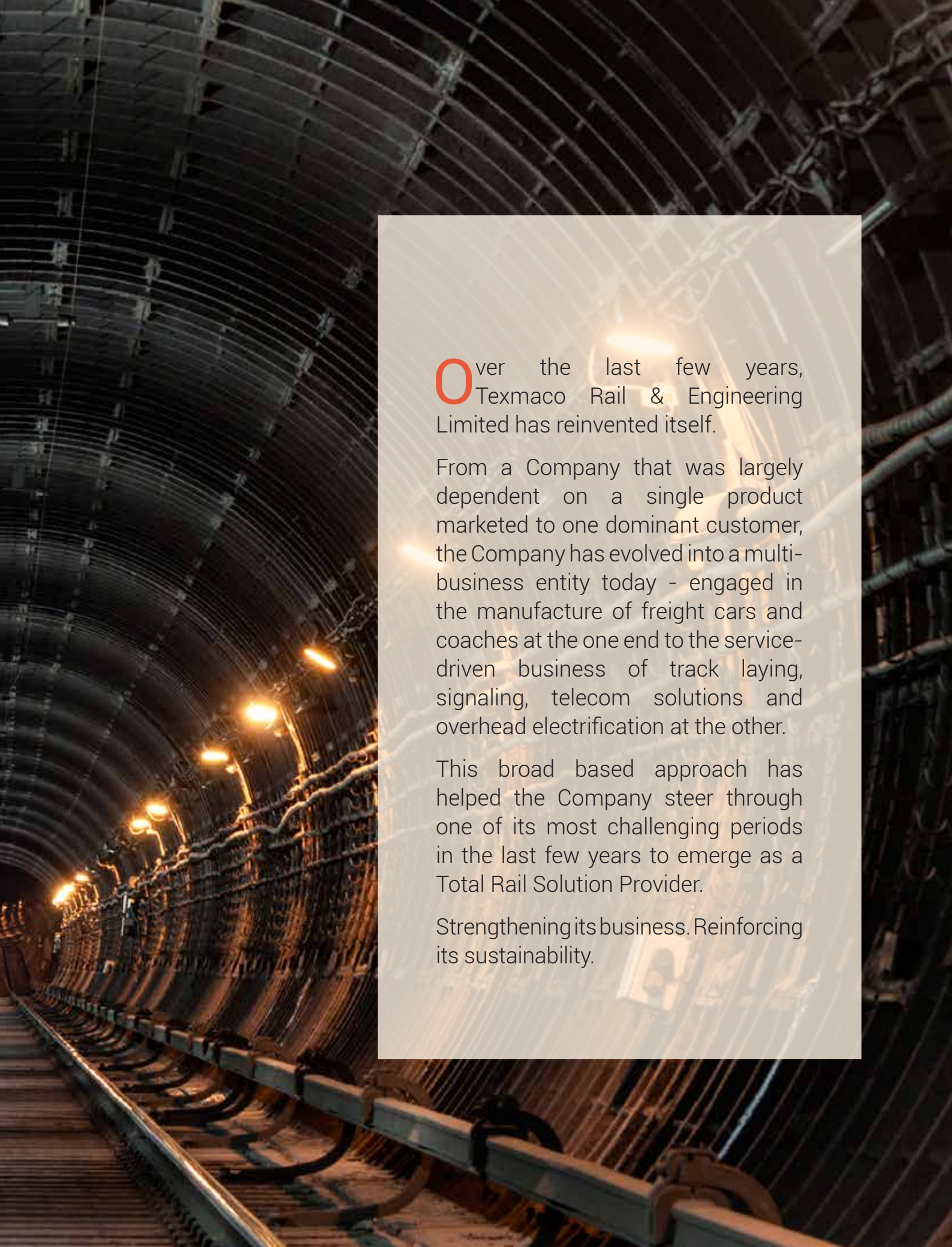


TEXMACO RAIL & ENGINEERING LTD.
Annual Report 2016-17

Total Rail Solution Provider








Over the last few years, Texmaco Rail & Engineering Limited has reinvented itself.

From a Company that was largely dependent on a single product marketed to one dominant customer, the Company has evolved into a multi-business entity today - engaged in the manufacture of freight cars and coaches at the one end to the service-driven business of track laying, signaling, telecom solutions and overhead electrification at the other.

This broad based approach has helped the Company steer through one of its most challenging periods in the last few years to emerge as a Total Rail Solution Provider.

Strengthening its business. Reinforcing its sustainability.



Contents

Corporate Information	03	Business Units	04	Chairman's Message	06
Financial Highlights for ten years	10	Products/Process	12	Corporate Social Responsibility	16
Work-Life Balance	17	Kalindee Rail Nirman	18	The Industry's Acclamation	21
Report of the Directors	22	Report on Corporate Governance	56	Auditor's Report	74
Balance sheet	80	Statement of Profit and Loss	81	Cash Flow Statement	82
Notes to Financial Statements	83	Consolidated Financial Statements	133	Notes to Consolidated Financial Statements	141

Corporate Information

Directors

Mr S. K. Poddar, *Executive Chairman*

Mr A. C. Chakrabortti

Mr D. R. Kaarthikeyan

Mr Sunil Mitra

Mr Sabyasachi Hajara

Mr V. K. Sharma*

Ms Mridula Jhunjhunwala

Mr Akshay Poddar

Mr D. H. Kela, *ED & CEO (SF)*

Mr Sandeep Fuller, *ED & CEO (HED)*

Mr A. K. Vijay, *ED & CFO*

* Appointed w.e.f. 29th June 2016

Company Secretary

Mr Ravi Varma

Auditors

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

Bankers

State Bank of India

ICICI Bank

HDFC Bank

YES Bank

Axis Bank

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 Office

• New Delhi • Mumbai

Works (Kolkata)

Heavy Engineering

• Agarpara • Sodepur • Panihati

• Belgharia

Steel Foundry

• Belgharia

Subsidiaries

• Texmaco Hi-tech Private Limited

• Belur Engineering Private Limited

• Bright Power Projects (India) Private Limited

Joint Ventures

• Touax Texmaco Railcar Leasing Private Limited

• Wabtec Texmaco Rail Private Limited

CIN: L29261WB1998PLC087404

Business Units



Rolling Stock

- High Payload Stainless / High Tensile Steel Freight Wagons
- Commodity Specific Wagons for Bulk Transport
- Special Purpose New Design Freight Wagons
- Bottom Discharge Coal Hopper Wagons
- Container Flat Rakes
- Tank Wagons (SS & MS)
- Defence Equipment Wagons
- Chemical Carrying Wagons
- Auto Car Wagons
- Brake Vans (type BVCM & BVZI)

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

Exports

- High Axle Load Bogie Castings
- Shroud Castings
- CMS Frogs
- Rotary Yokes • Brake Vans

Rail EPC

Design, Supply, Installation & Commissioning

- Main Line Railway Tracks
- Metro Railway Tracks
- Buildings, Platforms & Foot Over Bridges
- Bridges & Culvert for Railways
- Railway Signaling
- Railway Telecom
- Automatic Fare Collection

Railway Overhead & other Electrification

- Railways Electrification
- Other Power Supply Installation

Hydro-mechanical Equipment

- Gates in a wide range : Radial /Vertical/Mitre/Torispherical Flap type/ Hinged 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



Traction & Coaching

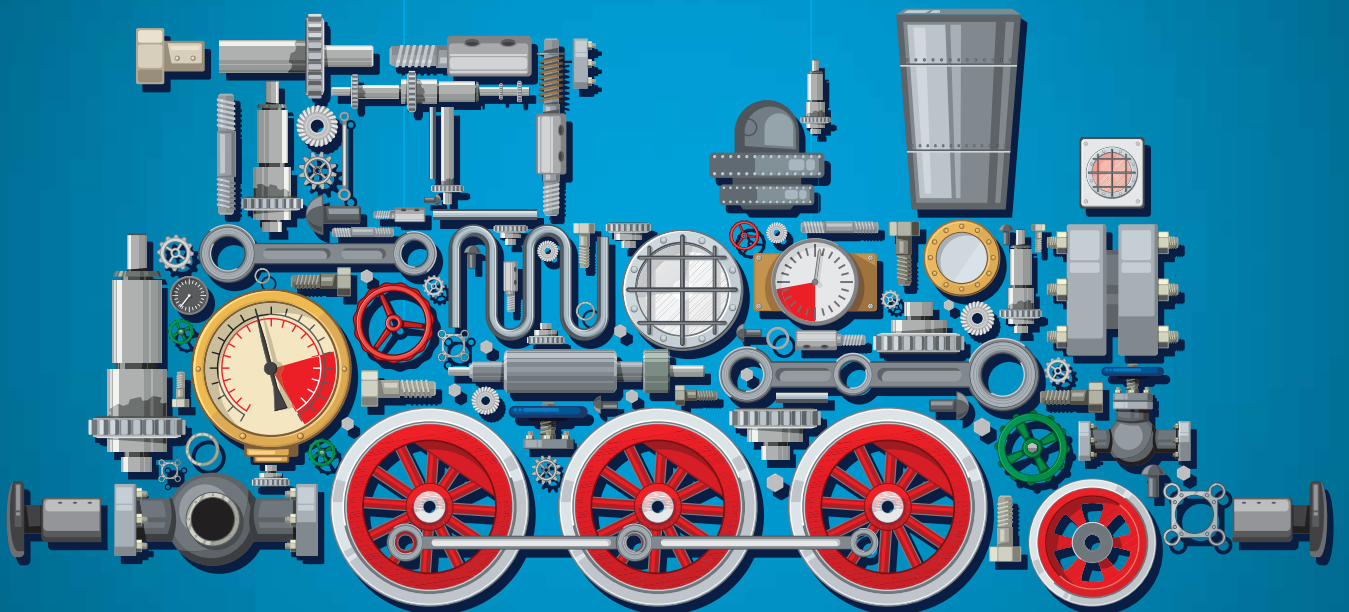
- Railway Traction
- EMU Coaches
- Coach Bogies & Underframes
- Loco Shells & Components

Process Equipment & Others

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

Bridges and other Steel Structures

- Industrial Structure
- Fabrication and erection of Steel Bridges in Railways and Roadways.
- Steel/Concrete Flyovers
- All types of bridges – Concrete and Steel.
- Fabrication and erection of Bailey Bridges
- Ship Hull Blocks





From the desk of
The Chairman

Path Breaking Initiatives

We are witnessing phenomenal policy changes and initiatives in the third year of the present Indian government under Prime Minister Narendra Modi. Of these, India's biggest transformational indirect tax reform would be the Goods and Services Tax (GST), which has been debated and stretched over some 17 years. Fortunately, there is a consensus between the Centre and the States, and the historic step of a 'single' national tax GST is just days away. The omnibus GST will replace a maze of Central and State taxes and will enable India to function as one single economic unit without barriers, facilitating a seamless inter-state flow of trade and commerce.

Another key measure taken by the Govt. of India was 'demonetisation' in November 2016, which, going forward, is expected to generate robust growth in the economy. Hopefully, there would be a great many opportunities emerging in the coming quarters following a series of reforms and initiatives announced in the Budget FY 2017-18. Besides, the improving industrial climate in West Bengal also augurs well for your Company's expansion and diversification programmes.

The Economy

It would be contextual to recall what The Economist had to say in a survey of the Indian economy in June 1991. It said, "Nowhere in the world is the gap between what might have been achieved and what has been achieved as great as it is in India." And come Modi Government, the acceleration of structural reforms has provided a strong sustained growth impetus in the country. The IMF expects India to cross 8% GDP growth in the next 3 years and remain the fastest growing

large economy until 2022. It bears mention that India's growth rate is four times the average of any OECD country and twice the global average.

The macro-economic indicators, such as, fiscal deficit, inflation and Current Account Deficit are at stable and prudent levels. There is a surge in FDI, as India has emerged as one of the most promising global investment destinations. The opportunities are aplenty in India with the new initiatives, such as Make-in-India, Digital India, Start-up India, Smart Cities etc.

Further, a major initiative has been taken to spur development on India's 2500 km long East Coast Economic Corridor, in line with GoI's Act East Policy. India is also getting actively engaged to enhance trade relationships with BRICS countries, which constitute 43% of the world's population, 30% of the world's GDP and 17% share of the world's trade.

Rail Sector

The Railways Sector, in which your Company is a key player, holds a strategic position in India's freight transport infrastructure. It is admittedly cost-effective, environment friendly and more reliable, but despite these advantages, the modal share of the Indian Railways has not picked

up commensurate with the growth of the country's economy. The two key reasons impeding the growth of freight traffic have been: **network congestion and under-investment** in Railways. Consequently, the requirement for wagons has been sluggish and has lately affected the Company's operations in the Wagon Division.

Your Company, therefore, took some significant steps to reinvent itself as a **'total rail solution provider'**. From a position of vulnerability, being largely dependent on wagon manufacture, the Company has substantially broad-based its product range from the manufacture of freight cars to the service-driven EPC business of track laying, signalling, rail telecom and overhead electrification.

Expanding Network

The Ministry of Railways is seized of the situation, introduced a host of policy initiatives and committed massive investment to modernise rail infrastructure and boost of freight traffic. As against a spending ₹30,000 / ₹40,000 crore in a year in railway infrastructure, almost ₹3 lakhs crore has been invested in the last two-and-a-half years.

To address the problem of network congestion, the Eastern and Western

The IMF expects India to cross 8% GDP growth in next three years and remain the fastest growing large economy until 2022. It bears mention that India's growth rate is four times the average of any OECD country and twice the global average.

Dedicated Freight Corridors (DFCs) are being developed at a rapid pace and expected to be commissioned in December 2019. The DFCs will equip IR to run freight trains at 100 kmph with a substantial increase in pay load. This will bring about a quantum jump in rail transportation capacity while significantly reducing operating costs. The capacity augmentation of all freight routes is likely to be completed in the next two to three years.

The EPC Arms

Your Company's two recent acquisitions, Kalindee Rail Nirman (Engineers) Ltd. (Kalindee) and Bright Power Projects (India) Pvt. Ltd., the former being a major player in track work and signalling etc. and the latter in railway electrification (planned at 5000 km/year from current level of around 2000 km), hold a great promise for the future of your Company. These EPC arms have helped the Company in garnering unique credentials in the railway and metro infrastructure space.

Kalindee, after its major presence in the domestic market for decades, is now seeking to aggressively venture into the offshore railway business. It is focussing on projects funded under bilateral credit in neighbouring countries like Bangladesh, Sri Lanka, Myanmar, and countries in the Middle East and Africa.

Challenges

Skill development is one of the major challenges facing the Indian economy. India is blessed with a young population, which constitutes its demographic dividend. We need to leverage this potential. Necessary measures are required, however, to create enough jobs and the workers to be suitably trained and skilled to minimise a workforce-skill mismatch.

Human Capital and Core Values

While we are always striving for sustained growth and a profitable performance, we maintain high

standards and transparent alignment in what we believe, say and do. To us, the challenge of growth is 'Inclusiveness' and we consider the well-being of society at large with a keen desire to bring about positive change. We create a vision to dream and look beyond.

Corporate Governance guides the way we run our business in an evolving eco-environment through various CSR activities while maintaining accountability for all stake-holders. We lay a special emphasis on women's empowerment and are trying to touch their lives by enabling the economic independence.

We will continue to inspire more people to add to human welfare in all we do.

S.K. Poddar