TEXMACO RAIL & ENGINEERING LIMITED

Financial Results for FY14

Press Note

Texmaco Rail & Engineering Ltd., a "ADVENTZ" Group Company, has reported its Annual Working Results for FY 13-14 approved at its Board Meeting held on 21st May 2014. The Company's overall performance was substantially impacted due to unprecedented delay in release of wagon orders by Indian Railways for the year. In fact, the orders were finalised as late as in April 2014, and the company virtually suffered idle capacity for the entire year. However, it still managed its operations albeit, at a low level, by executing orders comprising of Special Purpose Commodity-specific wagons for private customers and exports. More than 80% revenue of Rolling Stock Division came from sources other than Indian Railways.

The Gross Turnover for the FY 14 stood at Rs.515.17 crore, Gross Profit (PBDT) Rs.30.50 crore, Profit Before Tax (PBT) Rs.18.76 crore and the Net Profit (PAT) Rs.16.97 crore. The corresponding figures for the previous year FY 13 were Gross Turnover at Rs.1035.97 crore, PBDT Rs.144.16 crore, PBT Rs.134.77 crore and PAT Rs.94.27 crore respectively. For the Q4 ended 31st March, 2014, the Turnover stood at Rs.98.91 crore, Gross Profit/(Loss) at (Rs.1.88) crore and Net Profit/(Loss) at (Rs.3.52) crore.

In view of low profits, the Directors have recommended a dividend of 25% on the Equity Shares of the Company as against 100% in the previous year.

The Company is buoyant on the prospects of Rolling Stock Division with the expected thrust in Rail Sector by a strong and stable government under the dynamic leadership of Shri Narendra Modi. The Company looks forward to capitalizing on its State-of-the-Art infrastructure and massive production capacity by expanding its product-mix and market share.

The Company is successfully making breakthrough in new design wagons for *Car Carrying*, Double Stack Container Flat wagons, etc. and has intensified its efforts to further explore export opportunities. Besides, the company is well placed in a large value tender of the Ministry of Defence, which is expected to be finalized shortly.

The Company has further diversified into manufacture of Electric Locomotive Shells and Sub-assemblies and secured orders for supply of Centre Sills, Head Stocks, Underframe Assemblies, and Complete Shell Assembly. The new EMU Coach manufacturing facility set up at Sodepur Works is fully operational, and the 1st Rake of 9 coaches is scheduled to be despatched in 2nd quarter of the current year.

The Steel Foundry Division also suffered a setback during the year owing to delayed orders by the Indian Railways on the Wagon Industry. In spite of the difficult situation, the Company was able to retain its leadership in the segment. The export performance of the Foundry continued to be impressive with progressive development of hi-tech products with rich export potential.

The Hydro Mechanical Division is gaining momentum and the prospects are bright with increasing enquiries in respect of new projects in the field.

The Company's JV facility with UGL Rail, Australia, is currently executing an order for supply of 135 Nos. QREL Bogie Frames to Australia. It has also secured developmental order from Indian Railways for supply of LHB Bogie Frames to RCF, Kapurthala.

As informed earlier, in Q3 of the year, the Company had acquired a controlling stake in Kalindee Rail Nirman (Engineers) Ltd. (Kalindee) with a view to expanding its product portfolio. Kalindee is engaged in providing construction services to the Rail/Metro sector in the field of Signaling, Telecommunications, Track and Information Systems.

During Q4 FY 13-14 with the induction of a strong team of highly-qualified, experienced and professional managers in Kalindee, by the Company, the performance of Kalindee has improved significantly. Of Kalindee's total turnover of Rs 254 Crores, Rs.100 crore was achieved in the fourth quarter alone, with a post-tax profit of Rs.12.45 crore, reducing the overall loss of Kalindee (for 9 months ended 31 Dec 2013) from Rs. 19.75 Crore to Rs 7.30 Crore for the entire year.

The Board of Directors of the Company, pursuant to exploring and evaluating various restructuring options available to the Company (which was examined and finally recommended by a separate committee of directors comprising of majority of Independent Directors), has today accepted the proposal to merge Kalindee with and into the Company by way of a Scheme of Amalgamation in terms of Sections 391 to 394 of the Companies Act 1956 ("Scheme"), with effect from 1st April, 2014, i.e., the Appointed Date.

The proposed merger will result in considerable synergies in the operations of both the entities. The resulting company will be able to offer total solution in the Rail Sector to its clients. The combined financial and operational strengths will open new avenues of growth.

The share swap ratio is 106:100, i.e., 106 (One Hundred and Six) fully paid-up equity shares of Re. 1 each of the Company shall be issued for every 100 (One Hundred) fully paid-up equity shares of Rs. 10 each held by a shareholder in Kalindee. The cross holding of the Company in Kalindee shall stand cancelled.

The Scheme shall be implemented in accordance with all applicable laws, including all applicable SEBI regulations, and the Scheme shall be filed with the stock exchanges, in due course, in terms of Clause 24(f) of the Equity Listing Agreement for procuring their no objection.

D.H. Kela
Executive Director

21st May 2014