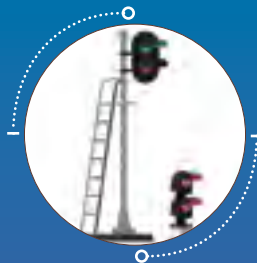
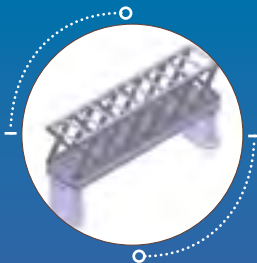
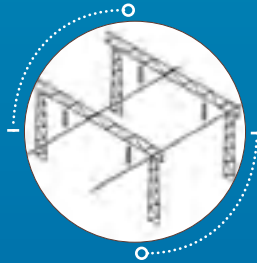




TEXMACO RAIL & ENGINEERING LTD.

Annual Report 2018-19

BUILDING ON A LEGACY OF 80 YEARS



ENVISIONING SUCCESS

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Corporate Information

Directors

Mr S. K. Poddar, Executive Chairman
 Mr Sandeep Fuller, Managing Director
 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 G. C. Agrwal, ED & CEO (HED)*
 Mr A. K. Vijay, ED & CFO

[#] Ceased w.e.f. 28th September 2018

^{##} Ceased w.e.f. 29th June 2019

Company Secretary

Mr Ravi Varma^{*}

^{*} Ceased w.e.f. 22nd June 2019

Auditors

Messrs L. B. Jha & Co., Kolkata

Bankers

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

• New Delhi • Mumbai • Jaipur

Works (Kolkata)

Heavy Engineering

• Agarpara • Sodepur • Panihati • Belgharia

Steel Foundry

• Belgharia

Subsidiaries

- Texmaco Defence Systems Private Limited
- Texmaco Transtrak Private Limited
- Texrail SA (Pty) Limited
- Belur Engineering Private Limited
- Texmaco Rail Systems Private Limited

Joint Ventures

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

Registrar & Share Transfer Agent

Messrs. Karvy Fintech Private Limited
 Karvy Selenium Tower B , Plot No.
 31& 32, Gachibowli Financial District,
 Nanakramguda, Hyderabad: 500032
 Phone: 040-6716 2222
 E-mail: einward.ris@karvy.com

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 wagons
- ⦿ Tank Wagons (SS & MS)
- ⦿ Defence Equipment Wagons
- ⦿ Auto Car Wagons
- ⦿ High capacity Parcel vans
- ⦿ Brake Vans (type BVCM I)

Rail EPC

- ⦿ Design, Supply, Installation & Commissioning
- ⦿ Main Line Railway Tracks
- ⦿ Metro Railway Tracks
- ⦿ Railway Signaling
- ⦿ Railway Telecom
- ⦿ Buildings, Platforms & Foot Over Bridges
- ⦿ Bridges & Culvert for Railways
- ⦿ Automatic Fare Collection
- ⦿ Railway Overhead & other Electrification
- ⦿ Railways Electrification
- ⦿ Other Power Supply Installation



Traction & Coaching

- ⊙ Loco-shells
- ⊙ Loco Bogies
- ⊙ Coach-bogies & Underframes
- ⊙ EMU Coaches
- ⊙ Loco Underframe
- ⊙ Loco Components
- ⊙ Passenger Coach Bogies



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
- ⊙ Center Plate
- ⊙ AAR Yokes & Follower

Business Units



Process Equipment & Others

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

Bridges and other Steel Structures

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



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, Reducers, Dismantling Joints, Fixed & Rocker, Supports and Specials

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
- ⊙ Automation of dam & barrage equipments operation through SCADA & ARMAC system



From the desk of The Chairman





Apart from wagon building, your company is playing a significant role in infrastructure projects of railways through its rail EPC divisions - Kalindee Rail Nirman and Bright Power.



Modi Juggernaut

Prime Minister, Mr. Narendra Modi, has ascended to power in the second term with full majority, independent of allies of the BJP. The triumph of BJP holds out a great opportunity for accelerated development and reform. The opportunity comes with some serious challenges too. The government has to come to grips with critical economic issues to fulfill India's potential. The nation looks to Modi to turn India into a global power.

The Challenge

The pre-eminent challenge for Modi Government is to resurrect India's economy with messianic zeal going for bolder reforms and actions. The new Finance Minister, Ms. Nirmala Sitharaman (the first woman to head the Finance Ministry since Indira Gandhi, 50 years ago) embodies a key figure in the government to fulfill the expectations of aspirational Indians. She has a tough task on her hands as the prospects for a quick economic recovery depend partly on the Banks which are struggling with bad loans clogging their balance sheets. The major question is – will the new government usher pro-market policies, encouraging investment by liberalizing labour and land laws, relying on innovative strategies and state craft !

The government has to contend with realignment of exchange rate, having regard to the raging global trade war and rising protectionism. Economic growth is being hotly debated as an area of major concern. In the 4th quarter of fiscal 2019, it was at its lowest in 5 years. This is also throwing in its wake the major problem of

job losses. (One million Indians enter the workforce every month). Automobile sector is currently going through the worst slowdown in 2 decades. There are no signs of abating with most indicators of domestic demand flashing red. The core inflation is at its lowest level in nearly 2 years, which again reflects weakness in consumption demand.

Investment's the key

Fresh investments in the country are at a 15-year low. Global economic uncertainties are rising. Therefore, it comes as no surprise that multi-lateral institutions, such as, IMF, ADB, as also the RBI have pared down India's growth forecast in their recent pronouncements. In this background, the economists have to study if there is a bigger problem of a structural slowdown in the Indian economy. The Centre and the RBI have to craft their fiscal and monetary policies conducive to uplifting the investment and raising the growth rate to 9% every year for 5 years to achieving India's dream of becoming a \$ 5 trillion economy.

A Notable Reform

In the Finance sector, a notable feature is that Indians are switching to digital payments in droves. The digital payments take-off really feels like a revolution. In this connection, it bears mention that whereas 'demonetization' in November '16 caused economic ripples, it gave digital payments a galvanic boost. The value of digital transactions has risen more than 50 - fold in the past 2 years. Besides, the system increases financial inclusion and cuts tax evasion from unreported cash deals. The global technical giants are also evincing keen interest in the new payments service.

Water Management

On the infrastructure front, a major emerging problem is serious water crisis. It is easy to blame the country's water woes on nature, the monsoon. It's no less a legacy of poor management and under-investment. The Union Govt. is seized of the problem and has formed a new 'Jalshakti' (Water) Ministry, which aims at tackling water issues with a holistic and integrated perspective on the subject.

Global Scenario – Trade War

President Trump's never-ending tariff threats are serving to dampen business confidence. British govt. under the new Prime Minister, Boris Johnson, appears to be getting ready for a No-Deal Brexit, whereby Britain may decide to leave the EU's Customs Union without a replacement agreement. The Bank of England has lowered its growth forecast due to increased Brexit worries and a slowing global economy. Manufacturing activity in the Euro zone has also contracted at its steepest rate since late 2012.

Railways Steam Ahead – The Company's Outlook

In the Union Budget, there is sizable uptake in allocation to expand the rail infrastructure – construction of new lines, gauge conversion, track renewals and procurement of rolling stock. The future demand for railway wagons is expected to be robust (36% y-o-y jump). Texmaco will be a major beneficiary due to rising wagon procurement.

Apart from wagon building, your company is playing a significant role in infrastructure projects of railways through its rail EPC divisions - Kalindee Rail Nirman and Bright Power. Importantly, railways have set a target to

electrify its entire broad-gauge network by 2021–22. The electrification drive will be covering 28000 km in the next three financial years, entailing an expenditure of 6–7 billion USD, to be financed by ADB loan. Besides, in FY '20 budgetary support from the government has risen significantly. This offers a great business opportunity for your company.

GST Imbroglio

The whole intent of introduction of the mega GST legislation by the government was to smoothen the tax regime and make it flawless. Unfortunately, in the case of railway rolling stock it is severely hurting the industry due to blockage of cash flow owing to an inverted GST structure. The wagon industry, employing more than one lakh people directly and indirectly, is in great distress due to patently ill-conceived GST structure. Whereas, the rolling stock supplied to Indian Railways attracts 5% output GST, most of the inputs that go into the manufacture of railway rolling stock, such as, Steel etc., are charged 18% GST. This results in huge continuing accumulation of unutilized tax credit in the hands of rolling stock manufacturers, rendering severe liquidity crunch impacting the operations.

The industry has made earnest representation to the Government to remove the anomaly through a cash and cost neutral simple solution whereby the GST structure will be aligned throughout the value chain and will be a win-win situation for both the Railways and the wagon industry.

Major Foundry Acquisition

Your company has the largest and most modern, State-of-the-Art, Steel Foundry having capacity of 30,000 MT

per year. It has built strong credentials overseas, and 50% of its production is catering to export to developed markets. Considering the projected wagon demand and the company's captive requirement, it was necessary to add to the capacity of steel casting. I am happy to inform that the company has succeeded in acquiring a major steel casting facility 'Simplex' at Urla in the State of Chhattisgarh in April'19. It will substantially contribute to the performance of the Steel Foundry Division with its enhanced capacity of 40,000 / 45,000 MT per year.

Future Roadmap

Your Company is looking at several new opportunities of manufacturing high end niche products in collaboration with leading foreign companies, especially in the field of signalling, like Electronic Interlocking, TPWS, etc. which essentially will be backward integration contributing to our EPC Business. This will take your Company to a different level of technology enabling your Company to serve Indian Railways' growth more effectively.

Finally, I commend the dedication and devotion with which our workmen, staff and officers have been serving the company in the present trying times.



S.K. Poddar
Chairman