	2009-10	2010-11
	94,352.84	109,125.45	112,549.43	111,750.32
	596.37	796.95	1,452.96	1,866.49
	10,958.15	12,273.12	15,086.20	18,424.71
	10,072.12	11,137.72	13,937.64	17,566.21
	3,099.10	3,508.36	4,592.03	5,418.16
	6,973.02	7,629.36	9,263.35	12,147.60
	63.95	45.38	41.13	-
	6,909.07	7,583.98	9,304.48	12,147.60
	1,107.83	1,107.83	1,271.83	1,817.83
	21,567.28	28,409.95	52,978.05	40,571.05
	206.08	26.64 ***	42.65	23.00
	75%	75%	90%	100%

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

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

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 Lacs in 2004-05, equity base of Rs. 1,107.83 Lacs as per scheme of arrangement in 2007-08 and Rs. 1,271.83 Lacs as per scheme of arrangement in 2010-11.

*# On post-rights enhanced equity capital.

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

From the desk of Executive Vice Chairman



“It is not the strongest of the species that survives, nor the most intelligent that survives. It is the one that is most adaptable to change.” – Darwin

At this point of time in the Company’s growth trajectory, it is, indeed, a great pleasure for me to share my excitement about the imminent prospects to fulfill a long cherished dream. The economic environment of the country is conducive to scaling new heights in each field. Fortunately for us in Texmaco Rail & Engineering Limited, we have the resources available, and it is just our will and resolve to deploy the means and exploit the opportunities to move into the big league. We are already on course, and look forward to earning recognition for our competencies built over the past seven decades.

In the open market economy with progressive global integration, we cannot remain unaffected by strong winds of competition. It will not be enough to be ‘better’ amongst our peers; we have to be the ‘best’. This would require vision and courage to accept the ‘need for change’. What served us well in yesteryears may not hold us in good stead in coming years. We have to keep abreast of the latest technology advances, be cost-effective and enhance our market share.

Simultaneously, we have to strive relentlessly to train, build, and harness our human assets to achieve our mission. I fear that with the pace of our national economic growth, it would not be long before we will be faced with a famine of skilled workmen. We, in Texmaco Rail & Engg. Ltd., are focused on human resource development, which is a major responsibility and challenge at the top Management level.

We are determined to carve out a niche for distinctive presence of the company in its field.

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

Ramesh Maheshwari
Exec. Vice Chairman

Corporate Strategy

- Diversify in Rail Sector to emerge as the premium supplier of Locomotives, Coaches and Special Wagons in the global market.
- Initiatives for organic / inorganic growth in cooperation with the leading multi-nationals to enhance market reach and presence.
- Integrate advanced manufacturing technologies to develop high-tech products with consistent superior quality and improved productivity.
- Adapt rapidly and adequately to respond to competition pressures through lean & mean management practices, volume economy and aggressive marketing.
- Sustained cost-effective measures across the operations with high productivity and efficient input management.
- Invest in intellectual capital to create a highly skilled workforce to meet the international quality standards.
- Build a robust order book to become a US\$ 1 billion company over the foreseeable future.

Hi-tech Process and Products



CNC Plasma Cutting Machine



CNC Press Brake (400T)



Semi Automated Welding Machine



BCCW Wagon Rake for carrying cement



BOXNHL Stainless Steel wagon

Corporate Social Responsibility

The Company sincerely believes that our world can be happier and healthier if we recognise that all of us have the same dreams, the same hopes and the same aspirations. The needs of the others are the same as our own. The Service begins with a thought for the underprivileged brethren.



Children Park at Texmaco Estate



The CE, Texmaco works, A. K Nanda presenting sewing machines



Free Plastic Surgery Camp by Inter Plast, Germany, organised by Texmaco

Empowering Employees

The Company is pursuing enrichment of its human asset through structured training programmes, designed in-house for specific job requirements and responsibilities. The skilled welders with special certification are recognised on the shop floor in Blue and Green jacket. The education and training equip our workmen with requisite skills for operating hi-tech, hi-speed machines and systems for precision and productivity with consistent quality. The skill levels of the workforce would underpin the competitive strength.



Texmaco introduces its 'Blue & Green' Welders' Team



Training programme at Agarpara shop under supervision of Prof. Ian Handerson

Report of the Directors

Your Directors have pleasure in presenting the First operational Annual Report of Texmaco Rail & Engineering Ltd. (TEXRAIL) post demerger of the Heavy Engineering and Steel Foundry businesses of Texmaco Limited, effective date being 1st April, 2010 along with the Audited Accounts of the Company for the year ended 31st March, 2011.

Financial Results

Rs. in Lacs

	2010-2011	2009-2010
Operating Profit (PBIDT)	18,338.91	(9.25)
Less: Interest (Net)	(85.80)	–
Gross Profit (PBDT)	18,424.71	(9.25)
Less: Depreciation	858.50	–
Profit before Taxation	17,566.21	(9.25)
Less: Provision for Taxation:		
Current Tax	5,590.00	–
Deferred Tax Liability/(Asset)	(171.39)	–
Income Tax for earlier year	–	–
Profit after Taxation	12,147.60	(9.25)
Less : Exceptional items		
VRS (Eng. Divn.)	–	–
Net Profit / Loss	12,147.60	(9.25)
Add: Balance brought forward from previous year	(10.80)	(1.55)
	12,136.80	(10.80)
Appropriations		
Proposed Dividend on Equity Shares (Incl.Tax)	2,112.73	–
General Reserve	3,000.00	–
Balance Carried Forward	7,024.07	(10.80)
	12,136.80	(10.80)

The previous year's figures are not comparable as demerged businesses of Heavy Engineering and Steel Foundry were part of Texmaco Limited until previous year

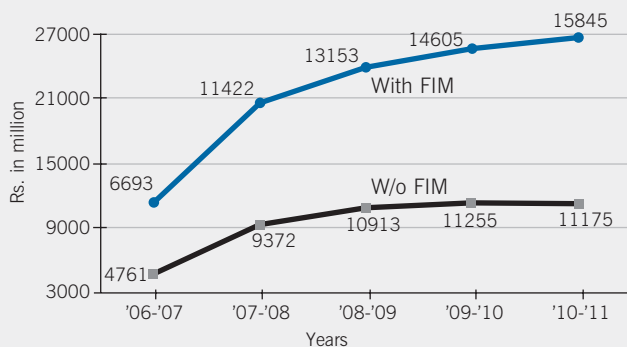
Dividend

The Directors are pleased to recommend payment of a dividend of 100% for the year ended 31st March, 2011 having regard to the performance of the Company.

During the year under review, the Company has turned out encouraging results, despite abnormal delay in release of wagon orders for 2009-10 by the Railway Board.

The Gross Turnover stood at Rs. 1117.50 crore, net of the value of free-supply inputs including steel and components of over Rs. 467 crore provided to the Company by Indian Railways and other clients for some large value contracts.

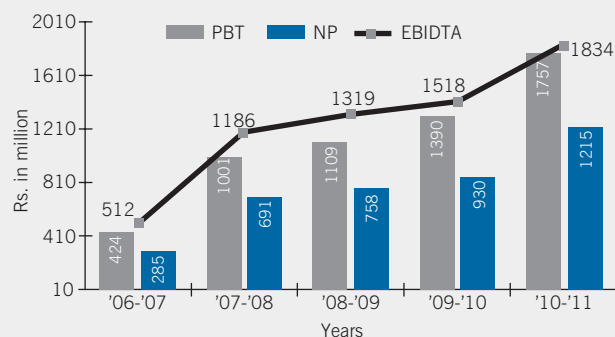
Gross Turnover



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

The Gross Profit for the year (PBDT) and profit before tax (PBT) were significantly higher at Rs. 184.25 crore and Rs. 175.66 crore respectively. The Net Profit was Rs. 121.48 crore, after providing for a tax liability of Rs. 55.90 crore. The Deferred Tax Asset of Rs. 1.71 crore for the year has been created in the Profit and Loss Account in accordance with the Accounting Standard 22 "Accounting for taxes on Income", issued by the Institute of Chartered Accountants of India.

PBT/NP/EBIDTA



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

The previous year's figures for the corresponding businesses which were then part of Texmaco Limited and have since been demerged to the Company, are given hereunder for comparison purpose:

Sl. No.	Particulars	Amount (Rs.in crore)	
		2009-10	2010-11
1	Turnover	1113.19	1117.50
1	Gross Profit (PBDT)	138.67	184.25
2	Profit before tax (PBT)	130.08	175.66
3	Net Profit	84.16	121.48
4	Tax liability	45.92	54.09

The Management Discussion and Analysis

The operations of the company ran through a difficult phase for a substantial part of the year owing to paucity of workload in absence of timely release of wagon orders by the Indian Railways. Besides, there was a set back in the order-flow from the private container train operators, as their business model suffered a severe impact owing to a hefty increase in haulage charges by the Indian Railways. Such increase for 5 major commodities ranged from 124 to 270% for using Railway infrastructure, which constituted 70-75% of the operating costs of container train operators.



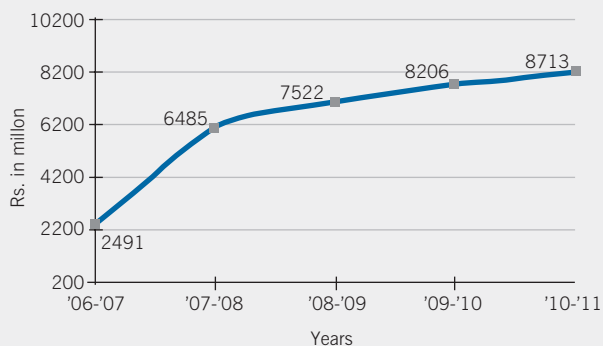
Notwithstanding the above, the company made some strategic moves to shore up its operations and managed to achieve a healthy growth in bottom line through accelerated execution of the new orders in the second half of the year with a series of cost-reduction measures.

Heavy Engineering Division

Rolling Stock

Your Directors are pleased to inform that despite abnormal delay by Indian Railways in the release of wagon orders in September 2010 for FY 2009-10, your Company was able to deliver 3801 wagons valued approximately at Rs. 871 crores. It would be pertinent to mention that whereas there was a slight fall in absolute numbers, the year ended with a higher turnover and profitability owing to product-mix and operational efficiency. The production of the Industry as a whole including the Public Sector was 14961 VUs, of which the Company's share was 25.24%. Of the total wagon production in the Private Sector, the Company's share was 30%.

Rolling Stock Turnover



The order book position of the Company at the beginning of the current year FY 2011-12 stood at approx. Rs. 774 crores (excluding the cost of Free Issue materials A/c. Indian Railways). In the budget for the current year, the Railways have provided for procurement of Rolling Stock worth Rs. 13,824 crore, including 18000 wagons (15715 for Private Sector) to realise a freight loading target of 993 million tonnes.

The setting up of National High Speed Rail Authority, running of special freight trains by private operators, building of new 700 km rail lines, and the target for completion of Dedicated Freight Corridor (DFC) by 2016 (entailing a total outlay of Rs. 77000 crore), are some of the positive initiatives in the Budget for FY '12. The Indian Railways are in a high growth trajectory, and your Company as an acknowledged leader in the wagon industry looks forward to a bright future ahead over the years.

Your Directors are pleased to inform that during the year, the Company bagged export order for wagons valued Rs. 27 crore and expects to receive further orders in view of the resurgence of demand in the transport sector globally.

The thriving Aluminium and Cement Industries, have a growing demand for BTAP wagons (*for transportation of Alumina Powder*) and BCCW wagons (*for transportation of Cement/ Fly ash*). Further, NTPC and other State Electricity Boards would be procuring Bottom Discharge Coal Hopper Wagons (MGR type), for mega power stations. Your Company with its leadership in this segment expects a major share of the hi-tech commodity specific special wagons.

With the announcement of Automobile Freight Train Operator Scheme (AFTO) by Railways, there are active enquiries from the automobile manufacturers, who are in dialogue with the Company for development of Autocars. Your Company has already submitted the conceptual design to Indian Railways for Double Decker Auto Rake in collaboration with an European designer.

Your Company is looking for new business opportunities in the field of wagon leasing in line with the Wagon Leasing Scheme introduced by the Railways. Considering the opportunities in railway logistic business and the railway projects are set up under PPP for locomotives and passenger coaches, your Company is seriously working on projects in joint ventures with world leaders in the field. It is already engaged in manufacture of Car Body Shells for WAG-9 Electric Locomotives.

Joint Venture with UGL Rail Services Ltd., Australia.

Your Directors are pleased to report that the Company signed a 50:50 Joint Venture Agreement with UGL Rail Services Ltd., Australia on December 21, 2010 for setting up a manufacturing



facility by the JV Company, Texmaco United Group Rail Pvt. Ltd., primarily for export of Wagon Flat Packs, Locomotive Bogie Frames, Loco Platforms and developing new design wagons.

Your Company along with UGL Rail Services Ltd., Australia, subscribed Rs.15.75 crore each in the equity capital of the said joint venture for setting up a State-of-the-Art facility in your Company's own premises at Belgharia, leased out to the JV Company.

Hydro Mechanical Eqpt, Steel Structures & Process Equipment

The Hydro Mechanical Equipment (HME) segment is beginning to look positive with revival of various stalled projects after a sluggish scenario for the last couple of years. The Empowered Committee of the GoM, Govt. of India, has activated some of the projects, which were on hold for various environmental and other clearances. After the initiative taken by the GoM, fresh enquiries have started flowing in, and the Division is targeting substantial orders during the current year, both domestic and export. The recent nuclear disaster in Japan has also fuelled demand for clean and pollution-free power, which would boost the prospects of Hydel Power Projects.

During the year, the current projects suffered due to local problems, and the turnover of the Division stood at approx. Rs.40 crore. The Company has bagged a HME order for a project in Bhutan, through Andritz Hydro, Austria, and also participated recently in a project in Nepal, where there is a fair prospect of securing the business.

The Division has intensified efforts to take up new product lines by joining hands with international leaders in the respective fields. There is good business potential for Railway Bridges and Industrial Steel Structures for Power and Steel Projects.

In the Process Equipment segment, the Company successfully executed the follow-on orders for 3 nos. 200m³ Buffer Vessels, each weighing 82 tonnes, for Steel Plants. The order for 12 nos. Process Equipments like Coolers and Adsorbers, as reported in the previous year, will be completed during the current year.

Steel Foundry Division:

The foundry capacity remained underutilised during the first

8 months of the year due to late release of orders by Indian Railways. However, your Company still managed to maintain the production and dispatches of castings at 18313 MT & 16934 MT respectively during the year, almost at the same level as in the last year. The turnover for the year was Rs. 182.23 crore, marginally lower compared to the previous year.

There was something to cheer up, however, in the export market, and your Directors are pleased to inform that the foundry has successfully developed intricate, hi-tech castings for internationally renowned users, and established its credibility & reliability in the global market. The foundry achieved an export turnover of Rs.73 million, and built an export order book of Rs. 210 million as at the end of the year. According to the trend of the current enquiries, the Management expects a significant spurt in export revenue during the current year.

The high axle load (27.5T) Side Frame & Bolster castings developed by your foundry, which were under testing in USA, have successfully passed static & dynamic testing at the AAR (Association of American Railroad) approved laboratory. With this accreditation by the world recognised organisation, your Foundry is now the only one in India, which is qualified to supply the Cast Steel Bogies to the North American Market and has, in fact, already started securing the orders. Further, the foundry has taken the lead in successfully developing, Tight-Lock Coupler castings for passenger trains, for an internationally renowned coupler manufacturer. These have been supplied to the Indian Railways and are giving excellent service on 'Duronto Express' train.

Looking to the buoyant market for Steel Castings, with the spate of enquiries in the international market, the Management is actively planning to put up a green field modern Foundry with a capacity running up to 50000 MT per year.

Agro Machinery Division

In spite of numerous policy and procedural issues, the Division managed to achieve a turnover of Rs. 610.72 Lakhs, which is marginally higher compared to the previous year. The Division has made a good break-through and expanded its market in the Southern States of India. The performance of the Division is expected to improve significantly during the current year.



New agricultural machine like Power Reaper is being introduced to widen the product range. On successful field trials, the machine has been well accepted by the farming community. Besides, the performance of the newly developed Infrared Recycling Pot Hole Repairing Machine, delivered to Delhi Municipal Corporation, is highly satisfactory. The Management expects to receive good orders for the machines during the current year.

Exports:

The exports of the company during the year stood at approx. Rs. 53.65 crore including Deemed Export. Your Directors are pleased to inform that, the Company has successfully developed steel castings for the American market, and has already commenced export against orders from US Customers. The Company expects to receive good export orders for wagons/wagon components from the customers in South Asia, America and Australia, and foresees a bright future for its products in the export markets in the years to come.

R & D Activities :

R & D Projects undertaken in 2010 -11 are :

- Development of Coupler as an import substitute to be used in stainless steel wagons (BOXNHL & BCNHL)
- Coupler casting for coaches
- Development of Bogie Casting (New Design) for export market.

In keeping with its drive to improve the quality all round, the Management is setting up a modern Painting Line comprising two paint booths and two heating chambers. This will considerably add to the quality and finish of the products.

IT Services

Information Technology (IT) being an enabler for business growth and efficiency, the Company has deployed Oracle ERP system for its operations. The users of respective functions are progressively attaining higher degree of friendliness in application of the system. The Management believes that it will bring substantial advantages in terms of cost, quality, and delivery schedule.

Restructuring of the Company

By a Scheme of Arrangement approved by the Hon'ble High Court, Calcutta, the Heavy Engineering and Steel Foundry businesses of Texmaco Limited were demerged to the Company, with the appointed date of 1st April 2010. The Scheme of Arrangement was duly approved by the Shareholders and thereafter by the Hon'ble High Court, Calcutta, vide its order dated 6th September 2010 received on 14th October 2010 and approved by the Registrar of Companies on 19th October 2010. Accordingly, the working of Heavy Engineering and Steel Foundry businesses of Texmaco Limited for the full financial year 2010-11 have been included in the Revenue and Expenses of the Company for the financial year 2010-11.

In consideration of demerger of Heavy Engineering and Steel Foundry businesses of Texmaco Limited as above, the Company as per the Scheme of Arrangement has allotted one Equity Share of Re. 1/- each fully paid up against one Equity Share of Re. 1/- each of Texmaco Limited held by its Members and whose names were recorded in the Register of Members on the Record date of 2nd November 2010.

The Company's Equity Capital post-demerger of Texmaco's Heavy Engineering and Steel Foundry businesses and allotment of Equity Shares to the Members of Texmaco Limited has increased to Rs.1817.83 Lakhs from Rs. 546.00 Lakhs.

Human Relations

The Management regards "Human Capital" as the prime source of Corporate strength and growth. The Company continues to maintain its excellent record of industrial harmony over the decades, which has been cited in the Industry as a model of constructive co-operation between the workmen and the Management. Modern work practices, comprehensive employee recruitment procedures, structured performance parameters, extensive employee engagement and training to improve the knowledge skills are part of integrated programmes aimed at realisation of the organisational goal.

The Management believes that it is important to be pro-active in moving ahead of the times. Human Capital is critical for the

Company's long term success, and in keeping with this philosophy, it has entered into collaboration with Institutes such as BITS Pilani and other academia for educational courses at the Company's Centre of Excellence

Employees Stock Option Scheme (ESOS)

Details of Employees Stock Option granted pursuant to Employees Stock Option Scheme 2007 (ESOS 2007), as also the disclosure in compliance with Clause 12 of the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 are set out in the Annexure 'A' to this Report.

Opportunity & Threats

Rail transport infrastructure figures high in the country's economic plan. The growth in the rail sector would be dramatic as the plans materialise to build a modern network for running high speed, high pay-load freight cars, hauled by high-powered locomotives.

The multi-billion Dedicated Freight Corridor Project is a major highlight of Indian Railways' VISION 2020, and the next 5 – 7 years will witness an unprecedented growth in creation of new capacity to meet the emerging demand for goods and services thrown up by the project.

While the journey onwards is exciting, and the Industry is gearing to build a world class infrastructure, the political compulsions sometimes impact the policy planning owing to a skewed approach to enlarge the public sector to meet the uninformed perceived gap in demand and supply. The Industry has been pleading for an objective appreciation of its role and performance and an opportunity for optimal utilisation of its capacity, volume economy, and cost-effective operations. This would need efficient resource and procurement planning by the Indian Railways which has an annual procurement budget of over Rs.30,000 crore (Rupees thirty thousand crore).

The national asset utilisation should be a key determinant in new capacity creation with assured high returns.

Corporate Social Responsibility

The Management reiterates its commitment to CSR as enshrined in its last Annual Report :

“CSR is not merely a statement of intent for TEXRAIL. It is an Article of Faith, a belief that the world would be a better place to live with strong human bonding. As a part of the corporate philosophy, Education, Health, Environment and Safety continue to be areas of priority for the Company”.

The Company continues its mission to contribute to the society through specific programs. Going beyond reliefs and grants, the motto is to empower people, help them take charge of their lives by providing them better education, training, upgrading skills to realise their potential and aspirations.

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 Company's Act, 1956

Your Directors state:

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



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

Group

Pursuant to an intimation from the promoters, the names of the promoters and entities comprising "Group" as defined under the Monopolies and Restrictive Trade Practices (MRTP) Act, 1969 are disclosed as Annexure B in the Annual Report for the purpose of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations 1997.

Particulars of Employees

The number of employees as at 31st March, 11 was 1832. A statement containing the required particulars of employees as stipulated under Section 217(2A) of the Companies (Particulars of Employees) Rules, 1975, is enclosed - Annexure ('C').

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

As required under Section 217(1)(e) of the Companies Act, 1956, read with Rule 2 of the Companies (Disclosures of

Particulars in the Report of the Board of Directors) Rules, 1988, information relating to conservation of energy, technology absorption and foreign exchange earnings and outgo is enclosed – Annexure ('D').

Directors

Your Director, Shri Manish Gupta was elected to the West Bengal Legislative Assembly in the General Election held in April/May 2011 and was appointed as a Cabinet Minister in the newly formed West Bengal Government. Consequent to his election as a Member of Legislative Assembly, Shri Manish Gupta tendered his resignation. The Directors place on record their deep appreciation of the valuable advice and guidance received from him during his tenure as Director of the Company.

Auditors

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

For and on behalf of the Board

Kolkata

Dated: 23rd May, 2011

S.K. Poddar

Chairman

Enclosure to the Report of the Directors

Annexure – A Employees Stock Option Scheme (ESOS)

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

Sl. No	Nature of Disclosure	Particulars																		
a)	Option Granted	3,65,000																		
b)	The Pricing Formula	The exercise price was determined by averaging the daily closing price of the Company's equity shares during the 7 days immediately preceding the date of grant and discounted it by 30%. Exercise Price: Rs 32.51 per option																		
c)	Option Vested	Nil																		
d)	Option exercised	Nil																		
e)	The total number of share arising as a result of excise of option	Not Applicable																		
f)	Option lapsed	Nil																		
g)	Variation of terms of options	Nil																		
h)	Money realised by exercise of option	Not Applicable																		
i)	Total number of option in force	3,65,000																		
j)	Employee - wise details of option in force																			
	i) Senior Management Personnel	<table border="1"> <thead> <tr> <th>Name</th> <th>No of Shares</th> </tr> </thead> <tbody> <tr> <td>Shri R. Maheshwari</td> <td>60,000</td> </tr> <tr> <td>Shri D. H. Kela</td> <td>30,000</td> </tr> <tr> <td>Shri A. K. Nanda</td> <td>30,000</td> </tr> <tr> <td>Shri A. K. Sinha</td> <td>20,000</td> </tr> <tr> <td>Shri K. B. Rao</td> <td>20,000</td> </tr> <tr> <td>Shri Hemant Kumar</td> <td>20,000</td> </tr> <tr> <td>Shri A. K. Vijay</td> <td>20,000</td> </tr> <tr> <td>Shri S. R. Sinha</td> <td>15,000</td> </tr> </tbody> </table>	Name	No of Shares	Shri R. Maheshwari	60,000	Shri D. H. Kela	30,000	Shri A. K. Nanda	30,000	Shri A. K. Sinha	20,000	Shri K. B. Rao	20,000	Shri Hemant Kumar	20,000	Shri A. K. Vijay	20,000	Shri S. R. Sinha	15,000
Name	No of Shares																			
Shri R. Maheshwari	60,000																			
Shri D. H. Kela	30,000																			
Shri A. K. Nanda	30,000																			
Shri A. K. Sinha	20,000																			
Shri K. B. Rao	20,000																			
Shri Hemant Kumar	20,000																			
Shri A. K. Vijay	20,000																			
Shri S. R. Sinha	15,000																			
	ii) Any other employee who receives a grant in any one year of option amounting to 5% or more of the option granted during the year	None																		
	iii) Identified employees who were granted option, during any one year, equals to or exceeding 1% of the issued capital of the Company at the time of grant	None																		

Sl. No	Nature of Disclosure	Particulars																				
k)	Diluted Earning Per Share (EPS) pursuant to issue of Shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 "Earning Per Share"	Not Applicable, since no option has been exercised till date																				
l)	Difference between the employees compensation cost computed using the intrinsic value of the stock options and the employees compensation cost that would have been recognised if the fair value of the option has been used. The impact of the difference on the profit and on the EPS of the Company	Rs. 35.61 Lacs																				
		<table border="1"> <thead> <tr> <th>Particulars</th> <th>Rs in Lacs</th> </tr> </thead> <tbody> <tr> <td>Net Profit</td> <td>12,147.60</td> </tr> <tr> <td>Add: Intrinsic Value Compensation cost</td> <td>35.61</td> </tr> <tr> <td>Less: Fair Value Compensation Cost (as per Black - Scholes Model)</td> <td>116.21</td> </tr> <tr> <td>Adjusted Net Profit</td> <td>12,067.00</td> </tr> <tr> <td colspan="2">Earning Per Share (Rs)</td> </tr> <tr> <td>Basic (Reported)</td> <td>6.68</td> </tr> <tr> <td>Basic (Adjusted)</td> <td>6.64</td> </tr> <tr> <td>Diluted (Reported)</td> <td>6.67</td> </tr> <tr> <td>Diluted (Adjusted)</td> <td>6.62</td> </tr> </tbody> </table>	Particulars	Rs in Lacs	Net Profit	12,147.60	Add: Intrinsic Value Compensation cost	35.61	Less: Fair Value Compensation Cost (as per Black - Scholes Model)	116.21	Adjusted Net Profit	12,067.00	Earning Per Share (Rs)		Basic (Reported)	6.68	Basic (Adjusted)	6.64	Diluted (Reported)	6.67	Diluted (Adjusted)	6.62
Particulars	Rs in Lacs																					
Net Profit	12,147.60																					
Add: Intrinsic Value Compensation cost	35.61																					
Less: Fair Value Compensation Cost (as per Black - Scholes Model)	116.21																					
Adjusted Net Profit	12,067.00																					
Earning Per Share (Rs)																						
Basic (Reported)	6.68																					
Basic (Adjusted)	6.64																					
Diluted (Reported)	6.67																					
Diluted (Adjusted)	6.62																					
m)	Weighted average exercise price and weighted average fair values of the option granted for option whose exercise price either equals or exceeds or is less than the market price of the stock	Weighted average exercise price per option Rs 142.45 Weighted average fair value per option Rs 103.62																				
n)	A description of the method and significant assumption used during the year to estimate the fair value of option, including the following weighted - average information																					
	i) Risk free Interest rate (%)	8.04																				
	ii) Expected life (No of Years)	3 years and 8 months																				
	iii) Expected volatility (%)	18.91																				
	iv) Dividend yield (%)	13.33																				
	v) the price of the underlying share in market at the time of option granted	Rs 71.75																				



Annexure - B

Persons constituting Group coming within the definition of “Group” for the purpose of Regulation 3(1)(e)(i) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulation, 1997, include the following:

Sr. No.	Name of the Entity	Sr. No.	Name of the Entity
1.	Abhisekh Holding Pvt. Ltd.	25.	Mcfarlene & Co. Ltd.
2.	Academiam Sales Pvt. Ltd.	26.	New Eros Tradecom Ltd.
3.	Adventz Industries India Ltd.	27.	Paradeep Phosphates Ltd.
4.	Adventz Infracore India Ltd.	28.	Planon Group Ltd.
5.	Adventz Investments and Holding Ltd.	29.	Poddar Heritage Finance Pvt. Ltd.
6.	Adventz Securities Enterprises Ltd.	30.	Ricon Commerce Ltd.
7.	Birla Construction Ltd.	31.	Sanghashree Investment & Trading Co. Ltd.
8.	Coltrane Corporation Ltd.	32.	Simon India Ltd.
9.	Duke Commerce Ltd.	33.	Style Spa Furniture Ltd.
10.	Eureka Trades Pvt. Ltd.	34.	Syndak Teatech Ltd.
11.	Fullford Vinimay Pvt. Ltd.	35.	The Pench Valley Coal Co. Ltd.
12.	Future Fuels (International) India Pvt. Ltd.	36.	Texmaco Ltd.
13.	Globalware Holding Ltd..	37.	Zauri Commodity Trading limited
14.	Globex Ltd.	38.	Zuari Fertilisers & Chemicals Ltd.
15.	Gobind Sugar Mills Ltd.	39.	Zuari Financial Services Ltd.
16.	Greenland Trading Pvt. Ltd.	40.	Zuari Holdings Ltd.
17.	Gulbarga Cement Ltd.	41.	Zuari Indian Oiltanking Ltd.
18.	High Quality Steels Ltd.	42.	Zuari Insurance Brokers Ltd.
19.	India Furniture Products Ltd.	43.	Zuari Industries Ltd.
20.	Indrakshi Trading Company Pvt. Ltd.	44.	Zuari Investments Ltd.
21.	Interglos India Pvt. Ltd.	45.	Zuari Management Services Ltd.
22.	Lionel Edwards Ltd.	46.	Zuari Maroc Phosphates Ltd.
23.	Lionel India Ltd.	47.	Zuari Rotem Speciality Fertilisers Ltd.
24.	Master Exchange & Finance Ltd.	48.	Zuari Seeds Ltd.

Group: Pursuant to an intimation from the Promoters, the names of the Promoters and Entities comprising “Group” as defined under the Monopolies and Restrictive Trade Practices (MRTP) Act, 1969 are disclosed as Annexure “B” in the Annual Report for the purpose of SEBI (Substantial Acquisition of Shares and Takeovers) Regulation, 1997.

Annexure - C

For The Financial Year ended 31st March, 2011

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

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

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

1. Poddar Saroj Kumar	Executive Chairman	66	10,238,932	B. Com. (Hons.)	42	01-01-06	M/s. Poddar Heritage Investments Ltd.
2. Maheshwari Ramesh	Executive Vice Chairman	78	9,121,497	M.Com., LL.B.	55	01-02-62	M/s F & C Osler (India) Limited & Sister Concerns

Notes : 1. Remuneration as shown above includes Salary, House Rent, LTA, Medical Benefits, Bonus, Contribution to Provident Fund and Superannuation Fund, etc. as per Company's rules.

2. The employee named above is not a relative of any 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 – D

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, 2011.

II. Conservation of Energy

a) Energy conservation measures taken:

Engineering Works

- i) Installation & commissioning of Power Factor Improvement System continued during the year.
- ii) Load management for reducing Max. demand continued during the year.

b) Additional Investments and proposals, if any, being implemented for reduction of consumption of energy:
Modification of Equipments & their drives is being done regularly to reduce energy consumption.

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

i) Impact of measures under (a)

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

ii) Impact of measures under (b)

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

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

	2010-2011	2009-2010	
i) Power & Fuel Consumption :			
Electricity Purchased			
Units (in thousands) (KWH)	40852	40014	
Total Amount (Rs. in Lacs)	2399	1973	
Rate / Unit (Rs.)	5.87	4.93	
Fuel Purchased			
Quantity (In Ltrs.)	2457308	2281927	
Total Amount (Rs. in Lacs)	772	600	
Rate / Unit (Rs.)	31	26	
ii) Consumption per M/T of Steel Casting Production :			
Electricity	Units	1547	1509
Furnace Oil	Ltrs	116	118



III. Technology Absorption

	2010-2011	2009-2010
Benefits :		
Expenditure on R & D (Rs. in Lacs)		
i) Capital	–	0.00
ii) Recurring	235.70	56.01
iii) Total	235.70	56.01
iv) Total R & D Expenditure as percentage of total turnover	0.21%	–

IIIA. 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. 12669.11 Lacs

Earned : Rs. 728.85 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 Seven Directors, represents the optimum mix of professionalism, knowledge and experience. The category of Directorship, number of meetings attended, attendance at the last AGM, Directorships in other Companies, number of Committees in which the Director is a member, are mentioned below :-

Name of Directors	Category of Directorship	No. of Board Meetings attended	Attendance at the last AGM	No. of Directorships in other Companies #	No. of Chairmanship/ Membership of Board/ Committees in other Companies	
					Chairman	Member
Shri S. K. Poddar*	Executive Chairman	3	No	10	4	3
Shri Ramesh Maheshwari	Executive Vice Chairman	4	Yes	3	2	1
Shri B. P. Bajoria*	Independent	3	No	3	3	5
Shri A.C. Chakrabortti*	Independent	3	No	11	3	3
Shri Manish Gupta*/+	Independent	3	No	2	2	5
Shri S. Dhasarathy*	Independent	3	No	–	–	–
Shri D. H. Kela	Whole Time	3	Yes	1	–	–
Shri A. K. Nanda**	Independent	2	Yes	–	–	–
Shri A. K. Vijay**	Independent	2	No	–	–	–

* Appointed on 25th September, 2010.

** Resigned on 25th September, 2010

+ Since resigned w.e.f. 23rd May, 2011.

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

The Chairman does not have a separate office in the Company, and the Corporate Office of the Company supports the Chairman for discharging his responsibilities. None of the Directors of the Company is a member of more than Ten Committees or Chairman of more than five committees across all the Companies in which he is a Director.

Four Board Meetings were held during the year 2010-2011 on the following dates:

27th July, 2010	25th September, 2010
2nd November, 2010	8th February, 2011

3. Audit Committee/Sub-Committee

(a) Audit Committee

Terms of Reference and Composition

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

The Audit Committee was constituted on 25th September, 2010 comprising of the following Four Directors, and their attendance in the Committee meeting is given alongside.

Name of Directors	No. of meetings attended
Shri A. C. Chakrabortti, Chairman	1
Shri B. P. Bajoria, Member	1
Shri Manish Gupta, Member	1
Shri Ramesh Maheshwari, Member	1

One meeting was held during the year on 8th February, 2011.

(b) Sub-Committee

The Sub-Committee comprises of the following Directors and their attendance in the committee meeting is given alongside.

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

One Meeting was held during the year on 2nd November, 2010.

4. Remuneration of Directors

The Company has not set up a Remuneration Committee. The Remuneration of Executive Directors is fixed by the Board of Directors/Sub-Committee of Directors.

Non-Executive Directors are eligible for sitting fee and a commission not exceeding 1% of the net profit of the Company for each year, with a ceiling of Rs.1 Lakh per annum, whichever is lower. Directors are paid a sitting fee of Rs. 20,000/- each for attending Board Meeting and Rs. 10,000/- each for attending Committee/Sub-committee Meeting. The details of the payment made during the year 2010-11 are as follows:-



i) Non-Executive Directors

Name of the Directors	Sitting fee for the year (Rs.)	Commission for the year (Rs.)	Total (Rs.)
Shri B. P. Bajoria	60,000	51,500	1,11,500
Shri A. C. Chakrabortti	60,000	51,500	1,11,500
Shri Manish Gupta	60,000	51,500	1,11,500
Shri S. Dhasarathy	40,000	51,500	91,500

Note: The Commission was paid to Directors proportionate to their tenure, subject to a maximum of Rs. 1 Lakh per annum.

The details of the remuneration paid to the Executive Directors during the year 2010-11 are given below:

ii) Executive Directors

Name of the Directors	Designation	Salary (Rs.)	Perquisites# (Rs.)	Sitting Fee (Rs.)	Retirement Benefits
Shri S. K. Poddar	Executive - Chairman	90,00,000	12,38,932	–	As per Company's Rule
Shri Ramesh Maheshwari	Executive Vice Chairman	64,77,000	26,44,497	–	- DO -
Shri D. H. Kela	Wholetime Director President & CEO	33,57,750	16,85,794		- DO -

Perquisites include House Rent Allowance, LTA, Medical Benefits, Contribution to Provident Fund, Superannuation Fund and Bonus.

The Remuneration paid to Executive Chairman, Executive Vice Chairman and Wholetime Director are subject to the approval of shareholders.

5. Investors'/Shareholders' Grievance Committee

The Committee consists of three Directors *vf.* Shri B. P. Bajoria, Shri Manish Gupta and Shri D. H. Kela, and grievances received are dealt with at its meetings.

Shri A. K. Vijay, Secretary is the Compliance Officer of the Company. During the year, no complaint was received from the shareholders.

In order to provide quick service to Investors, the Board has delegated certain powers to a few 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. No meeting of the Investors'/Shareholders' Grievance Committee was held during the year.

6. Internal Control System

The Internal Control system of the Company is aimed at proper utilisation 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 and Extra Ordinary General Meeting held in last three years are given below. All the AGMs & EGM were held at Belgharia Kolkata – 700 056.

Annual General Meetings for Financial Year	Date and time of the AGMs	Date and time of the EGM
2009-2010	12th August, 2010, 11.00 A.M.	8th February, 2010, 11.00 A.M.
2008-2009	23rd July, 2009, 11.00 A.M.	–
2007-2008	11th August, 2008, 11.00 A.M.	–

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. 10 of Schedule 'Q' of Annual Report.

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

9. Secretarial Audit

A Qualified practicing Chartered Accountant carried out Quarterly Secretarial Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued

and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the total number of shares in physical form and total number of shares in dematerialised form held with NSDL and CDSL.

10. Means of Communication

The Quarterly Unaudited Financial Results and the Annual Audited Financial Results as taken on record and approved respectively by the Board of Directors of the Company are published in local English and Vernacular newspapers. 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 and Analysis Report forms part of the Annual Report.

11. General Shareholder Information

AGM : Date, Time & Venue

On 1st September, 2011 at 2.30 P.M. Birla Building, 9/1, R.N. Mukherjee Road, Kolkata – 700 001

Financial Calendar

1st April to 31st March

First Quarter Result – Last week of July.

Second Quarter Results – Last week of October.

Third Quarter Results – Last week of January.

Results for the year ending 31st March, 2012.

By Last week of May 2012.

Date of Book Closure

From 26th August, 2011 to 1st September, 2011 both days inclusive.

Listing on Stock Exchanges

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

The Company has paid listing fees for the period 1st April, 2011 to 31st March, 2012.

Dividend Payment Date

Early October 2011.

Stock Code – Physical

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

High/Low market prices of the Company's Equity Shares of Re.1/- each traded on National Stock Exchange of India Limited and Bombay Stock Exchange Limited during the period April 2010 to March 2011 are furnished here after:

Period	National Stock Exchange of India Limited		Bombay Stock Exchange Limited	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April, 2010	N.A.	N.A.	N.A.	N.A.
May, 2010	N.A.	N.A.	N.A.	N.A.
June, 2010	N.A.	N.A.	N.A.	N.A.
July, 2010	N.A.	N.A.	N.A.	N.A.
August, 2010	N.A.	N.A.	N.A.	N.A.
September, 2010	N.A.	N.A.	N.A.	N.A.
October, 2010	N.A.	N.A.	N.A.	N.A.
November, 2010	N.A.	N.A.	N.A.	N.A.
December, 2010	N.A.	N.A.	N.A.	N.A.
January, 2011	N.A.	N.A.	N.A.	N.A.
February, 2011	N.A.	N.A.	N.A.	N.A.
March, 2011	95.00	63.00	95.00	63.00

Note: There was no trading in the Company's Stock between April 2010 and February 2011 as the shares of the Company were listed on the Stock Exchanges on 3rd March, 2011.

There was no trading during the year in The Calcutta Stock Exchange Ltd, Kolkata.

Registrar & Transfer Agent (RTA)

M/s Karvy Computershare Private Limited.

Karvy House, 21, Avenue 4, Street No.1 Banjara Hills, Hyderabad-500034 • Phone: 040-23312454, 23320751-53 Fax No.040-23311968, 23323049

E Mail: jayaramannv@karvy.com

Share Transfer System

Request for transfer of shares held in physical form may be lodged with Karvy Computershare Private Limited at Hyderabad or may also be sent to Company Secretary at the Registered office of the Company at Kolkata. Share transfers are registered and returned within 30 days from the date of lodgment, provided documents are complete in all respects.

Distribution of Shareholding and Shareholding Pattern as on 31st March, 2011.

No. of equity shares held	Folios	%	Shares (Rs.)	%
Upto 5000	23,690	97.79	73,47,986	4.04
5001 to 10000	215	0.89	16,14,743	0.89
10001 to 20000	110	0.45	15,91,204	0.88
20001 to 30000	39	0.16	9,65,672	0.53
30001 to 40000	25	0.10	8,59,054	0.47
40001 to 50000	15	0.06	6,76,411	0.37
50001 to 100000	43	0.18	31,00,475	1.71
100001 and above	88	0.36	16,56,27,545	91.11
Grand Total	24,225	100.00	18,17,83,090	100.00

Shareholding Pattern as on 31st March, 2011.

Category	No. of shares	%
Promoters	11,50,87,010	63.31
Banks, Insurance Cos., and Fis	35,15,091	1.93
Mutual Funds and U.T.I.	3,31,51,540	18.24
Corporate bodies	97,21,355	5.35
NRI/OCB/FIIs	69,55,188	3.83
Indian public	1,18,31,765	6.51
Others	15,21,141	0.84
Total	18,17,83,090	100.00

Dematerialisation of shares as on 31st March, 2011 and Liquidity.

The Company's shares are compulsorily traded in dematerialised form and are available for trading on both the Depositories in India- National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). 12,40,47,508 Ordinary shares of the Company representing 68.24% of the Company's Share Capital are dematerialised as on 31st March, 2011.

Insider Trading:

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

**Code of Conduct and Ethics:**

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 Wholetime Director, is attached to this report.

Location of the Plants**Plant locations**

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

Address for Correspondence

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

Telephone No : (033) 2569-1500

E-mail : ak.vijay@texmaco.in

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

Investor Education and Protection Fund (IEPF)

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

Not Applicable

12. CEO and CFO Certification

The CEO 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.



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, 2011 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, 2011, no investor grievances are pending against the Company as on date, as per the records maintained by the Company and presented to the Investors'/ Shareholders' Grievance Committee.

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

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

P. K. Gutgutia
Partner
Membership No.6994

Kolkata,
Dated : 23rd May, 2011

Declaration by the Whole-Time Director

To
The Members
Texmaco Rail & Engineering Limited
Belgharia, Kolkata-700056

In compliance with the requirements of Clause-49 of the Listing Agreement with Stock Exchanges relating to Corporate Governance, I confirm that, on the basis of confirmations/declarations received, all the Directors and Senior Management personnel of the Company have complied with the Code of Conduct and Ethics as adopted by the Board of Directors of the Company at its meeting held on 23rd May, 2011.

For **Texmaco Rail & Engineering Limited**

Kolkata,
Dated : 23rd May, 2011

D. H. Kela
Whole - Time Director

Auditors' Report

To
The Members of
Texmaco Rail & Engineering Limited

We have audited the attached Balance Sheet of TEXMACO RAIL & ENGINEERING LIMITED as at 31st March, 2011, the Profit and Loss Account for the year ended on that date and the Cash flow Statement for the year ended on that date both annexed thereto. These financial Statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

- (iii) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
- (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash flow Statement dealt with by this report comply with the accounting standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956.
- (v) On the basis of the written representation received from the Directors as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said Accounts together with the Accounting Policies and Notes thereon and Schedules annexed thereto give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
 - (b) in the case of the Profit & Loss Account, of the Profit for the year ended on that date, and
 - (c) in the case of the Cash flow Statement, of the Cash flows for the year ended on that date.

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

Chartered Accountants

Firm Registration No. 304153E

6C, Middleton Street,
Kolkata - 700 071
Dated: 23rd May, 2011

P. K. Gutgutia
Partner

Membership No. 6994

Annexure to the Auditors' Report

(Referred to in Paragraph (1) of our Report of even date)

- i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
- (b) As explained to us, the Company has a system of verifying all its major fixed assets over a period of three years. The fixed assets so scheduled for verification during this year have been physically verified. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.
- (c) During the year, the Company has not disposed off any substantial / major part of fixed assets.
- 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) The Central Government has not prescribed maintenance of cost records under section 209(1) (d) of the Companies' Act, 1956 for any of the products of the Company and hence clause (viii) of Companies (Auditors Report) Order 2003 is not applicable.
- 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 2011 for a period of more than six months from the date they became payable.

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

Name of the statute	Nature of the dues	Amount (Rs. in Lakhs)	Period to which the amount relates	Forum where dispute is pending.
The Central Excise Act 1944 & Service Tax under the Finance Act 1994	Various issues of Central Excise and Service Tax	Central Excise (Rs. 1,339.33)	1986-2009	1. Jurisdictional Commissioner of Central Excise 2. CESTAT 3. Commissioner (Appeal)
		Service Tax (Rs. 14.46)	2004-2010	4. Jurisdictional Commissioner of Service Tax

- x) There are no accumulated losses of the Company as on 31st March 2011. The Company has not incurred any cash losses during the financial year covered by our audit but has incurred cash loss during 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) According to the information and explanations given to us, the Company has not raised any term loan during the year
- hence clause (xvi) of the Companies (Auditor's Report) Order, 2003 is not applicable.
- xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- xviii) The Company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under section 301 of the Act.
- xix) During the year covered by our audit report, the Company has not issued secured debentures.
- xx) The Company has not raised any money by public issues during the year covered by our report.
- xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanation given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

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

6C, Middleton Street,
Kolkata - 700 071
Dated: 23rd May, 2011

P. K. Gutgutia
Partner
Membership No. 6994

Balance Sheet As at 31st March 2011

	Schedule	2010-11 (Rs. in Lakhs)	2009-10 (Rs. in Lakhs)
I. SOURCES OF FUNDS			
1. Shareholders' Funds			
(a) Capital	"A"	1,817.83	546.00
(b) Employees Stock Option Outstanding	"A1"	35.61	–
(b) Reserves and Surplus	"B"	41,813.06	(10.80)
2. Loan Funds			
(a) Secured Loans	"C"	9,167.26	–
(b) Unsecured Loans	"D"	552.74	–
Total		53,386.50	535.20
II. APPLICATION OF FUNDS			
1. Fixed Assets			
(a) Gross Block	"E"	20,399.03	–
(b) Less: Depreciation		9,923.07	–
(c) Net Block		10,475.96	–
(d) Capital Work-in-Progress		182.55	–
		10,658.51	–
2. Investments	"F"	26,185.39	542.05
3. Deferred Tax Assets (Net) (Refer Note No.14 of Schedule 'Q')		171.39	–
4. Current Assets, Loans and Advances			
(a) Inventories	"G"	21,574.22	–
(b) Sundry Debtors	"H"	21,977.16	–
(c) Cash and Bank Balances	"I"	275.11	5.20
(d) Other Current Assets	"J"	43.20	–
(e) Loans and Advances	"K"	6,962.78	–
Total		50,832.47	5.20
Less : Current Liabilities and Provisions			
(a) Liabilities	"L"	31,764.23	12.05
(b) Provisions	"M"	2,697.03	–
Total		34,461.26	12.05
Net Current Assets		16,371.21	(6.85)
Total		53,386.50	535.20
NOTES	"Q"		

Schedules 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

P. K. Gutgutia

Partner

Membership No. 6994

6C, Middleton Street,
Kolkata - 700 071

Dated: 23rd May 2011

A. K. Vijay
Secretary

S. K. Poddar
Ramesh Maheshwari
B. P. Bajoria
S. Dhasarathy
D.H. Kela
A.C. Chakrabortti

Directors

Profit and Loss Account For the year ended 31st March 2011

Schedule	2010-11 (Rs. in Lakhs)	2009-10 (Rs. in Lakhs)
INCOME		
Gross Sales	111,750.32	–
Less : Inter Segment Revenue	13,959.54	–
Less : Excise Duty	3,935.71	–
Net Sales / Income from Operations	93,855.07	–
Other Sources "N"	1,866.49	2.05
Total	95,721.56	2.05
EXPENDITURE AND CHARGES		
Operating Costs "O"	90,754.94	11.30
Less : Inter Segment Transfer	13,959.54	–
Interest "P"	501.45	–
Depreciation		
For the year	902.82	–
Less: Recouped from Revaluation Reserve	44.32	–
Total	78,155.35	11.30
Profit before Taxation	17,566.21	(9.25)
Less: Provision for Taxation		
– Current Tax	5,590.00	–
– Deferred Tax	(171.39)	–
Profit After Taxation	12,147.60	(9.25)
Add: Balance Brought Forward from Previous Year	(10.80)	(1.55)
Profit available for Appropriation	12,136.80	(10.80)
APPROPRIATIONS		
Proposed Dividend		
On Equity Shares	1,817.83	–
Tax on Dividend	294.90	–
Transferred to General Reserve	3,000.00	–
Transferred to Balance Sheet	7,024.07	(10.80)
	12,136.80	(10.80)
Earning Per Share of Re.1 each (Basic) (Refer Note No. 13 of Schedule 'Q')	6.68	(0.15)
Earning Per Share of Re.1 each (Diluted) (Refer Note No. 13 of Schedule 'Q')	6.67	(0.15)
NOTES "Q"		

Schedules referred to above form an integral part of the Profit and Loss Account
In terms of our Report of even date attached herewith.

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

Chartered Accountants

P. K. Gutgutia

Partner

Membership No. 6994

6C, Middleton Street,

Kolkata - 700 071

Dated: 23rd May 2011

A. K. Vijay

Secretary

S. K. Poddar
Ramesh Maheshwari

B. P. Bajoria

S. Dhasarathy

D.H. Kela

A.C. Chakrabortti

Directors

Schedules to Balance Sheet

	2010-11 (Rs. in Lakhs)	2009-10 (Rs. in Lakhs)
SCHEDULE A CAPITAL		
Authorised		
20,00,00,000 Equity Shares of Re.1/- each	2,000.00	2,000.00
	2,000.00	2,000.00
Issued, Subscribed and Paid-up		
181,783,090 (5,46,00,000) Equity Shares of Re.1/- each fully paid-up (Including 127,183,090 Equity Shares allotted on the basis of 1 Equity shares in TREL for Re.1/- each credited as fully paidup for every 1 equity shares held by each member of Texmaco Ltd.on record date.)	1,817.83	546.00
	1,817.83	546.00

SCHEDULE A1 EMPLOYEES STOCK OPTION OUTSTANDING		
Employees Stock Option Outstanding	35.61	–
Less: Deferred Employees Compensation Expenses	–	–
	35.61	–

Schedules to Balance Sheet

		2010-11 (Rs. in Lakhs)	2009-10 (Rs. in Lakhs)
SCHEDULE B RESERVES AND SURPLUS			
Share Premium			
Transfer as per scheme of arrangement		–	–
Equity QIP Share Premium	16,523.33		
Less: Transfer to General Reserve	(16,523.33)	–	–
Revaluation Reserve			
Transfer as per scheme of arrangement	1,306.55		–
Less: On Assets sold/ discarded during the year	20.22		–
	1,286.33		–
Less: Transferred to Profit and Loss Account	44.32	1,242.01	–
State Capital Investment Subsidy			
As per scheme of arrangement	15.00		–
Add: Received during the year	–	15.00	–
General Reserve			
Transfer of Equity QIP Share Premium	16,523.33		–
Add: Adjustment as per Scheme of Arrangement	15,280.48		–
Less: Transfer to Equity Share Capital	(1,271.83)		–
	30,531.98		–
Add: Transferred from Profit and Loss Account	3,000.00	33,531.98	–
Profit & Loss account		7,024.07	(10.80)
		41,813.06	(10.80)

	2010-11 (Rs. in Lakhs)	2009-10 (Rs. in Lakhs)
SCHEDULE C SECURED LOANS		
From Banks :		
Secured by hypothecation of Finished Goods and part of Raw Materials, Stock-in-Process, Stores, Book Debts, etc. and second charge on Fixed Assets.		
Cash Credit Accounts / SLC / FCNR (B)	9,167.26	–
	9,167.26	–

SCHEDULE D UNSECURED LOANS		
From Body Corporates	521.07	–
Fixed Deposit from employees/ex-employees	31.67	–
	552.74	–

Schedules to Balance Sheet SCHEDULE E

(Rs. in Lakhs)

FIXED ASSETS	GROSS BLOCK						DEPRECIATION				NET BLOCK		
	As on 01.04.2010	Transfer from Texmaco Ltd.	Additions During The Year	Sales/ Adjustments	As on 31.03.2011	As on 01.04.2010	Transfer from Texmaco Ltd.	During The Year	Sales/ Adjustments	As on 31.03.2011	As on 31.03.2011	As on 31.03.2011	As on 31.03.2010
Land	-	1,375.01	-	-	1,375.01	-	-	-	-	-	-	1,375.01	-
Buildings	-	5,113.56	132.09	-	5,245.65	-	2,461.68	96.58	-	2,558.26	2,687.39	2,687.39	-
Roads	-	105.17	-	-	105.17	-	40.61	1.12	-	41.73	63.44	63.44	-
Railway Sidings	-	279.23	-	-	279.23	-	128.27	9.57	-	137.84	141.39	141.39	-
Plant & Machinery	-	11,829.54	732.10	1,055.59	11,506.05	-	6,585.76	695.71	1,002.81	6,278.66	5,227.39	5,227.39	-
Electrical Machinery	-	837.12	10.98	-	848.10	-	358.63	31.84	-	390.47	457.63	457.63	-
Office Equipments	-	406.96	68.63	-	475.59	-	243.08	28.55	-	271.63	203.96	203.96	-
Furniture & Fittings	-	116.89	51.30	-	168.19	-	69.18	9.28	-	78.46	89.73	89.73	-
Vehicles	-	359.48	43.02	6.46	396.04	-	141.36	30.17	5.51	166.02	230.02	230.02	-
Total	-	20,422.96	1,038.12	1,062.05	20,399.03	-	10,028.57	902.82	1,008.32	9,923.07	10,475.96	10,475.96	-
Capital Work - In - Progress	-	157.65	140.99	116.09	182.55	-	-	-	-	-	182.55	182.55	-
Grand Total	-	20,580.61	1,179.11	1,178.14	20,581.58	-	10,028.57	902.82	1,008.32	9,923.07	10,658.51	10,658.51	-
Previous Year	-	-	-	-	-	-	-	-	-	-	-	-	-

Notes: 1. Gross Block includes Rs. 4,776.52 lakhs and Depreciation includes Rs 3,534.51 lakhs due to revaluation on 31.12.1985.

Schedules to Balance Sheet

			2010-11 (Rs. in Lakhs)		2009-10 (Rs. in Lakhs)	
SCHEDULE	F	INVESTMENTS				
A) Long-Term Investment (At Cost)						
Other Investments						
Quantity	F.V.					
10000	10	Texmaco United Group Rail Pvt. Ltd.	1.00	1.00		-
B) Current Investments						
a) Fully paid-up shares in:-						
Quantity	F.V.					
5000	10	Idea Cellular Limited	7.30			-
11000	10	Powergrid Corporation of India Limited	16.78			-
20000	10	Tata Teleservices (Maharashtra) Limited	9.79			-
10000 (5000)	2	East India Hotels Limited	17.29			-
1800 (1000)	10	SREI Infrastructure Finance Limited (incl.800 nos Bonus shares)	2.17			-
500	10	Century Textiles Limited	4.35			-
50000	10	SPIC	12.42			-
101471	10	NHPC Ltd.	36.53			-
			106.63			-
		Less. Provision for Diminution	44.49	62.14		-
b) Mutual Funds in:						
Units	F.V.					
- (54263.228)		UTI Floating Rate Fund			542.05	
10002270.250	10	Reliance Fixed Horizon Fund Series 8	1,000.23			-
5002149.310	10	Reliance Fixed Horizon Fund-19 Series II	500.22			-
11000984.530	10	Reliance Fixed Horizon Fund-19 Series II	1,100.10			-
5000000.000	10	Baroda Pioneer FMP 380 days Series I	500.00			-
5001051.000	10	SBI SDFS-370-12 Growth	500.11			-
20000000.000	10	TEMF Series 31 Scheme B Growth	2,000.00			-
24956409.360	10	Birla Sun Life Short Term Opportunities Fund	2,500.76			-
10000000.000	10	Birla Sun Life Qtly interval - Series 4	1,000.00			-
5006147.000	10	Kotak FMP Series - 40 Dividend	500.61			-
15285544.160	10	Fidelity Fixed Maturity Plan-E Series V	1,528.55			-
15270768.530	10	ICICI Prudential FMP Series 56-1 year Plan A com	1,527.08			-
5731623.480	10	UTI Fixed Term Income Fund Series IX-I	573.16			-
17403547.600	10	UTI Fixed Term Income Fund Series IX-I	1,740.35			-
5012597.000	10	IDFC FMP-Yearly Series 42- Growth	501.26			-
10218500.000	10	SBI SDFS-90 Days -41 Growth	1,021.85			-
5000400.030	10	Kotak Quarterly Interval Plan Series 6 DD	500.00			-
10350582.110	10	Fidelity Fixed Maturity Plan-B Series 5	1,035.06			-
5491816.790	10	L & T FMP-III (March-90 D B) Growth	549.18			-

Schedules to Balance Sheet

			2010-11 (Rs. in Lakhs)		2009-10 (Rs. in Lakhs)	
SCHEDULE F	INVESTMENTS (Contd.)					
B) Current Investments						
b) Mutual Funds in:						
Units	F.V.					
5000000.000	10	DSP Black Rock FMP-3 Month Series 31	500.00			–
8176086.620	10	Kotak Liquid (Inst.Prem DDR)	999.78			–
5000000.000	10	IDBI Ultra Short Term Fund	500.00			–
5000000.000	10	Franklin India Short Term Bond Fund	500.00			–
49929.370	100	Axis Treasury Advantage Fund	500.00			–
4997001.800	10	SBI SHF Ultra Short Term Fund	500.00			–
0.580	10	SBI Premier Liquid Fund-Super IP-DDR	–			–
c) Bonds						
Units	F.V.					
26750	8500	In NABARD – Zero Coupon Bonds	2,498.45			–
540	100000	In IRFC Bond	540.00			–
1000	100000	In IIFCL	1,005.50	26,122.25		542.05
Subscribed and sold during the year (Refer Note No. 17 of Schedule 'Q')						
Total				26,185.39		542.05
			Book Value	Market Value	Book Value	Market Value
Aggregate amount of Quoted Investments			62.14	62.14	–	–
Aggregate amount of Unquoted Investments			26,123.25		542.05	
			26,185.39		542.05	

SCHEDULE G	INVENTORIES					
Stock as per inventories taken, valued and certified by the Management						
Stores, Components & Spare Parts, etc				12,488.97		–
Raw Materials (including at Site Rs. 222.87 Lakhs)				2,577.58		–
Goods-in-Transit				1,755.09		–
Stock-in-Process				4,591.72		–
Finished Goods				160.86		–
				21,574.22		–

SCHEDULE H	SUNDRY DEBTORS (Unsecured-considered good)					
(Including Retention Money Rs. 2,171.91 Lakhs)						
Debts Outstanding for a period Exceeding six months						
Considered good				9,782.78		–
Considered doubtful				–		–
				9,782.78		–
Other Debts considered good				12,194.38		–
				21,977.16		–



Schedules to Balance Sheet

	2010-11 (Rs. in Lakhs)	2009-10 (Rs. in Lakhs)
SCHEDULE I CASH AND BANK BALANCES		
Cash balance in hand	45.93	–
Balances with Scheduled Banks :		
Deposit Accounts	6.66	–
Current Accounts	222.52	5.20
	275.11	5.20

SCHEDULE J OTHER CURRENT ASSETS		
Interest accrued on Loans	43.20	–
	43.20	–

SCHEDULE K LOANS AND ADVANCES		
(Unsecured considered good unless otherwise stated)		
Loans	1,084.18	–
Advances recoverable in cash or in kind or for value to be received	3,307.00	–
Balance with Customs, Port, Excise and other Government Authorities	975.96	–
Deposits	19.98	–
Share Application money	1,575.00	–
Advance payment of FBT (Net of Provision)	0.66	–
	6,962.78	–

SCHEDULE L LIABILITIES		
Sundry Creditors		
For Goods supplied	–	–
– Micro, Small and Medium Enterprise	247.49	–
– Others	14,655.46	–
– For Expenses and other Finance	10,637.44	12.05
Trade and Other Deposits and Advances	6,223.84	–
	31,764.23	12.05

SCHEDULE M PROVISIONS		
For Contingencies	1.00	–
For Leave	153.72	–
For Gratuity	(51.87)	–
Proposed Dividend	1,817.83	–
Tax on Dividend	294.90	–
For others (Refer Note No. 5 of Schedule 'Q')	367.40	–
Provision for Income Tax (Net of Advance Tax)	114.05	–
	2,697.03	–

Schedules to Profit and Loss Account

	2010-11 (Rs. in Lakhs)	2009-10 (Rs. in Lakhs)
SCHEDULE N INCOME FROM OTHER SOURCES		
Income from Investments - Current (Refer Note No. 29 of Schedule 'Q')	852.79	–
Profit on Sale of Investments - Current (Net) (Refer Note No. 29 of Schedule 'Q')	158.80	2.05
Miscellaneous Receipts and Income	13.03	–
Sundry Credit Balance Adjusted	0.26	–
Profit on sale of Fixed Assets (Net) (Refer Note No. 29 of Schedule 'Q')	178.54	–
Provision & Excess Liabilities Written Back	0.81	–
Income related to previous year	6.71	–
Interest		
From Bank	45.48	–
From Others	541.77	–
(TDS Rs. 32.89 Lakhs)		
Rent Received (TDS Rs.7.32 Lakhs)	68.30	–
	1,866.49	2.05

SCHEDULE O OPERATING COSTS		
Raw Materials Consumed (O1)	11,601.99	–
Consumption of Components (Incl. Job processing and contract labour charges Rs. 3,132.45 Lakhs)	62,649.69	–
Consumption of Stores & Spare Parts (including Accessories and after adjusting Sales and departmental transfers,etc.)	7,582.26	–
Power and Fuel	3,193.36	–
Salaries,Wages and Bonus	3,115.62	–
Contribution to and Provision for		
Provident Fund and Pension Fund	278.07	–
Superannuation Fund	27.39	–
Gratuity	242.03	–
Provision for Leave Encashment	48.13	–
Workmen and Staff Welfare Expenses	220.46	–
Selling Agents Commission	9.14	–
Selling Expenses	150.24	–
Erection Expenses	447.73	–
Freight, Packing and Transport (Net) (Refer Note No. 29 of Schedule 'Q')	(206.84)	–
Excise Duty Provided on Stock	3.54	–
Royalty & Knowhow	64.48	–



Schedules to Profit and Loss Account

		2010-11 (Rs. in Lakhs)		2009-10 (Rs. in Lakhs)
SCHEDULE O OPERATING COSTS (Contd.)				
Rates & Taxes		50.04		0.08
Rent Paid		32.46		–
Research & Development		235.70		–
Insurance		16.34		–
Repairs				
Building	540.89		–	
Plant and Machinery	610.50		–	
Others	116.62	1,268.01	–	–
Miscellaneous Expenses		1,240.79		11.12
Charity and Donations		15.94		–
Sundry Debit Balance Adjusted		5.06		–
Expenses related to previous year (Refer Note No. 30 of Schedule 'Q')		0.11		–
Jigs & Fixtures, Drawings and Designs		109.15		–
Bad Debts Written off		744.35		–
Auditors' Remuneration				
As Auditors	6.07		0.07	
For Tax Audit	1.72		–	
For Quarterly Review	2.59		–	
For Fees for Other Services (incl. for issuing various certificates)	3.48		0.03	
For Reimbursement of out of pocket expenses	0.45	14.31	–	0.10
Directors' Fees		2.20		–
Employee Compensation Expenses under ESOP		35.61		–
Directors' Commission		2.06		–
Provision for Diminution of Current and Long Term Investment		11.65		–
Adjustment regarding difference in value of Opening and Closing Stocks of Finished Goods, and Stock-in-Process (O2)		(2,456.13)		–
		90,754.94		11.30

SCHEDULE O1 RAW MATERIALS CONSUMED				
Opening Stock (Transfer from Texmaco Limited)	2,858.20		–	
Add: Purchases and Departmental Transfers etc.	11,575.23	14,433.43	–	–
Less: Returns, Sales and Departmental issues used in Works and in Block	310.90		–	
Closing Stock	2,520.54	2,831.44	–	–
Raw Materials consumed		11,601.99		–

Schedules to Profit and Loss Account

		2010-11 (Rs. in Lakhs)	2009-10 (Rs. in Lakhs)
SCHEDULE	O2	ADJUSTMENT REGARDING DIFFERENCE IN VALUE OF OPENING AND CLOSING STOCKS OF FINISHED GOODS AND STOCK-IN-PROCESS	
Opening Stock: (Transfer from Texmaco Limited)			
	Stock-in-Process	2,196.52	–
	Finished Stock	99.93	–
Closing Stock:			
	Stock-in-Process	4,591.72	–
	Finished Stock	160.86	–
(Increase)/Decrease		(2,456.13)	–

SCHEDULE	P	INTEREST	
Term Loans		71.22	–
Fixed Deposit		2.23	–
Banks		355.31	–
Others		72.69	–
		501.45	–



Schedules to Accounts

SCHEDULE Q NOTES ON BALANCE SHEET AND PROFIT & LOSS ACCOUNT

A. ACCOUNTING POLICIES

General

These accounts are prepared on historical cost basis and on the accounting principles of a going concern. Accounting policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles. Applicable Accounting Standards notified by the Companies Accounting Standards Rules, 2006 have been followed except otherwise stated.

Fixed Assets

Certain Land, Buildings, Roads, Railway Siding and Plant & Machinery as existing on 31.12.1985 are stated on the basis of their revalued costs. Other Fixed assets are stated at cost net of Cenvat. Cost includes purchase price and related expenses.

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment based on external/internal factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount, which represents the greater of the net selling price and 'value in use' of the assets. The estimated future cash flows considered for determining the value in use are discounted to their present value at the weighted average cost of capital.

Depreciation

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

Investments

Current Investment are stated at lower of cost and fair value.

Long term Investments are considered "at Cost" on individual investment basis, unless there is a decline other than temporary in value thereof, in which case adequate provision is made against such diminution in the value of investments

Recognition of Income and Expenditure

Sales revenue is recognised 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 recognised as the services are rendered based on agreement/arrangement with the concerned parties. Dividend income on investments is accounted for when the right to receive the payment is established. Interest income is recognised 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.

Employee Benefits

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

(2) **Leave :**

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

Schedules to Accounts

SCHEDULE Q NOTES ON BALANCE SHEET AND PROFIT & LOSS ACCOUNT (Contd.)

Cenvat Duty, Custom Duty & Cenvat Credit

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

Research and Development

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

Valuation of Inventories

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

Foreign Currency Transactions

Foreign Currency Transactions are recorded at the exchange rate prevailing on the date of transaction. Monetary Assets and Liabilities in foreign currency existing at balance sheet date are translated at the exchange rate prevailing on that date. All exchange differences are recognised in Profit & Loss Account. 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 presentation of financial statements require estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and the estimates are recognised in the period in which the results are known/ materialised.

Borrowing Cost

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

Segment Reporting

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

Taxation

Current Income Tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred tax is calculated at current statutory Income Tax Rate and is recognised on timing differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent

Schedules to Accounts

SCHEDULE Q NOTES ON BALANCE SHEET AND PROFIT & LOSS ACCOUNT (Contd.)

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.

Employees Stock Option Scheme

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

Government Grant

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

B. NOTES ON ACCOUNTS

	2010-11 (Rs. in Lakhs)	2009-10 (Rs. in Lakhs)
1 Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of advance)	2,120.12	–

	2010-11 (Rs. in Lakhs)	2009-10 (Rs. in Lakhs)
2 Contingent Liabilities (not provided for) in respect of :		
(a) Guarantees given by Banks	38,933.43	–
(b) Letters of Credit opened by Banks	13,584.09	–
(c) Claims under dispute (excise duty & service tax)	4,323.41	–
(d) Claims not acknowledged as debts (Amount unascertainable)	–	–
(e) Income Tax assessment re-opened (Amount unascertainable)	–	–

3. The Company accounts for gratuity liability equivalent to the premium amount paid/ payable to Life Insurance Corporation of India (LIC).

4. a) Pursuant to the Scheme of Arrangement approved by the Hon'ble High Court, Calcutta, all the Assets, Liabilities, Capital Investment Subsidy, Equity QIP Share Premium and Revaluation Reserve of Heavy Engineering and Steel Foundry businesses of Texmaco Ltd as on 1st April 2010 have been transferred to the Company at their book values and accordingly, Rs 14,008.65 lacs being the surplus of Assets over the Liabilities of the Business so demerged, after adjusting Share Capital issued by the Company, has been credited to General Reserve in terms of the Order.

b) Pursuant to the Scheme, the Company has issued 12,71,83,090 Equity Shares of Re 1 each aggregating to Rs 1,271.83 lacs to the existing shareholders of Texmaco Limited as on the record date, in the ratio of 1 fully paid up Equity Share of Re 1 each of the Company for each share of Re 1 each held in Texmaco Limited.

c) The results for the current year ended 31st March, 2011 are for "TexRail" after giving effect to the Scheme of Arrangement with Texmaco Limited as approved by the Hon'ble High Court, Calcutta whereby Heavy Engineering and Steel Foundry businesses of Texmaco Limited was demerged to the Company with appointed date of 1st April, 2010 and accordingly its previous year's figures are not comparable with the current year.

Schedules to Accounts

SCHEDULE Q NOTES ON BALANCE SHEET AND PROFIT & LOSS ACCOUNT (Contd.)

5. Movement of Provisions during the year as required under AS 29 prescribed by the Companies (Accounting Standards) Rules 2006 (Rs. in Lakhs)

Particulars	Opening Provision as on 1.4.2010	Transferred from Texmaco Limited	Utilised during the year	Reversed during the year	Provision during the year	Closing provision as on 31.03.2011
(a) Site warranty period maintenance	–	183.99	–	–	–	183.99
(b) Others	–	149.11	26.61	–	60.91	183.41
Total	–	333.10	26.61	–	60.91	367.40

In accordance with the requirement of AS 29 "Provisions, Contingent Liabilities and Contingent Assets" issued by the Companies (Accounting Standards) Rules 2006, the company has provided liability for warranty and other expenses amounting to Rs. 60.91 Lakhs.

Site warranty period maintenance: - The Company gives warranties and maintenance on certain products and services, undertaking to repair, replace and maintain the items for satisfactory working during the warranty period. Provision made as at 31.03.2011 represents the amount of the expected cost of meeting such obligations of rectification/replacement/maintenance. The timing of the outflow is expected to be within a period of two years.

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

6. The total remuneration including estimated value of perquisites paid/payable to the Executive Chairman, Executive Vice Chairman and Whole time Director are as follows:

	2010-11 (Rs. in Lakhs)	2009-10 (Rs. in Lakhs)
(a) Executive Chairman		
i) Salary	90.00	–
ii) Contribution to P.F. and Other Funds	10.80	–
iii) Value of perquisites	1.59	–
(b) Executive Vice Chairman		
i) Salary	64.77	–
ii) Contribution to P.F. and Other Funds	15.59	–
iii) Value of perquisites	10.85	–
(c) Whole Time Director, President & CEO		
i) Salary	37.90	–
ii) Contribution to P.F. and Other Funds	13.83	–
iii) Value of perquisites	4.24	–

- (d) Remuneration paid to Non-executive and Independent Directors as sitting fees Rs. 2.20 Lakhs (previous year Rs NIL) and commission Rs. 2.06 Lakhs (previous year Rs NIL)

Schedules to Accounts

SCHEDULE Q NOTES ON BALANCE SHEET AND PROFIT & LOSS ACCOUNT (Contd.)

(e) Managerial Remuneration:

	2010-11 (Rs. in Lakhs)	2009-10 (Rs. in Lakhs)
A. Computation of Net Profit in accordance with Section 198 of the Companies Act, 1956.		
Profit before Tax as per Profit & Loss Account	17,566.21	–
Add/(Less): Directors' Remuneration	(247.42)	–
Directors' Fees	(2.20)	–
Directors' Commission	(2.06)	–
Profit/ (Loss) On Sale of Fixed Assets (Net)	178.54	–
Provision for diminution in value of Investment	(11.65)	–
Profit/ (Loss) on sale of Investment	158.80	–
Net Profit for Section 198 of the Companies Act, 1956	17,640.22	–
Maximum Commission to Directors (Excluding Whole Time Directors) @ 1%	176.40	–
Commission to Non Whole Time Directors restricted to Rs 1.00 Lakh each on proportionate basis	2.06	–

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

	2010-11 (Rs. in Lakhs)	2009-10 (Rs. in Lakhs)
Disclosure required under the Micro, Small and Medium Enterprises Development Act, 2006 (the Act) are given as follows:		
(a) Principal amount due	247.49	–
Interest due on the above.	–	–
(b) Interest paid during the period beyond the appointed day	–	–
(c) Amount of interest due and payable for the period of delay in making payment without adding the interest specified under the Act.	–	–
(d) Amount of interest accrued and remaining unpaid at the end of the period	–	–
(e) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Act.	–	–
The above information included in Schedule "L" Current Liabilities 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.		

8. 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.

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

Schedules to Accounts

SCHEDULE Q NOTES ON BALANCE SHEET AND PROFIT & LOSS ACCOUNT (Contd.)

10. Related Party Disclosure

(a) Name of the related parties and relationship:

	Relationship	Parties where control Exist 2010-11	Parties where control Exist 2009-10
A	Key Management Personnel	Shri S. K. Poddar Executive Chairman	–
		Shri Ramesh Maheshwari Executive Vice Chairman	–
		Shri D. H. Kela Whole Time Director, President & CEO	–

(b) Related parties transactions:

(Rs. in Lakhs)

Transaction	Key Management Personnel	Relatives of Key Management Personnel	Grand Total
Remuneration paid			
– Shri S. K. Poddar	102.39	–	102.39
– Shri Ramesh Maheshwari	91.21	–	91.21
– Shri D. H. Kela	55.97	–	55.97

11. 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 will be computed by the actuary as at 31st March, 2011.

Employee Benefits

Defined Benefits Plans – As per Actuarial Valuation as on March 31, 2011

(Rs. in Lakhs)

	Funded Gratuity 2010-11	Funded Gratuity 2009-10	Unfunded Leave 2010-11	Unfunded Leave 2009-10
I Change of Benefit Organisation				
Liability at the beginning of the year	–	–	–	–
Transfer from Texmaco Limited	1,537.60	–	114.03	–
Interest cost	144.50	–	12.68	–
Current Service Cost	83.28	–	28.35	–
Past Service Cost (Non Vested Funds)	–	–	–	–
Past Service Cost (Vested Funds)	–	–	–	–
Benefits Paid	(168.67)	–	(8.43)	–
Actuarial (Gain)/Loss on obligation	154.90	–	7.09	–
Curtailments and Settlements	–	–	–	–
Plan Amendment	–	–	–	–
Liability at the end of the year	1,751.61	–	153.72	–

Schedules to Accounts

SCHEDULE Q NOTES ON BALANCE SHEET AND PROFIT & LOSS ACCOUNT (Contd.)

Employee Benefits

Defined Benefits Plans – As per Actuarial Valuation as on March 31, 2011 (Contd.)

(Rs. in Lakhs)

	Funded Gratuity 2010-11	Funded Gratuity 2009-10	Unfunded Leave 2010-11	Unfunded Leave 2009-10
II Fair Value of Plan Assets				
Fair value of Plan Assets at the beginning of the year	–	–	–	–
Transfer from Texmaco Limited	1,497.84	–	–	–
Expected Return on Plan Assets	140.65	–	–	–
Contributions	333.66	–	8.43	–
Benefit Paid	(168.67)	–	(8.43)	–
Actuarial (Gain)/Loss on Plan Assets	–	–	–	–
Fair Value of Plan Assets at the end of the year	1,803.48	–	–	–
Total Actuarial (Gain)/Loss to be Recognised	–	–	–	–
III Actual Return on Plan Assets				
Expected Return on Plan Assets	140.65	–	–	–
Actuarial (Gain)/Loss on Plan Assets	–	–	–	–
Actual Return on Plan Assets	140.65	–	–	–
IV Amount Recognised in the balance sheet				
Liability at the end of the year	1,751.61	–	153.72	–
Fair Value of Plan Assets at the end of the year	(1,803.48)	–	–	–
Difference	(51.87)	–	153.72	–
Unrecognised Past Service Cost	–	–	–	–
Amount Recognised in the Balance Sheet	(51.87)	–	153.72	–
V Expenses Recognised in the Income Statement				
Current Service Cost	83.28	–	28.35	–
Interest Cost	144.50	–	12.68	–
Expected Return on Plan Assets	(140.65)	–	–	–
Net Actuarial (Gain)/Loss to be Recognised	154.90	–	7.09	–
Past Service Cost/(Non Vested Benefit) Recognised	–	–	–	–
Past Service Cost/(Vested Benefit) Recognised	–	–	–	–
Effect of Curtailment or settlement	–	–	–	–
Curtailments and Settlements	–	–	–	–
Expenses Recognised in the Profit and Loss Account	242.03	–	48.12	–
VI Balance Sheet Reconciliation				
Opening Net Liability	–	–	–	–
Transfer from Texmaco Limited	39.76	–	(114.03)	–
Expense as above	242.03	–	(48.12)	–
Employer's Contribution	(333.66)	–	–	–
Effect of Curtailment or settlement	–	–	–	–
Benefits paid	–	–	8.43	–
Amount Recognised in the Balance Sheet	(51.87)	–	153.72	–
VII Actuarial Assumption				
Discount Rate Current	8.25%	–	8.25%	–
Rate of Return on Plan Assets	8.50%	–	–	–
Salary Escalation Current	5.00%	–	5.00%	–

Schedules to Accounts

SCHEDULE Q NOTES ON BALANCE SHEET AND PROFIT & LOSS ACCOUNT (Contd.)

12. Employees Stock Option Scheme

In respect of Stock options granted pursuant to Texmaco's Employees Stock Option Schemes 2007, on exercise of such option, the Equity Shares in Texmaco Limited and Texmaco Rail & Engineering Limited (TREL) shall be issued to the optionees in the same ratio, i.e., 1 (One) Equity Share of Re.1 each in Texmaco Limited and 1 (One) Equity Share of Re.1 each in TREL for every 1 (One) stock option of Re.1 each held by them as on the Effective Date. The total exercise price of the options shall be split between TREL and Texmaco Limited in proportion to the net book value of the assets (i.e assets minus liabilities) transferred to TREL and retained by Texmaco Limited.

Under the Employees Stock Option Scheme 2007 (ESOS 2007), the Company has granted 3,65,000 options to its eligible employees, the details of which are as follows:

(A) Employees Stock Option Scheme

Particulars	Terms
No. of Options	10,00,000
Method of Accounting	Intrinsic Value
Vesting Plan	Minimum two years and maximum three years from the date of grant of option
Exercise Period	Commence from the date of vesting and will expire on completion of 5 years from the date of vesting operation
Grant Date	11.05.2007
Grant Price (Rs. per Share)	32.51
Market Price on the date of Grant of Option (Rs.)	71.75

(B) Movement of Options Granted:

Particulars	2010-11
Option Outstanding at the beginning of the year	3,65,000
Granted during the year	–
Exercise during the year	–
Lapsed during the year	–
Option outstanding at the end of the year	3,65,000
Option unvested at the end of the year	3,65,000
Option exercisable at the end of the year	–

(C) Fair Valuation:

The Fair value of option used to compute Performa net income and earnings per equity share has been done by an independent firm of Chartered Accountants on the date of grant using Black – Scholes Model.

The Key assumption in Black – Scholes Model for calculating fair value as on the date of grant are:

Risk Free Rate	%	8.04
Option Life	Months	44
Expected Volatility	%	18.91
Expected Growth in Dividend	%	13.33

The weighted average fair value of the option, as on date of grant, works out to Rs. 64.35 per stock option.

Schedules to Accounts

SCHEDULE Q NOTES ON BALANCE SHEET AND PROFIT & LOSS ACCOUNT (Contd.)

Had the compensation cost for the stock option granted under ESOS been determined, based on fair-value approach, the Company's net profit and earnings per share would have been as per the Performa amounts indicated below:

Particulars	Rs. in Lakhs	
	2010-11	2009-10
Net Profit (As Reported)	12,147.60	–
Add Compensation Expenses under ESOS included in the Net Profit	35.61	–
Less Compensation Expenses under ESOS as per fair value	116.21	–
Net Profit (fair value basis)	12,067.00	–
Basic Earning per Share (As Reported) Re. 1/ –share	6.68	–
Basic Earning per Share (Fair Value Basis) Re. 1/ – share	6.64	–
Diluted Earning per Share (As Reported) Re. 1/ – share	6.67	–
Diluted Earning per Share (Fair Value Basis) Re. 1/ – share	6.62	–

13. Earning Per Share – The numerator and denominators used to calculate Basic/ Diluted Earning per Share

		2010-11
Net Profit for the period from ordinary activities attributable to equity shareholders (Excluding Preference Share Dividend) – used as numerator	Rs in Lakhs	12,147.60
Weighted average number of Equity share outstanding used as denominator for Basic earning per share	Number	181783090
Weighted average number of Equity share on account of Employees Stock Option Scheme	Number	365000
Weighted average number of Equity share used as denominator for Diluted Earning per Share	Number	182148090
(A) Basic Earning per share (face value of Re 1/- each)	Rs.	6.68
(B) Diluted Earning per share (face value of Re 1/- each)	Rs.	6.67

14. Deferred Tax Assets/Liability is recognised as per AS 22 “at the end of the Financial Year i.e. 31st March. Accordingly the said Asset/Liability will be computed as at 31st March, 2011. The figures of 31st March, 2011 are as below :-

	2010-11 (Rs. in Lakhs)	2009-10 (Rs. in Lakhs)
Items u/s 43B and u/s 40(a)(i)(a) of I.T Act	179.10	–
Depreciation	(7.71)	–
Net Deferred Tax (Liability) / Assets	171.39	–

15. As per the valuation report submitted by the external valuer appointed for the purpose, the company has revalued some of its fixed assets i.e. certain Land, Building, Road, Railway siding and Plant & Machinery, of its engineering units as at 31.12.1985, after considering depreciation for the year, at net replacement cost. As a result, there has been a net increase in the book value of assets as at 31.12.1985 of Rs. 3,484.58 lakhs which has been transferred to Revaluation Reserve Account. The unamortised balance as 31st March 2011 is Rs. 1,242.01 lakhs.

Schedules to Accounts

SCHEDULE Q NOTES ON BALANCE SHEET AND PROFIT & LOSS ACCOUNT (Contd.)

16. Interest in Joint Venture

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

	Percentage of ownership	Country of incorporation
Texmaco United Group Rail Private Limited	50%	India

The company's share in assets, liabilities, income and expense in the above jointly controlled entity as at and for the year ended March 31, 2010 is as follows:

Name of Joint Venture	Company's share in				
	Assets	Liabilities	Income	Expenses	Profit/ (Loss) after Tax
Texmaco United Group Rail Private Limited	1.00	0.34	Nil	0.13	(0.13)

Company's share in the Capital Expenditure Commitments and contingent liability of the Joint Venture – Rs Nil. The audited accounts of JV Company for the year ended 31st March 2011 was not available on the date of signing of Balance Sheet

17. Details of Investment purchased and sold during the year:

Sl. No.	Name of Mutual Fund	Amount Invested (Rs. in Lakhs)	No of Units	FV/Unit
1	UTI Floating Rate Short Term Plan	1,618.51	161726.809	1000
2	UTI Fixed Income Interval Fund – Series II - Quarterly Plan V	4,235.16	42350771.400	10
3	Treasury Advantage Fund	2,306.61	230611.396	1000
4	UTI Fixed Income Fund Series II - Qty plan VI	1,107.91	11079044.290	10
5	UTI Liquid Cash Plan	1,000.00	98092.522	1000
6	UTI Fixed Income Fund - Qty Plan - Series III	1,031.74	10001133.700	10
7	UTI Monthly Interval Plan - II Dividend Re-Investment	517.25	4999450.060	10
8	IDFC Cash Fund	500.00	4998750.312	10
9	IDFC Money Manager Treasury Plan	1,000.06	9988779.400	10
10	L & T FMP - II (November)	500.00	5000000.000	10
11	L & T FMP - II (December)	537.13	5371285.152	10
12	DSP Black Rock FMP - 3 Months - Series 19	500.00	5000000.000	10
13	DSP Black Rock FMP - 3 Months Series 24	500.00	5000000.000	10
14	Fidelity FMP Series 3 Plan B Growth	1,000.00	10000000.000	10
15	Fidelity FMP Series 4 Plan B	1,017.74	10177389.020	10
16	Fidelity FMP Series 4 Plan D Dividend	1,500.00	15000000.000	10
17	Fidelity Cash Fund DDR	1,527.79	14930033.410	10
18	Kotak Liquid (Institutional Premium) - Daily Dividend	1,000.00	8177863.957	10
19	Kotak Floater Long Term	500.06	4961025.178	10
20	KOTAK Quarterly Interval Plan Series 6	500.00	5000400.032	10

Schedules to Accounts

SCHEDULE Q NOTES ON BALANCE SHEET AND PROFIT & LOSS ACCOUNT (Contd.)

17. Details of Investment purchased and sold during the year: (Contd.)

Sl. No.	Name of Mutual Fund	Amount Invested (Rs. in Lakhs)	No of Units	FV/Unit
21	Kotak Quarterly Interval Plan Series 1	1,000.00	9997800.484	10
22	Kotak Quarterly Interval Plan Series 8	1,500.00	14999731.300	10
23	ICICI Prudential Liquid Plan-Daily Dividend	3,526.89	3448099.742	100
24	ICICI Prudential Flexible Income Plan Premium-DD	3,000.30	2837563.444	100
25	ICICI Prudential Interval Fund II Quarterly Plan	1,500.00	14995051.630	10
26	ICICI Prudential FMP Series 56- 1 Year Plan A	1,527.08	15270768.530	10
27	Reliance Money Manager Fund-Inst.Option -DD	1,047.14	104570.655	1000
28	Reliance Quarterly Interval Fund - III	501.87	4998400.512	10
29	Reliance Liquidity Fund	1,000.00	9994902.600	10
30	Reliance Monthly Interval Fund- Se-II	1,098.44	10511917.140	10
31	BNP Paribas Fixed Term Fund Ser-19 C Div	528.07	5280745.000	10
32	HDFC High Interest Fund Short Term Plan	516.42	4858083.606	10
33	HDFC FMP 100 Days 2010 (3) - Dividend -Series -XIV option Payout	500.00	5000000.000	10
34	HDFC Floating Rate Income Fund-Short Term plan	500.00	4959874.614	10
35	HDFC FMP 100 D November 2010 (1)-Dividend -Series XVII	500.00	5000000.000	10
36	Birla Sun Life Cash Plus	2,500.00	24951344.880	10
37	BSL Short Term FMP Series 3Dividend payout	2,545.04	25007570.810	10
38	BSL Quaterly interval Series 4 Dividend payout	1,000.00	10000000.000	10
39	LIC MF Liquid Fund	1,000.00	9107385.179	10
40	LIC MF Saving Fund	1,000.12	10001212.590	10
41	Peerless liquid Fund	518.73	5186490.709	10
42	AIG India liquid Fund	500.00	49950.050	1000
43	AIG India Treasury Fund	500.05	4995037.359	10
44	SBI SHF Ultra Short Term Fund	4,343.31	43407046.250	10
45	SBI Magnum Insta Cash Fund	13,000.00	63263791.600	10
46	SBI SDFS -90 Days - 36 - Growth	1,000.00	10000000.000	10
47	SBI Premier Liquid Fund	500.00	4983802.641	10
48	SBI Debt Fund Series - 90 Days -37 Dividend	500.00	5000000.000	10

18. Sales include inter departmental transfers Rs.13,959.54 lakhs, Tax deducted at source Rs.967.86 lakhs, excess/(short) realisation of bills (net) Rs.(17.53) lakhs.

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

20. Value of raw materials and stores (including components and spare parts) services etc.:

	2010-11 (Rs. in Lakhs)	%	2009-10 (Rs. in Lakhs)	%
Imported	12,610.99	15.41	–	–
Indigenous	69,222.95	84.59	–	–
	81,833.94	100.00	–	–

Schedules to Accounts

SCHEDULE Q NOTES ON BALANCE SHEET AND PROFIT & LOSS ACCOUNT (Contd.)

21. Value of imports on C.I.F. Basis

	2010-11 (Rs. in Lakhs)	2009-10 (Rs. in Lakhs)
Raw Materials	150.13	–
Components, Spare Parts and Stores	12,251.84	–
	12,401.97	–

22. Expenditure in Foreign Currency:

	2010-11 (Rs. in Lakhs)	2009-10 (Rs. in Lakhs)
Salary	85.19	–
R & D Expenses	151.20	–
Travelling and Others	25.21	–
Books & Periodicals	0.04	–
General Charges (AAR Audit Fee)	5.50	–

23. Income in Foreign Exchange:

	2010-11 (Rs. in Lakhs)	2009-10 (Rs. in Lakhs)
Export of Goods (F.O.B.)	728.85	–

24. The following items are included under other heads of expenses in the Profit & Loss account:

	2010-11 (Rs. in Lakhs)	2009-10 (Rs. in Lakhs)
Salary & Wages	63.44	–
Stores & Spares consumed	1,093.31	–

25. Miscellaneous expenses include:

	2010-11 (Rs. in Lakhs)	2009-10 (Rs. in Lakhs)
Bank charges including Guarantee Commission	362.80	–
Foreign Exchange (Gain)/Loss*	(24.47)	–
Travelling Expense paid to Directors for attending Board Meetings	3.84	–

* In addition to above, Exchange Difference arising on Foreign Currency Transactions on account of imported Raw Materials/ Stores has been accounted under respective Revenue Heads.

26. Consumption of raw materials, components, stores and spares parts includes profit/loss on sale thereof.

27. Issued, Subscribed and Paid up Share Capital of the company is excluding 9960 No's of Equity Shares lying in abeyance – NSDL – Transit case

Schedules to Accounts

SCHEDULE Q NOTES ON BALANCE SHEET AND PROFIT & LOSS ACCOUNT (Contd.)

28. Details of Income/ Expenses disclosed on Net basis

Sl. No.	Particulars	2010-11 (Rs. in Lakhs)	2009-10 (Rs. in Lakhs)
1	Freight, Packing and Transport		
	Paid	308.88	–
	Received	515.72	–
	Net	(206.84)	–
2	Profit on sale of Fixed Assets		
	Profit	188.96	–
	Loss	(10.42)	–
	Net	178.54	–
3	Income / Profit on sale of current investment		
	(i) Shares		
	Profit	10.34	–
	Loss	–	–
	Net	10.34	–
	(ii) Mutual Funds & Others		
	Profit	1,001.25	–
	Loss	–	–
	Net	1,001.25	–
	Total (i+ii)	1,011.59	–

29. Details of Expenses/(Income) related to previous year

Particulars	2010-11 (Rs. in Lakhs)	2009-10 (Rs. in Lakhs)
(i) Excise Duty refund	–	–
(ii) Miscellaneous Expenses	0.11	–
	0.11	–

30. Analysis of raw materials consumed:

	Units	Quantity		Value	
		2010-11	2009-10	2010-11	2009-10
		(Rs. in Lakhs)			
M.S. & C.I. Scrap	M.T.	21513.00	–	4,636.81	–
Pig Iron	M.T.	1561.00	–	238.30	–
Sponge Iron	M.T.	–	–	–	–
Plates & Sheets	M.T.	13768.32	–	5,922.08	–
Rounds, Bars and Flats	M.T.	529.98	–	229.64	–
Structural	M.T.	1213.87	–	575.16	–
Billets	M.T.	–	–	–	–
Tubes & Pipes*	Meter	–	–	–	–
			–	11,601.99	–

Schedules to Accounts

SCHEDULE Q NOTES ON BALANCE SHEET AND PROFIT & LOSS ACCOUNT (Contd.)

31. Information about Segment Working is given below:

(Rs. in Lakhs)

Assets	2010-11			2009-10		
	Heavy Engg. Division 1	Steel Foundry 2	Total 3(1+2)	Heavy Engg. Division 1	Steel Foundry 2	Total 3(1+2)
Revenue (Net of Excise Duty and Cess)						
External Sales	90,449.63	3,405.44	93,855.07	–	–	–
Internal–Segment Sales	768.56	13,190.98	13,959.54	–	–	–
Total Revenue	91,218.19	16,596.42	107,814.61	–	–	–
Result						
Segment Result	15,524.99	1,955.42	17,480.41	–	–	–
Unallocated Corporate Expenses			–			–
Operating Profit/(Loss)			17,480.41			–
Interest Expenses			(501.45)			–
Interest Income			587.25			–
Total Profit/(Loss) before Tax			17,566.21			–
Provision for Current Tax			(5,590.00)			–
Provision for Deferred Tax			171.39			–
Profit/(Loss) from ordinary activities			12,147.60			–
Extra ordinary items			–			–
Net Profit/(Loss)			12,147.60			–
Other Information						
Segment assets	50,290.03	11,018.39	61,308.42	–	–	–
Unallocated Corporate assets			–			–
Total assets	50,290.03	11,018.39	61,308.42	–	–	–
Segment liabilities	38,065.22	4,003.31	42,068.53	–	–	–
Unallocated corporate liabilities			–			–
Total Liabilities	38,065.22	4,003.31	42,068.53	–	–	–
Capital expenditure	987.96	191.15	1,179.11	–	–	–
Depreciation	322.16	536.34	858.50	–	–	–
Non-cash expenses other than depreciation			11.65			–

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

Schedules to Accounts

SCHEDULE Q NOTES ON BALANCE SHEET AND PROFIT & LOSS ACCOUNT (Contd.)

32. Particulars in Respect of Goods Manufactured :

Class of Goods	Units	Year	Installed Capacity	Actual Production	Stock of Goods Produced				Sales	
					Opening		Closing		Quantity	Value
					Quantity	Value (Rs. in Lakhs)	Quantity	Value (Rs. in Lakhs)		
Wagons	VUs	2010-2011 2009-2010	7,500 -	3,801 -	- -	- -	- -	- -	3,801 -	87,131.79 -
Structurals	M.T.	2010-2011 2009-2010	20,400 -	1,275 -	- -	- -	38 -	34.37 -	1,237 -	1,994.55 -
Water Tube Boilers and Package Boilers	M.T.	2010-2011 2009-2010	720 -	17 -	- -	58.83 -	- -	49.40 -	17 -	16.99 -
Sugar Mill Machinery (Complete Plant 1200 Tons Crushing Capacity)	M.T.	2010-2011 2009-2010	4,000 -	- -	- -	- -	- -	- -	- -	2.21 -
Pressure Vessels, Heat Exchangers and Chemical Machineries	M.T.	2010-2011 2009-2010	1,500 -	218 -	- -	- -	- -	- -	218 -	241.95 -
Points and Crossings	Sets	2010-2011 2009-2010	2,000 -	- -	- -	- -	- -	- -	- -	- -
Site Fabrication and Erection	M.T.	2010-2011 2009-2010	- -	1,858 -	- -	- -	- -	- -	1,858 -	2,014.55 -
Steel Castings & Ingots (including Draft Gear 4000 Sets)	M.T.	2010-2011 2009-2010	30,000 -	16,934 -	- -	- -	- -	- -	16,934 -	18,223.04 -
Power Tiller/Reaper	Nos.	2010-2011 2009-2010	2,000 -	584 -	49 -	40.11 -	21 -	76.09 -	612 -	610.72 -
Ring Frames, Doublers and Worsted Ring Frames	Nos.	2010-2011 2009-2010	1,173 -	- -	2 -	0.60 -	2 -	0.60 -	- -	- -
Speed Frames	Nos.	2010-2011 2009-2010	- -	- -	1 -	0.39 -	1 -	0.39 -	- -	- -
Scrap	M.T.	2010-2011 2009-2010	- -	- -	- -	- -	- -	- -	- -	1,259.47 -
Others		2010-2011 2009-2010	- -	- -	- -	- -	- -	- -	- -	255.05 -
Total		2010-2011 2009-2010				99.93		160.86		111,750.32

- Notes :
1. Installed Capacity have been certified by the Management.
 2. Weight of bought-outs and Erection not included in quantity.
 3. Where units are in numbers,value of spares, sub-assembly and part production considered.
 4. Opening stock of good produced represents transfer from Texmaco Limited as per scheme of demerger.

Schedules to Accounts

SCHEDULE Q NOTES ON BALANCE SHEET AND PROFIT & LOSS ACCOUNT (Contd.)

33. 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.

	2010-11 (Rs. in Lakhs)	2009-10 (Rs. in Lakhs)
(a) The particulars of derivative contracts entered into for hedging purpose, outstanding as at 31st March 2011 are as under :		
For hedging foreign currency		
Forward Contracts : - Payable	-	-
(b) Un-hedged foreign currency exposure as at 31st March 2011 are as under – Payables	4,387.23	-

34. 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

P. K. Gutgutia

Partner

Membership No. 6994

6C, Middleton Street,

Kolkata - 700 071

Dated: 23rd May 2011

A. K. Vijay
Secretary

S. K. Poddar
Ramesh Maheshwari
B. P. Bajoria
S. Dhasarathy
D.H. Kela
A.C. Chakrabortti

Directors

Balance Sheet Abstract and Company's General Business Profile

I Registration Details

Registration No.:

State Code

Balance Sheet Date

Date Month Year

II. Capital issued during the year (Amount Rs. in Thousands)

Public Issue

Rights Issue

Bonus Issue

Private Placement

III Position of Mobilisation and Deployment of Funds (Amount Rs. in Thousands)

Total Liabilities

Total Assets

Sources of Funds

Paid-up-capital

Reserves and Surplus

Secured Loans

Unsecured Loan

Deferred Tax Liabilities (Net)

Employees Stock Option Outstanding

Application of Funds

Net Fixed Assets

Investments

Net Current Assets

Deferred Tax Assets (Net)

Accumulated Losses

Misc. Expenditure

IV Performance of the Company (Amount Rs. in Thousands)

Turnover

Total Expenditure

Other Income

Profit after Tax

Profit before Tax

Dividend Rate (%)

Earning per share in Rs.

V Generic Names of three Principal Products of Company

Product Description:

i) Wagons

ii) Steel Castings

iii) Structurals

Item Code No. (ITC Code):

In terms of our Report of even date attached herewith.

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

Chartered Accountants

P. K. Gutgutia

Partner

Membership No. 6994

6C, Middleton Street,

Kolkata - 700 071

Dated: 23rd May 2011

A. K. Vijay
Secretary

S. K. Poddar
Ramesh Maheshwari
B. P. Bajoria
S. Dhasarathy
D.H. Kela
A.C. Chakrabortti

Directors

Cash Flow Statement

For the year ended 31st March 2011

(Rs. in Lakhs)

	Year ended 31.03.2011	Year ended 31.03.2010
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before Tax & Exceptional Items	17,566.21	(9.25)
Adjustments for:		
Depreciation	858.50	-
Interest Paid	501.45	-
Employee Compensation Expenses under ESOP	35.61	-
Provision for Diminution in value of Investments	11.65	-
Interest Received	(587.24)	-
Income From Investments	(852.79)	-
Profit on Sale Of Investments-Current(Net)	(158.80)	-
Profit on Sale Of Fixed Assets(Net)	(178.54)	-
	(370.16)	-
Operating Profit before Working Capital Changes & Exceptional Items	17,196.05	(9.25)
(Increase)/Decrease in Inventories	(4,307.82)	-
(Increase)/Decrease in Trade & Other Receivables	(2,829.23)	-
Increase/(Decrease) in Trade Payables	5,787.22	11.29
Cash Generated from Operations	15,846.22	2.04
Direct Taxes Paid	(6,169.98)	-
Cash Flow before Exceptional Items	9,676.24	2.04
Exceptional Items	-	-
Net Cash from Operating Activities	9,676.24	2.04
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(1,063.02)	-
Sale of Fixed Assets	212.04	-
Purchase/Sale of Investments	(8,483.16)	(542.04)
Interest Received	691.50	-
Income From Investments	852.79	-
Net Cash used in Investing Activities	(7,789.85)	(542.04)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Receipt/(Payment) of Long Term Borrowings	1,405.72	-
Receipt/(Payment) of Short Term Borrowings	(3,176.48)	-
Proceeds from issue of Share Capital	-	545.00
Interest Paid	(501.45)	-
Net Cash used in Financing Activities	(2,272.21)	545.00
Net Decrease in Cash and Cash Equivalents	(385.82)	5.00
Cash And Cash Equivalents at the beginning of the period	5.20	0.20
Add: Transfer from Demerging Engg. Division of Texmaco Ltd.(*)	655.73	660.93
Cash and Cash Equivalents at the end of the period	275.11	5.20

- Note: (1) The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard-3 "Cash Flow Statement" as notified in the Companies (Accounting Standard) Rules, 2006.
- (2) As the engineering division of the Texmaco Limited("Demerging Company") is demerging and transferred to "the Company" (Texmaco Rail & Engg. Ltd.)(*),the current year Cash Flow Statement is not comparable with the corresponding previous year Cash Flow Statement.
- (3) The Cash Flow Statement for the current financial year has been reported after taking into consideration the financial statements of demerging engineering division of "Demerging Company" as on 01.04.2010(*).
- (4) Previous year's figures are regrouped/rearranged wherever necessary.

(*) Refer to Note no. 4 Of Schedule Q on Notes on Accounts.

In terms of our Report of even date attached herewith.

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

Chartered Accountants

P. K. Gutgutia

Partner

Membership No. 6994

6C, Middleton Street,

Kolkata - 700 071

Dated: 23rd May 2011

A. K. Vijay

Secretary

S. K. Poddar
Ramesh Maheshwari

B. P. Bajoria

S. Dhasarathy

D.H. Kela

A.C. Chakrabortti

Directors

WHEN STALWARTS SOAR TOGETHER,
THE SKY IS THE LIMIT.





TEXMACO RAIL & ENGINEERING LTD.

Belgharia, Kolkata 700 056