

TEXMACO RAIL & ENGINEERING LTD.

Annual Report 2015-16

WIDENING THE REACH



Bhairab Bridge over river Meghna, Bangladesh, being constructed by Texmaco



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CORPORATE INFORMATION

Directors

S.K. Poddar, *Executive Chairman*
Ramesh Maheshwari, *Executive Vice Chairman*
A. C. Chakraborti
D. R. Kaarthikeyan
Sunil Mitra
Sabyasachi Hajara[@]
Ms. Mridula Jhunjhunwala
Hemant Kanoria[#]
Akshay Poddar
D. H. Kela, *ED & CEO (SF)*
Sandeep Fuller, *ED & CEO (HED)*
A. K. Vijay, *ED & CFO*

Company Secretary

Ravi Varma^{**}

Auditors

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

Bankers

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

[@] Appointed w.e.f. 28th September, 2015

[#] Resigned w.e.f. 31st March, 2016

^{**} Appointed w.e.f. 22nd June, 2015

Registered & Corporate Office

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

Kolkata Office

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

Regional Offices

• New Delhi • Mumbai

Works (Kolkata)

Heavy Engineering

• Agarpara • Sodepur • Panihati • Belgharia

Steel Foundry

• Belgharia

Subsidiaries

- Kalindee Rail Nirman (Engineers) Limited
- Bright Power Projects (India) Private Limited
- Texmaco Hi-tech Private Limited

Joint Ventures

- Touax Texmaco Railcar Leasing Private Limited
- Wabtec Texmaco Rail Private Limited

CIN: L29261WB1998PLC087404

BUSINESS UNITS

Rolling Stock

- a. High Payload Stainless/ High Tensile Steel Freight Wagons
- b. Commodity Specific Wagons for Bulk Transport
- c. Special Purpose New Design Freight Wagons
- d. Container Flat Rakes
- e. Tank Wagons
- f. Defence Equipment Wagons
- g. Chemical Carrying Wagons
- h. Steel Coil Carrying Wagons
- i. Auto Car Wagons
- j. Brake Vans
- k. EMU Coaches
- l. Coach Bogies & Underframes
- m. Loco Shells & Components

Steel Foundry

Domestic

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

Export

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

Hydro-mechanical Equipment

- Gates in a wide range (Radial, Vertical, Mitre, Flap type)
- Penstocks / Pressure Shaft Liners
- Bifurcation, Trifurcation, Transition, Expansion Joints, Manifolds, Fixed & Rocker Supports and Specials
- Stoplogs / Bulkhead Gates
- Hydraulic, Rope Drum, Hoists, Screw Hoists, Travelling Hoists etc.
- Knife Edge Gate Valve (Screw / hydraulic / Electric Acuator operated) / Filling-in-valves
- Trashracks / Screens
- Trash Rack Cleaning Machines
- Goliath / EOT Cranes / Lifting Beams
- Refurbishment / replacement & overhauling of HM equipment of old hydro projects / barrages

Bridges and other Steel Structures

- Industrial, Power House and Flyover Steel Structures
- Steel Bridges
- Ship Hull Blocks

Process Equipment & Others

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

CHAIRMAN'S MESSAGE

National Vision

The present government has been in office for two years, and our Prime Minister, Shri Narendra Modi, is pushing hard with wide-ranging plans reflecting a radical economic vision. There is an all round multi-pronged action on various fronts to push development schemes with innovative ideas. However, there is no magic wand, and it would need time and patience for notable progress.

In our federal structure, the policy making is inhibited when the State Governments, led by the Chief Ministers from strong regional opposition parties, make it their business politically to stymie the Centre's initiatives. The Government is, of course, trying to create better Centre-State policy alignment. The progress is also affected by slow decision making of the bureaucracy owing to risk-aversion and a play-safe attitude, lest their actions are called into question. There is yet another new phenomenon of proliferation of television channels which engage in sensationalism, and often choose to play the role of the prosecutor, judge and jury.

Despite strong leadership, therefore, if the pace of development and visibility on the ground are inducing certain cynicism, due allowance has to be made for the aforesaid factors. There is little one can do about the federal structure allowing India's plurality of expression and power in the largest democracy of the world with all our diversity. There is no escape from the powers falling easy prey to populism leading to sops to every important constituency – farmers, labourers and the poor.

Economic Growth & Stability

Now coming to the economic performance and outlook, there is mixed scenario and conflict of views among leading economists regarding achievements vis-à-vis the promises to usher in 'achhe din'. A bleak global economic outlook and the resultant export contraction are challenges to the Indian economy. It bears mention here that the expansion happens to be unbalanced, and there are signs which point to slacks in parts of the economy. There call for a review of the fiscal policy and enhancement of public investment in select sectors to boost growth.

“ The engine which drives Enterprise is not Thrift, but Profit ..” – John M Keynes

Prime Minister, Shri Narendra Modi's various overseas visits across the globe have raised India's standing and stature in the world leading to increased visibility and credibility of our nation.

India still stands out as the fastest-growing economy in the world at 7.6% p.a. among emerging economies, as the fundamentals are strong compared to peers.

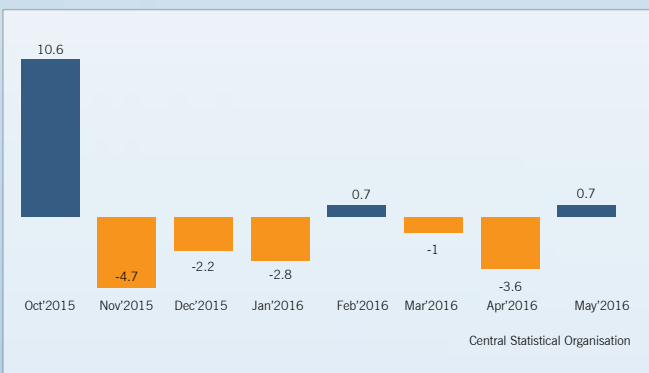
There is a continuing momentum of flows from FII and FDIs owing to favourable policy regime and robust business environment. India has overtaken China as the world's top FDI destination as a result of the Government's effort to improve ease of doing business and relax the FDI norms. However, there is no room for complacency, and we need to stay on the path of sound domestic policies and structural reforms.

We have a fair degree of macro stability but are not immune to every shock. A good monsoon as predicted will significantly relieve the inflationary pressures in the economy and pave the way for rural demand allowing RBI to lower interest rate.

Manufacturing & Rail Sectors

I must make a special mention of the continued sluggishness in the Manufacturing Sector which directly impacts your company. While there are swings in IIP index, there is serious concern about the continued decelerating graph of the Indian manufacturing production as below:

India Manufacturing Production



In the Rail Sector, as far as the orders for wagons and coaches are concerned, the Industry is severely impacted owing to delayed and poor orders, un-remunerative prices and resultant gross underutilisation of the capacity. Fortunately, for your company, the acquisition of Kalindee a couple of years ago and the most recent acquisition of Bright Power in Mumbai in the current year hold out good future prospects in view of large business opportunities in the fast expansion of the Dedicated Freight Corridors (West and East). Further, there is long term sustained business in the field of locomotives, for which the Ministry of Railways has placed the largest ever order on GE, US, and Alstom, France, which have recognised your company as an approved source of indigenous manufacture.

The People

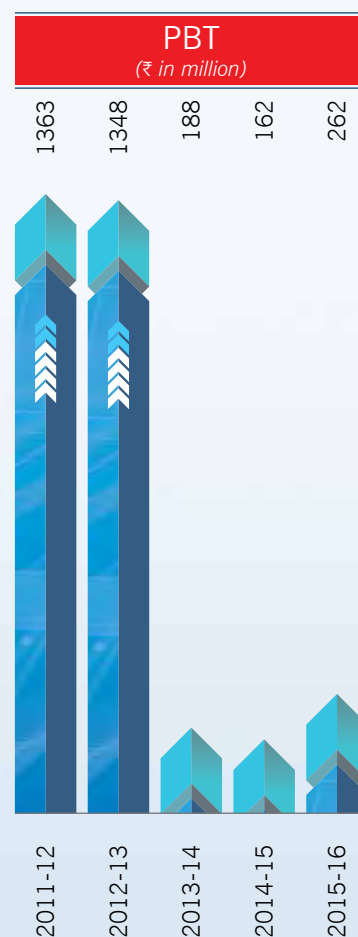
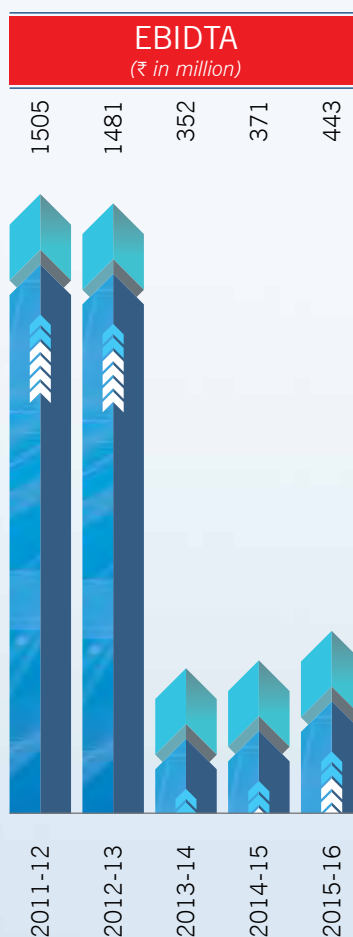
Last, but not the least, India embarked on big-bang economic reforms 25 years back in 1991. Undoubtedly, GDP growth has been much higher in the post-reform period. Ultimately, the impact thereof must be felt in alleviating poverty and inequality. India still has 300 million people below the poverty line. Therefore, the Government has to continue to pursue 2-fold strategy of achieving high economic growth besides taking direct measures thru' Social Protection Programmes. The digital revolution, which will make India the fastest growing internet economy with cashless transactions over the next seven years, will play a key role in improving the living standards of the people.

With the re-election of Ms. Mamata Banerjee as the Chief Minister of West Bengal, the State will witness higher growth both in agriculture and industry which will provide a better work environment for companies like ours.



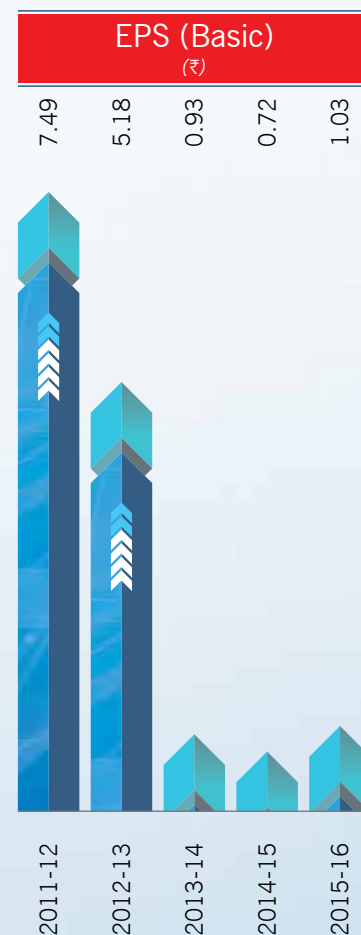
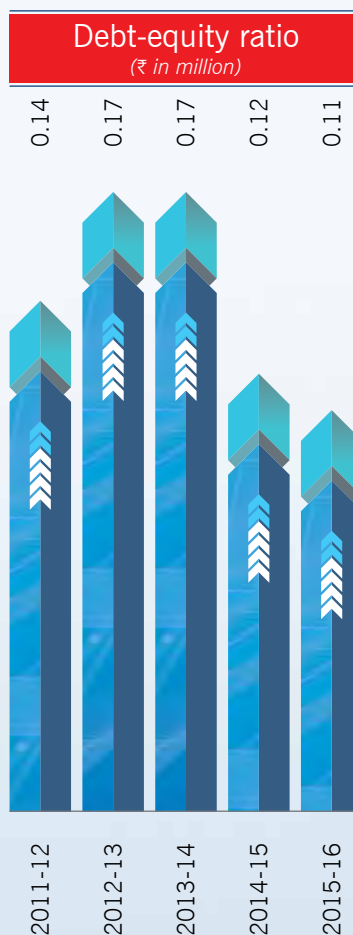
S.K. Poddar





Financial highlights for ten years

	06-07	07-08	08-09	09-10	10-11
Gross sales *	47,612.75	94,352.84	109,125.45	112,549.43	111,750.32
Other income	455.92	596.37	796.95	1,452.96	1,866.49
Gross profit (PBDT)	4,836.63	10,958.15	12,273.12	15,086.20	18,424.71
Profit before tax	4,313.54	10,072.12	11,137.72	13,937.64	17,566.21
Tax for the year	1,391.20	3,099.10	3,508.36	4,592.03	5,418.16
Profit after tax	2,922.34	6,973.02	7,629.36	9,345.61	12,147.60
Extraordinary items	74.73	63.95	45.38	41.13	-
Profit after tax and extraordinary items	2,847.61	6,909.07	7,583.98	9,304.48	12,147.60
Equity #	1,032.57	1,107.83	1,107.83	1,271.83	1,817.83
Free reserves	13,809.99	21,567.28	28,409.95	52,978.05	40,571.05
Equity share book value (₹)	142.03	206.08	26.64 *##	42.65	23.00
Rate of dividend	40%	75%	75%	90%	100%



(₹ in lakhs)

	11-12	12-13	13-14	14-15	15-16
	94514.54	103596.50	51,517.43	55956.41	91709.07
	2560.74	3096.69	2,289.02	2369.38	3200.72
	14543.52	14415.85	3049.72	3115.93	3865.70
	13625.72	13476.67	1,875.94	1622.31	2619.64
	4320.03	4049.76	178.72	248.76	460.64
	9305.72	9426.91	1,697.22	1373.55	2159.00
	-	-	-	-	-
	9305.72	9426.91	1,697.22	1373.55	2159.00
	1820.27	1820.27	1820.27	2100.64	2102.84
	47837.94	55135.23	56300.04	86432.14	88215.63
	27.28	31.29	31.93	42.14	42.95
	100%	100%	25%	25%	25%

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

16400000 equity shares (QIP) issued at a premium of ₹103 per share in 09-10 and 28037383 equity shares (QIP) at a premium of ₹106 per share in 2014-15.

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

* The figures upto 2009-10 relate to working of Texmaco Limited, and are given only for comparison purpose, which under the Scheme of Arrangement has demerged in Heavy Engineering and Steel Foundry businesses to Texmaco Rail & Engineering Ltd. appointed date being 1st April, 2010.

PRODUCTS /PROCESS

Ammonia Tank Wagon 'BTALNM' for transportation of Anhydrous Liquid Ammonia for Fertiliser Plants



New Design Flat Steel Wagon 'BFNSM' for transportation of Steel Coils